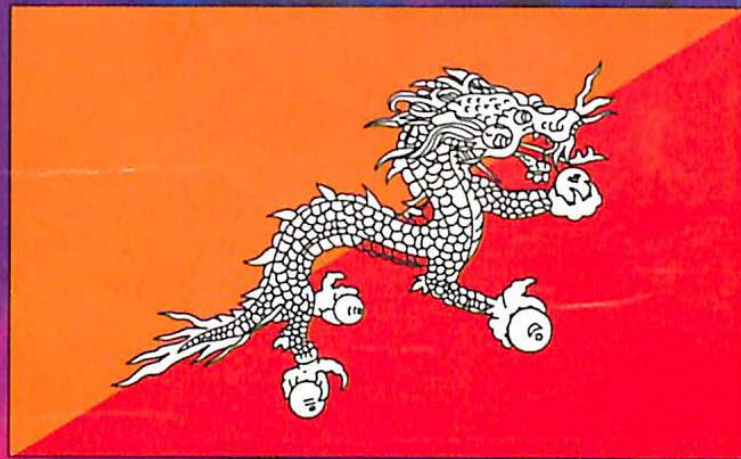

FOREIGN POLICY OF BHUTAN



RAJESH S. KHARAT

It is obvious that any country would like to have various options to pursue the goals of its foreign policy, viz. diplomacy, military, economy and lastly, cultural heritage. In Bhutan's case, being a small and landlocked state, the military option is out of question due to its weak military position, and lack of funds to maintain defence force. But the remaining three options, diplomacy, economic development and cultural status have proved to be quite useful. Bhutan, in fact has utilised the above three options to the maximum extent to formulate its own foreign policy. Overall the impression, which we get is that with Bhutan has succeeded in maintaining its sovereign status and relative autonomy of action in the World Politics.

Rajesh S. Kharat is Reader in Politics at the Department of Civics & Politics, University of Mumbai. He has authored, two books, *Bhutan in SAARC: Role of Small State in Regional Alliances* and *Tibetan Refugees in India* and published a number of research articles dealing with contemporary issues of South Asian region, in various national and international journals.

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FOREIGN POLICY OF BHUTAN

Prof. A. C. ...



RAJESH S. KHARAT

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W. A. C. Sinha

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The responsibility for any errors and omissions is solely mine.

Mumbai
May 4, 2004, Buddha Purnima

Rajesh S. Kharat

PREFACE

While studying the foreign policy of any country, consideration of its national security must serve as a basic principle; that is, its sovereignty, independence, territorial integrity and attainment of the objectives of economic development, peace and progress. This is particularly true of the Third World countries which lack technological development and resources; here, foreign policy plays a vitally important role in mobilising resources, and so do the diplomatic strategies followed within the general purview of their foreign policy.

The task however becomes even more difficult when dealing with a smaller country's foreign policy orientations. This is because the outlook of such a country is greatly influenced by the behaviour of its bigger neighbours.

The present study is an attempt to investigate the problems and limitations of foreign policy of a small and land-locked state like Bhutan. However, it is difficult to analyse Bhutan's foreign policy without considering its historical perspectives and geographical and economic conditions. Hence, the first chapter is an introductory chapter titled '*Basic Determinants, Objectives and An Overview of Bhutan's Foreign Policy*'. It deals with the concept of 'Foreign Policy', definitions of 'Small States' and their attributes, limitations and possible strategies/options in general. It also deals with basic determinants of Bhutan's foreign policy in a particular geographical location, its political and historical background, social traditions, the influence of

Buddhism, and economic aspects. This chapter also covers the basic principles and objectives of Bhutan's foreign policy and its membership in various international organisations.

The second chapter is titled '*Foreign Policy-Making Institutions of Bhutan*', and deals with the administrative structure of the Royal Government of Bhutan and various institutions like monarchy, its legislature, the Royal Advisory Council and its influence on the decision-making process of the foreign policy. It also deals with non-governmental institutions in Bhutan, such as, religious groups, monastic bodies and their influence on the issue of foreign policy.

Chapters three and four are specifically devoted to Indo-Bhutan Relations. The third chapter titled '*Indo-Bhutan Relations: Political and Strategic*' deals with Bhutan's relation with British India as well as with Independent India, with reference to the significance of the Indo-Bhutan Treaty of 1949 between these countries. It also discusses China as a factor in Indo-Bhutan relations, and examines the various developments and stages that have taken place till today in Indo-Bhutan friendship.

The next chapter deals with '*Indo-Bhutan Relations: Economic Dimensions*'. It analyses India's economic assistance to Bhutan's Five-Year Plans and other developmental programmes. This chapter also highlights the efforts made by Bhutan to reduce its economic dependence on India. Further, it discusses Indo-Bhutan trade relations.

Chapter five titled '*Sino-Bhutan Relations*', briefly describes the historical, traditional and cultural relations with the Tibet region of present China, the implication of Chinese aggression of Tibet in 1951 and 1959 and the question of Tibetan refugees in Bhutan. This chapter also deals with the factors that compelled Bhutan to initiate its boundary talks with China and the various stages of these talks.

Chapter six, '*Bhutan's Relations with South Asian Countries*' examines how far Bhutan is successful in developing its diplomatic relations with neighbouring countries like Bangladesh, Nepal, the Maldives, Sri Lanka and Pakistan. Basically it deals with the economic relations of Bhutan and

Bangladesh and also Bhutan's relations with Nepal. Bhutan-Nepal relations have been discussed with reference to the issue of the ethnic crisis in Bhutan and its implication on foreign policy.

Chapter seven, '*Bhutan's Role in SAARC and Other International Organisations*' emphasises the factors motivating Bhutan to participate in SAARC, and the scope available for Bhutan to secure its foreign policy objectives through SAARC in terms of political and economic objectives. It also covers Bhutan's stand on various issues such as development programmes, and other issues like regional and international economic issues. This chapter also discusses the active role played by Bhutan in various international organisations such as the Universal Postal Union, the United Nations and the Non-Aligned Movement.

The *concluding* chapter evaluates the actual gain secured by a small Himalayan Kingdom which is landlocked and economically underdeveloped. With limited options at its disposal, a country like Bhutan has tried hard to maintain and formulate an independent foreign policy. Economically dependent Bhutan with its inadequate infra-structure, has actually been able to set up and enlarge its diplomatic relations with a number of Asian and non-Asian countries. The analysis evaluates Bhutan's success in its foreign policy objectives by developing its diplomatic relations with other countries.

