

# The Bhutan REVIEW

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## PROTEST RALLY IN NEW YORK

To sensitize the American public regarding the problem of Bhutanese refugees in Nepal, New York based 'Alliance for Democracy and Human Rights in Nepal' recently organized a rally to protest human rights violations and suppression of fundamental freedoms in Bhutan. Carrying placards, participants at the rally distributed leaflets and chanted slogans calling for, among others, the involvement of a third party to find an early solution to the Bhutanese refugee problem in Nepal.

D.N.S. Dhakal, General Secretary of the Bhutan National Democratic Party (BNDP), who was on a visit to the United States also addressed the rally. He thanked the Alliance and the participants for supporting the cause of human rights and democratic reforms in Bhutan.

The September 15 rally at the Ralph Bunche Park opposite the United Nations Headquarters in New York is the second such programme organized by the Alliance.

## CHURCHES COMMITTEE FOR REFUGEES FROM BHUTAN (CCRB)

The concern for Bhutanese refugees in Nepal has led to the formation of the Churches Committee for Refugees from Bhutan (CCRB) in the United Kingdom. The Committee, associated with Memorial Baptist Church in Plaistow, London, provides information on Bhutanese refugees in Nepal and seeks to increase awareness in Britain regarding the situation in Bhutan which has led to more than a sixth of the kingdom's population being turned into refugees.

"The CCRB believes it is justified in describing what is happening to Bhutanese people of Nepalese descent as nothing less than 'ethnic cleansing'," states the weekly *Baptist Times* published in London. "There are, claims CCRB, verified accounts of the routine beating of Nepali-speaking Bhutanese while in custody, the death of some prisoners from such beatings, the rape of women by security forces and the kidnapping and "disappearance" from Nepal of those who oppose the policies of the Bhutanese authorities," it adds.

The Churches Committee was formed in June this year at the initiative of Jerry Clewett and his wife Ruth who are both missionaries with the Baptist Missionary Society serving in Nepal under the umbrella of the United Mission to Nepal (UMN). Clewett spent a year working with Bhutanese refugees in 1993 through a secondment to the Lutheran World Service (LWS), the main implementing partner of the UNHCR in the camps. Though his tenure with LWS has now ended, Clewett and his wife continue to champion the cause of Bhutanese refugees.

## U.S. ASSISTANT SECRETARY OF STATE IN THIMPHU

In a significant development for the Bhutanese refugee community, the United States Assistant Secretary of State for South Asian Affairs Ms Robin Raphel visited Bhutan during the first week of October. She was accompanied by an aide from the State Department in Washington D.C., George Sibley, who served in the U.S. Embassy in Kathmandu until last year. During her stay in the kingdom Ms Raphel had an audience with the King on October 7, held talks with senior government officials, and met separately with representatives of international organizations based in Thimphu.

Reportedly the discussions mostly revolved around the issue of Bhutanese refugees in Nepal.

The Assistant Secretary of State expressed her government's concern over the slow progress in the bilateral talks between Bhutan and Nepal. Although there was some progress in sorting out basic issues, "there is still quite a bit to go" she said. She believed that the situation could be resolved if everyone took a pragmatic view.

Speaking to the official Bhutanese government media Ms Raphel said: "I've also discussed the issue in Nepal and

I have visited the camps myself, and I think the important thing is that everybody concerned work for a practical solution so that the camps can be disbanded as early as possible." She pointed out that "refugee camps are never a happy place under the best of circumstances" and added that "the sooner they can be disbanded and people can go back to normal life, the better."

Ms Raphel who visited the refugee camps in eastern Nepal earlier in March this year is the highest ranking official from the United States of America (which does not have official diplomatic relations

with Bhutan) to visit the kingdom. The visit is significant since the United States, which is a major donor to the Bhutanese refugee welfare program in Nepal, has repeatedly expressed concern over the human rights situation in Bhutan, and indicated that the problem of Bhutanese refugees in the camps in Nepal must be resolved early according to international norms and standards. Given the global cash crunch, the United States is keen to see Bhutanese refugees return to their homes at the earliest so that the camps can be disbanded.

## UN HUMAN RIGHTS COMMISSION WORKING GROUP VISITS BHUTAN

A six member delegation of the Working Group on Arbitrary Detention of the United Nations Commission for Human Rights visited Bhutan from October 17 to 22. Led by the Group Chairman, L. Joinet of France, the team also included Vice Chairman L. Kama of Senegal and K. Sibal of India.

The team which was granted an audience with the King and held discussions with officials of the Royal Government, reportedly visited the prisons in Chemgang and Thimphu. Other prisons and detention centres in the country, including the army prison in Lungtenphug near Thimphu, however, continue to remain out of bounds to national and international visitors.

Established during the

1991 session of the United Nations Commission on Human Rights, the Working Group on Arbitrary Detention consists of five members. The Group which meets twice a year in Geneva is charged with the investigation of complaints where detention has been imposed arbitrarily otherwise in a manner inconsistent with relevant international human rights standards, including both administrative and post-sentencing detention.

