

A gourd between two stones: Unlearning Nepal as a small state and reconceptualising it as a small power

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ABSTRACT: Decolonisation and the fall of empires has led to the formation of small states in different regions of the world. Most studies of small states have however focused on their characteristic frailties, which have limited their influence in the global system. Nepal's smallness is similarly manifested, emphasizing its geographic location between two large and competing powers. But such arguments negate an underlying weakness that stems from Nepal's own resource incapability to oppose or directly compete with the bigger states in its immediate vicinity. This exploratory paper posits that, as a small state, Nepal would do well to reassess its own sources of national power and understand its limitations in order to recognize the roots of its small state syndrome. To fulfil such an objective, the paper maps out Nepal's national power capabilities, and assesses whether they would be of any help to metamorphose Nepal's small state syndrome into small power capabilities. This article suggests that, to unleash Nepal's small power capabilities beyond propaganda and populist discourses, the Himalayan country needs to perceive its neighbourhood not only as the cause of its smallness, but also as an opportunity to strengthen its national power through trade, tourism, connectivity, investment and diplomacy.

Keywords: China, India, map, national power, Nepal, small power, small state syndrome

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Introduction

Small may be beautiful but smallness is typically not. The idea of smallness in the study of International Relations (IR) signifies the overall paradox of equality and hierarchy in the international system. Understandably, the notion of what can be a veritable criterion to measure the size of a state has been subjected to various perceptions and arguments (Maas, 2009). The characteristics of small states are either evaluated on the quantitative front, highlighting such variables as physical boundaries, population, size and the economic heft of a country (Kurečić, Kozina & Kokotović, 2017), or by analyzing a state's inability to influence and affect the regional and international systems (Rothstein, 1968; Keohane, 1969).

Situated between the hulking masses of India and China, Nepal has been perceived as small by default; and, as such, most of the literature produced on Nepal's smallness is limited to an understanding that Nepal appears small because of its Gulliverian neighbourhood. Studies geared towards rationalizing Nepal's smallness have looked at its position, encased between Asia's competing powers. As a result, the externalities that define Nepal's small state behaviour have constituted the baseline for explicating the country's weaknesses. But less attention has been paid to how Nepal's small state syndrome develops from its own inability to recognize and mobilize its national power resources. While some narratives have been generated around extrapolating Nepal's smallness as a result of its own internal vulnerabilities, studies have not adequately linked its geopolitical sensitivities with the state's own policy outlooks throughout history. As such, the structural weaknesses that lead to waning national power capabilities must also be discussed. Undeniably, an understanding has been developed of Nepal's limited capacity to influence the regional power balance, which is contingent on its own internal limitations. But, there needs to be a clear elucidation of Nepal's geostrategic strengths as well, which can perhaps be attained by reorganizing and redefining its sources of national power in the changing geopolitical context. So, while geography has been seen to be a proverbial fetter that ties it to the actions and reactions of the neighbours that lock it in place, few studies have analyzed the opportunities that emanate from being located between the two economic powerhouses.

The main objective of this paper is to evaluate Nepal's small state syndrome, and discuss possibilities for transcending it. In doing so, it would seek to re-evaluate Nepal's stature in regional politics and in the intricate relations that define its place in the regional power networks, noting its limited capabilities in ascertaining the practical application of its own national interests through its foreign policy. The results will, additionally, assess the vulnerable position that Nepal finds itself in within its geopolitical space, exemplifying the policy options available to it as a small state.

Method

This exploratory research incorporates the theoretical framework of small state analysis and underpins the asymmetric relations between Nepal and its neighbours, through a historical mapping of Nepal's small state status and behaviour. This study aims to form a "broad-ranging, purposive, systematic, prearranged undertaking designed to maximise the discovery of generalisations leading to description and understanding" (Stebbins, 2001, p. 3) of Nepal's small state syndrome. More precisely, researchers have subscribed to this line of problem identification and analysis, exploring the causes of Nepal's small state syndrome in the Lilliputian sources of national power, not only in the Gulliverian neighbourhood. The research undertakes a qualitative-exploratory method in surveying Nepal's smallness and its impact on the country's foreign policy.

In the process of identifying the variables that contribute to the perception of Nepal as a small state, this paper focuses on secondary sources, including academic journals, books, articles, international and bilateral conventions, as well as the statements of state governments that have been issued through official channels. The study has also utilized certain sources of grey literature, in particular, the global and national news outlets, both for a recount of specific historic events and to grasp the general happenings of recent bilateral and regional affairs of Nepal, India and China.

Results

Historical contours: from Gulliverian aims to Lilliputian dilemma

To call any nation small would be a matter of careful contemplation, as it would generally refer to not just its internal capabilities (or lack thereof) but also to its position in the international and regional system. It is a sense of inequality that litters the various perceptions of states when recognizing that they are small in the face of an ever-changing world, and this understanding shapes the action and inaction of states that undertake an effort to fit within that very system. Historically, the Himalayan state of Nepal had assumed an expansionist, entirely militaristic, post-unification policy in the eighteenth century. While perceiving Nepal as a small state, as it has been made explicit in the steadily piling literature, it is pertinent to grasp the historical developments that paved its path towards asymmetric dependence with neighbours, and lowered its bargaining ability in relation to Asia's two growing titans.

