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nepalnews, phil Times Veekly Internet Poll # 35 Q. Which is the most urgent priority in the run-up to the elections? Total votes: 3,687 Weekly Internet Poll # 357. To vote go to: www.nepalitimes.com Q. Should Kathmandu-based ambassadors have boycotted King Gyanendra's birthday party?



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#### **KUNDA DIXIT**

epal's peace dividend may be elusive, development sluggish, and reconstruction slow, but one area where the government has been moving with

uncharacteristic speed in the past year is in licensing new hydropower projects. As if to make up for lost time, the Ministry

of Water Resources is about to unleash a flashflood of new investments in large and medium-size hydropower schemes. Past controversy over India-Nepal water projects and public perception of New Delhi armtwisting had made river harnessing a hot potato that no politician wanted to touch.

But given India's role in chaperoning Nepal's peace process, some say it is not a coincidence that most of the prospective new investors in Nepal's rivers are private Indian companies. New Delhi now sees the political situation in Nepal to be much more conducive, and it is also driven by a projected domestic demand in the north Indian grid which is facing a 12 percent peak hour deficit.

Proximity of Himalayan rivers, especially in western Nepal, to India's load centres make hydro-investments in Nepal an attractive proposition for Indian business. Indeed, Prime Minister Girija Koirala's

policies and program speech in parliament Editorial on Tuesday marks out Chance of a lifetime hydropower

development through "multi-purpose projects in the national interest" as a priority.

p2

The scrapping of the 1990 constitution. which stipulated a two-thirds approval by parliament of any cross-border river deal, has made it easier to steer joint water projects through Kathmandu's decisionmaking circles. However, parliament's Natural Resources and Means Committee is still extremely sensitive about Nepal being shortchanged in future investment contracts.

India's Bangalore-based GMR Infrastructure appears to be ahead in the race with bids for four major projects including Upper Karnali (300 MW) and Arun 3 (402 MW) in which it has come first. But it is the Upper Marsyangdi 2 and 3 (246 MW) for which GMR looks like is it about to get a green light on a domestic-plus-export deal.

As a sweetener, the Indian government has offered to build the 250 MW Naumure Dam in Piuthan to meet peak power needs for Nepal's domestic grid as well as irrigation in Kapilbastu. It will be the largest Indian aid project of its kind in the country.

The long-awaited Nepal-Australia joint

# White gold

## Brace yourselves for a flashflood of new hydropower projects



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venture West Seti (750 MW) in western Nepal is set to begin construction later this year once financing is sorted out with its Chinese partners. Norwegian SN Power, which is partnering with Butwal Power Company, has already got licenses for the export-oriented Upper Tama Kosi 2 and 3 (482 MW).

Full story p4

PRETTY USEFUL: A monsoon waterfall above the Marsyangdi two weeks ago.







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### CHANCE OF A LIFETIME

More than 100,000 Bhutani refugees are finally seeing light at the end of the tunnel. After 17 years in camps in eastern Nepal, there is the prospect of resettlement in the United States, Canada, Denmark, and Australia.

But the refugees are now suddenly confronted with a political backlash from activists and refugee leaders who insist that resettlement would jeopardise their right of return to Bhutan. We find this incongruous.

The Lhotshampa have suffered enough. Thimphu's constant prevarication and India's baffling unwillingness to confront the culpable Bhutan regime raised fears the refugees would simply disappear into the South Asian night. The US resettlement offer lets Thimphu off the hook for now, but offers refugee families a chance to rebuild their lives.

There is a surprising silence from the refugees. A majority of refugees would want to take up the resettlement offer rather than wait any longer in Jhapa. But ultra-left radicalisation of the camps means refugees are afraid to speak out. Some Bhutani political leaders who stand to lose their flock to resettlement are also against the proposal.

There is genuine concern that the refugees' right of return might be compromised if they are settled overseas. Nepal fears resettlement may trigger another wave of Lhotshampa, and word is at least 80,000 are being 'prepared' for departure. Resettlement rather than return could trigger depopulation of Nepalis from the Indian northeast as well.

These fears have a sound basis, but the interest of the refugees must come first. This is a humanitarian issue and only then a political one. People cannot be sacrificed to principles against their best interests. Besides, the refugees' right of return to Bhutan will not be compromised when they are resettled. And a future Bhutani diaspora could even evolve as a strong force for human rights and democratisation back home, as we have seen with refugee resettlements elsewhere.

Refugee leaders must now speak for the humanitarian interest of the people they represent. The Core Group countries must ensure that Bhutan's depopulation exercise does not go unpunished in the long run. Nepal's Home Ministry must maintain law and order in the camps so individual refugees are free of intimidation. Sital Nibas must come out with a white paper to detail the policy shift that has already been set in place by Foreign Minister Sahana Pradhan, which is that Nepal supports resettlement without giving up the goal of right of return.

Finally, it is India that must atone for its inaction on the return of Bhutan's refugees. New Delhi must send a strong message to Thimphu that further ethnic cleansing will not be tolerated. It must also firmly stamp out any copycat moves to evict Indians of Nepali origin from its own northeast.

# 2007 to 2007

#### What will ordinary Nepalis gain from a republic?

he Nepal monarchy was restored from the

imprisonment of autocratic Rana rule in 2007 BS with a shortlived flowering of multi-party democracy. What an irony that 2007 in the AD calendar has the prospect, in the name of



democracy, of abolishing the monarchy and retreating to the autocratic rule of an all-powerful all-party prime minister.

A republic declared through the new constitution will clearly bolster the Maoists' flagging political credibility and personally benefit the new Jang Bahadurs among the political class, including those dreaming of being president.

But what will be the gains to

Cour	ntries by HDI rank	Per Capita	Туре
Top	15	GDP (US \$)	
1	Norway	38,454	Μ
3	Australia	30,331	CR
4	Ireland	38,827	
5	Sweden	29,541	Μ
6	Canada	31,263	CR
7	Japan	29,251	Μ
9	Switzerland	33,040	
10	Netherlands	31,789	Μ
11	Finland	29,951	
12	Luxembourg	69,961	M *
13	Belgium	31,096	Μ
15	Denmark	31,914	Μ
18	United Kingdom	30,821	Μ
19	Spain	25,047	Μ
20	New Zealand	23,413	CR
138	Nepal	1,490	?
	om 15		
1 5 0			
158	Rwanda	1,263	
159	Nigeria	1,154	С
159 160	Nigeria Guinea	1,154 2,180	C C
159 160 161	Nigeria Guinea Angola	1,154 2,180 2,180	C
159 160 161 162	Nigeria Guinea Angola Tanzania	1,154 2,180 2,180 674	-
159 160 161 162 164	Nigeria Guinea Angola Tanzania Côte d'Ivoire	1,154 2,180 2,180 674 1,551	c
159 160 161 162 164 165	Nigeria Guinea Angola Tanzania Côte d'Ivoire Zambia	1,154 2,180 2,180 674 1,551 943	c c c
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159 160 161 162 164 165 166 167 168 170 171 172	Nigeria Guinea Angola Tanzania Côte d'Ivoire Zambia Malawi Congo, Dem. Rep. Mozambique Ethiopia Chad Central African Rep.	1,154 2,180 2,180 674 1,551 943 646 705 1,237 756 2,090 1,094	C C C C

M=Monarchy, C= in Commonwealth with own head of state, CR= in Commonwealth with Queen Elizabeth as head of state. \* Luxembourg is officially a Grand Duchy. Source: UNDP, Human Development Report 2006. the general Nepali populace from a republic? This question is hardly ever raised by the communist republican alliance, nor by the wavering factions in the two Congresses vying to outrepublic each other and, most disappointingly, not even by the civil society republican movement.

When 2063 AD comes around, will the gains from the 2063 BS Iana Andolan be better consolidated in terms of a higher standard of living for Nepalis if we opt for a republic now? Will a republic mean more investment in physical and human capital? Higher and more equitable economic growth? Will our overseas labour export consist of skilled professionals (engineers, accountants) instead of the domestic helpers and construction workers of today under a monarchy?

A simple but illuminating framework to answering these questions is in the adjoining table that lists 15 each of the top and bottom 20 countries of the world ranked in terms of their Human Development Index (HDI) in 2006. The table also lists their purchasing power adjusted per capita income.

Is it a coincidence that among the top 20, there are ten independent monarchies and three more (Australia, Canada, and New Zealand) that are constitutional monarchies under the Commonwealth, recognising Queen Elizabeth II as their ceremonial head of state. And in the bottom 20 there is not a single monarchy. Indeed the bottom list contains the former monarchy of Ethiopia, which at rank 170 out of 177 has little to show in terms of human development gains from its 1974 revolution that deposed Haile Sellasie. Indeed, the major

achievement of republican Ethiopia has been the loss of Eritrea.