The Royal Government of Bhutan has repeatedly asserted that no human rights violations have taken place in the country. Instead, it charges "anti-nationals" and "terrorists" with violating human rights in the kingdom. The regime also refuses to admit that citizens have been arbitrarily

arrested and unlawfully detained even as a number of "generous" and "magnanimous" amnesties have led to the release, by its own count, of over 1,500 prisoners, many of them after over 4 years in custody without formal charges or trial. But as the truth slowly unfolds, more and more governments and international agencies are seeking answers from Thimphu.

Following the visit of London-based Amnesty International and the International Committee of the Red Cross, this visit by UN Commission on Human Rights Working Group on Arbitrary Detention on the "invitation" of the Royal Government is one more step towards justice for the hundreds who still remain illegally confined for their beliefs.

## SIXTH ICRC VISIT

A team from the International Committee of the Red Cross (ICRC) on a week-long visit to the Kingdom during the last week of October reportedly met with 148 "anti-national" prisoners in Chemgang and Thimphu prisons. Talking to the national media, Meinrad Struder, the outgoing Deputy Regional Delegate for South Asia based in New Delhi, who had the privilege of being a Royal guest for a record six times, said "he was very happy with the cooperation which the ICRC had received from the Bhutanese government". As usual, the delegation was also granted "an audience with the king and met with senior officials of the royal government", according to *Kuensel*. The four-member team included Struder's replacement in New Delhi, Marc Flagenheimer.

## 73RD NATIONAL ASSEMBLY SESSION

In July this year the National Assembly Secretariat in Thimphu announced that the 73rd session of the National Assembly would be held sometime during September-October 1994. The "people's representatives" were accordingly instructed to submit points through respective GYT's and DYT's (Village level committees and District level committees).

It is already November and no firm dates have been indicated. While the southern problem was the only priority on the agenda earlier, matters have now taken a different turn. With growing dissidence in other parts of the country, particularly in the east, the demand for fundamental rights and democratic reforms is not confined anymore to a particular ethnic group or geo-

graphical region.

In order to devise the strategy for the forthcoming session of the National Assembly and to contain growing dissent, the authorities recently called a meeting of *Dzongdags* (district administrators) from the southern and eastern districts. While the outcome of the meeting remains a secret, since the Assembly dates have still not been announced it is clear that no easy remedy was found. The irregularity in the convening the National Assembly over the past five years, "constitutionally" required to meet twice each year, speaks volumes about the government's much publicized programme of "people's participation at the grassroots level in the decision making process."

## UNHCR HQ OFFICIAL VISITS REFUGEE CAMPS

Patrick de Sousa, Head of South Asia Desk in the office of the United Nations High Commissioner for Refugees (UNHCR) in Geneva recently visited the Bhutanese refugee camps in eastern Nepal. Speaking to UNHCR field staff and refugees, de Sousa recalled his earlier visit in 1992 when the Human Rights Organization of Bhutan (HUROB), then responsible for all refugee management activities, was tackling a very challenging task under most difficult conditions. He said he was pleased to see the improved facilities in the camps compared to the desperate conditions he witnessed earlier in Maidhar and Timai, but hoped that the refugees would soon be able to return to their own homes.

Representatives of refugees apprised the visitor on the state of bilateral talks and the need for the involvement of a neutral third party to bring about an early solution. de Sousa was accompanied to the camps by the Deputy Representative Veerapong Vongvarotai of the UNHCR office in Kathmandu.

## LAKE BURSTS, FLOODS PUNAKHA

Only months after *Himal* ran an article outlining the potential threat from glacial lake outbursts, ironically in the same issue which featured Bhutan in the cover story (Jul/Aug 1994), there was major loss of lives and property in the kingdom when a glacial lake burst its banks.

Twenty one people were reported dead or missing after the lake which is the source of the Phochu sent a deluge of water that carried away property, livestock and people in Lunana and Punakha on October 7. Although some surrounding structures were washed away or seriously damaged, the Punakha Dzong itself, built on the confluence of Phochu and Mochu, escaped unscathed as the Phochu changed course.

## The Bhutan REVIEW

### AGENTS FOR CHANGE

Bhutan has remained generally isolated from the rest of the world. Whether indeed the seclusion was "self-imposed" and resulted from a conscious policy on the part of the rulers, or was an accident of history resulting from difficult topography is a moot point, but the oft-repeated self-assertion has served to lend its charm to enhance the mystic of the fabled Shangrila.

If there is any argument over whether Bhutan closed its doors to outsiders by compulsion or choice in the distant past, there are very little grounds for debate in the modern context, at least in the post-Druk Air era. Even after the country took to the road of modern development with Indian assistance in 1961, the need for foreigners to travel via India through a stretch of territory requiring a special permit (Innerline Permit) which was sparingly issued ensured that Bhutan received only visitors screened by New Delhi. It was only with the start of direct air traffic into the kingdom in 1983 that Bhutan had the unilateral option, for the first time in its entire history, at least on the surface, of inviting or letting in people of its own choosing -- the umbilical cord to New Delhi, less commanding but still persuasive, still remained in the form of officials seconded to Druk Air, in supposedly commercial positions, from the Indian Home Ministry.

For the outsider desirous of visiting the mountain kingdom, however, the removal of natural obstacles and geopolitical hurdles has not necessarily meant the easy fulfillment of a dream because the Royal Government now takes the "self-imposed" part of its secluded history to heart.