Since the methodology followed in this study is historical, descriptive and analytical, the work is based on primary as well as secondary sources. However, during the process of this research work, we realised the scarcity of material particularly, any access to documents published by the Royal Government of Bhutan on foreign policy matters which is not readily available. Hence, the present study is based on largely on secondary sources such as books, articles published in various journals and periodicals. Also, press clippings from both Indian as well as Bhutanese newspapers have been used extensively. In addition to this, a visit to Bhutan and other places was also under taken to collect whatever data possible and to get a feel of the country and its institutions, as well as

to get an idea of Bhutan's geographical location and its history.

During a field trip to Bhutan, an opportunity to visit the Chukha-Hydel Power Corporation, the symbol of Indo-Bhutan friendship was utilised. In Thimpu, we visited the following places: Tshongdu, (The National Assembly of Bhutan), the National Library of Bhutan, the Jigme Dorji Wangchuk Public Library, Kuensel Corporation and the Indian Embassy. It provided us with an opportunity to have an insight into contemporary Bhutan. Our visits also to Paro National Museum (at Paro) and Punakha, then Capital of Himalayan Kingdom, helped us to understand the history, traditions and culture of Bhutan.

To learn about the geographical proximity of Bhutan to its neighbouring regions, we also visited Sikkim, Darjeeling, Cooch Behar and Rangaiya. Our visit to Bhutan House, and Buddhist Gumba (run by Royal Government of Bhutan) at Kalimpong known as Dewangiri Hills, helped us to understand the historical relations of Bhutan and British India.

In addition to this, to understand the actual facts about the problem of Bhutanese of Nepali origin, we visited Jhapa district of Nepal where more than 90,000 Bhutanese refugees are living, mainly at Damak, in the remote area known as Beldangi.

This book has been based on my doctoral thesis which was completed in 1998. An effort has been made to bring the material up to date both in data and interpretation. However the author may be excused if some lacunae have crept in inadvertently. Time and resources have also been constraints and this work is surely not the last word on the subject.

Chapter 1

BASIC DETERMINANTS, OBJECTIVES AND AN OVERVIEW OF BHUTAN'S FOREIGN POLICY

FOREIGN POLICY AS A CONCEPT

Experts have attempted to define the term 'Foreign Policy' though there is no universally accepted definition.

George Modelski in his book, *A Theory of Foreign Policy*, states :

Foreign policy is the system of activities evolved by communities for changing the behaviour of other states and for adjusting their own activities to the international environment.¹

According to him, foreign policy is the process of an activity in which two things are important. (1) What are the inputs which flow into it; and (2) What it produces as an output?

The major task of any foreign policy is to throw light on the manner in which a state attempts to chart its course of action in world affairs in tune with changing times, along with changes in the behaviour of other states, thus aiming at achieving maximum advantage.

Hugh Gibson, another well known expert, opined that

foreign policy is a well rounded, comprehensive plan, based on knowledge and experience, for conducting the business of government with the rest of the world. It is aimed at promoting

and protecting the interests of a nation. This calls for a clear understanding of what those interests are and how far we can hope to go with the means at our disposal. Anything less than this falls short of being a national policy.²

Whereas F.S. Northedge argues,

Foreign policy is the use of political influence in order to induce other states to exercise their law-making power in a manner desired by the state concerned, it is an interaction between forces originating outside the country's borders and those working with them.³

Again, we have a working definition produced by Joseph Frankel, who writes that 'foreign policy consists of decisions and actions which involve to some appreciable extent, relations between one state and others.'⁴

After a careful and critical perusal of all these definitions, we can conclude that the core of the concept of foreign policy is that it is an instrument in the hands of the nation-states to change the behaviour of other states to their own advantage. However, in order to bring an appreciable change in the behaviour of other states, one should possess the necessary economic resources to map out various strategies, for evaluating different kinds of capabilities, identify goals, initiate and evaluate specific decisions and actions, etc. It is also important to co-ordinate all these resources while formulating the concept of foreign policy.

Generally, foreign policy aims at changing the behaviour of other states in a desirable manner and to achieve specific goals of national interest, namely, economic, political and the military. Also, to adjust a nation's own behaviour to ward off pressures and other adverse implications of international system and developments. In particular, it tries to preserve the state's territorial integrity and keeps the borders safe from the possible encroachment by enemies.

SMALL STATES AND THEIR ATTRIBUTES

Normally, it is assumed that the big powers have a special

4 *Foreign Policy of Bhutan*

responsibility for the maintenance of world peace. Generally, these assumptions are based on certain factors like, safe economy and self-reliance, political development, abundance in human and natural resources, quick communication facilities, and easy access all over the world. Moreover, these big powers are industrially well-equipped and developed in terms of infra-structure. Since all these inputs are lacking in the determinants of the foreign policy of weak and smaller states, they are also likely to be ignored very often by big powers. Sometimes, their existence even becomes insignificant for the big powers. Hence there is a need to study the foreign policies of smaller states separately.

Since 1945, after the end of World War II, and with advent of the de-colonisation, the smaller states began to emerge as independent and sovereign entities. Nowadays, these smaller states are trying to operate their foreign policy in a manner feasible within the limited options they have at their disposal.

First of all, let us define the concept of the small state, though there is no fixed definition.

Robert Rothstein defined it as

A small power is a state which recognises that it cannot obtain security primarily by use of its own capabilities and that it must rely fundamentally on the aid of other states institutions processes or developments...⁵

The Secretary General of the United Nations in the introduction to his Annual Report 1966-67, refers to smaller states as 'entities which are exceptionally small in area, population and human economic resources.'⁶

David Vital mentioned,

The small (or minor or tertiary) power, in other words, is that state which, in the long term, in itself and as a satellite or client or close ally-i.e. as a non-autonomous participant in international politics can constitute no more than a dispensable or non-decisive increment to a primary state's total array of political military resources, regardless of whatever short-term, contingent weight as an auxiliary (or obstacle), to the primary power it may have in certain circumstances.⁷

Robert Keohane defined small states as

system-ineffectual states, ...a small power is a state whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system.⁸

From the above definitions, one can say that the following are some of the attributes which characterise a state as a small state:

- The small geographical size of a state imposes some limitations on it. For instance, it cannot establish large industries for the economic development of the country. The small size of the state also limits industrial growth due to lack of adequate natural resources.
- The small population of a state compels it to depend upon labour and technical experts (manpower) from other countries. It also is at a disadvantage in having inadequate personnel for diplomatic and administrative tasks of a specialized nature. Further, a small population means low consumption and a smaller market compared to the large states.
- Land-locked small states, for example, Bhutan or Nepal always face the problems of accessibility. Hence, their communication with the outside world is naturally limited.
- Small states, particularly in the Third World, are militarily weak and incapable of defending themselves on their own. These states are backward in their social, economic, political condition and are exposed to enormous threats from many directions such as socio-political instability, poverty, problems of national growth, vulnerable geographic location, under-development, etc.