Given that there are only about 30 independent monarchies in the world (and another 15 in the Commonwealth) is it just coincidence that 10 out of 30 are in the top 15 list on the HDI? One cannot claim there is some deep causal relationship between institutions of monarchy and development. But this is surely evidence that the reverse proposition now so widely conjectured in Nepal-that the monarchy will hinder the allround development of a new Nepal—is also false.

Nepal, as indicated, has an HDI rank of 136. The lowest ranked current monarchy is Swaziland at 146. Two other ex-monarchies not ranked in the 2006 HDI are Afghanistan (a republic since 1973) and Iran (since 1979). Ethiopia, Iran, Afghanistan: is that the company we seek, instead of Norway, Sweden, Japan?

The main difference between the top and bottom ends is, of course, the quality of their political and economic institutions, developed under the rule of law, which have safeguarded individual freedoms and promoted economic growth relying on the market mechanism.

Faith in the rule of law is also reflected in how real or imagined political opponents are treated. If, as the new political pundits claim, only a republic will safeguard Nepal's democracy in the long-run, this is ultimately a confession that the new Nepal they aspire to politically will be no different from the old, except for a change in dramatis personae. ●

PJ Thapa is an economist based in Canberra, Commonwealth Realm of Australia.

# The unrepentant state

Trying to establish an 'armed peace' in the madhes will prove disastrous

E arlier this week, the council of ministers directed the Home Ministry to take "all possible measures" to check the ongoing violence in the tarai. The Maoist spokesperson of eight-party government, Information Minister Krishna Bahadur Mahara, says the decision is meant to improve the country's overall security situation.



The Maoists have reason to be worried. The YCL's extortion of a hapless poplace by violent methods was being met with retaliation in kind throughout the tarai. Alarmed, the YCL's Maoist mentors convinced their cabinet colleagues the threat to peace came not from young communists but madhesi renegades. Home Minister Krishna Prasad Sitaula, seen as a Maoist fellow-traveller, agreed.

In the coming days, the Maoist militia and the police force could be working

together to enforce law and establish order in the tarai. This has implications for the explosive communal relations between hill and plains-dwelling Nepalis. Mahara and Sitaula are treating a political problem as a law and order issue.

Kathmandu still hasn't realised that the tarai is a qualitatively different crisis from the Maoist insurgency. In the tenyear war, educated, indoctrinated, motivated intellectuals from a bourgeois background designed and executed the so-called 'People's War' with military precision. Funding procedures were established early. Safe houses were maintained in Nepal and India, communication and logistics functioned efficiently. The chain of command was strictly enforced. Within a decade. Prachandpath had become a cult with fanatical followers. This is why Pushpa Kamal Dahal could bring his flock into the mainstream with relative ease.

The tarai uprising has grown from the ground up. It has no clear ideology, no universal leader, and no apparatus of command and control. Jai Krishna Goit subscribes to separatism, but his influence is limited to three of 20 tarai districts. A septuagenarian, he perhaps feels unable to enforce discipline in his ranks, and is said to be contemplating retirement. Armed splinter groups from JTMM-Goit lack credibility. The moment their leaders compromise, defect, or die, these smaller factions with their fanciful progenitors—Jwala, Vishphot, Nagaraj will probably disappear without a trace.

Despite the profile the MJF has built up in a short period, it remains a loose coalition of political has-beens from left and right. Nobody doubts the commitment of the mercurial Upendra Yadav, currently in the US, to the madhesi cause. The problem is that other than a vehement dislike for his former comrades in the Maoist ranks, Yadav isn't too clear about the cause he aims to advance.

The apparent lawlessness in the tarai is a result of the imperfect politicisation of madhesi grievances. Competing ideologies of class, equality, and identity have lost meaning in a region where every major party—except Sadbhabana—appears as communal as the state in composition and outlook. When police powers (to enforce law, protect person and property, help revenue collection) are used selectively to suppress a section of the population, the state loses acceptability and legitimacy. Girija Prasad Koirala might find it hard to take, but his government has no relevance, it inspires neither faith nor fear in the tarai anymore. What will the Nepal Police and the Armed Police do with such an angry and alienated population?

"All possible measures" to ensure security in the tarai should focus on listening to longstanding grievances. A determination to correct institutionalised discrimination needs to be displayed. National leaders should ask for forgiveness for past injustices. Only then can the repetition of history as a tragic farce be averted.

The cost of enforcing an 'armed peace' in the tarai is too high to be even contemplated seriously, and the price of establishing 'just peace' too low to be ignored.

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#### LETTERS

#### **FOOD FIRST**

'The donor and NGO community need to view mental health as a human right for which all persons should have access to services...psychosocial counsellors are also needed.'

This is a self-serving piece of advice from a MD-PhD candidate ('All in the mind', Guest Column, #355) looking for a future jagir as a privileged provider.

Drinking water, elementary schools, very basic health services, good roads, electricity, personal safety, and decent incomes would work miracles for the mental health of the Nepali people (which, despite ongoing disasters, is still probably still better than that of, say, the French people, a huge percentage of whom live under tranquilisers). These will be far more effective than 'transcultural psycho-social' advice, or

anything of that kind. This article illustrates

well the deluge of NGO prescriptions that have submerged Nepal for decades, impeding instead of promoting the country's development. Everybody comes around for advice, full of theories often long rejected elsewhere in the world, feeding endless seminars in Kathmandu, all with the fine intention of 'helping' 'poor Nepalis' who may actually teach us all lessons in resilience.

And if anyone in Nepal needs counselling, I'd say it is the politicians who suffer from many disorders

including delusions of grandeur, acute paranoia, fits of self-destruction, violent anti-social behaviour, etc.

As for Jumla, it is food that they need first. It's all in the belly.

MR, Paris

#### **BAD THING**

Indeed, the views expressed by Daniel Lak ('The next big bad thing', Here and There, #354) are true. We have nothing in the media except celebrities, war, Iraq, and Afghanistan. Let's hope, this type of journalism will be replaced. *Suman Pathak, email* 

• Daniel Lak laments and asks why the world has become the way it is ('In the future', #355). Unfortunately, he is unable to see that the answer to his question looks back at him in the mirror. When secular man declared that 'God is Dead' some 150 years ago, they removed God as the standard and replaced Him with themselves. Now every man's behaviour is determined by his own personal idea of right and wrong, making one man's behaviour no more valid than the next.

So, when we see the greedy capitalist, the brutal dictator or the self-righteous journalist, all we see is the fruit of man worshiping at the altar of himself.

#### Stephen Knoble, Kathmandu

#### **NOT READY**

Agreed that it is getting late for the political parties to prepare for the constituent assembly election ('Full speed ahead', Editorial, #355). But for what? Nepal has not yet formally entered into discussions about the future constitution and no political party is prepared to usher in a serious discussion. Opinion-building should be focussed on the future constitution and consensus should be

built about that, and not seat distribution.

The media and civil society must put pressure on the political parties to come up with programs and policies to be included in the proposed constitution. A very good constitution was thrown into the rubbish bin by our political leaders and their parties. Sorry, it was not the king who destroyed it.

Kamal Kishor, email

#### **DAUGHTER QUEEN**

While we are talking of women's empowerment, inclusion, and representation in Naya

Nepal, I am surprised no one has followed up on the Ass's idea ('Burgher king', #354) to declare the daughter of the late Princess Shruti to be the next on the throne, if at all the monarchy is to continue. Why do we completely dismiss the one option part of the direct lineage of the late King Birendra and nominate Hridayendra who is, after all, a few steps removed?

Nepali Keti, email

#### MONEY TALKS

I admire your paper's ethical stance, allowing a voice for all sides but siding with the common good. However, guys, please put your money where your intentions lie. Your prime advertising spots are consistently sold to alcohol and cigarette companies. You and your readers will be well aware that in terms of damage to health and social harmony, tobacco and alcohol consumption will soon contribute to more devastation in a year than has been caused by eleven years of conflict. Set an example please!

Ken Woods, email





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# It's hydropower, stupid

#### Past mistrust still cloud efforts to make a big push on Indo-Nepal joint ventures

RESERVOIR DOGGED: Kulekhani is the only reservoir-type hydropower plant in Nepal today. In the next ten years there could be ten projects much bigger than this one on snow-fed rivers. How do both India and Nepal benefit?



#### from p1

There have been no new major investments in hydropower in the past four years, demand has outstripped supply, and Nepalis are suffering crippling blackouts.

Since the power plants being negotiated now will take at least seven more years to build, these cuts will only get worse. This is why there is a new urgency to launch new projects.

