

purpose seems merely to have been to unroll them and put them up on display around a *vihāra* (monastery) or a pre-ordained venue, so that the general public may be able to enjoy the story in graphics frame by frame.

Mireille Helffer's article is about Tibetan musical traditions preserved in the newly built monasteries in Kathmandu.

The last section, on 'Ethnoecology and Geography' contains seven articles. The majority are concerned with action research with developmental aspects. I only briefly comment on three of them. In what is perhaps one of the most stimulating articles, at least for this reviewer, for its novelty of theme and for a vast new field for research it seems to open up in future for the philologist, Michael Witzel takes up the subject of Nepali toponyms - actually hydronyms or names connected with water or water sources. With the help of this tool he proceeds to map out the pattern of settlement by some of the early tribes and cultural/linguistic groups in the early proto-historic period in the middle hills of Nepal. Meagre data and the overlay of later cultural deposits make assertions purely on this basis look bold and sweeping. In one or two instances, Witzel has proposed unsettling revisions regarding people's movement and settlement which differ from the current and prevailing beliefs. But his arguments seem impeccable, and the copious footnotes embellishing the article show the meticulousness with which he has approached the subject.

Richard Burghart's article deals squarely with the subject of development. It makes an anthropological analysis of electoral politics based on popular voting, affecting public policies relating to the installation of pumpsets and private latrines, and to the distribution of piped water and the maintenance of municipal sewerage systems in Janakpur in the south of Nepal. The new politics of the vote has brought the realisation to people that this can be manipulated to bring them some benefits and increase amenities in their day-to-day living. The enquiry, however, is much too brief and fails to crystallize the issue sharply.

Ulrike Müller-Böker's brief article deals with the question of multiethnicity in Citawan district. The outlook on multiethnic living in what is termed the "meltingpot" district of Nepal is presented through the eyes of the indigenous Tharus. The conclusion one may draw from this study seems to indicate that, despite all the interactions and the predominance of one group over another, certain questions of ethnic/cultural identity never completely disappear, and are irreducible.

Four other articles in this last section are by Joelle Smadja on field terracing, by Willibald Haffner on low soil fertility, by Perdita Pohle on the socio-economic activity of the Manangis, and by Denis Blamont on remote sensing and space analysis in the mountains of central Nepal. All said and done, the volume makes for interesting reading, covering a number of aspects of social science research in Nepal.

Prayag Raj Sharma

TOPICAL REPORT

Economic development and human resources in the Kingdom of Bhutan

Volker A. Hauck

During the last three years, Bhutan has received growing attention from the international community. Ethnic conflict in the southern parts of the country between the predominantly Nepali-speaking part of the population and the central government, has resulted in a huge stream of Southerners leaving the country - estimates speak of around 100,000 refugees being in camps within and outside Nepal.¹ This has disturbed the picture of a peaceful Himalayan paradise. Discussions on the resulting human tragedies - however important they are - have not paid attention to the development process within Bhutan, i.e. to the influence of the departure of a substantial part of the population on the national economy. This article aims to shed some light on this issue, highlighting subsequently the main themes of the new Five-Year-Plan, the assistance received from multi- and bi-lateral donors, the impact of the demographic changes on the Plan and the likely consequences for future national and cultural identity of the nation.

The formulation of Bhutan's Seventh Five-Year-Plan (7FYP), covering the years 1993 to 1997, started in mid-1990 and was inspired by the desire to learn as much as possible from development planning mistakes which had occurred in surrounding Asian countries. In this regard, progressive concepts on environment and development, as stimulated through the Paro workshop on Environment and Sustainable Development², stood at the very beginning of the planning exercise. In what was widely described as a very good Five-Year-Plan, a number of other strategies were conceived, i.e. the stress on self-reliance, the wish to accomplish decentralization and the participation of the population, the need to realize regionally-balanced development, the need for an effective government and a strong private sector and, as a continuation of the previous Plan, renewed concentration on the development of human resources.