The Bhutanese administration, for all its vaunted efficiency, requires a minimum of one month to process individual visa applications according to a September 1994 circular of the Foreign Ministry. And this, for officials sponsored by government departments, UN agencies and international NGOs! Considering that in one full year only 5,000 odd foreigners enter the country, including less than 3,000 tourists, the time taken to process visa applications is phenomenal, and is an indication of the high level of stringent checks applied by the authorities to screen out undesirable or problematic visitors.

Under such circumstances, regime after regime, from the days of the *desis* to modern monarchs, has been able to brush the less-flattering episodes, ugly events and instances of their misrule under the carpet. Isolated from the external world, and missing out on healthy interaction, there was little opportunity for the public to develop the necessary awareness and courage to contradict or challenge the rulers.

When the current administration foolishly conceived its strategy that engendered the problem in the south, however, little could the regime have realized that it was spawning something much larger. Today, largely due to heavy doses of negative propaganda about "anti-nationals", it may indeed be true that there are some who suggest a hardline approach to the *ngolop* problem; however, it is also true that just as many, if not significantly more, aroused by the recent happenings in the kingdom, have become aware not only of the need for the government to deal with the southern crisis with reason and objectivity, but also, to the chagrin of the regime, of their rights and the potential of their own role in the governance of their nation.

The import of the increasingly greater number of "political" visitors to the kingdom cannot be lost on a sensitized population that has already suffered the brunt of the fallout from the government's obstinate pursuance of a self-defeating policy in the south. Starting with the Amnesty International delegation in January 1992, a number of visitors whose sole purpose in visiting the kingdom has been to raise the southern Bhutanese issue have arrived in Thimphu. While the acclaimed Bhutanese hospitality may help limit the potential damage following such visits, that such missions became necessary in the first place is a point which can hardly be missed.

More than the immediate difficulties faced by the regime over having to deal with a rapidly growing number of "invitees" raising awkward questions in matters relating to problems in southern Bhutan, and the consequent refugee crisis in Nepal, it is the courage that such interest has begun to provide ordinary Bhutanese wanting to express themselves against government policies which has become a source of new and greater concern for the regime. The visits this October of the United States Assistant Secretary of State for South Asian Affairs and the Working Group on Arbitrary Detention of the United Nations Human Rights Commission serve to further reinforce the belief that the Royal Government of Bhutan faces more stormy days ahead. A *Time for Change*, demanded a recent "seditious" pamphlet making the rounds in the Bhutanese capital (*Review*, October 1994) -- perhaps the *agents for change* have arrived.

Internal dissent means unplanned exposure of many nasty secrets, some centuries old and more of very recent origin. The regime in Thimphu has probably resigned itself to conceding that the *Pandora's Box* hidden away within the imposing walls of Tashichhodzong has sprung a leak. And, for all its bluster, the government has reasons to be alarmed.

## THE VALUE OF DISSENT

Progress depends on the free exchange of conflicting ideas; not merely for good government, but for the development of civilisation -- cultural, scientific and economic. In the face of an alarming growth of intolerance worldwide, there is, therefore, an acute need to keep certain civil values alive, and to promote understanding not only of the right to dissent, but also of the intrinsic value of dissent.

Recognising the value of dissent means valuing the tolerance of dissent. In themselves individual expressions of dissent may often be of little worth; they will include the outpour-

ings of the crank and the crackpot -- or what seem to be such by the standards of the day. But the degree to which dissent is tolerated reflects the health of the society and ensures that it has within it the potential for progress.

Much of the time the authority of the State is put to question. This is natural because freedom of expression has frequently been contravened by those exercising State power. It does not follow that governments are intrinsically repressive and that all acts of opposition to the State merit support. Threats to the free

exchange of ideas certainly do not come from governments alone. They can, and do, come from other sources too; from various social and political groups, from individual and communal attitudes, even from majority public opinion. Indeed, the suppression of opposing views by the State is often with the support of society at large; governments in many ways reflect society's prejudices. But intolerance, from whatever source, is dangerous to society, and must be identified and opposed

### COMMENTARY - Stephen Spender

With the total collapse of Communism in Eastern Europe and what was formerly the Soviet Union it seems to be taken for granted by many people that, from the earliest days, the Communist leaders with a few possible exceptions, Lenin among them -- were as tyrannical, corrupt and cynical as the Ceausescus, Honeckers etc. are now seen to be, after their fall.

Yet many of those very leaders who are today exposed as corrupt were, in their youth, idealistic, courageous, unself-seeking, though perhaps ambitious for power in order, as they thought, to transfer the world into a socialist earthly paradise. Some of the leaders who in their old age are now condemned for corruption, would, if in their youth they had died as anti-Fascists in Germany, Austria or Spain -- as they all might have done -- today be regarded as heroes.

What, after seizure of power, corrupted these leaders was the absolute character of the ideology of their 'materialist' and supposedly wholly 'scientific' interpretation and attempted directing of history. The belief of the leaders that their policies -- the Party Line -- were based on a scientifically correct interpretation of events, that they themselves were 'objective' and that, once they had decided on the policy of Party or government, any criticism of that policy would be harmful -- and to the advantage of their opponents, the 'class' enemy -- resulted in a kind of petrification of the State into the pattern of the will of the Party leadership.