The classic understanding of *Gulliver's travels* is mostly linked with the fantasy written by Jonathan Swift, where he puts a solitary Lemuel Gulliver first amidst the Lilliputians who seemed ever so small against his hulking, almost awkward size and strength, and then second amongst the Brobdingnag who easily dwarfed him, and in a way his identity. Gulliver goes from being a giant in the midst of "little men" to being the "little man" himself. While Gulliver himself tried to manoeuvre around the Lilliputians' culture and lifestyles, he himself turned into little more than a possession in Brobdingnag. Nepal, in a manner so similar to that of Gulliver's reoriented reality, has found itself in between giants, transcending from its erstwhile desire to extend its territories and build its aspirations of strengthening its position in the sub-continent, to becoming small in the presence of giants. If the Gulliverian analogy were to be adopted and analyzed in the aspect of Nepal's identity of a small state, the territorial and population size, as variables of determination, would probably be taken as relative considerations. Nepal has a population of 29,453,152, as at February 2021 (Worldometer, 2021), and (as generally understood) covers a territory of 147,181 km² (BBC, 2018). If the territory of the newly published map by the Nepali Government presenting the disputed territory of Kalapani is included, the land area would increase to 147,516 km². (The Kathmandu Post, 2020). Though Vital's (1969, p. 8) initiative is often used in studies seeking to define Nepal as a small state within his two quantitative classification: "a) a population of 10-15 million in the case of an economically advanced countries; and b) a population of 20-30 million in the case of underdeveloped countries", he has clarified that he uses such distinctions for the purpose of his own study, and not with the intention to form a baseline for a concrete concept of the topic. He promptly accepts that the distinctions he made are "frankly subjective, if not arbitrary" (Vital, 1969, p. 9). Not all states that are considered to be small - on varying basis of quantitative assumptions of territorial size, population and economy, or qualitative supposition of dependence and relational factors (Rothstein, 1968; Keohane, 1969) - display a small state syndrome that is characteristic of a wariness displayed by certain others.

Nepal finds itself in the middle of Asia's two nuclear powers disputing over their own borders. With gigantic economies and a modernising military, they easily dwarf Nepal's own resources. Morgenthau (1948, p. 14) had argued, in a manner that would define the modern tenets of classical realism, that power as opposed to the traditional undertaking of military force was different in its political manifestation, whereby it is "a psychological relation between those who exercise it and those over whom it is exercised". This power struggle has resulted in one of South Asia's most complicated games of dominance as smaller nations like Nepal struggle in the periphery to cope with their own structural weaknesses.

It can be gathered, hence, that similar to the difficulties one would face in discerning a fixed definition of small states, the idea of power is also abstract. Power is generally understood as “how one state uses its material resources to compel another state to do something it does not want to do” (Barnett & Duvall, 2005, p. 40). In classical realist tradition, the relational effect between the capabilities and resources available to smaller nations when pitted directly against a bigger state has been observed in Thucydides’ Peloponnesian war in the Melian Dialogue between Melos and Athens, where a cynical view of ethics and morals in power struggles was showcased. When questioned by the Melian, who had refused subjugation to the Athenians, appealing for neutrality, the Athenians replied by claiming that, “you know as well as we do that right, as the world goes, is only in question between equals in power, while the strong do what they can and the weak suffer what they must” (2009, p. 132). Dahl (1957, p. 203) was an early political theorist who supplied a definition of relativity and argued that power was the “base,” “means,” “extent” and “scope” of an actor’s power over another.

Nepal’s identity as a small state has been formed in the context of bilateral and regional associations. It can be traced throughout its historical relations with the British to the South and the Qing Empire (of China) in the North. Up until the Gorkha Army’s clash with the East India Company, the newly formed nation was built upon expansionist principles and the notion of boundary lines was fluid since the survival of any given territory depended on its military strength (Stiller, 1976), not sovereign ideals. The idea of a state that developed post the clash was based on a Westphalian model which was cognizant with a demarcated and mostly uncontested border, a stable population, and a political administrative, with certain and specified powers (Jessop, 2016, p. 26). The colonial ages, in this way, were defined by the acquisition of small and vulnerable territories, which were not considered to be “sovereign”, that were to merge into the dynastic aspirations of the greater powers in those centuries, often under messianic or civilisational pretexts (Mushkat, 1972). During the period, as Strang (1996) claims, “non-Western sovereignty was actively delegitimated within the community of Western states and societies” (p. 25). The road towards the acknowledgement of Nepal’s sovereign identity was closely tied to its British acceptance, which may have led to some asymmetry in the relations between the states and is a vital part of Nepal’s modern history. The behaviour could be considered characteristic of the European powers, which started from their own home ground: Europe itself had been experiencing the might of the greater powers and the consequences that stemmed from such displays of power. The Concert of Europe is an example of this, as “the small states had virtually no participation in its proceedings” (Vandenbosch, 1964, p. 295) and were divided and restructured into the vision that the Great Powers of the century built up.

In the Nepali context, the small princely states to the south of its borders were colonised by the East India Company, and when it gave birth to its successor in the form of the Republic of India in 1947, Nepal did not just occupy a precarious position in the regional geopolitics and geo-economics, but also found itself between two powers adamant on regaining and carving out their places in the regional power structures. Prior to the British establishing a formal rule in the area, Nepal was focused on expanding its interests on both sides of its borders, and “the British and the Chinese were perceived as obstacles to Gorkha's expansionist programs” (Rose & Scholz, 1980, p. 17). When Kathmandu inevitably found its forces engaged with both of these powers in the eighteenth and nineteenth century, it led to a series of compromises and negotiations. The Anglo-Nepal war that forced Nepal to reassess its position in the regional power structure culminated with the *Sugauli Sandhi* (The Sugauli Treaty, 1815), which entered into force in 1816, that would continue to define Nepal with its Southern neighbour. Keohane (1949) calls it the “Lilliputian Dilemma”, where a state finds itself unable to influence or affect

a system that it is a part of in any manner that benefits it. And so, for survival, alliances are forged with the stronger states, and agreements are formulated, even if they do not yield absolutely equal benefits for the parties concerned.