In view of Bhutan's heavy dependence on India and the lack of opportunities to counterbalance this relationship through a close cooperation with China, the Plan's strategy for **self-reliance** reflects a good deal of pragmatism. Dependence on external assistance is to be reduced to the extent possible, by increasing domestic revenues, achieving higher food production - complete self-sufficiency in food production is not considered feasible - and through the export production of cash crops and industrial goods to earn sufficient to pay for imported goods and food. The guiding principle for **decentralization and participation** is to let all regions and groups in the country benefit from development. This strategy was already made visible

during the formulation of the Plan. The head of state, King Jigme Singye Wangchuk, visited all districts several times, and so-called Plan talks with representatives of the population were held. The strategy for a **regionally balanced development** has to be seen in the light of tremendous differences between the various districts in terms of population, resources and accessibility. Previous Five-Year-Plans had allocated considerable funds to the fertile and populous southern regions, whereas the eastern and very poor districts received comparatively little attention. In view of the unrest, unpredictability and consequent limited prospects for the South, attention is drawn to the hitherto neglected parts of the country, with a view to achieve regional equity by establishing basic government services and infrastructures. The wish for an **effective administration** coupled with a program of **privatization** is nurtured by the fear of exploding government expenditure and an unproductive bureaucracy, as can be observed in program countries. Moreover, the privatization program reflects the government's opinion that in a large number of areas a puissant private sector should be able to provide better services. Only the organization of preconditions which are necessary for the effective functioning of the market, like the provision of good communications or well qualified human resources, should be of concern to the administration. The Plan's stress on intensified **human resources development** builds on the conviction that people are Bhutan's most important resource. Therefore, the Plan aims to ensure the widest possible access to basic health and education, but also to undertake costly investment in the development of skilled manpower. Increased demands for project implementation and the departure of professionals due to ethnic tension explain the heavy focus on this development strategy. An estimated 30% of the total development plan will go to social services, education and the Human Resources Development Program. **Sustainable development**, the final Plan strategy, is defined in terms of raising the material well-being of all citizens and meeting their spiritual aspirations, without impoverishing the children and grandchildren (Paro Declaration). A central element to achieve this goal is to reduce the growth rate of the population, which is considered one of the main determinants of pressure on natural resources.³

Throughout the formulation phase of the 7FYP, the Bhutanese government undertook considerable efforts to assure the financing of its ambitious plans. According to the 2 January 1993 issue of *Kuensel*, the only Bhutanese newspaper, the total budget of the Five-Year-Plan will add up to around Ngultrum 22,681 million, which equals about US\$ 710 million. India, Bhutan's closest ally, will contribute approximately US\$ 204 million to this plan, or 28.7%. Other bi-lateral and multilateral donors pledged grants and loans of around US\$ 160 million during the Round Table Meeting, which was held in Geneva in March 1992. With a generally accepted total population of 600,000 - this figure was also announced by the King in an interview with the Indian Sunday (28 Oct.-3 Nov., 1990) - foreign assistance per capita adds up to US\$ 121.6 annually and is considered among the highest in the world. The latest Statistical Yearbook of Bhutan, as well as the World Bank's World Development Report, talks of 1.4 million inhabitants which explains the

statistically low per capita foreign assistance. This calculation excludes the (unpublished) annual estimated US\$ 60 million additional Indian payment for strategic roads (financed by DANTAK, the Indian Border Roads Company) and for security forces (financed by the Indian Ministry of Defence). Looking at Bhutan's dependence on foreign assistance, equally surprising figures can be analyzed. According to the Main Plan Document of the 7FYP, dependence on aid has been reduced during the previous plan from 59.9% in 1983 to 20.4% in 1990 (aid as percentage of the country's Gross domestic product [GDP]). However, taking the GDP projections for the period 1993 to 1997, an estimated total of US\$ 940 million, and comparing it with the above mentioned US\$ 364 million total foreign assistance, a 38.7%-dependence on aid during the 7FYP will be reached. Keeping in mind the Plan's objective for an increased self-reliance and independence, the figures on aid-dependence show a mounting discrepancy between theory and practice.

The wish for self-reliance and independence is further obstructed by the forced departure of a substantial part of the population. A rigorous application of the Bhutan Citizenship Act of 1985 followed by tensions and clashes in the South caused rural and urban families who were living in these areas to leave. Many also left because they couldn't stand being without defence against threats and attacks from security forces on one side and Southern terrorists on the other.⁴ This considerable body of (uneducated) manpower was followed by its trained and sometimes highly qualified relatives who worked in the public and private sector all over the country. Here also, a substantial part was forced to resign and to leave because of the 1985 Citizenship Act; others absconded to Nepal - in some cases following the alleged embezzlement of substantial amounts of money. Thus, the lack of manpower is evident and is felt in all sectors of the economy. Wage costs are increasing, harvests can't be brought in as envisaged and Indian laborers from across the boarder - often organized in unions, causing a substantial headache for the government - have to be hired for tasks ranging from road construction to industrial production. But also for higher qualified positions in government services, development projects or the private sector, empty places or replacements with only minimally trained Northern Bhutanese personnel are the consequence. The effect on the implementation of the ambitious new Five-Year-Plan cannot be anything than devastating unless considerable numbers of professionals, presumably Indians, are brought into the county.⁵