The government also thinks the political climate is now ideal for negotiating export schemes to sell electricity to the powerstarved north Indian grid, which already has a shortfall of 5,000 MW at peak periods.

After an initial spurt in private power producers exploiting the newly-deregulated market in the early 1990s through projects like Khimti and Bhote Kosi, political squabbling and the conflict turned off other investors. Regime change in April 2006 was a watershed in bringing investors back.

Indian companies' interest in Nepal picked up after the Power Summit in September 2006, which brought together developers, contractors, creditors and insurance companies (Power sharing', #314). Some 14,000 MW worth of projects have been put on offer exclusively for export to India. Eleven foreign companies, most of them Indian, are in various stages of the bidding process.

While GMR's bid for Upper Marsyangdi 2 and 3 seems to be closest to being finalised, the Indian company is likely to also get Upper Karnali and Arun 3. The parliamentary committee is said to not be satisfied with the 30 percent free equity and the 7.5 percent free power it is to get from the projects and wants more. Indian officials say these issues could be negotiated, but that reopening the bids would send the wrong signal to potential investors.

Because joint river projects have become so politically sensitive in Nepal, India is trying to get private firms involved. Says Jawed Ashraf, the Indian Embassy's Commercial Counsellor in Kathmandu: "Upper Karnali and Arun 3, for example, couldn't have been done as government-to-government projects. But it is urgent for Upper Karnali and Arun 3 to be awarded quickly to sustain the momentum and investor interest."

However, Maoist MP Lokendra Bista who sits on parliament's Natural Resources and Means Committee says not enough homework has been done. "We will not let these projects go ahead," he told us, and warned, "if they do, we will take whatever steps are necessary, and local people in project sites will not let construction begin."

This kind of talk makes investors jittery. But others say it is just the Maoist way of bargaining so they get choice jobs when the projects begin.

The critical points that the parliamentary committee is looking at while examining each of the projects are issues of royalty, free electricity, free equity as well as handover period. Members are under pressure to probe if Nepal is selling itself short out of desperation.

There is also a clear difference between the positions of Maoist and non-Maoist MPs about okaying the large projects. NC MP Ananda Dhungana says: "We are not against the projects per se, but we want the government to be transparent and there should be no compromising on the national interest."

Indian and Nepali utilities are also getting together to set up joint venture transmission companies in each other's countries not just so future power can be traded, but also to import power from India until the new projects being planned today come online.

With additional reporting by John Narayan Parajuli and Navin Singh Khadka



## **Boost for midwest Nepal**

N eglected for so long, Nepal's midwestern Seti-Mahakali region is expected to benefit from two large dams being planned there.

The Upper Karnali which will need a 150m dam at Asare in Surkhet-Dailekh is relatively accessible, and is nearest to Indian markets. In adjoining Doti, the \$1.2 billion West Seti is the prototype export project with Australia's SMEC as a partner.

West Seti is the only one among the new projects besides Norway's SN Power which is not Indian. It is this dominance that is raising misgivings about India getting regulated water from power projects in Nepal for free. It is also said to be side-stepping a constitutional provision (Article 156) that requires 50 percent house ratification.

Water Resource Minister Gyanendra Bahadur Karki argues that electricity is not a "resource" and that regulated water also benefits Nepal. "There is no resource sharing across borders," he told us. This is hotly contested by former minister and water expert Dipak Gyawali, who says: "When regulated water crosses an international boundary, there is resourcesharing."

After nearly 11 years of often-tortuous negotiations, West Seti is now set to go ahead with

investments from SMEC (26 percent), the Asian Development Bank (15 percent), Nepal government (15 percent), India's ILFC (15 percent) and Nepali investors. Negotiations are underway with two Chinese banks for the loan component. The other complication left to iron out is an original deal on 10 percent free power that West Seti was supposed to give to Nepal, but which was later negotiated to four percent of profit.

MPs have raised the issue of resettlement of the approximately 1,700 families that will be affected. "We want to make sure the government looks at the national interest and also the welfare of those affected by the project," says Siddhi Raj Ojha, NC MP from Doti. The Maoists have more fundamental objections, but Minister Karki says: "West Seti has already been endorsed by cabinet and we need to remember that there are also Maoists in this cabinet, which means that they endorsed it as well."

SMEC's Himalaya Pande is confident that his project is finally taking shape: "When everyone else was fleeing the country, we stayed, we never gave up, and now we can finally begin work on a project that will benefit the country and the people of an impoverished region." ●

John Narayan Parajuli

# **Taxation needn't be either labyrinthine or fertile ground for corruption**

ell people you work for the Tax Department in Nepal, and they will smile with envy. Most tax officers are known to supplement their salaries with the money they collect from a set of businesses.



I say 'from a set of businesses' because not all businesses (and individuals) pay taxes to the government.

True, some businesses carry crushing tax burdens. These are the ones that have alienated officers at the Tax Department. Their cleverer rivals regularly hold soirees for tax officers and senior bureaucrats. They thus have an easy time, paying a paltry sum every year. This practice goes on for some years, until the government realises that money is running out, and that large swathes of businesses such as banks, insurance companies, schools. distilleries. movie halls. and individuals have simply not been paying their just share.

It then does what it does reflexively: provide temporary remedies to problems that require permanent solutions. Under the chairmanship of an ex-judge or a retired civil servant, it hastily forms an external commission. It calls it Tax Settlement

Commission (TSC), and gives it authorities that trump those of the Tax Department. It tells the TSC, "Forget the Tax Department for some months. You have all the authority to assess what Nepali and Nepal-based multinational businesses owe to the government. Collect as much tax as you legally can." In the last 30 years, more than a dozen such commissions have been formed by various governments. What was originally designed as a temporary remedy to collect taxes has now become a permanent feature of our governance landscape.

Most businesses welcome a TSC. They see it as an independent window that allows

them to air grievances, sort out tax burdens, and pay what they owe. To no one's surprise, the Tax Department sees the TSC as a rival, and some officers spend all their waking hours abusing the media to malign TSC's activities. But leaving aside these territorial battles that flare up every so often, the larger question is whether there aren't ways to better facilitate the collection of taxes in Nepal. Some are as follows:

Launch tax-payer education programs: Most businesses and individuals are willing to pay taxes, but they do not know where or how to begin. They do not want to be harassed by officers and taken advantage of by middlemen. If the government holds regular tax-payer education programs, and makes them easily available to all in a transparent manner, old and new tax-payers are likely to have a better sense of their obligations.

Make tax rules simple: Sure, it's not in the interest of tax

lawyers and bureaucrats to make these rules simple. But since the gap between revenue potential (estimated to be additional Rs. 25 billion rupees) and revenue collection (less than Rs. 3 billion by the most recent TSC) is wide, it's in everyone else's interest to have crystal-clear rules that reduce the chances of there being multiple interpretations of, and therefore confusion about, the same set of rules.

#### Set up a grievance window: At present, if business owners do not get along with tax officers, they risk being slammed with high tax burdens. Until a TSC comes along, most businesses have no recourse against such arbitrary measures. A separate disputesettlement body will help squeeze egos, anger, and acts of retaliations

#### Continuous training of tax

out of the transactions.

officers: Tax officers are government's front-line salespeople. Their customers are members of the public. If a taxofficer's job is reframed as a 'customer service job', with all the attendant rewards and incentives, then, the job might bring smiles of genuine pleasure to most taxpayers who have to meet and do business with tax officers.





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#### STATUTORY DIRECTIVE: SMOKING IS INJURIOUS TO HEALTH

#### imes 6 - 12 JULY 2007 #356

## Governance and the governor

Abhiyan, 2-8 July

The current investigation by the anti-corruption watchdog CIAA against Rastra Bank governor Bijayanath Bhattarai and director Surendraman Pradhan seems to have more to do with politics than actual wrongdoing.

Sources at the central bank led by Finance Minister Ram Sharan Mahat say a section of the Nepali Congress has been lobbying hard to remove Bhattarai from governorship. They say CIAA officials have been regularly meeting Koirala at Baluwatar, and these forces are being influenced by prominent businessmen who have been put on the defaulter's black list as well as accused of plundering private banks by the Rastra Bank. Bhattarai had been a prominent crusader



against defaulters and also against those involved in the Nepal-Bangladesh Bank controversy. Koirala had also reprimanded Bhattarai for being over-eager in going after alleged embezzler Sitaram Prasai, whom the Maoist YCL recently apprehended after police showed no interest in arresting him.

Betteren

On Sunday, the World Bank's new country director Susan Goldmark issued a statement expressing concern over the case against Bhattarai and urged that the investigation be conducted in an impartial manner. She was also worried about how the issue could bring down the morale of Rastra Bank officials and undermine the financial sector reform.