The Sugauli Treaty ensured that Nepal relinquished its hold on some integral lands it had gained prior to the war, as the “territory of Nepal that had been unified and expanded to Teesta in the east, Kangara Fort in the West and nearly to the confluence of Ganga and Yamuna River in the south, was curbed on all the three sides” (Thakur & Sahani, 2018, p. 8). The public sentiment that Nepal was a part of an agreement that was neither balanced nor equal was echoed through the 1950 Treaty of Peace and Friendship, the 1950 Treaty of Trade and Commerce, and the 1960 Treaty of Trade and Transit between the Governments of newly independent India and Nepal (as with all the revisions which followed). On the other hand, Nepal had already suffered in its predispositions to assert its influence in the region when it came into contact with China because of the former's dealings with Tibet. Having fought wars with Tibet, Nepal had come under fire from Peking. The Gorkhas and the Valley’s respective relations with Tibet predate the eras marked by the strongholds mandated by the colonial regimes. When the Gorkha King unified the territories in the eighteenth century, that relation carried on, leading to certain turbulent periods. Nepal fought two major wars with Tibet during Nepal’s ambitious phase of expansion in the 1700s, drawing the attention of the formidable Qing Empire. It led to a full-fledged armed struggle between Nepal and China after Nepal refused to bow down, resulting in defeat for the former. As Dhanalaxmi (1981, p. 21) has noted,

... the Sino-Tibetan army obliged the Nepalese Darbar to make peace in September 1792. The treaty that followed compelled Kathmandu to undertake to send five-yearly tributary missions to Peking and to submit its disputes with Lhasa for the arbitration of the Arnban; it would forbear from any hostility with Tibet in future. The Gurkhas returned the articles they had looted at Shigatse.

The entanglement, moreover, created inescapable situations for Nepal. It had to acknowledge that it could not challenge the bigger powers head on, and Kathmandu had to pay tribute “to Peking every five years until 1910” (Levi, 1952, p. 242), as evidence of the conclusive end of the war. The relations truly transformed only as communism gained a sturdy foothold in China. The defeats cost Nepal not just territorial acquisitions, but also portrayed it, despite its reputed valiance, as a relatively less capable state in situations of direct conflict with the more established powers of the world. It had been but a few decades since Prithvi Narayan Shah’s *Divya Upadesh* had served a carefully designed warning for the newly created Kingdom of Nepal, and Kathmandu suffered grave defeats at the hands of the powers that surrounded it. The document that contained the much-used analogy of a ‘yam’ – or gourd – for the first time: within the vision of Nepal’s foreign policy and national interests, it introduced a sense of vulnerability that showcased its exposure to the threats of interference from its neighbours. As mentioned in the document,

Nepal is like a yam (gourd) between two stones. Keep strong friendship with the Emperor of China; one has to maintain friendship with the Emperor of the sea (English Emperor) in the south. But he is very clever. He is occupying Hindustan. He is also eyeing the plains (of Nepal). When Hindustani (Indian) people will wake up (not tolerate them) he may find difficulty to stay there ... we have to find out our Sandhisarpan (weak points) and we also have to change them into strong forts. (Shah, 1774, trans. Baburam Acharya, 2004, p. 9).

At every turn of its yearning to extend its boundaries, Nepal lost its domains. The realisation of the powers that surrounded Nepal, and the growing might on either side of its territorial boundaries, echoed in its reactive foreign policies throughout the years that followed the conclusion of the wars on both sides of its borders. The short, but no less destructive, Sino-Indo war, Beijing's acquisition of Tibet and the increasing influence of the global superpowers and regional powers within the Indian sub-continent, particularly South Asia, has further complicated matters. Following the decline of the British Raj, under the leadership and guidance of King Mahendra, Nepal made an effort to maintain equidistance between India and China. Nepal set forth to articulate policies that could preserve its integrity and at the same time pursue a peaceful coexistence with countries that could either serve as its strongest allies or create difficulties for its sovereign existence, as India was seen to be doing in the later years of the monarch's rule. Nepal was "tacking with the wind" (Rose, 1971). Its foreign policies took the shape of what was necessary in order to maintain friendly relations with both neighbours. In the following decades, aware of the developing interests of both China and India in their surrounding regions, and their relatively growing might, ruling Nepali elites have developed a policy conduct grounded in the belief that their country's sovereignty and, consequently its identity, was under peril from its neighbours.

Nepal's Gulliverian neighbourhood: casualties of dependence

The capabilities and clout of small states are often perceived "in relation to a greater one" (Bjøl, 1971, p. 28). In the present context, territorially, economically and militarily, both India and China easily loom over Nepal's position on the power maps. Having emerged out of the colonial legacies of the past, the neighbouring states have largely executed policies that have been assertive and at times bellicose, in order to fulfil their national interests and augment their national powers. Their growing footprints in Nepal since the 1950s, during the advent of rapid decolonisation, reinforce to the rule. The exposure of Nepali youths to the World Wars during the period, and their experiences of the global environment, led to changes in lifestyle of many, with a rise in local demand for imported goods, owing to the substantial earnings that poured in from military service abroad. While the Gorkhali abroad were a critical link in assuring the "integration of Nepal into the global market," the Rana regime utilised the cash flow to set up merchant shops that supplied a range of ready-made goods, curbing the demand significantly for homegrown industries (Thapa, 2016).

The withdrawal of the British presence that had, in a way, provided a sense of recognition and stability to Nepal's new statehood had permeated the regional atmosphere with anxiety for a dying Rana regime struggling to maintain its place in Kathmandu's seat of power. The Sugauli Treaty had recognized the legality of Nepal as a state, allowing it to have an international legal personality in international politics. The carry-on treaty that Nepal inked with the Republic of India in 1950, termed as a Treaty of Peace and Friendship held on to that, but also carried with it a colonial outlook. Nepal remained a weaker power in New Delhi's eyes and all that resulted from the Rana's bid to preserve power in the nation by acquiring India's favour was to bring the vital "systems of Nepal under India's influence" (Khadka, 1992, p. 142). For India, Nepal would always remain a weaker power, and its repeated interference in Nepal's internal matters has seldom portrayed a 'hawkish' behaviour.