In the light of all this, one has to see whether Bhutan comes into the category of a small state. Bhutan has a very small area of 18000 Sq. miles and a population of 716,424,⁹

Thus, the small population and territory of Bhutan leaves it with inadequate human and natural resources. For instance, Bhutan is forced to invite labour and trained administrators

from foreign countries like India and Nepal. Lack of adequate staff in various departments makes Bhutan dependant on others. Due to a low per capita GDP (US \$755 in 2002),¹⁰ low industrial growth, its economy is dependent upon other countries and international financial agencies like IMF, World Bank, etc.

An economically and militarily weak Bhutan (Its Army has only 5,500 men) cannot defend its boundaries in a situation where conflict is involved. Bhutan has to look to other friendly neighbours like, India and other regional/international organisations like SAARC, NAM, and the United Nations, it is vulnerable to any possible threat of insurgencies or to various external dangers. Bhutan therefore, introduced the revival of Bhutanese culture and made it compulsory for each and every citizen including the persons of Nepali origin to absorb this. However, this led to the recent ethnic crisis in the country. Being a small state, political power is concentrated solely in the monarchy. In Bhutan, the King is the apex of the whole system. From all this, we can conclude that Bhutan is a suitable instance of a typically small weak state in the developing world.

IMPLICATIONS OF SMALLNESS/WEAKNESS ON FOREIGN POLICY ASPECTS

It is often true that the 'military establishments of nations comprise the most explicit element of foreign policy. Diplomacy and military strength go hand in hand.'¹¹ Therefore, militarily and diplomatically weak small states cannot play an important role in world politics independently. Moreover, 'the small states today are isolated not only economically and technologically but politically too.'¹²

Examples of this are found in Antigua and Barbuda, Barbados, Belize, Cyprus, Dominica, Fiji, Maldives, Malta, Mauritius, St. Lucia, Seychelles, and Swaziland.

At this juncture, what A.B. Fox says is significant : these newly-emerged small states are by no means mere pawns of the larger nations. On the contrary, they try to become balancers

between two or more strong powers.¹³ This thesis holds good for the small states in Europe and particularly Scandinavia.

But this is not always the case with the smaller states in Asia and Africa which are more vulnerable to external influences due to their economic weakness and political instability. Moreover, these states are militarily weak, and unable to defend themselves from aggression and intervention by the big powers, or from the internal threats like coups d'état. Sometimes, due to border conflicts with the neighbours and past historical experiences, these small states feel insecure about maintaining their territorial integrity, as for example, Nepal and Bhutan which serve as buffer states between two historical rivals, India and China. As explained by Dr. A. Appadorai,

I remember that several small countries said at the political committee of the Bandung Conference (1955) that it might be alright for larger countries like India to adopt non-alignment, but how could small countries with inadequate resources in men and materials hope to preserve their security without alignment with bigger powers?¹⁴

The foreign policy of small states is often pressurised by large states with economic and political leverage. On such grounds, small states can be easily coerced into agreements, alliances, treaties or pacts. Thus, 'for the most part, small powers have entered alliances reluctantly. The decision to ally obviously involves significant disadvantages as well as advantages'.¹⁵ In this case as a landlocked and buffer state, Bhutan is a good example of a state under constant pressure from its neighbours, India and China.

Economically, small and landlocked states are always dependant on their neighbours even for exploring their natural resources. Due to lack of infra-structural facilities they have to look towards other countries, which results in rising protectionism, deficit trade relations, shortage in developmental aid and assistance. Thus, these small states become more insecure and vulnerable at the economic level. For example, countries from Eastern Europe were always dependant on the erstwhile Soviet Union, while Latin American countries accepted economic aid from the United States. Similarly in

South Asia, Bhutan could not help depending on neighbouring India for its economic and technical assistance.

POSSIBLE STRATEGIES AND OPTIONS

In such a scenario, it becomes imperative to understand the possible strategies and options which are left to the small and landlocked states. In addition to this, the methods being used to project themselves as independent and sovereign states also need to be highlighted

1. Generally, the landlocked and small states located strategically, are an important source of strength for their larger neighbours who are in conflict. In such a situation, with the help of its location, a country can mobilise resources, technological supports and necessary inputs from external sources. In this case, according to Prof. S.D. Muni, these states can have a foreign policy strategy which can 'weaken the potentialities of those bigger powers that exercise pressures and intimidation against them and reduce the weaknesses through the expansion and strengthening of the respective "safe base" (material and substantial context) of their national power.'¹⁶ Thus, with the help of its location even a small state can achieve its objective of national interest and thus assure its survival, e.g. Nepal.
2. Another option is basic deterrent capability, which includes diplomacy. Skilful diplomatic maneuvering is a very important strategy for survival. To use this skillfully, David Vital suggests that, 'members of the same class of states approach each other in terms of what is dictated by the pursuit of goals that are central to national security and the national interest'.¹⁷ For instance Bhutan can approach other weak and small states within the region, like Bangladesh, Maldives, Nepal to fulfil its objectives.
3. Because of their lack of human resources, 'small states

are more likely to employ various techniques of statecraft which will minimise the cost of carrying out their foreign policy.¹⁸ Thus, a small state like Bhutan can improve the organisation structure of its foreign ministry, the character and caliber of its diplomats and their ability to understand and master the process of decision-making. It can foster personal ties between its own decision-makers and those of other states and convince the latter of its own legitimate interests. At this point, it is important to note that 'political success depends to a large extent on the cultivation of personal linkages with secondary political actors and power holders.'¹⁹

4. To avoid subversive acts, insurgencies or possible external threats, small states follow the strategy of national and spiritual resistance. This is generally helped by homogenous population, solid national traditions and a common language, culture and civilization.²⁰ However in the case of Bhutan, despite heterogeneous population and ethnic crisis, it could manage to keep its territorial integrity intact because of small size and statutory provisions to protect its culture and civilization.
5. Another strategy of small states could be to establish new relations with the rest of the world, without compromising its separate entity. For instance, Bhutan has established non-residential diplomatic relations with many Asian and European nations since the 1980s.

There are various other options for small states/powers to survive in the area of world politics.