It is perhaps banal to say that the concept of benevolent dictatorship -- the dictatorship of the

Proletariat by its supposed representatives in its supposed interests -- is contrary to human nature. But one of the depressing things about the collapse of the Soviet Union is the way in which it has brought us up against the banal: in this case the evil resulting from men who may, in the first instance, have been well-meaning and disinterested, acquiring absolute power.

A great deal of rejoicing and finger-pointing on the capitalist side has resulted from the apparent failure of Communism, which is widely interpreted as the triumph of capitalism. But this has happened at a time of recession which is at least partly a failure of the capitalist system; a time also of great monetary scandals in America and England and other capitalist countries. It is not capitalism which has triumphed so much as democracy which has been justified as putting some kind of brakes on the great and powerful and corrupt in the West, preventing, say, a Robert Maxwell from becoming a Ceausescu.

A visitor from Mars today, looking at our world, might draw the conclusion that one part of the world -- the democratic West had escaped the disasters falling on Communist countries only because in the Western democracies, there is constitutionalised dissent.

Dissent at the very least means that individuals are permitted to criticise and caricature those in power, stinging them and their followers into awareness of their fallible humanity. At the most it means that dissidents are able to put forward views of the world which challenge the orthodoxies of those who exercise power over

their neighbours.

Within the whole, historic development of a society, dissent keeps open the possibility of the emergence of aims of living which are alternatives to prevalent ones. Dissent is that condition of openness which permit free development and does not petrify the present in a pattern imposed by dictatorship.

Looking at the world today, it is difficult to feel optimistic about the future of democracy as such. The break-down of the Soviet Union into several national components of a new Commonwealth is no guarantee that all, or indeed any, of these separate units will enjoy parliamentary government. All one can hope for is that within several of these separate units individuals will have the power to dissent.

Dissent is a hundred or a thousand little flames being allowed to cast their flickering lights within areas which would be total darkness without them, and which with them may be able to pass through what will almost certainly be very difficult times until dissenters and rulers come together to form truly democratic systems of parliamentary government. What I hope and do believe is that in the coming years whoever is in power in the new countries emerging from the collapse of the Soviet Union and in other parts of the world will at least have learned that totalitarian dictatorship is, in the long run, no way to solving a nation's problems. For the time being dissent is the lamp that has to be kept burning.

### LETTERS FROM PRISON - Adam Michnik

*Widely known outside Poland for his commitment to democratic change in his country, Michnik spent many years in prison from where he wrote many 'Letters from Prison'. Extracted from a letter dated December 10, 1983, to General Czeslaw Kiszczak, then Minister of Internal Affairs, the following is a superb affirmation of the need for conscience as an undeniable guide to ethical conduct, in politics and public life as in private life. It is also a dignified affirmation of pacifism and its values in the face of overwhelming physical force.*

.... For me, general, prison is not such painful punishment. On that December night [in 1981 when martial laws was declared and Michnik arrested] it was not I who was condemned but freedom; it is not I who am being held prisoner today but Poland.

For me, General, real punishment would be if on your orders I had to spy, wave a truncheon, shoot workers, interrogate prisoners, and issue disgraceful sentences. I am happy to find myself on the right side, among the victims and not among the victimisers. But, of course, you cannot comprehend this; otherwise you would not be making such foolish and wicked proposals.

In the life of every honourable person there comes a difficult moment, General, when the simple statement *this is black and that is white* requires paying a high price. It may cost one's life on the slopes of the Citadel, behind the wire fence of Sachsenhausen, behind the bars of Mokotow prison. At such a time, General, a decent man's concern is not the price he will have to pay, but the certainty that *white is white and black is black*. One needs a conscience to determine this. Paraphrasing the saying of one of the great writers of our continent, I would like to suggest that the first thing you need to know, General, is what it is to have a human conscience....

Courtesy: *The Value of Dissent*, Civil Rights Movement, Sri Lanka.  
Distributed by Dissent Project, Index on Censorship, London.

## THE BHUTANESE ECONOMY

### International Monetary Fund - 1994 Consultation Mission

"Reviewing the past fiscal year, the royal government declared 1993-94 'yet another year of success'" said the front page story of the national weekly *Kuensel* on July 2 after the Ministry of Finance presented the annual national budget for 1994-95 to the *Lhengyal Shungtshog* (Cabinet). A year earlier, reporting to the 72nd Session of the National Assembly, Bhutan's Finance Minister contended that "the success of the past year [1992-93] had also been possible because of the increased participation of the people."

Even as the government claimed 1993-94 as a year of economic success, as it did 1992-93 and the years before that, it has been apparent to the general public, however, that government figures never do tell all. In fact, in a rare case of honest revelation, and in what may indeed have been a left-handed compliment, the *Kuensel* editorial of the same week made that quite clear. "Going by the Ministry of Finance's annual budget report, and 'promises' of increased expenditure, it wrote, a turning point in the economic activity had been reached following nearly two years in the doldrums when the national economy was 'characterised by a deteriorating balance of payments (especially with India), high inflation, a sluggish private sector and limited capital expenditure.' The upbeat editorial forecast a 'resuscitated national economy, a significantly higher standard of living, and phenomenal growth stretching, at least, until the next decade.'

