

Economic Constitution and Federalism: Some Inherent Problems and Practical Solutions in Nepalese Context

Excerpts: In recent years, an increasing number of constitutional law scholars have started examining and analyzing constitution as an economic document. They claim that whether or not a particular constitution specifically states it in its text, each constitution has an inherent economic vision reflected in the overall constitutional design, rules and interpretation. In this sense, federalism itself may be a byproduct of such economic vision, as it may have been advocated for or so designed within the constitutional framework to serve certain specific purposes of that vision. The new Constitution of Nepal promulgated in 2072 BS (2015 AD), which converted Nepal into a federal state from a traditionally unitary state, openly declares Nepal to be a Socialism-oriented State in Article 4. This constitutional provision may indicate socialism as the basic economic vision of the Constitution. However, to reach such a conclusion may be premature without analyzing the overall constitutional design, rules and institutions.

Against this background, the purpose of this paper is to examine the economic constitution of Federal Democratic Republic of Nepal as reflected in the overall design and detailed rules stipulated in the text of the Constitution of Nepal, 2072. To this end, this paper will first look into the principal economic rationales and explanations available in the existing literature for the origin of federal states. It will also look into the key constitutional principles on institutional arrangements and allocation of power and decision-making authority in federal states, which may be relevant from the perspectives of such rationales and explanations. The paper will, then, analyse the constitutional design, rules and institutions of Nepal on the basis of these economic rationales. Finally, it will reflect on the issue of whether or not the Constitution of Nepal offers a well-articulated and coherent basic economic vision.