1. *Neutrality*: In international affairs, neutrality can be followed by only those states that are economically well-developed or militarily strong, e.g. Sweden and Switzerland; whereas a country like Bhutan cannot opt for neutrality due to its economic dependence, military weakness and political vulnerability.
2. *Alliances*: This can be a device for acquiring additional

strength or protection through other nations, by any of the following methods:

- (a) Military and political alignment with one of the big powers. This option is adopted by many small states willingly or otherwise. For instance, small states like Panama, Taiwan and Israel have military and political ties with the United States. These states offer military bases to foreign powers or accept external military assistance.
- (b) Regional alliances among small states of the region for political/economic purposes. In these alliances, small states generally favour multilateral diplomacy through their representatives. These states prefer to conduct their foreign relations through membership of regional/international organisations.

Since, small states cannot play an important or influential role in international politics alone, regional alliances and membership of international organisations help them to concentrate all foreign relations at one place.

3. Policy of Non-alignment : When adopting this type of policy, most of the underdeveloped states come together and follow a policy of non-alignment to benefit economically. 'Non-alignment only as a universal movement directed towards universal demonstrations of international relations, can take their success into account namely, the realisation of the national interests of small and middle countries'.²¹ Countries like Bhutan, Nepal, and Bangladesh can achieve progress and security only through such a policy.

A detailed study of foreign policy options of small states will be made in the following chapters of this thesis which specifically deals with Bhutan's foreign policy. Before doing this, one should understand Bhutan as a nation state. It is also necessary to consider Bhutan's historical, geo-political background, as well as its people, and culture.

BACKGROUND AND BASIC DETERMINANTS OF BHUTAN'S FOREIGN POLICY

In ancient Sanskrit literature, Bhutan is known as Bhotanta. The word 'Bhot' stands for Tibet and 'anta' means the end. The country which forms the end of Tibet was described as Bhotants, i.e., present day Bhutan. However, Prof. S.S. Bhattacharya, an eminent Indologist takes exception to this theory. He has developed a new theory, that Bhutan was originally a Hindu Kingdom, inhabited mostly by the tribes of Indo-mongoloid race origin.²² The country was known as Bhusthan. However, there is no conclusive evidence yet regarding the original inhabitants of Bhutan.

The Encyclopedia Britannica mentions that according to reliable Bhutanese records, the Tibetan troops invaded the country at the end of the ninth century A.D, drove out the Indian princes and their subjects, then settling down in occupation of the land.

The Imperial Gazetteer of India (Vol. III, Oxford, New Edition, 1908), says that Bhutan formerly belonged to a tribe called Bhotia, Telphu, who are believed to be of the same race as the Kalharis and Koch of the adjoining plains of India, and were subjugated by a bond of Tibetan soldiers.²³

The Chinese traveller, Hieun Tsang, (AD 600-640), recorded that Bhutan was a part of the Indian political framework, and did not have a separate political entity. During this period, Indian tribal chiefs from Kamrupa ruled Bhutan up to the middle of the seventh century. Kamrupa's effective influence over this area disappeared after the death of King Bhaskar Varman in AD 650²⁴ Thereafter, Bhutan has seen a period of instability leading to strife, internal tribal wars and intrusions/ invasions from Tibet.

Though there are many interpretations about the origin of Bhutan, and its people, His Majesty, the King of Bhutan, Jigme Singye Wangchuk has stated : 'the original inhabitants of Bhutan are monops—mountain tribes. They are followers of the Pon religion, a type of Shamanistic—animistic cult'.²⁵ V.H. Coelho, presents a different theory. According to him, 'the inhabitants

of Bhutan, themselves call their country, "DRUKYUL" or the land of the Dragon. While the name Bhutan seems to be a term used by foreigners starting with "Bhut" a name given by the Tibetans to their country and "tan" perhaps a corruption of "Stan" as found in Indo-Persian names such as Hindustan and Afghanistan'.²⁶

Even so, the Bhutanese have a different name for their country i.e., DRUKYUL, or the land (Yul) of the Thunder Dragon (Druk).

Language

Dzongkha is the official language of Bhutan which is written in the classical Ucan Tibetan script.²⁷ Dzongkha is taught in all the schools, while English serves as a medium of instruction in various secular schools, as well being used in official communication. Nepali is also taught in the schools of Southern Bhutan, while classical Dzongkha is taught in monastery schools. In Bhutan there are many languages, which are spoken by various settlements. For example, Nepali is spoken by Nepali settlers, Bengali, Assamese and Hindi are spoken along the Indian borders.

Religion in Bhutan

Before the introduction of the Mahayana sect of Buddhism in Bhutan by Guru Padmasambhava in the eighth century, 'Bhutan had its original religion called as Ponism, which was based on nature worship'.²⁸ Ponism as a religion believes that human misery is a result of evil forces. These can be driven away by a constant worship of nature. So it has had an elaborate mode of ceremonies connected with nature worship. Over the years, most of these rituals were superseded and suppressed by the impact of Buddhism. Finally, at the end of the eighth century Ponism itself vanished from Bhutan, and the Mahayana sect of Buddhism became the state religion.

Buddhism has its impact on Bhutan's national life and national affairs. There are certain monasteries which are centres of administration and religion run by the lamas. The maintenance of these monasteries is looked after by the

government. Lamas are exempted from any kind of taxation. This shows the state patronage that religion enjoys in Bhutan. The dominance of religious belief can be discerned by the fact that on the occasion of Mrs. Indira Gandhi's first official visit to Bhutan on 2 May 1968, the King asked all the lamas to pray for good weather and safe landing of her flight.²⁹

Buddhism in Bhutan became an important factor both in the domestic sphere and at the international level. In the domestic sphere it maintains a separate identity, values, traditions, and develops the feeling of oneness in Bhutanese society. While at the international level, Bhutan is able to establish a cordial link with other Buddhist countries, Japan and China and other south east Asian countries. So for a weak state like Bhutan, religious identity has become an important asset in its external policy manipulation. This is also experienced by many Christian and Islamic countries, particularly in Europe and West Asia.

Geo-Strategic Locations

Geo-strategic location includes the size, location, climate, topography and national boundaries. The foreign policy objectives depend upon how big or small a country is, its geographical location, whether it has easy and free access, or is a buffer state or a land-locked state. Countries small in size and strategically located are always vulnerable. They are always influenced by their neighbours politically or economically or even culturally. For example, small countries from Eastern Europe being close neighbours of Russia were strongly influenced by the latter. On the other hand, countries like China, Canada, India or USA, which are big in size play a very influential role in relation to their neighbours.