Indeed, the CIAA appears to have itself been dragged into controversy by the perception that this is a political witch-hunt. The case against Bhattarai and Pradhan was hurriedly spearheaded by a lobby inside the CIAA led by Lalit Bahadur Limbu and was opposed by others in the body. The accusation that the Rastra Bank paid KPMG Sri Lanka for work that was never done appears to be faulty because KPMG was never hired and it was actually the American company IEF, Inc. The World Bank's statement confirms this, and says it bore the travel and other costs of IEF's staffers.

Rastra Bank officials took the unprecedented step on Sunday of staging rallies and sit-ins outside the CIAA and the Special Court.

#### **Misconduct**

Editorial in *Kantipur*, 3 July

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Minister of Information and Communications Krishna Bahadur Mahara has exhibited ignorance about how the media functions by announcing a code of conduct for journalists to make the CA elections successful.

If he really meant it, he must understand that the government can't, shouldn't, and needn't force any code of conduct on the media. If his ministry doesn't get it, there is a danger it won't be able to properly advise the minister. And it may be a sign that the code is being used for political ends.

There is no indication that Minister Mahara put forward this idea as government spokesman. If he was speaking on behalf of his own Maoist party then his ministry should clarify the issue. Mahara is not trying impose a code of conduct just on the state media. This raises questions about the leadership of a ministry that doesn't seem to understand that shackling the press in any way is unacceptable.

Mahara's code of conduct idea should be an issue for the Election Commission, which had asked the political parties not to issue statements that would undermine elections. The EC can ask the media to refrain from certain actions but even that only with consultations with an institution like the Press Council. It would be natural for

the EC to expect the media to create the proper conditions for polls, help in voter awareness, and ensure free and fair elections.

Mahara must know that only an independent media which takes responsibility for its own actions can safeguard its credibility. He can't direct the private media like he tries to direct the state media. If he does that he will be no different than the royal regime. In a democracy, a government never asks the media to do anything, it leaves it alone.

The conditions undermining elections are not a result of the media's actions but because of the lack of law and order, the failure to secure a political consensus and chronic violations of the peace accord.

#### India and Bhutan

Naya Patrika, 3 July interview with Teknath Rijal

#### Why is America's accepting 60,000 refugees?

India is as complicit in this as it was when Bhutan drove us away. Why America is helping and what its interest is remains to be seen.

#### Some European countries are also willing to resettle refugees.

The European parliament has threatened to stop aid if we do not accept third-country resettlement. These selfproclaimed champions of democracy have turned a blind eye to Bhutan. A few months ago



the EU team led by MP Nina Gill put pressure on us. America has not done that.

How do you view UNHCR? UNHCR says we can't be in politics if we want to remain in the camps. But the agency itself is politicking. It has allowed camp secretaries to engage in politics

#### How will the people's war the Bhutan Communist **Party-Marxist Leninist** Maoist has declared in Bhutan affect your peaceful movement?

If it happens and people are killed, Bhutan and India will be responsible. Their policies created the refugee crisis. And it will give the Bhutani king more excuses to prosecute the Bhutani people. The international community should pressure Bhutan and India to create an environment for repatriation to avert such a crisis.



Sanjhama pani	Faith	N1938
Sundari o Sundari	Khubi by Denil Tuladhar	N2012
Pashchataap	Pratha by Divya Subba	N2016
Audai Chhu	Basanta - Puja Rai	N2019
Kasko Yaad haru	Sudip Gin	N2024
Chandrama	Lochan Rijal	N2036
Aakasha Ma	Anil Singh	N2041

#### **Kidnapped**

Ghatana Ra Bichar, 4 July макан Кола

It's no longer just the Marwari community-all businesspeople and other wealthy people are being kidnapped for ransom.

There have been over a dozen abductions in the last six months in Kathmandu. Only a few victims go to the police. The kidnappers of those who sought police help have been identified.

Dr Jagdish Lal Baidya of B&B hospital was targeted recently, but did not file a case with the police. Two weeks ago, his son was abducted by a group of armed people and released after Baidya paid Rs 7 million in ransom.

Similarly, former MP Rabindra Lal Shrestha's son Ayush Lal was abducted at 2AM on 17 June and released when his father paid a ransom of Rs 21 million. The details are sketchy because Shrestha did not go to the police, but nine kidnappers (some of them women) are said to have entered Shrestha's house late at night, held the security guard, poisoned the dog, and assaulted the domestic help. Shrestha and his wife were held at gunpoint and asked for the key to the safe, from which the kidnappers took Rs 4 million. The abductors then said that was not enough and took the son away, saying they'd release him in exchange for Rs 50 million. The kidnappers asked Shrestha to come to Thimi, then Gongabu, and then Chobar to pay the ransom and his son was let go after the amount was paid.

Roop Jyoti's family members, the owner of Shalimar Jewellers Ram Kisan, Anmol Catering's Shiva Kumar Sarabadi, and scores of others have been kidnapped and released after ransom was paid. Kidnapping is on the rise because the victims won't talk, and the law is lax on kidnappers.

**Hydro politics** 

Interview with SD Muni,

You've said "a careful

frustrate India's vital

of history shows that the monarchy did utmost to

2 July

#### to the tune to of 45,000 MW. If you harness it, we are willing to buy it... For heaven's sake, do it for the sake of Nepalis. India is an economic opportunity, come and take part in it. We are willing to share our prosperity. We've allowed private companies. If the government is a problem, deal privately with them.

#### **Two suicides** Naya Patrika, 1 July

One died of love, another died from the lack of it. When his second wife Anju started having an affair with his bodyguard, former DIG Balaram Bahadur KC shot himself in the chest with a shotgun by pulling the trigger with his toe. He did this at 5AM on his sofa at home. His suicide note written in marker pen was pasted on the wall. He blamed Anju and his former bodyguard Saroj. 'You wanted a lot of sex, you wanted a lot of property, now all you can take is this life..." the note says. The final straw seems to have been KC's discovery that Anju was sending her lover food from the house. Colleagues described KC as a good looking and mild-mannered man. He was cremated Saturday at Pashupati.

Amrit Rai ('Comrade Abhisek') never lost a battle in war, but he lost in love. Abhisek was Section Commander of the Ratna Sakunta Memorial Brigade in Morang and was in love with his Sub-section Commander. Unable to handle his party's decision not to allow him to marry her, Abhisek decided to take his own life. Fellow guerrillas remember Abhisek as a courageous warrior. He was absent at morning exercise and seemed depressed. There was an explosion in the camp on Friday morning, and inmates found Abhisek's body ripped apart by a grenade.



Robin Sayami in Himal Khabarpatrika, 30 June - 16 July

#### QUOTE OF THE WEEK



**4** We are fully competent to maintain law and order.

Home Minister Krishna Prasad Sitoula, in Deshantar, 1 July

SELECTED MATERIAL TRANSLATED EVERY WEEK FROM THE NEPALI PRESS





in field of security, energy, and development." Can you [explain]?

national interest in Nepal-

There's a perception that India's sensitive security aspects have not been catered to and I see that most of that has happened when monarchy was powerful.

Hydropower, energy is India's need. You have a potential of 85,000 MW, commercially viable





# Take the long,

#### When potholes become your best friend and bad roads your life

#### ANOOP PANDEY

he July heat hasn't quite peaked yet, and so when a big cumulous cloud appears high enough in the sky to mean no rain for the next few hours, I know it's time to go. It's quick—a quick change into jersey and shorts, a quick bike, gear, and water check, head encased snugly in helmet and feet clipped in, I push off.

I weave through the traffic, hopping over potholes, and manoeuvring through busy Koteswor and up towards Bhaktapur. Up ahead, my favourite: a speed ramp. As I approach, I crouch down over my handlebars and jump forward taking my bike with me. It's a feeling like no other, and I don't want to stop. I'll go on, on to Nagarkot, to Changu Narayan, to wherever I can.

Biking is the quickest way to

get out of the city and the rewards are significant. The air is crystalline and the advertising boards are smaller. The grass looks greener, the trees seem sprightlier, and the hills grow bigger as you get closer.

Mountain biking could have been invented for Nepal. The terrain makes for some of the most exhilarating and challenging mountain bike rides around and no matter where you are in the country you don't have to go far to find a dirt trail. Around the Valley, the numerous routes are small enough to become familiar with, yet large enough to get lost in. And how many people can say they've biked the foothills of the Himalayas.