If the Royal Government felt it had left behind "yet another year of success", the public perhaps felt inclined to disagree. For, in *Kuensel's* words, "bankrupt businesses and hard-pinned salary earners were the other ingredients in this picture [of a dismal economy]."

It was not surprising, therefore, that within a month of presenting the people with a picture of a healthy and robust economy, problems in Bhutanese financial institutions and recession were back in the news. Commanding government Ministries, financial institutions and the Chamber of Commerce and Industries on July 19 to take "immediate and specific action" to solve the bad debt crisis "at the root of the current economic recession", His Majesty the King pointed out that "financial institutions, the board members governing them, and the borrowers were all at fault." Decrying the "short-sighted policy of the financial institutions to seize all the property which had been mortgaged," the King said that "today's problem had been caused by reckless and irresponsible lending by the financial institutions, the complacency of board members, and the fact that borrowers themselves had misused loans and ignored the repayment schedules."

It is understandable that a regime having to contend with growing internal dissent, and facing increasingly sharper external criticism over its policies, is forced to portray large measures of success in all fronts to lull the public and the world into believing that all is well. But what do the economic indicators really foretell -- the following excerpts from the IMF 1994 Consultation Mission (June 30, 1994) perhaps disclose

or hide more about the Bhutanese economy.

"Preliminary estimates indicate that economic and financial performance in 1993/94, albeit encouraging in many respects, was less favourable than anticipated at this time last year. The overall fiscal position worsened, registering a deficit of about 3/4 percent of GDP, compared with a budgeted surplus of over 1 1/2 percent of GDP (excluding the buildup in the contingency reserve account). Domestic revenue performance was slightly stronger than anticipated, and offset the small shortfall in grants from India. The entire overshooting in the overall fiscal position was due to overruns in expenditure, particularly in relation to current outlays. As a result, the sharp improvement in the current fiscal balance registered in 1992/93 -- when a surplus of 2 1/2 percent of GDP was recorded -- could not be maintained. Nevertheless, the larger-than- envisaged level of net foreign financing helped the Government to rebuild its reserves with the banking system, estimated at about 1/2 percentage point of GDP...

The overall balance of payments position remained strong in 1993/94, and was characterized by a number of significant developments: exports to India benefitted from the upward revision in the export price of electricity from Chukha, while exports to Bangladesh were adversely affected by the impact of unfavourable weather conditions on the output of oranges and apples; imports from third countries declined sharply compared to 1992/93 (when Druk Air purchased a second aircraft), although they remained above the long-term trend level owing to further imports of equipment for the ferrosilicon and telecommunications projects; and interest payments to India rose sharply as the Royal Monetary Authority (RMA) drew heavily on its rupee lines of credit. Nevertheless, with a further increase in both private and official unrequited transfers, the external current account surplus reached 6 1/4 percent of GDP. As the capital account was virtually in balance -- partly reflecting the sizeable short-term borrowing from India on commercial terms -- the overall balance of payments rose substantially to exceed Nu 600 million. As a result, total gross international reserves at end 1993/94 increased to nearly 14 months of imports, although net rupee reserves are significantly negative. External public debt has remained virtually unchanged at about 54 percent of GDP. However, the overall debt service ratio rose sharply to about 20 percent of exports of goods and services in the past two years (from less than 7 percent in previous years) reflecting the high cost of rupee overdraft facilities...

The proposed budget [1994/95] targets an overall fiscal deficit of Nu 312 million (equivalent to 3 1/2 percent of GDP), a significant deterioration relative to the estimated outcome for 1993/94. Moreover, several factors suggest that it may be difficult to contain the deficit even at this level, in view of the likely pressures on the current expenditure... If the salary adjustment [pay increase through Special Government Allowance - Nu 150 million] is already included in

the proposed allocation for current expenditure, the implied cutback of about 10 percent in real terms in non-wage current spending would be very difficult to effect, and may even be counterproductive. Other pressures on current spending are likely to emanate from the increasing interest obligations of the Government, including debt servicing on the loan contracted by Druk Air with the Bank of Bhutan, as well as recurrent costs associated with rapidly rising capital expenditures, and the likely need for larger counterpart funds for foreign-financed projects...

Tighter control of expenditures, in particular current outlays, will need to remain the central element of fiscal policy in view of the severe constraints to revenue generation over the medium term. Despite all the efforts to enhance revenue mobilization through various initiatives in recent years -- base broadening, simplification and streamlining of the tax system, strengthened collection efforts, and improved administration -- domestic revenue has stagnated at about 20 percent of GDP during the six years to 1993/94. The proposed budget for 1994/95 projects a decline in domestic revenue of nearly 2 percentage points of GDP, largely reflecting smaller contributions by public and joint sector enterprises through lower transfer of profits, and reduced sale of government properties. The substantial rise in the RMA's expenses on its rupee debt in 1993/94 is likely to lead to a sharp cutback in RMA profit... bee

As the authorities are aware, Bhutan's fixed exchange rate and open commercial relations with India limit the scope for an independent monetary policy. In these circumstances, the aim should be to maintain rates broadly in line with those prevailing in India. This objective can best be achieved through the use of indirect instruments of monetary control, including open market operations -- made possible by the recent development of a market for government and RMA securities. Reliance on administered interest rates and/or credit controls is unlikely to be effective, and is detrimental to the health of the financial system...