Geographically, Bhutan is a very small country. As far as its area of Bhutan is concerned, it has as stated earlier an area of, approximately 18000 sq. miles or 47000 sq kms. It is relatively compact with maximum north—south distances of 170 km. and maximum east—west distances of 300 km. The geographical location and landlocked nature of Bhutan isolates her from the rest of the world. According to the Surveyor General of India

the location of Bhutan is situated along the southern slopes of the great Himalayan range. On the north, it is bounded by the land of Tibet, whereas on the south side it is surrounded by the plains of Jalpaiguri district of West Bengal, and Golpara, Kamrup and Darrang districts of Assam, two states of India. Bhutan is sandwiched between the Chumbi valley of Tibet, Sikkim and Darjeeling in the west and the Kameng district of Arunachal Pradesh in India, on the east side.³⁰ (See the map).

Because Bhutan is land-locked and sandwiched between two Asian giants, India and China, it maintains its relations and contacts with the rest of the world through Indian territory. For Bhutan, Calcutta is the nearest airport as also the nearest seaport. By road, it is only 750 kms. away from Phuntsholing, the main gateway town in Bhutan.

Inaccessibility is one of the characteristic features of the country. Geographical factors such as thick forest, high mountains ranges, climatic conditions such as severe winter and heavy rainfall, all make Bhutan inaccessible from the east, west, and also from the north. Construction of roads in the mountainous state of Bhutan does not permit the country to build railway connections. The only possible transport is by air. Even this is somewhat limited either to helicopters or special planes.

Another feature of this country is its sparse population. The geographical features of Bhutan have compelled it to have a limited population. It restricts its inhabitants from concentrating in any region, which has resulted in the population nowhere exceeding more than 10,000 or 15,000. The mountainous region and thick forest of Bhutan is also responsible for the isolation within Bhutan. Bhutan is not only isolated from the rest of the world but also isolated from within.

However, despite being land-locked, mountainous and possessing difficult terrain, Bhutan has maintained a steady contact with its immediate neighbours. For example, it has had close contacts with Ladakh, Lahul, Spiti and Kinnaur in the west, Tibet in the north, and Sikkim, Cooch Behar and northern Assam. Bhutan maintains not only trade relations with this region but has also formed an ethnic and cultural unity over

the years. Geographical features such as river valleys and mountain passes have allowed Bhutan to maintain trade relation with neighbouring states. Bhutan's geo-strategic location influences its political and economic relations with other countries. Particularly, the events in Tibet of 1958-59, and of the Indo-Tibetan border in 1959, has resulted in widespread resentment among the Bhutanese. This has given a considerable set back to its economy.³¹ Consequently Bhutan's trade relations with Tibet were disrupted, only one option remaining with Bhutan, that is, Bhutan was to depend on India for her trade relations with the rest of the world.

It is a fact that after the Sino-India war of 1962, the geo-strategic location of Bhutan continued to play a significant role in Bhutan's foreign policy because it protects the Himalayan mountainous region of India and the Indian states, West Bengal, Sikkim, Assam and Arunachal Pradesh, which are all bordered by this country. Thus, this part of the region helps India, forming a natural barrier against any aggression from China.

Economy of Bhutan

The geographical features of Bhutan restrict its economic activities in more than one way. Although, agriculture and animal husbandry are the main features of Bhutan's economy, its production of foodgrains is insufficient due to the natural environment and non-availability of infra-structure like irrigation, seeds, new scientific methods. The mountainous terrain becomes a hurdle for smooth internal transportation and communication in Bhutan.

Ninety five per cent of the population of Bhutan is dependent upon animal husbandry and agriculture. The main crops in Bhutan are rice, maize, wheat, barley and buckwheat; it also has horticultural crops like oranges and cardamom. Bhutan has an ample wealth of livestock, particularly dairy animals which have a very important place in Bhutan's rural economy.³² Bhutan's forest wealth is yet to be tapped to the fullest extent. This includes trees of sal and oak. Also there are minerals like limestone, dolomite, coal, gypsum, graphite, copper, lead, zinc, marble slate and talc. India is helping Bhutan

to exploit these resources. A unit of the Geological Survey of India has been working in Bhutan. Bhutan also suffers from a lack of industrialisation and an inadequate supply of manpower in the field of high technology, mainly because of lack of basic infrastructure training facilities for its population.

In the power sector, Bhutan has only two sources for its power and fuel resources that is, coal and hydro-electric energy. Since coal reserves are limited in quantity as well as quality, Bhutan imports almost all its coal from India. The other source of energy is hydro-electric power, which depends on rivers like the Torse, the Raidak, and the Manas. However, only a very small portion of this enormous hydro-power potential has been tapped, because of inaccessible areas and lack of capital investment and technical know-how for development. The Government of India is helping Bhutan in this sector in various ways. Bhutan and India, signed a pact in September 1961, to harness the Jaldhaka river and to purchase the ensuing power from Bhutan for its state of West Bengal.³³

Bhutan's monetisation of the economy which depends on external sources is necessarily limited. The Indian rupee circulates freely in the Bhutanese market. At the same time circulation of an Indian currency and free trade with India has resulted in deficit trade to Bhutan. Till 1973, Bhutan was using Indian currency as its national currency. In 1982, the Bhutan government introduced the Royal Monetary Authority to provide central banking services. Bhutan has only one commercial bank, the Bank of Bhutan.

This discussion indicates that the economic activity of Bhutan is really dictated by its geographical features and location.

The developmental process in Bhutan also suffers from a stringent lack of the means of communication and of efficient transport. Moreover, the industrial base is very narrow and confined mainly to the cottage level. Its economic relations are ninety per cent linked with its immediate neighbour, India. Even its foreign trade depends on India. Bhutan's telecommunication links with the outside world run through India. In this manner, being a small landlocked country, Bhutan has been dependent

upon the outside world for trade and aid to procure commodities of day-to-day life as well as for building its economy.

People

Another important factor in formulating the foreign policy of a small state is its population, the quality of its human resources, the degree of industrial skills, the size of population and its density in the state. The sex-composition and age groups of the population as also its per capita national income determine a country's foreign economic policy.

Kurt London states:

Foreign policy does not only consider facts and figures. It deals primarily with human beings, for countries mean people. Policy is made to act for and upon people and it is therefore understood that without a reasonably accurate estimate of demographic conditions at home and abroad, policies may be evolved as unsound premises and thus seriously endanger national security.³⁴

For instance, due to inaccurate census data, countries like India are suffering from an influx of Bangladeshis in the bordering states. Also the Nepali influx into Bhutan is a major factor which has led to an ethnic crisis in recent times. The detailed study of intra-ethnic relations in Bhutan will be discussed separately in Chapter six.