It's a thrilling way to spend time outdoors and get fit. It's also a kind of meditation, a brilliant way to de-stress. How can you obsess about work or girlfriend



problems while negotiating bumps, rocks, and potholes. Blistering down a narrow dirt trail, bushes, and branches whizzing past, the trail rising thrillingly ahead of you—that's freedom. When you finally pull on the brakes and come to a stop in a cloud of dust, all the other things in life start to look clearer. ●

#### **GET YOUR GEAR**

Mountain biking is not just for tourists or expats, says Suresh Kumar Dulal, a professional mountain biker who has participated in races in Asia and Europe. Dulal is co-owner of the 12-year-old Nepal Mountain Bike Tours and Expeditions and the Bike Nepal workshop, which promotes the sport among young Nepalis.

Each week the Bike Nepal crew head out for group rides. Riders include athletes on cross training programs, newbies, and adrenaline junkies. To join a ride, head down to the Bike Nepal workshop at Thamel at 6.30AM on Saturdays. No preregistration is required, and if you do not have a bike you can rent one.

The prices are affordable—you can rent a top-of-the-line mountain bike with helmet and all accessories amounting for about Rs 400 a day. Just an extra Rs 100 will get you a professional guide.











#### **BEST ROUTES**

#### Kathmandu-Bhaktapur-Nagarkot (38km)

You'll want to head east to Bhaktapur before the traffic gets bad, but try to eat a decent breakfast first. Weave past trucks and rampaging minibuses until you get to the base of the hill. The 20km climb up to Nagarkot winds all the way to the summit and can take up to an hour-and-a-half, depending on your stamina and endurance. The view of the central Himalaya is superb. You might want to go down a different way and take the sandy trail to Changu Narayan or Sankhu. Maintaining a decent speed should get you back home in time for lunch.

Ride grade: Moderate. The blacktop up to Nagarkot turns into dirt and jeep trails as you head down to Changu Narayan.

#### Kathmandu-Kakani-Shivapuri-Kathmandu (70km)

This long day's ride is one of the best in the Valley. Leaving Kathmandu from Balaju and then head out onto the Trisuli road. Ride steadily up and out the Valley on the road towards Kakani 23km away. There's refreshing shade on the section past the Nagarjun Forest Reserve, after which you traverse the hill resort of Kakani, then Trisuli Bajar, and then on to Shivapuri. This is a hungry, thirsty ride, so go prepared.

Ride grade: Tough. It's all road, so make sure to crank up the pressure in your tyres.

#### **BE PREPARED**

You really don't want to be stranded on an unpopulated hillside with a flat tyre or dislocated chain. Make sure you carry a small first aid kit and a toolkit that contains the following:

- Tyre pump (Presta or Schrader, make sure it fits your valve)
- Spare tube (Presta or Schrader)
- Patch kit (for your tubes)
- Tyre lever
- Screwdriver
- Allen wrenches (2, 4, 5, 6mm)
- Chain tool (spare Shimano chain pins)
- Small crescent wrench

All items are available at Bike Nepal, 321 Chaksibari Marg, Thamel.



Kathmandu-Panauti-Lakhure Bhanjyang (60km)

This is a full day of asphalt and dirt trails, ascents

and steep descents. You can also ride to Banepa

via the Arniko Highway and turn south to Panauti.

Ride the jeep track past Kushadebi and Ryale

conserve your energy. Lakhure Bhanjyhang is a ridge. so you won't see it until you get there. The ride down to Lubhu just outside the ring road is a

Ride grade: Difficult. Dehydration is a real

Until the bypass through Mugling opened about

20 years ago, this road, which goes through the

valleys and passes. Exit Kathmandu valley at

which makes it worth the exhaustion.

lovely village of Daman (2,400m), was the only way

out to India. Today, though, this old highway is light

on traffic and heavy on adventure. The road spirals up and down as you weave in and out through

Thankot and head on to Palung. The ride takes all

day, but there are few places from where you can

see the panorama from the Annapurnas to Everest,

Ride grade: Very difficult. You're riding with the

villages until you start a 10km incline that is

gradual but continuous. Pace yourself and

problem on this ride, so watch out.

Kathmandu-Daman (75km)

rollercoaster.





Kupondole, Lalitpur, Ph: 5545055 | email: akarshanint@wlink.com.np







## Going nowhere Processing of refugees for resettlement is being delayed due to fear and confusion

#### JOHN NARAYAN PARAJULI

he third-country resettlement plan for Bhutani refugees has been stalled due to fear and intimidation in the camps. The Home Ministry sent its directive approving the plan to Jhapa last week, but the International Organisation of Migration (IOM), which will administer the process, has not yet set up an office in Jhapa.

Following the riot last month during the attempted 'long march

home', debate in the camps has died down, largely due to the strong-arm tactics of the Bhutan Communists Party-Marxists Leninists and Maoists (BCP-MLM). Ordinary refugees tell us they are scared to speak out for fear of retaliation and so publicly are noncommittal about the resettlement plan, where even a month ago there was spirited discussion ('Long way home,' #353). A recent report by the New York-based Human Rights Watch (HRW) says refugees risk being castigated by the group for not being patriotic enough or diluting the prospect of repatriation. A UNHCR official in Jhapa says many now refuse to speak even in private.

In a meeting with Foreign Minister late last month refugee leader Ratan Gazmere, who has spoken in favour of repatriation, asked the government to intervene to prevent the security situation from further sliding. Both the Nepal head of UNHCR Abraham Abraham (*see interview*) and Home Ministry spokesman Daman Nath Neupane say things are gradually improving. The government is to marginally increase the presence of security forces around the camps next week, says Neupane.

In May, the BCP-MLM manhandled Hari Adhikari Bangale, chairman of the Refugees Durable Solution Coordination Committee, for making proresettlement statements. The group was briefly in the news in mid-2004 when one refugee was arrested with a pistol. The group claims to have hundreds of members inside Bhutan and in the camps. Last month Bhutan's official daily Kuensel reported the arrest of 30 people charged with providing training in the use of arms and explosives to start an armed communist rebellion in Bhutan.

Observers in Damak say that anti-resettlement groups such as the BCP-MLM are playing on genuine concerns among the refugee community about life in a third country. In the camps, rumours are spreading that leaders in favour of resettlement have made backdoor deals with the US government for favours in return for quieting criticism of the Bhutani government. Some refugees are even told that they will be killed once they are in America.

About 70,000 refugees are to be resettled in the United States, Canada, Australia, and Norway over the next five years. The political leadership among the refugees hold to the line that repatriation with dignity must be the priority, though some concede that many refugees would opt for third-country resettlement. "We cannot stop those who want to go to a third country, but as Bhutani citizens we should first insist on our right to return," says Tek Nath Rijal.

Bill Frelick, refugee policy director at HRW, says. "Until the government of Bhutan is ready to guarantee the rights of returnees, repatriation cannot be promoted as a durable solution for the Bhutanese refugees in Nepal," he said recently.

Supporters of resettlement point out that this would be a temporary move, as the right to return will remain sacrosanct. Opponents argue that political momentum will be lost once the refugees are dispersed.

The fight to hold Bhutan accountable for its previous and any future depopulation exercise and promises of democracy will benefit when refugees move to western countries, instead of festering in the camps ('Replacement population', #348).

In the meantime, UNHCR and the governments that have offered to accept refugees wait for the government of Nepal to provide security in the camps and create conditions for the refugees to understand what resettlement does and and does not entail.

## "Camp security is fundamental"



Abraham Abraham has been UNHCR's Representative in Nepal for four years. He spoke with *Nepali Times* about the importance of individuals deciding for themselves on resettlement.

*Nepali Times*: There is a climate of fear and intimidation in the camps. How do you assess the security situation right now?

**Abraham Abraham:** I think it is relatively calm at the moment. We had a little bit of upheaval few weeks back. We are working closely with the government to ensure safety and security in the camps at all times. The government is dealing with beefing-up security in the coming days. This is fundamental to creating an environment free of intimidation and threats, so the refugees are not fearful of whatever decisions they may have to take with regard to their future.

their personal interest in knowing more about resettlement. We will deliver such messages so all refugees can make an informed decision.

Are you encouraging refugees to opt for resettlement?

We don't encourage or tell anybody what decision they should take. This is the decision of individuals. All we do is inform them about voluntary repatriation. In this case the door has not yet been opened. Local integration is not an issue because nobody has, in a broad sense, requested that as a solution. The only door really open is that of thirdcountry resettlement. As long as there is this option, we'd like the refugees to decide whether or not they'd want to be resettled. But we are not going to force them. We have not started this process of determining their interest, [we will wait] until we have worked out the modalities for taking this forward with the Nepal government.

#### What is the role of UNHCR in the resettlement process?

Resettlement is not unique to Nepal. Worldwide, UNHCR has to deal with referrals of cases to resettlement countries.