The maintenance of an artificially high interest rate structure has reduced the profitability of financial institutions and has encouraged them to undertake increasingly risky investments. Moreover, high interest rates have contributed to sluggish investment and growth in the private sector... We believe that a policy of simply lowering interest rates through administrative means would not be desirable... ["In an announcement which is expected to have a far reaching impact on the national economy, His Majesty the King informed representatives of the nation's business community this week that the royal government had approved a significant reduction in interest rates to enhance economic growth." - *Kuensel*, July 23, 1994]

The government's approach to managing foreign exchange reserves -- in particular, its unwillingness to use hard currency to finance Bhutan's balance of payments deficit with India -- has

exacerbated the problem of excess liquidity. The mission welcomes the steps taken by the authorities to unify reserve management under the RMA, and to reduce the outstanding stock of rupee liabilities. We urge the authorities to repay rapidly the remaining balances, which are presently costing the RMA about US\$ 3,500 per day. The delays so far have resulted in all the returns on the RMA's convertible currency holdings being used to service interest payments on rupee lines of credit, which may have led to the RMA incurring its first loss ever in 1993/94. While it is prudent to maintain access such lines of credit, neither the facility with the State Bank of India nor that extended by the Indian Government should be activated unless absolutely necessary. Recent events have vindicated our conclusion last year that these facilities would prove exceedingly costly and ineffective in reducing Bhutan's balance of payments deficit with India...

### "IN QUOTES"

"While substantial progress has been achieved with regard to major refugee problems in both South and South-East Asia, UNHCR (United Nations High Commissioner for Refugees) is concerned that for Bhutanese refugees and asylum-seekers in Nepal, no significant progress has been achieved in the search for appropriate solutions. The ongoing discussions between the Governments of Nepal and Bhutan have paved the way for establishing various categories of people in the camps; the verification of these categories and the corresponding solution for each of them, however, remain to be worked out and eventually implemented."

UNHCR Report to the UN General Assembly, October 1994.

## MEDIA SCAN

### HUMAN RIGHTS AND EXTERNAL ASSISTANCE

The Foreign Minister informed the National Assembly that human rights was considered an important issue by the rich and powerful countries of the world. As such, the *ngolops* were accusing the Royal Government of committing human rights violations in southern Bhutan with the aim of winning the sympathy and support of these countries.

He said that, firstly, the dissidents wanted substantial financial assistance which they were getting. Secondly, the dissidents were trying to persuade donor countries to stop aid to Bhutan.

He said that with the blessing of the Guardian Deities, His Majesty the King's wise and dedicated leadership, and the good fortune of the Bhutanese people, the *ngolops* had not succeeded in their objective.

International assistance to Bhutan continued to flow in undiminished because Bhutan had a good record of proper aid utilization. In fact, some new donors had also started extending aid to Bhutan.

**The Proceedings & Resolutions of the 72nd Session of the National Assembly (8th July - 30th July, 1993).**  
*Kuensel* Special Supplement, August 7, 1993.

**BUDGET SHORTAGE AFFECTS TRAININGS AND STUDIES**  
Overseas study and training for Bhutanese, an important development objective, is suffering severely as the Royal Civil Service Commission's Human Resource Development project runs short of budget.

According to an RCSC official, the shortage has been caused by a global cut in the UNDP's IPF Fund and a dearth of assistance from donors that have withdrawn their assistance, pleading economic recession.

UNDP assistance has dropped from an initial commitment of about Nu. 215 million (US\$ 7.00 million) to about Nu. 61 million (US\$ 2.00 million) while the Overseas Development Assistance, United Kingdom, another substantial donor to the HRD sector, has withdrawn altogether.

The HRD sector is now faced with a budget shortfall of about Nu. 585 million (close to US\$ 19 million). This shortage has left 836 fellowships on uncertain ground.

"It is unlikely that we will be able to mobilise the funds required and we are re-prioritising all trainings so that at least the most important and critical fellowships can be undertaken," the Deputy Minister of RCSC, Dasho Khandu Wangchuk told *Kuensel* this week.

The first draft of a masterplan for the HRD sector had put the total requirement of fellowships at an ambitious 9,253 slots. Under advice from the Planning Commission, the main government agency responsible for mobilising donor funds, this figure was later pared down almost one-third of its original and the Seventh Plan began with a requirement for 3,361 fellowships.

But even this number was reduced when the royal government failed to raise the required amount of funding despite two efforts in 1992. The total number of slots have now been set at the sobering figure of 2,162. And RCSC officials say it may drop even further before government representatives sit with the kingdom's donors at the Round Table Meeting in Geneva January next year.

*Kuensel*, Thimphu, October 8, 1994.

**FORTY-FIFTH SESSION OF THE EXECUTIVE COMMITTEE OF THE HIGH COMMISSIONER'S PROGRAMME - Excerpts of Statement by Mrs Sadako Ogata, Monday, 3 October 1994**

The progress towards peace in the Middle East and the birth of a democratic South Africa have been among the rare signs of hope in a year too often marked by genocide, ethnic conflict, and resurgent violence. As more and more people continue to be uprooted in almost every region of the world, their protection and assistance grow more problematic, solutions to their plight ever more elusive. Whether stranded in countries of asylum or displaced inside their own, the fate of the uprooted has become tangled with geopolitical realities.