Besides the Indo-Mongoloids, the Nagloes another race, exists in Bhutan. They are Tibetan in origin, and came into Bhutan during the eighth century AD and once again, recently, in 1959. They brought Tibetan culture and Buddhist religion into Bhutan, and are located in northern Bhutan.

There are also persons of Nepali origin who have settled in the central southern region of Bhutan, especially in Chirang, where they are too being found in large numbers. Most of them are Hindus.³⁵ Their arrival in Bhutan was only during the late nineteenth and early twentieth century.

However, they are a dominant ethnic group in southern Bhutan with estimates of their share of the total population ranging from twenty to thirty per cent according to the Government. Whereas, BPP and unofficial and foreign

estimates suggest that the Nepalese of Bhutan constitute more than fifty per cent of the total population.³⁶ This is probably due to the low literacy rate, and the quality of manpower which affects technical development. Most of the skilled or unskilled labourers are imported either from India or Nepal.

The Political History of Bhutan

Bhutan's political evolution is shrouded in mystery and ambiguity. During the eighth century AD an Indian, Guru Padmasambhava, visited Bhutan and introduced Buddhism in Bhutan, which became the dominant religion in Bhutan and gave cultural unity to the Bhutanese tribes. Between the ninth and seventeenth centuries, Tibetans frequently invaded Bhutan. This resulted in the original settlers of the country disappearing and the emergence of a new ethnic group from Tibet called Drupes.³⁷ Till the seventeenth century, although religiously Bhutan was united and integrated, at the political level it was torn apart by internal strife and civil war.

In the early seventeenth century, Shabdrung Namgyal, a Tibetan lama of the Drukpa sect became a Dharmaraja of Bhutan and established political ascendancy in Bhutan. He defeated all his rivals, and became the King of Bhutan, gaining full control of spiritual and temporal powers.

He laid down rules of conduct for all the officers and appointed two faithful monks to look after religious affairs, and another one in charge of *Mundane affairs*.³⁸ Thus, Shabdrung Namgyal laid foundation for the growth of a secular political culture and made a clear-cut division between spiritual and temporal matters. The death of Shabdrung led to a process of disintegration of the country and was followed by regional casualties, intra-ethnic conflicts, and religious rivalries, finally resulting in a civil war situation. Thus, from the death of Shabdrung Namgyal till 1904, the political history of Bhutan is known as the history of rivalry and struggle between the two chiefs.

During this period, Bhutan was politically destabilised due to Deb Raja's active involvement in the affairs of the neighbouring state, Cooch Behar.

This continued confrontation between Cooch Behar and Bhutan led to the British East India Company's intervention. The British made an agreement with Cooch Behar in 1772, assuring protection to Cooch Behar from Bhutanese invasions.³⁹ But the Bhutanese continued their aggression against Cooch Behar. The British confronted Bhutan and compelled Deb Raja to surrender in 1773. Bhutan then decided to reconcile the matter with the help of the Panchem Lama of Tibet and concluded a Treaty of Peace with the British on 25 April 1774.⁴⁰ This was the first contact of the Bhutanese with the British. This treaty served the purpose of the British, which are mainly to develop and establish political as well as commercial relations with Bhutan and Tibet and at the same time to prohibit Tibet or Bhutan to make contact with any other country. In other words, this treaty gave leverage to British in Bhutan and Tibet.

Subsequently in the post-treaty period, the British sent various missions to Bhutan. Their objectives were to develop political links with Bhutan and 'to establish free and lasting inter-course of trade with the Kingdom of Tibet and the other states to the northward of Bengal'.⁴¹ However, the British did not gain much success in achieving their objectives, due to their appeasement policy towards Bhutan, and the continued border disputes between Bhutan and Cooch Behar and Bhutan and Assam.

Assam had a long frontier on the north with Bhutan, the relations between sovereign Assam and Bhutan were characterised by regular raids by Bhutan on Assam. Later on, after the Anglo-Burmese war, Assam was annexed by the British who declared their acquisition. But the Bhutanese did not stop invading these areas of Assam. To settle the matter, British East India Company sent two missions to Bhutan namely, the Pemberton Mission in 1837 and the Ashley Eden Mission in 1864. Even these missions could not stop the Bhutanese from their aggression against Assam; they even continued their raids and attacks on British—occupied areas. This time, the British, finally decided to take strong action against Bhutan and sent an expedition against it. This resulted in Deb Raja being compelled to conclude a Treaty of Peace, with the British

company at Sinchula in 1865. The Bhutanese describe this as the Ten Articles Treaty of Rawa Pani.⁴²

According to this treaty the Britishers occupied Bengal and Assam Duars permanently and agreed to pay Rs. 50,000 to Deb Raja. In return, the Bhutanese Government agreed to surrender all British subjects of Sikkim and Cooch Behar and maintain free trade.⁴³ This treaty totally changed the political scenario of Bhutan, Bhutan was weakened not only externally but also internally. This situation was continued in Bhutan till the emergence of Ugyen Wangchuk, who was also called Tongsa Penlop. His emergence in Bhutan proved to be a good sign for a change in Bhutan's political history.

To change the destiny of Bhutan and to make his reign stable, Wangchuk supported the British during the Anglo-Tibet war of 1904. This act of Ugyen Wangchuk, changed the future of Bhutan's politics as well as of Indo-Bhutan relations. In due course of time, Ugyen Wangchuk became the most powerful man of Bhutan; subsequently becoming the Maharaja of Bhutan. He concluded a fresh treaty with British, signed in 1910, and known as the Treaty of Punakha. Thus he brought Bhutan closer to the British.

According to this treaty, the British government agreed not to interfere in the internal administration of Bhutan. On the other hand, Bhutan agreed to be guided by the advice of the Government of British India with regard to her external relations.⁴⁴ Further, the British agreed to increase the annual payment to Rs. 1,00,000. In this way, the treaty ushered in an era of friendship and cooperation between British India and Bhutan.

Jigme Wangchuk who was successor to his father, Ugyen Wangchuk, became King of Bhutan in 1926. He was a guiding force and progressive ruler of Bhutan. During his reign, a new treaty was signed on 8 August 1949, at Darjeeling, between Independent India and Bhutan. This new treaty retained most of the features of the earlier Treaty, the Treaty of Punakha, 1910. The Government of India assured Bhutan that it would not interfere in the internal matters of Bhutan, and Bhutan agreed to be guided by the advice of India in her external relations.⁴⁵

The Government of India also increased the annual grant to Bhutan from Rs. 1,00,000 to Rs. 5,00,000 a year. Reciprocally, an area of thirty- two sq. miles in Dewangiri was returned to Bhutan, an area which had been annexed by the British.