#### Is the Home Ministry moving forward on resettlement? I believe the Home Ministry is dealing with this as we

speak. They should also issue a policy directive on resettlement. We are in close contact to ensure that this policy statement also reaches ordinary refugees, so all know that this is a decision of the government of Nepal to move forward with third-country resettlement.

#### Has UNHCR been working with ordinary refugees on this?

Not yet. We have developed a communication strategy and a plan of action to communicate very clearly to the refugees what resettlement entails and what it is all about, including

#### Will the polarisation in the refugee leadership affect the quest for a durable solution?

I think this is free, democratic expression. I would not see it as polarisation. There are people who want to be repatriated, some want to be resettled, some would like to stay here. I see it more as individual interest and individual conviction. To that extent we have no problem at all.

#### But didn't the tense security situation in the camp result from this difference of opinion?

Maybe. That's why we say there is no need to intimidate and threaten. I think everywhere refugees should have the right to make their own decisions about their future. We don't want to influence them in any way. We inform them about their rights as refugees, what they can expect in terms of solutions, and what these solutions mean so they can take their own individual decisions.



Sri Lankan Foreign Minister Rohitha Bogollagama took office after his predecessor was assassinated by suspected Tamil Tigers in 2005. During his visit to Nepal this week, he made a pilgrimage to Lumbini and spoke to Nepali Times on Tuesday after meeting Prime Minister Girija Koirala.

## "Terrorism makes negotiations difficult."

Nepali Times: How do you evaluate the past 50 years of diplomatic relations between Sri Lanka and Nepal? Rohitha Bogollagama: It isn't just 50 years, the relations between Nepal and Sri Lanka are prehistorical. The birth of Prince Siddhartha in Lumbini, has meant that traditionally and historically we have always been close to Nepal. But in contemporary times, since the establishment of diplomatic relations in 1957 our bilateral ties have matured. The relations have now transcended culture, which is a major focus, to economic links.

One thing that has literally not taken off are air connections. There are still no direct flights between Colombo and Kathmandu. In fact, I have just raised this matter with Prime Minsiter Koirala, and he has promised to look into it very positively and there are bilateral talks on aviation taking place in Colombo on 16-17 July. We are also looking at an international airport development in Lumbini. There are 40,000 Sri Lankans visiting Lumbini every year and this number could go up if access and hotel facilities are set up with possible Sri Lankan investment. We want to revisit the process of Lumbini development under the UN resolution.

#### What is the status of the Sri Lankan peace process, and how confident are you that things will be back on track?

We are a very resilient country despite all the

monitoring mission is helpless. For example, UNICEF said there were 5,400 children recruited, but the SLMM was helpless. There were 740 people killed from 2002-2005 by the LTTE, my own predecessor Lakshman Kadirgamar, was killed while in office in 2005. The SLMM was there but couldn't do much. The LTTE acquiring light aircraft, radio stations, procuring arms and artillery during this period has led to the killings of many civilians.

#### So, what is the lesson you have learnt from Norwegian mediation?

First thing is, you must look out for the people of your own country. It is the people who give a country its sovereignty. Second, terrorism can't be justified in any circumstance, there is zero tolerance in the civilised world today for killing people for political ends. The moderate democratic Tamil political leadership has been eliminated by the LTTE. That has made the task of finding leadership in the Tamil community very difficult. The lesson for the world is: eliminate terrorism, terrorism is everyone's problem. Democracy and pluralism are the best antidotes to terrorism, decentralising power, and administration to the periphery.

#### What has been your experience with having a formerly militant extreme left party in parliament and government? The induction of militante into government was

The induction of militants into government was a very important factor, you must do it as early as possible. We have seen good development after the JVP got elected into parliament. They are making an effective contribution to sustainable development programs, the political process. Political parties have to be conscious of the people's sentiments, and even the tiniest political groups can have a major effect in policymaking.

## Forever feudal

**Guess who out-feudals** who in the New Nepal

eudalists are the latest maha-villains in our political song and dance, earning a top berating in recent interviews with Maoist luminaries. Royalists, imperialists, Foreign Hands, and other notorious scapegoats were snubbed as feudalism and its shadowy proponents reaped all the blame for every national problem, including those created by the Maoists themselves.

In a land where criticising others is the national sport, talk is cheap and nothing can be taken at face value. Personally, the Hand wouldn't recognise a feudal if he walked up and conscripted me, which got me thinking about the real Who's Who of Feudalists in modern Nepal.

The dictionary defines 'feudalism' as a social system prevalent in Medieval Europe, whereby lords and barons allowed vassals (i.e. everyone else) to live on their estates in exchange for military service rendered.

The Nepal Army may be old-fashioned, but such practices haven't existed for ages. Though the top officer class remains the



preserve of a few families, everyone else joins because they need the job; all are volunteers, none are conscripts.

This stands in stark

contrast with the force raised by the Maoists. During their ten-year civil war each household in comrade-held districts was expected to contribute a family member to the cause; some joined willingly, many others didn't. Those families who resisted were extorted, dispossessed, and/or killed, a scenario any 14<sup>th</sup> century European peasant would be intimately familiar with.

Another quintessentially feudal custom is corvee, or annual unpaid labor to the landowner. Such a system requires organisation, making it ancient history in Nepal until the Maoists dragooned countless villagers to grow food for them, work on their projects, and lead human wave attacks against police posts. Again, our peasant from the middle ages would feel right at home in the New Nepal.



Before the modern age of nation states, armed forces were typically loyal to the monarch instead of the country and its people, an element that still exists to some degree in the Nepal Army. This ambiguity in the current constitution led to divided loyalties and confusion as to who's in charge, allowing a deluded king to seize power as commander of a military he considered his own.

The generals now supposedly profess loyalty to the prime minister and his government, unlike Maoist commanders, whose allegiance is still to an all powerful warlord, another aspect our medieval peasant wouldn't find surprising. There is no concept more feudal than a private militia, operating beyond the writ of the central government and beholden only to its paymaster.

With a pretend Liberation Army in the cantonments, the battletrained cadre has resurfaced as the YCL. Despite diversionary tactics like planting a few trees in Kathmandu (while looting entire forests in the tarai) and arresting rich criminals late in payments to the party, there is no concealing the fact this military force acts on the whim of a private individual who isn't telling anyone his game plan While the custom of keeping thugs on retainer is maintained by all national parties, the PLA/YCL is the only truly private/feudal army in modern Nepal. It's become painfully obvious our comrades' knowledge of world history is limited to an idealised version of Mao's struggle, so a closer look at China might help us understand their approach. Historically, whenever the Beijing government was weak, warlords ran the provinces through such personal militias. Mao Zedong raised a private army in his home territory of Hunan, cloaked it in the ideology of communism while fighting the Nationalists for a decade, and got all the way to the Forbidden City. When his inept policies led to famine he unleashed the Red Guards to eliminate opposition, terrorise the populace, and keep everyone guessing. Sound familiar? Those readers fond of history will note the copycat repetition at play; what worked for the Chairman is surely good enough for our home boys. Not much surprises us any longer but many things still sadden and distress, like seeing the people used by yet another party calling itself their saviour. Unfortunately, in the fight against 'feudalism' and its nasty traditions of servility and class/caste, the Maoists have adopted the age old tactics of the enemy. Despite rhetoric touting a foreign egalitarian ideology, their actions reveal the local forever-feudal mindset of those seeking power at any cost.

internal and external shocks. The peace process is nothing new, we have been in this process since the 1982 Thimphu talks and the 1987 Indo-Lanka accord. The government has addressed the need for constitutional reforms and today we are looking for a process of counter-terrorism for lasting and sustained peace. As long as there is terrorism, negotiations are difficult.

#### But weren't these concerns a part of the 2002 agreement? What went wrong?

That was a technical agreement, the focus was to put a stop to violence and convert that into a peace process. But when you try to do that, it has to be designed in such a way that it can bring parity to both sides, so one party is not put in an advantageous position. That is what went wrong. The LTTE was able to arm itself, openly oust the law enforcement bodies, and consolidate its position.

#### Wasn't the Sri Lanka Monitoring Mission supposed to look at those issues? When you change the rules to suit one party, the

India took a backseat after the IPKF debacle and the Rajiv Gandhi assassination, what is New Delhi's geopolitical role in Sri Lanka? India's geopolitical role in the region is important. Our cultural and economic ties with India are on the positive side, we are engaging with India so it is part and parcel of our peace process. India has been constructive and has been involved in the devolution proposals since 1987. Now we have to deepen this cooperation even on the security front, for example maritime cooperation in the Palk Straits for oil exploration and to control arms and narcotics smuggling by the LTTE.