The turning point in Nepal's ties with Beijing and New Delhi came when China assumed absolute control over Tibet in 1950, and went on to devise the One China Policy, which then inadvertently resulted in India taking a wearier stance in the face of Beijing's ambitions in its conduct of South Asian affairs. China was rigorous in its desire for Nepal to

step back from the 1856 Treaty of Thapathali that it had concluded with Tibet after the third Nepal Tibet war, where it recognized Tibet as a sovereign state. China set the table for the 1960 Nepal-China Boundary Agreement, as Nepal accepted Beijing's sovereign jurisdiction over Tibet (Chakraborty, 2020). It set the stage for the following decades, where the Tibetan Autonomous Region or TAR always formed a cornerstone in different forms. To properly track Nepal's descent into becoming a small state in these regional and bilateral connotations, it would be fruitful to look at the limitations that these elements place in the exercise of Nepal's foreign policy. Rana (2013) has noted that China's security concerns regarding Tibet and the inflow of Tibetan refugees in Nepal, coupled with the asymmetries of the India-locked situation point towards the uncertainty in a small state's policy options. If power is to be taken as "an umbrella concept that denotes anything that establishes and maintains the control of Actor A over Actor B" (Couloumbis & Wolfe, 1986), Nepal's policy has mostly been reactive in accordance to those of India and China.

Figure 1: Nepal located between China on its north and India on its South.



Source: Map created by Kathmandu-based software developer Saurav Bhattarai, using "World Country Polygons" by World Bank, licensed under CC-BY 4.0, and reproduced here with permission.

For India, Nepal became an imperative concern as soon as China finally made its moves into the Himalayan region. Independent India's first Prime Minister, Jawaharlal Nehru had infamously commented that, while India "wished" to deal with Nepal as "an independent country,"

... the Himalayas have provided us with magnificent frontiers ... We cannot allow that barrier to be penetrated because it is also the principal barrier to India. Therefore, much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own security. (cited in Rose, 1971, p. 192).

This perception has affected the Indian leaders' outlook on Nepal's sovereign affairs for generations. The categorisation of Nepal's weak external influence and its small state syndrome comes from such blatant declarations of supposedly justified interference from larger neighbours. From Jawaharlal Nehru's Himalayan Frontier to Narendra Modi's Big Brother narrative, Kathmandu has stuttered in a perennial state of unease when conducting its affairs with New Delhi, where it has viewed itself in a position of vulnerability. Beijing's interests have been equally imperative in Nepal's small state behavioural patterns. "China's behaviour is clearly reflective of a power that has used every opportunity to expand its influence and relative power over its smaller neighbour" (Dabhade & Pant, 2004, p. 162). The perception of threat that this is likely to generate in India is bound to create a ripple effect.

Nepal's landlocked nature places it at an additional disadvantage in its pursuit towards actualising its foreign policy with limited leverage to garner its interests (Dabhade & Pant, 2004, pp. 166-167). Small states have routinely tried to accrue their own gain between conflicting great powers, and this was seen in the behaviour of unaligned small states during the Cold War (Fox, 1969). Though Nepal had been a part of the non-aligned movement (NAM), it could never formulate its policies or enact them in a way that could place it in a beneficial position during the Indo-Sino conflict. It is simply a reflection of the conditions that have defined both its smallness and landlocked nature. As Ghoble (1992, p. 600) has noted, since the Sino-Indian Agreement of 1954 regarding Tibet and India's northern borders, New Delhi had been adamant in its stance that it had "no intention to share Nepal as a "sphere of influence" with China"; and Kathmandu had to rephrase its stance on Tibet. The Indian defeat in the first Sino-Indian war posed some challenges and opportunities for Nepal as it tried to diversify its relations with China, while situating itself as a neutral player. Yet, even as Beijing tried to sideline India and Nepal's special relationship by contributing "substantial investments", it was, for China, "like fighting on enemy territory" (Ghoble, 1992, p. 602).

Additionally, India has retaliated on almost every occasion that Nepal has tried to lower its dependence or tried to build more robust ties with China. This was seen when Kathmandu decided to import arms worth around US\$ 20m from the Nepal China Industrial Cooperation (NORINCO), with India aware of this development since 1987, warning Nepal that it could not purchase the arms without New Delhi's permission (Garver, 1992, p. 76). The point of contention was the 1965 secret letter of exchange that accompanied the 1950 Treaty. The letter, in particular, limited Nepal's ability to import weapons without the explicit consent of its southern neighbour (Article 3). When it was finally disclosed, it became the cause of one of the most crippling blockades Nepal faced, in 1988. Under the unfortunate circumstance of the expiration of the 1978 Treaty of Transit, India instituted an economic blockade that created situations of internal instability, obliging Kathmandu to seek a renewal of the trade treaty and to develop separate agreements for trade and transit (Crossette, 1989). This attitude of India

looking at Nepal's ties with China with suspicion has carried over to modern times. A reflection of this tendency could be seen in the recent Kalapani border issue - the contested area can be seen in the image, where a sharp protrusion can be seen on the left. This unfortunately coincided with the Indo-Sino clash in Eastern Ladakh. Indian Army Chief Manoj M. Naravane suggested that, by raising concerns over India's inauguration of a road in the Lipulekh Pass, Nepal was acting "at the behest of someone else" (The Economic Times, 2020).

While India sees Nepal in terms of its own security concerns, and for maintaining its dominant presence in South Asia, China adopts an outlook that would feed into creating an environment suitable for its ambitious economic aspirations (Sigdel, 2018). Nepal's vulnerability, apparent both in its exchanges with the neighbouring powers and the limited capabilities of its internal political structures, filters into its identity as a small state. Taking note of the intensifying move of the "Asian Giants" into Nepal's hydropower sector, Upadhyaya (2012, p. 166) iterated the "candour with which the People's Liberation Army chief commented on Nepalese political affairs and his insistence on dealing directly with the Nepalese Army suggests that the military has gained a disproportionate influence over China's Nepal policy". It is uncertain whether China's rhetoric of a peaceful rise is likely to endure as it grows in its assertiveness; while India's hold can only tighten once Beijing diversifies its motivations in South Asia.