Not surprisingly, a symbiotic relationship is developing between the UN's political initiatives and development activities, and its humanitarian action. The success of one is linked to the performance of the other.

Lying at a critical juncture between peace and conflict, relief and development, humanitarian action must retain its integrity, neutrality and impartiality. Its quest must remain the protection and well-being of the victims of war, violence and persecution. By protecting the individuals, we reduce the tensions in society and enhance global human security. It was this realization that gave birth to UNHCR's unique mandate...

There is an inherent link between protection and solutions. Frequently, the availability of protection abroad is affected by the possibility of solutions back home. Nor can solutions be sustained if the conflict and violence which provoked the exodus continue, and the security of the returnees is not assured. That is why the search for solutions to refugee problems is not simply humanitarian but deeply dependent on political initiatives... **I welcome the continued bilateral dialogue between the Governments of Bhutan and Nepal and would like to initiate separate discussions with them on modalities for implementing solutions for the 80,000 persons in the camps in Nepal...**

I have briefly outlined the challenges confronting my Office today in protecting refugees and resolving their plight. We cannot play our role in isolation. Our action must be part of a global strategy for international peace and security, human rights and economic and social development. But that brings new pressures and constraints on my Office, reducing our humanitarian space. In such situations, how do we defend the rights of victims? Not only are human lives at stake, in the end, peace and progress are also victims of humanitarian disasters. I believe our humanitarian mandate can be safeguarded through greater commitment, cooperation, clarity and capacity.

Firstly, **commitment of Governments** to the basic humanitarian principles of impartiality and neutrality. Respect of these principles is essential to the credibility of humanitarian action and hence of our ability to protect human beings and find solutions to their plight...

Secondly, **cooperation with international and non-governmental organizations**. [Guest speaker, Executive Director of World Food Programme] Ms Bertini's presence here is indicative of our deepening collaboration with WFP as we jointly work to meet the basic food needs of refugees, returnees and internally displaced. Our cooperation with ICRC is expanding in conflict situations. We are also working closely with UNDP and IOM to concretize our partnership in the field. With UNICEF we share a common concern for refugee children...

Thirdly, we need **clarity of roles and responsibilities**. As the political, military and humanitarian mandates interact in multifaceted United Nations operations, it is essential that all actors understand and respect each other's mandate, roles and responsibilities. Structures must be clear and established early. Relief needs to be coordinated but our protection mandate is clear and should be respected...

Fourthly, we need **innovative approaches to capacity building and management**... At the end of the day, capacity, Mr Chairman, often translates into quality of staff. The commitment, competence and courage of UNHCR staff are truly impressive. As promised last year, we are investing in a Career Management System, which, together with other reforms, should give UNHCR a human resources management system which the organization needs and the staff deserves. I would like to pay a special tribute to UNHCR staff and those of our partners who have risked or lost their lives in situations of peril and conflict in the past year...

Today's humanitarian challenges are manifold and expanding. Emergencies that we once described as unprecedented are becoming the norm. Protection principles that once were clearly recognized are now being questioned. We are moving into situations from which we would have once evacuated. Our budget and our staff have doubled in four years. Our offices are spread over 250 locations. As our world and our work change, we must reexamine our premises and policies, we must review our management functions and structures. We must ask: where are we going? and how do we get there?

The cataclysmic change in the role of the United Nations has given our own work a new dimension. When peace breaks down and development fails, humanitarian action is moving in to stem the human suffering. But as ethnic conflicts spread and political solutions become more elusive, there is risk that humanitarian operations could become prolonged, draining limited resources and causing untold suffering. To avoid that, we must develop a strategy of vision and a plan of action. Complementing an Agenda for Peace and an Agenda for Development, the time may be ripe to launch an Agenda for Humanitarian Action.

**William Mackey - Father of Contradictions?**

In its March 1994 issue *JIVAN*, a monthly publication of the Jesuit Society in India profiled, very briefly, the relief activity in Nepal of the society under the title 'Bhutanese Refugees in Nepal'. Written solely to highlight the involvement of JRS in humanitarian work -- and certainly not inspired by any desire to promote the cause of Bhutanese "anti-nationals", the article elicited an unexpectedly charged response from distant Bhutan in the form of a disjointed letter penned by Father William Mackey.

While most readers were possibly moved by the article for spirit of compassion shown by JRS, and the catholic community could rightly take pride in the dedication and commitment of the Jesuit Society in serving those less fortunate -- regardless of how they may have come to that fate, *son of Bhutan* Father Mackey clearly chose to miss the point altogether.

The alacrity with which Father Mackey rushed to the defense of his adopted country is commendable. What is disturbing, however, is the unnecessary degree of xenophobia on display in his response. [Because most of our readers may have difficulty in accessing the original source, we have considered it fit to reproduce the full, harmless article which seems to have offended the Father, along with his politically inspired rejoinder in its entirety.]