# Lessons unlearnt

An Asian financial crisis is not likely to recur, but threats to global prosperity remain



n July 1997, the Thai baht plummeted. Soon, financial panic spread to Indonesia and Korea, then to Malaysia. In just over a year, Asia's financial crisis became a global financial crisis, as Russia's ruble and Brazil's real crashed.

Ten years after Asia's crisis, we should ask: what were the lessons, and has the



### ANALYSIS

world learned them? Could such a crisis recur? Is another crisis imminent?

There are similarities between the situation then and today: before the 1997 crisis, there had been rapid increases in capital flows from developed to developing countries—six-fold increase in six years.

After, capital flows to developing countries stagnated.

Before the crisis, some thought risk premia for developing countries were irrationally low. They were right: the crisis was marked by soaring risk premia. Today, the global liquidity surfeit means low risk premia again and a resurgence of capital flows, despite a consensus that the world faces enormous risks (including those posed by a return of premia to more normal levels.)

The IMF and the US Treasury blamed Asian crisis on the lack of transparency in financial markets. But their enthusiasm for greater transparency diminished when developing countries pointed their fingers at secret bank accounts and hedge funds. Hedge funds have since grown in importance and secret bank accounts have flourished.

But there are big differences too. Most developing countries have accumulated

BOOM, BUST, BOOM: Bangkok is thriving now, but another financial crisis is not unthinkable.

massive foreign currency reserves. They learnt a hard lesson, as the IMF and US Treasury marched in, took away economic sovereignty and demanded policies to enhance repayment to western creditors, plunging economies into deep recessions and depressions.

Reserves are costly and the money could instead be spent on development projects to enhance growth. But reducing the likelihood of another crisis and loss of economic independence is worth it.

This growth in reserves-insurance for developing countries-created a new source of global volatility. As the dollar lost its sacred place as a store of value under the Bush administration, rebalancing these multi-trillion dollar portfolios entails selling off dollar holdings, contributing to the dollar's weakening.

Developing countries have also increasingly borrowed in their own currencies in recent years, reducing their foreign exchange exposure. For those that remain heavily indebted abroad, an increase in risk premia would bring economic turmoil, if not crisis. But the large reserves greatly reduce the likelihood of the problem spreading into a global financial crisis.

During the 1997 crisis, a consensus developed that the global financial architecture needed to change to avoid crises and deal with them better when they occur. But the US Treasury and the IMF realised that the likely reforms were not in their interest. They ensured that no meaningful reforms occurred during the crisis, knowing that momentum for reform would dissipate after the crisis. And who'd have anticipated that Clinton would be followed by a US president committed to undermining all manifestations of the multilateral system?

When the IMF correctly suggested, after Argentina's crisis, that a better way of restructuring debt (an international bankruptcy procedure) was needed, the US vetoed the initiative. When the OECD proposed restricting bank secrecy, the Bush administration vetoed that too.

The crisis' two key lessons have not been absorbed. The first is capital market liberalisation—opening up developing countries' financial markets to surges in short-term 'hot' money-is dangerous. India and China, the only major developing countries to be spared the crisis, had resisted capital market liberalisation. Today, both are under pressure to do so.

Second, in an integrated world, a credible international financial institution is needed to design rules to enhance global stability and promote growth in developing countries. The IMF, dominated by the US (the only country with a veto) and Europe (which appoints its head), is seen as representing the interests of international creditors. Its 1997 failures undermined its credibility and its failure to address the massive global financial imbalances that are the main threat to global financial stability today, underscore its limitations.

Reforms are needed, including an overhaul of the global reserve system. Impending crisis or not, imperfections in the global financial system can still be costly in terms of global prosperity and stability. (Project Syndicate)

Joseph Stiglitz is a Nobel laureate in economics. His latest book is Making Globalisation Work.



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Times 6-12 JULY 2007 #356 13



## Worlds within worlds

A rare film that portrays children as complex characters

hen the promos for *Bridge to Terabithia* appeared, director Gábor Csupó and others repudiated them for making the film look too fantastical and relegating the realism behind the story. Not that other fantasies don't deal with real issues. Surrealists like Luis Buñuel have even argued that fantasy is, in effect, simply a state of hyperreality. But harping on the realism of *Terabithia* has a particular legacy.

The film is adapted from Margaret Paterson's controversial masterpiece. The American Library Association listed it the ninth most frequently challenged book of 1990-2000. Censors have called for it to be banned from public schools and libraries, not so much for its imaginations as for its real-life preoccupations. Death, child sexuality, and agnosticism are the main charges prigs have made against the book.



CRITICAL CINEMAThe story is simple enough, but<br/>its emotions and ramifications are<br/>complex. Rural boy Jess<br/>(Hutcherson) is a miserable outcast<br/>until a spunky, free-spirited girl,<br/>Leslie (Robb), befriends him.

Through Jess's drawings and Leslie's words, together they create the imaginary world of Terabithia, where they rule and where their daily predicaments are magically resolved. Until, that is, a tragedy shatters their world.

The fantasy part is the easy bit. The actual challenge for the filmmakers was to translate the nuances of Paterson's writing into cinema. It was inevitable that final judgment would be made not on how vividly Jess's and Leslie's imaginations are interpreted, but on how sincerely the film portrays the heart-wrenching poignancy of the head without soming elements.



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book without seeming alarming.

It is right for the filmmakers to be concerned about making *Terabithia* overbearingly fantastical. After all, unlike other children's tales that have captured Hollywood in recent years, *Terabithia* does not exist in a concrete, alternative world. It exists only in the minds of its characters, who live and act in the 'real world'. This may also explain why, in the age of *Harry Potter* and *The Lord of the Rings*, the special effects appear relatively slapdash, while much attention is bestowed upon minute details of the characters.

Csupó is lucky that he could find so much talent in his young actors. Hutcherson, Robb, and even little Bailey Madison (as Jess's youngest sister) are hugely responsible for keeping the film honest. *Terabithia* demands that the actors maintain their childhood sensibility but also bring to their roles the maturity and experience of an adult. And they have gloriously risen to the challenge.

*Terabithia* stands out, not only because it honours imagination and creativity, but also because it puts them in context. Paterson seamlessly blends the complex realms of thought and action, of fantasy and reality, and to a degree that is preserved in the film. And perhaps this commingling will bother those critics who doubt the ability of children to meaningfully grapple with strong ideas and emotions.

#### Director: Gábor Csupó.

Cast: Josh Hutcherson, Anna Sophia Robb, Zooey Deschanel, Bailey Madison. 2007. PG. 95 min.



#### Ujyaalo National Network (UNN)

ommunication Corner Pvt. Ltd. anepa, Laitipur, Tel: 5551716, 5547034, Fax: 5549357 E-mail: Info@unn.com.np, Website: www.unn.com.np

#### 6 - 12 JULY 2007 #356

#### **ABOUT TOWN**

#### **EXHIBITIONS**

Solo art exhibits by Sushma Rajbhandari Joshi, 1 July onwards at NAFA, Naxal.

#### **EVENTS**

- \* Blood Diamond a film by Edward Zwick, starring Leonardo Dicaprio, 6.45PM on 6 July at the Lazimpat Gallery Café.
- Shastrartha on communism with speakers CP Gajurel and \* Bishnu Manandhar, 7 July, 4-6PM at Martin Chautari. 4238050
- Mangalbare Discussion Series on Bhupi Sherchan: a Nepali life ٠ and its poetry by Michael Hutt, 5PM, 10 July at Martin Chautari. 4238050
- Film@Chautari showing of Paradise Lost, followed by discussion, 3PM, 12 July at Martin Chautari. 4238050
- \* Photo.circle a workshop on image archiving by photojournalist Nilayan Dutta, 12 July, 9AM-12PM , at the Sundhara Bakery Café, Rs 300, 30 participants.
- ✤ Japanese Film Festival 13 July: Nodo Jiman, 1.15-3.10 PM, Fifteen 3.30-5.30 PM, 14 July: Adrenalin Drive 10-11.50 AM, Like Asura 1-3.15 PM, and Ghost Pub 3.30-5.20 PM, at Nepal



Administrative Staff College, Jawalakhel. 4426680

- \* Grand Yarthung horse racing festival, part of Destination Manang 2007, from 18-22 July in Manang. 4423643. www.destinationmanang.com
- Pottery classes one month course in coil and slab methods and two month course in wheel work, starting 1 August. 9851101837
- Film South Asia 2007 Festival of South Asian documentaries. ٠ 11-14 October. www.filmsouthasia.org