Lilliputian sources of national power: Impact on Nepal's foreign policy behaviour

National power is a country's capability to utilize its resources in order to achieve its national interest. "It tells us as to how powerful or weak a particular nation is in securing its national goals" (Hartmann, 1978). This capacity is then contingent on several factors and differs from state to state, and so it becomes a matter of relative factors, especially when small states are brought into the equation. Morgenthau (1948, p. 112) argued that permanent features – such as geography and natural resources – form the baseline of such an analysis and lead on to the more fluid factors such as diplomatic clout, national character, military preparedness, population, and the national morale of the people to support its government's strategies. His cautionary advice is not to fall for the "fallacy of the single factor ... to the neglect of all others".

Thus, if the efficiency of the foreign policy is the outcome of a state's national power, many small states generally suffer from certain structural constraints that emerge from their own internal restraints, as much as they do from their geopolitical setting. The foreign policy analysis of small states, as it is, has rarely been undertaken systematically, for the simple reason that the impact they have on the international system is suggested to be entirely too narrow when compared to that of the big powers (Neumann & Gstöhl, 2004). The scope of Nepal's foreign policy is examined in the same manner in the exercise of its national power. Nepal's geography locks it on three sides with India and on the other side by the Tibet Autonomous Region (TAR) ardently guarded by China. Coupled with its lack of economic growth and development, these factors have largely been the primary determinants of its policy practice (Atique, 1983). Nepal's sources of power are thus, relative to that of its immediate neighbours, as national power is itself a relative, dynamic and contextual concept (Jablonsky, 2006). Beyond the geographical space and its relatively small population, it also ranks 119 out of 139 countries in the Global Firepower ranking, measuring military muscle, natural resources, logistics, geography and financial resources. It scores a 3.470 PwrIndx (0.000 being perfect), whereas India and China both stand amongst the top five countries that have superior military strength and rank 4th and 3rd, respectively (Global Firepower, 2021). It would be quite

unrealistic for Nepal to compete with China and India, or hope to hold any sense of influence with such hard sources of national power standards that include the use of coercive diplomacy, flexing of military might and harsh economic sanctions (Wilson, 2008, p. 114).

The concept of power has evolved beyond Morgenthau's theorisation with developments in technology and growing mobility, giving way for "territorial states" to transform into "market states" that embrace "new opportunities for international trade, open borders, globalisation, information technology and human mobility" (Koh, 2019, p. ix). Nepal's resources are fairly limited and in the occasion of any direct struggle, it would be unable to directly engage militarily with its neighbours. If it were to exercise soft power that focuses on intangible factors that arise from "the values an organisation or country expresses in its culture, in the examples it sets by its internal practices and policies, and in the way it handles its relations with others" (Nye, 2008, p. 95), it would need to dispense its resources in ways that could actually assist its capabilities. The recently unveiled foreign policy endorsed by the Oli administration reiterates Nepal's disposition towards non-alignment as a viable option, and has additionally identified soft power as a tool to attain foreign policy goals.

Nepal ranked 95th in Brand Finance's *Global Soft Power Index 2021*, and its capability to attract and influence in accordance to such a score would be extremely low. It is, moreover, exacerbated by its resource scarcity and weak institutions. In view of such weaknesses in a state's national power identification and enactment, there is a tendency for small states that are lacking in their own functional capabilities to behave in a way that is different to the assertiveness that the bigger powers display. Their foreign policies are mostly constructed around accommodation and evading the threats that stem from great power conflict. The behavioural patterns of Nepal's foreign policy behaviour can be evaluated with East (1973, p. 557) and his identification of smallness in accordance to a country's territorial and population size, its Gross National Product (GNP) and limited military capabilities,

- (a) Low levels of overall participation in world affairs;
- (b) high levels of activity in intergovernmental organisations (IGOs);
- (c) high levels of support for international legal norms;
- (d) avoidance to the use of force as a technique of statecraft;
- (e) avoidance of behaviour and policies which tend to alienate the more powerful states in the system;
- (f) a narrow functional and geographic range of concern in foreign policy activities; and
- (g) frequent utilisation of moral and normative positions on international issues.

Nepal has been trying to increase its participation in international institutions and it has always structured its international policies keeping the principles of the equality of states at the centre of its activities. The 2015 Constitution outlines this belief in Section 51(m), stating that Nepal would "conduct an independent foreign policy based on the Charter of the United Nations, non-alignment, the principles of Panchsheel," (defining the ideals of non-interference in another state's affairs, non-aggression, respect for territorial integrity, conducting mutually beneficial relations encased in the belief of equality, and peaceful co-existence) "international law and the norms of world peace." Prime Minister Oli's address to the 75th United Nations General Assembly in 2020 had put emphasis on disarmament, and the importance and safety of UN Peacekeepers, and had restated Nepal's foreign policy as listed in the Constitution and appealed for the prioritisation of "amity with all and enmity with none" (Ministry of Foreign Affairs, Government of Nepal, 2020). Nepal has been proactive in this role, standing as the fourth largest Uniformed Personnel Contributor to the UN, as of March, 2021 (United Nations Peacekeeping, 2021). On the case of using a moral position and avoiding force in international relations, Nepal supports disarmament and sends its forces in droves each year to peacekeeping

missions because it does not, and cannot, support force as an instrument of state policy or intervention. It would be unable to defend itself against acts of aggression.

Small states that remain vulnerable to their external climate and internal weakness are, in principle, technically free to choose from a wide range of policies that stretch from forming alliances, staying neutral, balancing or bandwagoning (Thorhallsson & Steinsson, 2017). They normally accept a “hierarchical relationship” in order to “(i) enhance security and territorial integrity; (ii) clearly define and protect property rights at home and abroad (which reduces uncertainty, disputes, and the transaction costs of trade and diplomacy); and (iii) set and enforce standards of behaviour” (Thorhallsson & Steinsson, 2017). Alliances are mostly formed by small states’ willingness to *either* ensure interests and survival by getting together with other weaker powers against a domineering force, *or* by bandwagoning with the greater power itself. Balancing and bandwagoning go hand in hand: small states balance “with others against prevailing threat,” and bandwagon by siding with the “source of danger” (Walt, 1987, p. 17). For a small state between two conflicting powers, options are limited, even at the best of times.