In March 1952, Maharaja Jigme Wangchuk died. He was succeeded by his son Jigme Dorji Wangchuk who was formally installed in October 1952. He is the architect of modern Bhutan and responsible for bringing today Bhutan on to the screen of international affairs.

Thus, the political history of Bhutan from the seventeenth century to the 1950s, gives us a vivid picture of Bhutan's political activities and its struggle to survive as an independent state. It also provides us with the background to understand the overall foreign policy of Bhutan. Its experiences with Tibet, China and British East India Company give an insight into Bhutan's foreign policy, objectives and basic principles and its relations with neighbouring countries in the post-1950 period.

The details of historical evolution of Bhutan's relation with other neighbours will be discussed in the chapters that follow.

Leadership

Leadership is another factor which influenced Bhutan's foreign policy. The King of Bhutan was educated in India and abroad. With his broad outlook, he realised the importance of Western concepts like equality, liberty and freedom. So he brought in a tremendous change in domestic politics and foreign policy of his country.

After the Chinese invasion of Tibet in 1959 and the Sino-Indian war of 1962, the King of Bhutan realised the vulnerable position of his tiny Kingdom, which could be easily succumb to pressure by either of these powers. Therefore, with great foresight, he gave up an isolationist policy and aligned his country with India, with which Bhutan had had a long historical relation due to the Treaty of 1949.

The general impression is that in small states, the personal traits or charisma of the ruler of the state really matters for purpose of growth, or for the decay of the state. Most of the times, the rulers of small states convert the monarchy system

into a tyrannical form of government and exploit the state for their own self-interest. Sometimes they become a tool in the hands of a donor country and suppress their people and do not tolerate any criticism against themselves. Most of the rulers of the small states in Africa are running their governments in this despotic manner.

But this is not the case with Bhutan. Since 1952, with the emergence of Jigme Dorji Wangchuk, the country always followed a foreign policy that would fulfill the objectives of rapid economic development. While doing this, he introduced many reforms in society and eradicated the wrong systems. For instance, 'he has declared serfdom illegal, freed about 5000 slaves. He has also abolished polyandry and restricted polygamy to a maximum of three wives per man'.⁴⁶

Thus, all credit for the present status of Bhutan in the world affairs, should go to him alone. The King always tried to ensure a balance between the development, tradition and culture of Bhutan, while modernising the society and leading the country to prosperity.

Other Determinants

Among many determinants of Bhutan's foreign policy, the Indo-Bhutan Treaty of 1949 is of paramount importance. According to this treaty, Bhutan's foreign policy would be guided by Indian advice. So broadly speaking, till 1980, Bhutan's foreign policy was always guided by the Government of India. Needless to say, due to this treaty alone could Bhutan project itself as a sovereign and independent nation. This treaty opened up many opportunities for Bhutan. Economically, it had received significant developmental and financial assistance. Politically, this relationship has paved the way for Bhutan to open its doors to the outside world. Thus Bhutan has joined many regional and international organisations with the help of India. A detailed study of this factor will be taken up in the third chapter.

The development in Tibet since 1950 and finally the suppression of Tibetans by the Chinese army in 1959, compelled Bhutan to give up its isolationist policy and strengthen its bonds

with a power with which it had close relations even before 1950, and which could protect its sovereign status and territorial integrity. And that power was India.

Once when the present King was asked by a journalist as to what would be Bhutan's policy as a buffer state, if India and China went to war, he replied 'Bhutan will follow the principle of non-alliance'. He was sure that 'both powers would respect Bhutan's status of neutrality'.⁴⁷

The 1962 Sino-Indian war and the Chinese attempts to enter into Bhutanese territory created fear in the minds of the Bhutanese regarding the violation of their territorial integrity; they were certainly anxious to preserve their internal stability and political independence. The merger of Sikkim in 1974 with the Indian Union, caused Bhutan to fear the loss of its cultural identity.⁴⁸ Since then, Bhutan has been cautious about its sovereign status and invited all the major powers on the occasion of the royal coronation of 1974. Also there was a domestic protest against too much dependence on India,⁴⁹ which induced Bhutan to diversify its relations with India, politically as well as economically. Since the early 1980s, Bhutan has opted to diversify its relations with neighbouring countries like Nepal and Bangladesh. However, India has been supportive of Bhutan diversifying its diplomatic relations including membership of the UN.

Recently, a cultural identity crisis among the Bhutanese of Nepali origin became another important determinant in Bhutan's foreign policy. Since the 1980s, the ethnic clashes between Bhutanese of Nepali origin and Drukpa Bhutanese has compelled Bhutan to take steps to integrate the country culturally and politically. Hence the recent ethnic crisis in Bhutan once again forced her to adopt the policy of isolation and not to be influenced by any outside culture, i.e., Nepali culture or westernisation.

In this way, both internal and external factors and determinants have influenced basic principles and objectives of Bhutan's foreign policy.

BASIC PRINCIPLES AND OBJECTIVES OF BHUTAN'S FOREIGN POLICY

In studying the foreign policy of any country, the consideration of its national security serves as a basic principle. This includes political independence, territorial integrity and attainment of the objective of national development. In a Third World country like Bhutan which lacks technological facilities and resources, foreign policy plays a crucial role in furthering its economic interest.

These countries are always dependent on foreign assistance and are in need of increasingly greater economic aid. So they are treated as satellite nations by the donor countries. The basic objectives of the foreign policy of small states are always aimed at striving for a more honourable treatment from the donor countries.

It is true that a small, weak and landlocked country like Bhutan is always sensitive regarding its dignity, independent existence and separate identity. Its suspicion of other powers is deep enough to distrust them. However in the case of Bhutan, the Indo-Bhutan Treaty of 1949, the emergence of communist China in the same year and subsequent developments in the late 1950s compelled it to develop and consolidate closer and more co-operative ties with India.

Influenced by geographical constraints and historical legacies, Bhutan has pursued her goals by adopting the principles enunciated in the Charter of the United Nations and the Non-Aligned Movement. Thus, Bhutan's foreign policy is based on the principles of peace and co-operation. As the King of Bhutan, Jigme Singye Wangchuk has said,

we have based our policy of non-alignment on our determination not to align ourselves with one bloc and to hate the other or to play power politics with both. Indeed as the Dhammapada says, 'Never in this world does hatred cease by hatred, it ceases only with love, this is the law eternal.'⁵⁰

Although, Bhutan had accepted the principle of non-alignment in its foreign policy, it would be very difficult for it to depend only on a non-alignment diplomacy in its matters of security.