#### MUSIC

- \* Yale University Whiffenpoofs a performance by the world's oldest a capella group at the Nepal Music Centre, 7 July, 5.30PM.
- $\dot{\mathbf{v}}$ Jazz at Jatra every Saturday 7PM onwards, at Jatra Café and Bar. Thamel.
- Soul of Raga live classical and fusion music, every Friday night at Nhuchhe's Kitchen, The Organic Bistro. 4429903.
- \* Open mic night at Via Via Café, every Friday, 8PM onwards.
- Live music at the Red Onion Bar, Wednesdays from 8PM with \* Yanki and Zigme Lepcha. 4416071
- Ciney Gurung every Wednesday and Rashmi Singh every \* Friday, live at the Absolute Bar, Hotel Narayani Complex, 7PM. 5521408
- DJ Raju and the Cloudwalkers live at the Rox Bar, Hyatt Regency, every Friday and Saturday. 4491234

#### DINING

- 5<sup>th</sup> Annual Monsoon Wine Festival 16 wines at Rs 150 a glass and Rs 600 a bottle, at Kilroy's of Kathmandu, Thamel. 4250440
- Friday evening BBQ with live music, at the Hotel Himalaya, 7PM, Rs 499 net. 5523900
- \* Walk and lunch every Saturday at the Shivapuri Heights Cottage. 9841371927
- \* Kebabs and curries at the Dhaba, Thapathali. 9841290619
- Krishnarpan Nepali specialty restaurant at Dwarika's Hotel, \* six to 22 course ceremonial lunch and dinner. 4479488
- Weekend special with sekuwa, bara, barbeque, Fridays at \* Ambassador Garden House, Lazimpat, 5.30 PM onwards. 4411706
- Flavours of the Middle East every Friday and the taste of Thailand every Wednesday at The Café, Hyatt Regency, Boudha. 4491234
- Light nouvelle snacks and elaborate cordon bleu meals at La'Soon, Pulchok, behind the Egyptian embassy. 5537166
- Continental cuisine and wine by the fire place at Kilroy's,



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its computers have been hacked into, McClane is assigned to haul in Matt Farrell (Justin Long), a techie. The ultra-efficient culprits, led by ice-cold, black-clad tech genius Thomas Gabriel (Timothy Olyphant) have a three-step plan to shut down everything in the country that's run by computer, and it's up to McClane to stop them!

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**KATHMANDU VALLEY** 

#### by NGAMINDRA DAHAL

An enormous monsoon trough is headed our way, as this satellite picture taken on Thursday morning shows it covers almost the entire eastern subcontinent. It is bringing copious rains already to eastern Nepal with cumulus on its leading edge soaring to 8,000m. The system should be upon us over the weekend, so get the umbrellas and gumboots out. Paddy farmers who are desperately waiting for proper monsoons will be happy because June got below







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- Thamel. 4250440.
- Smorgasbord lunch at Park Village Resort, every Saturday. 4375280
- Standard Garden Café, Hotel Shangri-La, minimum four diners at Rs 450 per person, two hours' notice.
- Retro brunch barbecue with Crossfire Band at Le Meridien, ٠ Gokarna from 12-4PM, Rs 1,000 including swimming. 4451212
- Calcutta's rolls, biryani, kebabs Indian cuisine at Bawarchi, Bluebird Mall Food Court. 9741000735
- Woodfired pizzas at the Roadhouse Café, Thamel 4262768, \* Bhatbhateni 4426587 and Pulchok 5521755
- ✤ Pizza from the woodfired oven at Java, Thamel. 4422519
- Jazzabell café enjoy great food, exotic cocktails and music, ٠ Chakupat, Patan. 2114075

#### **GETAWAYS**

- \* Weekend package at Le Meridien Kathmandu Gokarna Forest Golf Resort and Spa, two nights three days at Rs 8,888 and one night two days at Rs 4,444. 4451212
- \* Wet and wild package at Godavari Village Resort, every Saturday and Sunday, unlimited swimming, buffet lunch with a bottle of beer or a softdrink, Rs 690 net. 5560675

For inclusion in the listing send information to editors@nepalitimes.com





average rainfall. The monsoon pulse will prevail into early next week, with most of the rain falling at night and largely overcast days.

ચા સગરમાશા एफएम १०१ थोप्लो ८ मेगाहर्ज हालचाल utah h Tunning In To Language and Culture NED USIS SHIE INTO नेपाली रेडियो प्रसार हुने समय | हरेक जीमनार केलुका (0.92-0.22) Sietule ets seprer lefel d'ro-2.00 नेपाली आवाज SHOW CHY 99 HW 'रेडियो सररवावाला निर्यापन सुनी, बंदेजी सुधानी-BUCHE 2 BY B BY (रेडिमी समस्यामा र अमेरिकी राजदुनावाय, अमेरिकी राजिङ ६ क्षप्र र राती स क्षप् storal neuriwill community the averages into gradionagamethalong gin figne also the rath these and more space fixer e save anticourses and any difficit arreater see about a dampat



KIRAN PANDA

TALK TIME: Prime Minister Girija Prasad Koirala and UML chief Madhab Nepal chat at the opening sitting of parliament's monsoon session on Wednesday.



CP

HISTORY FOR WINNERS: Pushpa Kamal Dahal and Baburam Bhattarai stopped off in Zimmerwald near Berne, Switzerland to see where the international communist movement split into the revolutionaries and social democrats in 1915. Trotsky, Lenin, and other prominent European communists of the time attended the conference. Zimmerwald is also known for its collection of wind instruments.



MIN BAJRACHARYA

ON THE SAME SIDE: Chief of Army Staff Rukmangat Katuwal stands to attention to the Star-Spangled Banner at the 231<sup>st</sup> US independence day celebration on 3 July at the Yak&Yeti.



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# The Mad Tea Party

Till press time the Ass has not yet got an invite from the CP for the Bad Shah's birthday bash. Hint, hint. Two thousand people are invited for the Saturday party at Naryanhiti and they have been told to come in colour-coded national dress and are allocated tent numbers. All this must make them rather nostalgic for the good old days. Which **pal** you are in will decide your position in Kathmandu's pecking order. On second thought, not getting invited means one doesn't have to decide whether to go or not and make an ass of oneself.

Either way, avoid the palace perimeter on Friday and Saturday when various republican-minded groups are sure to be blocking the entrance to the Mad Tea Party singing "happy unbirthday to you". The pro-king Flat Earth Society is staging a rally from Ratna Park to Mahendra Manjil braving brickbats to offer Kingji bouquets. They are hailing the king as a Saviour of Democracy and a Hero of the Hindoos. That should give Gyan quite a kick. Meanwhile, the Maoist leadership, especially the conjoined comrades Awesomeji and Laldhojji, are reportedly prolonging their **jet-setting junkets** so they don't have to take any awkward decisions this weekend. They are all making up for lost time gaining valuable exposure to the luxuries of executive class travel and VIP sendoffs. This is important since His Fierceness has announced he will be president in two years, max, and we want him to hit the ground running.

The comrades did some sightseeing in Berne, but instead of taking the funicular train to the Eiger lookout, it was a pilgrimage to the house where Lenin lived while in exile in Switzerland. The Ass can understand **El Presidente** wanting to go there, but why did Bhim Rawal and Shekhar Koirala have to tag along? Our good friend Gunther is giving the delegation an immersion course in Swiss democracy and federalism. Maybe he should also tell them that less than 30 percent of Swiss bother to vote in their frequent referenda. **Farang** election experts should stop insisting on a high turnout in November polls since us wise Asses know from experience that is actually a sign of vote-buying, booth-capturing, ballotstuffing, and other hankypanky.

#### ମେର

Now that election dates have been announced, brace yourselves for a **tsunami of seminars** over the monsoon. Himalaya Hotel's conference rooms are booked till September, the Hack and Yeti has standing room only, Chez Caroline has become an UNMIN canteen and the UN's air force here urgently needs anti-collision TCAS devices.

#### ഇന്ദ

The Ass will be giving away **Splurge Awards** from hereon till November and this week's prize goes to the UN granting two million dollars to the BBC Trust to conduct election education via radio. We Nepalis make a mess of a lot of things, but if there is one sector in which we can safely toot our own trumpet it is in radio. Nepal's network of FM stations are already well-geared for voter education. In fact they're already doing it through their lively phone-ins and studio discussions without anyone dishing out any dough using poor, ignorant Nepalis as an excuse.

#### ഇരു

After a year-long delay, the announcement of ambassadorships is imminent. Drum rolls. President Awesome and Giri-raja Koirala have stitched it up pretty nicely. The Maoists originally wanted an A-Grade country like India, China, Russia and even the United States. But when the Chinese, Indians and Americans made it known that wasn't such a good idea President-for-Life Prachanda settled for France and Denmark. The comrades are smart, though, instead of putting forth names of cardcarrying cadre as candidates they are nominating sympathetic

sidekicks. This is probably when civil society stalwarts will get to reap rewards for serving as the Party's mouth organs.



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