Nepal has tried to extend its foreign policy practice beyond its neighbourhood; however, historically, it has been a product of such regional hierarchies. “States that are close to a country with large offensive capabilities (and that are far from potential allies) may be forced to bandwagon because balancing alliances are simply not viable” (Walt, 1987, p. 25). “Nepal’s balancing act between India and China has always been precarious akin to a game of national self-assertion versus regional accommodation” (Dahal, 2011, p. 43). It has been understood that “the international environment of interest to the great Power is global, whereas for the small it is mainly regional” (Bjøl, 1968, p. 159), and in the past, it has jumped back and forth in adopting the individual policies, according to the chances that suited its survival. Through these changing periods in global history, Nepal did try to cement its position in the world order, serving as a non-permanent member of the UNSC twice (1969-1970 and 1988-1989), along with trying to further the non-aligned movement (NAM) by becoming one of its founding members.

The state has tried to engage in several multilateral institutions akin to NAM, and it remains in groupings that can provide it with some bargaining power against the wider global and regional powers. Yet, in its aspirations of economic development, Nepal remains chained to political wills that are more or less driven by the desire to maintain power by trying to avoid risks coming from neighbouring power structures. Even as it has been trying to graduate from the least developed country (LDC) status, its economic constraints are palpable since this political mindset has dominated Nepali policy practice. “Token agreements” that “were signed just to irritate India, rather than utilising” Xi Jinping’s 2019 “visit to discuss important projects for investment” can be taken as an example of the haste and paranoia that the Nepali government operates by (Shakya, 2020, para. 8), while the investment benchmark remains unimpressive, leading to a heavy reliance on foreign aid. As Shakya (2019, para. 5) narrates,

Nepal needs over US\$100 billion in investment over the next decade in order to graduate to a middle-income country. With low domestic capital formation, only foreign investment can bring about the much-needed impetus to economic growth. But while there have been many attempts to attract investment, on the ground realities pose a huge challenge. The country’s mindset cannot deal with foreign investment and still prioritise protecting domestic businesses. Nepal is yet to realise that it must compete for foreign investors with hundreds of countries: there is no queue of people wanting to come to Nepal.

Another important facet to recognize in Nepal's foreign policy practice is that its immediate opportunities and challenges arise from the edges of its own borders. India and China both see Asia as the next engine of development. And yet, even as its neighbours have developed and sustained a steady level of economic growth in the past decades, Nepal has been trying to escape its landlocked developing status. It is a part of the Belt and Road Initiative and has been a recipient of aid and assistance from both its neighbours, though its development has been more often than not contingent on the political constancy in its bilateral associations and stability within Sino-Indo power relations. Muni (2016, p. 32) states that,

Size is a relative factor ... The consciousness resulting from its size is clearly evident in Nepal's relations not only with its neighbours but also with various other countries of the world.

For some, Nepal's foreign policy behaviour through the ages has been defined by a 'small state syndrome'. But, while many have inserted the term in their perceptions of Nepal's behaviour, few have actively sought to define what the term means. A general understanding of the term would refer to the overinflated sense of self-importance that Nepal has inculcated in thinking that it is as significant to the bigger powers as they are for its own endurance to tackle the external threats present in the international ecosystem, and that those powers are tearing at its seams to devour it whole or in parts (Nepali Times, 2013). Another facet of such an analysis would look at the actual insecurities that have been expressed in its bilateral relations with India and China throughout the decades, and where it has often found itself in a vulnerable position. This outlook is affected by the reach of its neighbours in the global multilateral regimes, propagated by their "geopolitical clout and economic might" (Bhattarai, 2017).

Nepal as a small power: relevance of the concept

Nepal is easily perceived as a small state, given its gigantic neighbours, and the Lilliputian sources of its national power. However, an optimistic narrative is emerging in local public debates and general discussions that perceive Nepal as a small power. The desire to impress the idea that Nepal is such a small power comes from the hope to perceive the state as something more than a weaker link in bilateral, regional and global relations.

The intention behind this reiteration of an established impression of Nepal's small status is to put the view to the fore, that it is not short of power due to its smallness but simply lacks "the opportunity to display it" (Kassimeris, 2009, p. 85), whether that is due to its own constraints or the asymmetry present in the systems it functions in. Small powers are "limited in their freedom by the nature of the systemic structure. For the most part they are dominated by the system, in the sense that opportunities they have are dependent on the kind of system which exists" (Rothstein, 1968, p. 182). The direct causality of size and power/influence is reduced and so is their dominance in the liberal order. It would lead to the belief that, although a state may be (perceived as) small, it does not have to be powerless or handicapped. This assumption would undertake an approach that would look at its restricted capabilities, and their viability for interest fulfilment, given that conditions are conducive enough for Nepal to utilise them. Scholars have started to explore the outlook that, while small states do find difficulty in participating in global affairs and influencing the system, they do have some ability to fill the gaps that are left by the perceived greater powers. Aditya (2021) contextualised this approach in the cases of Qatar and Nepal, acknowledging the differences in their geopolitical landscapes,

and opining that Nepal has the potential to become a financial hub, is gifted with the natural resources and, after coming “out of its centuries-old chrysalis, it has a society with a glorious past, a hospitable present and a bountiful future, beckoning the citizens to shed their size pessimism and historic amnesia to unlock the hidden potentials of the land” (para. 1). Nepal also serves as a security ring for both China and India, and its water sources may prove vital for the surrounding plains as climate change has become a grave reality, unless it succumbs to “water politics” at home, and in the region.