A Canadian Jesuit who has been involved in the education of Bhutanese youth since the mid-

sixties as teacher, inspector of schools and advisor, Father Mackey is no stranger to thousands of Bhutanese refugees. Although he never did take kindly to southern Bhutanese of Nepalese origin, reportedly resulting from his unhappy experience in Darjeeling, India, from where he was allegedly compelled to make an unceremonious exit, this knowledge has in no way diminished the high regard in which he is held even in the southern Bhutanese community. No Bhutanese, in Bhutan or in exile, will dispute the fact that Father Mackey richly deserves the people's admiration and gratitude for his decades of selfless service and sacrifice for Bhutan. Recognized for his services to Bhutan in Canada and decorated by the Royal Government, Father Mackey became a naturalized Bhutanese citizen and was made a "civil servant for life." Many refugees in the camps -- who can confirm never having found it necessary to take recourse to altering their parents' names through him -- have had the privilege of receiving the Father's personal attention in the two schools mentioned in his letter.

Given the good Father's own commitment and record of serving society and helping those in need, and the high esteem in which he is held even by those he chooses to condemn, it is unfortunate that he has willingly been drawn into a needless debate, to which, to make matters worse, he has himself provided a political twist. More than

his failure to see the wood for the trees, causing him to miss out on God's work to take umbrage over mundane temporal issues, it is sad that he has allowed his own bigotry to float to the surface in the process.

For the record, notwithstanding Father Mackey's protests, the term 'Bhutanese refugees' now finds universal usage, and remains the *politically correct* phrase to refer to southern Bhutanese forcibly evicted by the Royal Government and compelled to live in refugee camps in Nepal. Instead of trying to set *JIVAN* straight, Father Mackey might have done better to try and set his own story, concocted out of half-truths and fiction provided by the regime, straight: On the one hand he claims that Indian Nepalese came to Bhutan "for the good and free education given to Bhutanese", and on the other, he claims that Bhutanese citizens of Nepalese ethnicity freely opted to leave the country "because the facilities in the camps are better than in Bhutan" including "good education".

Father Mackey's right to "correct" what he believes are inaccuracies must surely be respected. But it is indeed sad when someone is so blinded by hate that rather than see mankind's capacity for compassion he is upset by trivia. The loss is all the greater when that someone is himself admired for his selfless service and contribution to society

**LETTERS - Bhutanese Refugees in Nepal**

With reference to the article *Bhutanese Refugees in Nepal* in *JIVAN*, March '94, I feel the title should read 'Nepali Refugees in Nepal'. They are divided into three distinct groups -- Bhutanese, Indian and Nepali refugees.

Citizens of Bhutan, who have freely opted to leave the country for Nepal because the facilities in the camps are better than in Bhutan. A bamboo house, shared pit latrine, free food, an extra allowance and good education are some such facilities. They save the money they got by selling their land and animals and houses in Bhutan.

Indian Refugees -- Citizens of India who lived in tea estates in the narrow belt along Bhutan's border were causing trouble on tea estates. They had no work and no income, and moved in with a relative.

Nepali Refugees -- People from the northern regions of Nepal, find life in refugee camps much easier than what they had in the interior villages of Nepal.

Often two to four families live in one house. Their hospitality is proverbial. twenty years back when I was Headmaster in Sherubtse and Jigme Sherubling High Schools, each year 5 to 10 Class X students, which is 10% of the class, would come to my office and change their father's name. They were in the school as children of their uncle. The

uncle was Bhutanese but the children were from India [enrolled] for the good and free education given to Bhutanese.

Bhutan and Nepal are conscious of this situation. They want to find out how many so-called Bhutanese are really Indian or Nepali. Two teams, one Bhutanese along with one Nepali team will visit each refugee home and check their records. This will be enlightening. Both governments have agreed to clarify the situation. They should be visiting the camps shortly.

We in Bhutan, are looking forward to the result of the investigation. Both governments understand the problem and India does not want to get involved.

William Mackey, Bhutan.

**Bhutanese Refugees in Nepal**  
JRS South Asia has consolidated its involvement among the Bhutanese refugees in Nepal where it is engaged together with CARITAS in educating 28,400 students in seven primary schools, running 2 to 3 shifts.

JRS South Asia has deputed three JRS volunteers to man the managerial posts in the Bhutanese Refugee Education Programme. They are Mr. Donald Dery, an MBA with vast administrative experience in international agencies, as Field Director, Fr. Joy John as Finance Manager and Sr. Anna Maria as Education Coordinator.

Approximately 1,00,000 Bhutanese of Nepali origin have fled or have been expelled from the tiny Himalayan kingdom of Bhutan in an alleged ethnic cleansing. The refugees are languishing in overcrowded camps in eastern Nepal.

Next in the agenda of JRS is to explore the possibilities of assisting the Sri Lankan Tamil refugee returnees who are huddled up in transit camps in Sri Lanka.

REFUGEE CAMP INFORMATION			
Location	District	Refugees	Students
Timai	Jhapa	8,212	3,275
Goldhap	Jhapa	7,872	2,877
Beldangi I	Jhapa	14,851	4,985
Beldangi II	Jhapa	18,388	6,889
Beldangi II Ext.	Jhapa	9,233	3,281
Sanishare(Pathri)	Morang	16,812	5,401
Khudunabari(N)	Jhapa	7,032	3,819
Khudunabari(S)	Jhapa	3,506	
<b>Total</b>		<b>85,906</b>	<b>30,527</b>
Cumulative births:		4,415	
Cumulative deaths:		2,612	
<b>The above figures are as of October 31, 1994.</b>			