Especially when it is sandwiched between two rival powers. It is likely that, in any future negotiations between these two powers, Bhutan would be treated as a pawn which may result in its losing its identity.

Non-violence, is another basic principle of Bhutan's foreign policy, which originates from its state religion i.e., Buddhism. At the rational level, this principle suits a militarily weak country like Bhutan. It gives the impression to other states that the Bhutanese like to pursue a peaceful foreign policy.

'Panchsheel' or the five principles of morality is another factor that influences the Bhutan's foreign policy. Non-aggression, mutual respect for each other's territorial integrity and sovereignty are the ingredients of these principles. Bhutan sincerely follows these principles in its relations with the rest of the world. But the unhappy event of the Chinese aggression of Tibet in 1959, threatened the independent status of Bhutan and severely jeopardised Bhutan's trust in China and its intentions. It was scared by Chinese provocations. Therefore, the King of Bhutan, Jigme Dorji Wangchuk, decided that his country should come out of its shell in the early 1960s. This was done on India's initiative to help it to establish contacts with the outside world. Since the 1960s the foreign policy of Bhutan has operated within three basic parameters.

1. Internal consolidation
2. Gradual extension of diplomatic and economic relations.
3. Active involvement with non-controversial regional issues.⁵¹

To achieve these goals, the King of Bhutan encouraged the Bhutanese people to accept modern notions like social equality, democracy, etc. For instance, to remove the feeling of separatism among the Nepali population, he made laws to create an atmosphere of confidence among them so that they could integrate themselves in to the national mainstream. He constructed many schools to educate the Bhutanese population free of cost. He sent several Bhutanese scholars abroad for higher education. Education abroad made them well versed in

administration; they were also given special training in the fields of diplomacy and international relations. All the above facilities helped Bhutan to build up and develop diplomatic staff. The King also brought about improvements in the communication system which helped the people. He gave the common people access to the fields of education, trade and commerce. The spread of modern education and a communication network opened up Bhutanese society to the developments taking place in the global society. Thus Bhutan's interaction with other countries was facilitated, even as the feeling of national unity was fostered.

Secondly, the Bhutan government decided to strengthen Indo-Bhutan relations, but to do this cautiously. It started to develop close relations with India with its two foreign policy objectives namely—'modernisation of the economic, governmental and educational system and building a modern defence capability'.⁵²

At the same time, the Royal government followed a policy of, diversifying its diplomatic and economic relations with the other neighbouring countries of South Asia region. This was proved significant when it became the second country to recognize Bangladesh as an independent and sovereign country in 1972 and supported it for membership in the United Nations. Bhutan also expects respectful treatment from the rest of the world for its independent identity and sovereignty. In pursuit of this objective, Bhutan exchanged residential diplomatic relations with Bangladesh in 1980. Bhutan also subsequently established non-residential diplomatic relations with Nepal, Maldives, Pakistan and Sri Lanka.

The third parameter of Bhutan's foreign policy is active involvement with non-controversial regional issues. Bhutan is presently fulfilling this objective through its active participation in the SAARC forum and itself sincerely implementing the developmental programmes of SAARC.

Apart from pursuing these three objectives, Bhutan has always tried to assert its independent existence within the south Asian region and also at the international level. This is well testified to by its policy to diversify relations without offending

India, a policy it follows at the United Nations, NAM, ESCAP, and Universal Postal Union. It is said, 'this search for identity is usually interpreted as Bhutan's urge to come out of the shadow of its huge southern neighbour India, which had remained a dominant consideration for the regime in Thimpu since the British period'.⁵³

As a corollary of this policy, Bhutan became a member of the Colombo Plan in 1962 and secured its admission to the Universal Postal Union. It also attended UNCTAD held in New Delhi in February 1968. This was certainly a very important political step taken by Bhutan towards participating in international affairs. Bhutan joined the United Nations in 1971. In the following year, it became a member of the Economic and Social Commission for Asia and Pacific. In 1973, Bhutan became a member of the Non-Aligned Movement (NAM) at the Algiers conference. Thus we can surmise that, 'the basic principle of Bhutan's foreign policy in the 1970s was to gain international recognition of its status as a sovereign component of the comity of nations without being entangled in international politics.'⁵⁴ Since 1981, Bhutan has been involved in the South Asian Association for Regional Cooperation (SAARC) and has become one of its active members since this body was formally established in 1985. Moreover, Bhutan has initiated border talks with China independently and they have completed seventeen rounds of talks to date, (April 2004). This has helped Bhutan to reduce its fear of a Chinese threat, and convince the outside world that it is an independent and sovereign state. To reduce its economic dependence on only one source, Bhutan has sought out many more sources of economic assistance, such as various agencies like UNDP, UNICEF, UNESCO, IMF, ILO, and other Asian and non-Asian countries like Japan, Thailand, Sweden, Norway, and Switzerland.

Thus, all these facts leave us with the feeling that since the 1960s, while still retaining the beneficial aspects of its intimate and cordial relations with its immediate neighbours such as India, Bhutan has initiated a well-planned foreign policy to project its status as a sovereign nation in international affairs.

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45. For the Text, see Appendix No. 2.
46. K. Krishna Moorthy, 'Bhutan : The Economic Scene', *Far Eastern Economic Review* (Hongkong). (23 February 1961), p. 333.
47. Bonn, n. 25, p. 44.
48. As told by D.S.Soman (IPS). Internal Security Adviser to the His Majesty King of Bhutan during 1969-1974.
49. Ibid.
50. As quoted in Afroze Shaheen, 'Foreign Policy of Small States : A Comparative Study of Bhutan and Maldives', *BISS Journal*, (Dhaka), vol. 8, no. 2, (April, 1987), p. 249.
51. S.D. Muni, 'Bhutan steps out', *The World Today*, (London), vol. 40, no.12, (December, 1981), pp. 514-20.
52. K.J. Holsti, 'Bhutan 1958-62 : Isolation to Independence' in K.J. Holsti (ed.) : *Why Nations Realign : Foreign Policy Restructuring in the Postwar World* (London : 1982), p. 25.
53. S.D. Muni, 'Bhutan's South Asian Initiatives', *Strategic Analysis* (New Delhi), vol. VII, no. 12, p. 1005.
54. Leo E.Rose, *The Politics of Bhutan* (Ithaca & London : 1977), p. 55.