There has been a sustaining argument that Nepal’s strategic location both in the Himalayan range due to its hydropower potential, and in between the growing economies of India and China, may provide it with some room for manoeuvre from what appear to be stringent geographic constraints. In a 2020 report, the Asian Development Bank argued that,

Nepal is strategically located between the two largest countries in Asia: India and the People’s Republic of China (PRC). These two countries are facing annual demand for electricity of about 5 million GWh. Bangladesh is facing growing energy demand and it is also energy-deficient ... India, the PRC, and other neighbouring Asian countries like Bangladesh, could easily absorb any additional supply of electricity over and above the needs of Nepal, provided that suitable transmission infrastructure is in place. (p. 3).

There are some basic pitfalls in this viewpoint, however, as the “underperforming electricity sector in Nepal, with inadequate and unreliable supply of poor-quality electricity,” serves as “a major development constraint” (ADB, 2020, p. 2). Currently, the World Bank (2021) has projected that Nepal’s GDP will only grow by 0.6% in Fiscal Year 2021 due to COVID-19, as the recovery rate for countries like Nepal that are dependent on external sources of economic growth like remittance and tourism, are likely to expect a more modest recovery, at best. Amidst such dire predictions, there is a path to transition from a small state to a small power. It is not a novel concept that Nepal should be able to benefit from the bulging economic development of its neighbours, and while a standard spillover effect might not be the answer to its predicaments, both China and India stand at the top amongst countries who have pledged FDI commitments in 2019/20 (Department of Industries, 2020, p. vii).

Additionally, Nepal’s *Doing Business* score, taken out by the World Bank, for 2020, was 94 amongst 190 countries, improving in its trading practices, construction permits and the introduction of new civil procedures, but it still lags in the ease of starting a business, which may discourage potential investors. The opportunities towards envisaging a small power status are numerous, but it boils down to Nepal’s own political will to move beyond its internal struggles and review the strength of its own institutions. Political and financial stability, for the realisation of such goals, are necessary conditions and there has been a tendency for political parties in power to treat investment potential as temporary political bargaining chips, utilizing them as a means towards maintaining an administration’s legitimacy and closeness with another government. It happened with the uncertainty and controversy that followed one of Nepal’s biggest Hydropower Projects, the Budhi Gandaki, and its fluctuating connection with the Chinese Gezhouba Group Corporation.

Having already identified the priority sectors of investment, Nepal needs to ensure that beyond attracting foreign direct investment (FDI), it must cultivate better channels of diplomatic engagement with its neighbours and curb the exhausting bureaucratic red tape to permit a climate that is investor-friendly. A decisive factor in these circumstances would be

the Nepalese government's ability to distinguish between personal, party and state matters, and its overall capability to secure consensus in Nepal's development priorities and challenges.

Discussion

After all, smallness is also a matter of reach. Nepal's big neighbours – India and China – have a global influence largely due to their geopolitical clout and economic might. Nepal is not the only small state, in perception or in fact, in this region. As India and China engage in a bitter geopolitical rivalry, small states in their vicinity (like Nepal) are obliged to pay close heed to their strategic and economic concerns (Bhattarai, 2017). At present, China is apparently lobbying with the small states in South Asia to expand its markets and investment opportunities. But for India, South Asia comes under its sphere of influence, and whenever the two powers feel their concerns are not heeded, small states have been penalised. When Nepal discounted India's diktat over the new constitution, it went through a period of economic blockade. Its protracted political transition further complicates Nepal's neighbourhood policy (Bhattarai, 2017). Similarly, in the case of South Asian small states that have opted to widen links with China with some success, there are certain roadblocks in fully absorbing definitive gains from the regional powers.

Even though China is offering greater economic assistance, they, except Pakistan, are unlikely to bandwagon or form an alliance with China militarily because if they do so they are likely to receive the wrath of India, the dominant power of the region and the United States, the global power which still has a strong naval presence in the Indian Ocean. (Paul, 2019, p. 59).

Big countries have large markets, large defence budgets, significant influence and a towering presence abroad. For small countries like Nepal, the opposite applies. As a result, their development is obstructed, as they become dependent on regional powers even for their infrastructural development. Instead of building interdependence, Nepal became increasingly and dangerously dependent on India. The relationship between small states and emerging powers is also multilayered. Although the world is heading to multi-polarity and interdependence (notwithstanding the resurgence of neo-realism and populism), regional powers like India and China have also acquired more powerful international roles.

Some Chinese scholars have been openly claiming that Nepal's strategic location provides geographical advantage to China, which it can use to enter South Asia (Tao, 2017). Although Nepal's foreign policy strictly adheres to the principle of non-interference and prohibits the use of Nepali soil against other countries, Nepali politicians and bureaucrats have not been able to probe such claims from the North. The bureaucratization of India's foreign policy (particularly when it comes to dealing with her small neighbours) and the politicisation of small states' foreign policy (in dealing with big powers) have made the dichotomy more pronounced. The interests of big powers and the vulnerabilities of the small states can be addressed through strategic partnerships. Likewise, the economic aspirations of small states may be fulfilled through economic cooperation, through the economic corridors between big and small states (Bhattarai, 2017). These probable win-win solutions will have to be worked out in order to minimise growing geopolitical conflicts, which would eventually boost Nepal's small power capabilities through trade, tourism, connectivity, investment and diplomacy.

Nepal's literary genius Laxmi Prasad Devkota asked "Is Nepal small?", detailing his sentiment on the matter by professing that there were two ways in which the problem of distinction between the small and the big was observed in the world: in materialistic terms, and in terms that in literal translations would look through a perceptual window, including aspects that transcend material juxtapositions. But the matter is defiantly more complex than the writer's almost idealistic vision of Nepal: with its rich natural landscapes and the pride of the culture and of the land, as well as the grandeur with which he portrays his opinions. If Nepal is truly to be considered as such, it would need to face and question many of its own constraints and reevaluate its policy actions. The solutions to Nepal's own structural scarcity, with regards to its national power, would depend on its own institutional strengths and the political keenness of its leaders. However, the impact that the regional powers hold over it also devises the blueprint for its small state syndrome. Referring to the Lilliputians' dilemma, Keohane (1969, p. 246) classified such a state as "a small power ... whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system".