Decentralization and regionally balanced development, two further strategies of the 7FYP, are expected to take place mainly in the Northern districts. The unstable situation in the South leads development agencies to be very selective about the support of planned projects. In addition, the government has declared that it is unable to fully guarantee the safety of expatriate personnel in those areas. So funds will be mainly channeled to the northern and the so-far neglected eastern parts of the country. In the South, the government tries to keep basic services running, regional hospitals are open as well as a limited number of schools, but a general set-back of this region might become reality. Whether the government will succeed in decentralizing substantial parts of its services into the districts is also doubtful.

Missing infrastructure in remote district capitals, like office space and apartments, paired with insufficient planning and executive manpower at the national level are the main bottlenecks.

New ideas on lean management in public administration and the regulating force of the private hand stood at the beginning of the 7FYP effective government/privatization strategy. The Royal Civil Service Commission started to implement this policy by offering only 15 government positions on an annual basis, and related plans are implemented at a high pace. In particular, the privatization of certain business highlights, like tourism and manufacturing, but also the introduction of a Bhutanese stock exchange market, indicate this trend. It should be noted, however, that due to the North-South problem southerners hardly benefitted from this privatization process. The former imbalance in favor of northern families is further aggravated. Furthermore, it is unpredictable what effects tourism and industrialization, including the timber industry, will have on the environment and on the concept of sustainable development. Awareness in Bhutan is very high and many people are determined to avoid "Nepalese developments". But internal and external pressures on finding ways to balance a rising hard currency debt are growing. As an additional and more cynical point concerning the environment, one could add that it is very likely that the human tragedies in the South will have a positive side-effect on the environment, since pressure on land has been reduced by the departure of a big population group. Thus it is probable that the 7FYP goal to reduce pressure on natural resources will be achieved in the southern districts.

Reviewing the above, it becomes evident that the impact of the departure of a substantial part of the population on the national economy is bound to be a negative one. With an ambitious development plan on the one hand and a qualitative and quantitative manpower-gap on the other the choice before the government is twofold: either to adapt plans to existing Bhutanese capacities, or to seek outside assistance in order to meet the objectives. The formulation phase of the Five-Year-Plan has already shown that the latter choice had been taken. The above-mentioned approximately US\$ 364 million development assistance, which the Bhutanese government could mobilize, is self-explanatory. But for a successful implementation of this amount of money more foreign labor and expertise will be required. India, with its 28.7% share in the total national development budget, and with sufficient numbers of highly qualified technicians and other professionals, is likely to supply the major part. In particular, the construction of big infrastructure projects like new hydro-power plants and roads will require a work force the Bhutanese could never supply. The same will apply to the enlargement of Paro airport, the construction of schools, hospitals, factories, etc. Similar to the Chuka hydropower project, completed in 1988 with vast Indian assistance, these examples show that additional high numbers of Indians will be needed not only to construct but also to operate and maintain what has been built. So this policy not only frustrates the government's strategy for self-reliance: with a further increase of Bhutan's dependence on external assistance the threat to its cultural identity will equally rise. Squeezed in between the two giants, India

and China, without diplomatic relations with its northern neighbour, and confronted by Nepalese culture spreading throughout the Himalayan region, it seems that only one option was left to the Bhutanese leadership: to seek harmony and close cooperation with India, the country which is just as interested to restrain the emerging Nepali block and which benefits from a buffer towards the North. On the other hand, Bhutan has to accept the price that through the assistance of the big neighbour, the Indian material as well as cultural presence will be enlarged.

Notes:

¹This was announced to Parliament by the Nepalese Minister of Interior, early March 1993.

²This workshop culminated in the adoption of the Paro Resolution of 5 May 1990 and was supported by all senior government officials in the kingdom.

³In later announcements this point has been reformulated into the "security and well-being of the Nation" (*Kuensel* 2 Jan., 1993).

⁴*Kuensel* also announced "violation of laws" and the "misuse of authority" by Bhutanese civil administration and security forces (25 Jan. 1992).

⁵Bhutanese negotiations with the Nepalese government about the return of "displaced" Bhutanese must be seen in the light of the tremendous shortages of manpower. In July 1993, an agreement has been signed which aims to allow the return of certain "categories" of refugees to Bhutan.

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