Nepal has, more often than not, opted to forgo active assertive engagements with the surrounding powers. The Kalapani border dispute between Nepal and India is a recent example. Kathmandu largely adopted a policy of inaction regarding the issue and subsequently decided to publish a new map in 2020, including the areas of Lipulekh, Kalapani and Limpiyadhura, countering India's political map issued in 2019, encompassing all the makings of a diplomatic blunder (Giri, 2020). Small states that face structural weakness habitually seek "shelter" from larger states and institutions for "political, economic and societal" reasons, to decrease risks, to ensure that assistance can be received if risk occurs and also for post-crisis recovery (Thorhallsson, 2018). These sorts of shelter that states receive come with some forms of compensation. It can be akin to that of the relationship between Bhutan and India, with Bhutan being included in India's security umbrella, in exchange for New Delhi's military and political assistance in the face of Beijing's move into the Himalayan territories with its claim on Tibet (Schottli, Mitra, & Wolf, 2015, p. 71). It can also be witnessed in cases like that of Armenia and Russia, tied together by their Christian history and the former's desire for survival. The smaller state is enclosed by Muslim states on either side and has a history of territorial dispute with Azerbaijan. It sought a "strategic shelter" first from the Soviets and then from Russia, but has been known to seek shelter from multiple global powers, including the West when found suitable (Bailes, Thayer, & Thorhallsson, 2016). Thorhallsson (2019, p. 384) explains that,

Small states have to compensate for their weaknesses in order to survive and thrive. Small states are unable to overcome their structural weaknesses, such as having fewer inhabitants, smaller domestic markets (and GDP), smaller territory and limited military capacity as compared to larger states. However, small states can compensate for their inbuilt vulnerability by adopting particular domestic and/or external measures.

In the case of Nepal, shelter came in the form of a semblance of economic stability and ironically, for the maintenance of its security and sovereignty. While Nepal has never formally adopted a policy of explicit alignment since the mid-1990's becoming a part of NAM, it has routinely aligned its interests with that of its neighbours, suiting its benefits at different points in history, as explained above. Towards the South, Nepal shares a long open border with India that mostly allows for unhindered movement, has a pegged currency system that provides it with financial stability, and access to some of the most viable routes of transit. Due to much touted religious and cultural ties, it has historically tilted towards India, but since King Mahendra's undertaking of an equidistance policy, Nepal has been known to routinely use

China as a balancing card. In current times, the reigning political sentiments have shown its inclinations towards the North for its development needs.

It would be illogical for Nepal, however, to forsake one state in favour of the other; and it has astutely refrained from doing so to a greater degree. In compensating for its structural weakness, it has tried to further relations of mutual recognition and respect with its neighbours, often waylaid by its own diplomatic pitfalls and temporary political alignments. For the most part, Nepal's national power sources are different to that of its big power counterparts, as it relies more on its diplomatic channels and its cultural linkages; but it has yet to mobilise them effectively beyond general listings on paper. Nepal may be small in the context of its relations with its neighbours; but its political leadership has been unable to compensate for those weaknesses in its bilateral or multilateral associations. And so, its institutions have remained volatile and its development arrested.

The small state syndrome is not just about a state somehow being entrapped in its own mindset of smallness and its ensuing vulnerability. It extends to the missteps that have been allowed in the name of survival. For Nepal, it also extends to the absolute disarray permitted in the diplomatic engagements it has had with its neighbours, from the promulgation of the 2015 Constitution to the border disputes. International politics is not about equality or fairness as long as power asymmetry drives state relations, but about aligning interests. Kathmandu needs to find a way to balance its interests with, rather than against, its neighbours.

Conclusion

Nepal is a small state when it is weighed alongside either of its neighbours. However, it is also a small state in the fact that it falls vulnerable not just to its own structural weaknesses but also to its government's inability to handle neighbourly interests, whilst managing its own. The end of the Maoist insurgency in Nepal has led to hopes for the revitalisation of democracy, participation, stability and, most of all, sustainable development. Lingering territorial disputes and constant fluctuations in policy actions with its neighbours, while remaining firm on paper with the idea of non-alignment, do not translate well into Nepal's position as a plausible small power. The instability that led to vulnerabilities has contributed to the sensitivity Nepal experiences in being part of such a fractured regional space, while participating within its own asymmetric bilateral relations. Nepal's potential lies in its smallness, where it can be a neutral state engaging with the greater powers, without posing any threat to either of the competing states.

Instead of simply identifying the neighbourhood as the prime cause of its smallness, Nepal's interest lies in taking advantage of and from the neighbourhood economically, and strengthening its sources of national power. It has been centuries since the landlocked nation has negotiated and bartered with the surrounding powers, and while foreign policy is malleable as the geopolitical landscapes shift, the leading political stakeholders have to shed off the guise of smallness that has been built, beyond that of the actual vulnerabilities of the small state, and look towards detecting the sources of its national power and compete and cooperate on the basis of the state's strengths and weaknesses. Its landlocked reality will always make it dependent on India and China for transit; but, as both neighbours rise economically and indulge their interests in South Asia, a small state that is strategically situated between them, and one which carries prospects in hydropower and forms an essential security strip for both states, should be able to gain leverage in its dealings, if it understands the national interests of the neighbours along the way, and hones its diplomatic stance onto these. Nepal has long been

ving for a simple goal: survival. Now, it needs to look beyond just enduring the threats, by developing and fine-tuning its small power capabilities in constant cooperation with its immediate neighbours and beyond.

Disclaimer

This article did not benefit from research funding.

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