WHY OPPOSE THE MILLENNIUM CHALLENGE CORPORATION IN NEPAL?

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Abstract: The construction project agreed with the Millennium Challenge Corporation (MCC) has become highly controversial in Nepal. According to MCC policy, the contract, signed in 2017 with the goal of increasing the availability of electricity in Nepal and reducing transportation costs, must be ratified by the Nepali parliament. Confusion and controversy arose, since the move would create a precedent for the ratification by parliament, if demanded, of each and every foreign investment in Nepal. There are also legal controversies when countries that receive MCC grants are required to comply with MCC provisions intended to ensure that projects are not hampered by changes in state law. A further controversial point is a provision that makes implementation of the MCC project conditional on approval from India. The MCC is actually a part of the United States’ broader Indo-Pacific Strategy (IPS), related to military pacts such as the QSD (Quadrilateral Security Dialogue) that are aimed at containing China. In such circumstances, how can Nepal maintain its stance as a non-aligned nation in relation to its giant neighbors? Leaders of various political parties, civil society organizations, and the general public in Nepal currently fall into two camps that either support or reject the MCC grant.

Key words: Millennium Challenge Corporation (MCC); Indo-Pacific Strategy; Communist Party of Nepal

The Millennium Challenge Corporation (MCC) became a hot topic in Nepali political circles after a political report, jointly authored by the two chairpersons of the then ruling unified Nepal Communist Party (NCP, which now no longer exists), was presented at a meeting of the party’s standing committee. The report

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stated: “The Millennium Challenge Corporation (MCC) of the US and the Belt and Road Initiative (BRI) of China are in competition with each other” (Nepal Khabar 2019). Among those within the party who raised questions were a number of incumbent ministers and some former ministers. In fact, on September 14, 2017, two years before these questions were raised, an agreement had already been reached to provide a grant of USD 500 million for road and other infrastructure development. On July 15, 2019, the government led by then Prime Minister K. P. Sharma Oli submitted the MCC compact to the parliament for approval. The earlier-mentioned letter was included in the report for the purpose of gaining approval from the ruling party, whether the parliament approved it or not.

When the queries being made in the party’s decision-making body became public, raising the question of whether the MCC was part of the Indo-Pacific Strategy being pursued by the US Pacific Command as part of Washington’s military policy, criticisms began to be heard both inside and outside the party. On behalf of the then government, the member of the ruling CPN’s Standing Committee and Minister for Foreign Affairs Pradeep Gyawali presented his arguments in defense of the MCC. At a meeting, he stated that the US assistance had come at his own request, and he submitted a written statement intended to refute the views of the dissident members. In his remarks, he argued that the Millennium Challenge Corporation and the Indo-Pacific Strategy were separate phenomena. The IPS was first enunciated in 2017, but the MCC was established in 2002, and Nepal had been seeking its financial support for a prolonged period. As soon as Gyawali’s statement appeared in the mass media, the main opposition, the Nepali Congress Party, officially announced that it would retaliate if the CPN blocked the MCC Bill. A meeting of the CPN Standing Committee on December 23, 2019, asked, “Is the MCC a part of the Indo-Pacific Strategy, or not?” (The Himalayan Times 2019b). The meeting reportedly ended with the passage of a resolution seeking clarification on this question from the US government.

While the CPN was passing such resolutions, the party-appointed Finance Minister Dr. Yuvraj Khatiwada was allowing news of other subsidiary agreements related to the MCC to be leaked to the media, and Foreign Minister Pradeep Gyawali was insisting that the MCC could not be a part of IPS. Not only did the foreign minister make this claim to the party’s standing committee, but he also insisted at a meeting of the National Affairs and Coordination Committee of the National Assembly that “the MCC does not need to be linked to the Indo-Pacific Strategy” (Online Khabar 2019). Two days later, however, his claim was denied by the United States itself, which is home to the MCC. Maintaining that the proposal of the Standing Committee of the ruling CPN should be properly addressed, the US embassy affirmed publicly that the MCC is a part of the Indo-Pacific Strategy (Khadka 2019). US Assistant Secretary of State for South Asia
David J. Ranz had in fact already made a statement to that effect on May 15, 2019 (The Himalayan Times 2019a).

Despite the above statement from the US embassy, partisan intellectuals, politicians, and economists in the neo-liberal market economy lined up in support of Gyawali’s argument. The thrust of the foreign minister’s position was that since the MCC was not involved in any kind of “military strategy,” its aid should be accepted without any preconditions, in the interests of the nation’s development. The debates then moved to a new level. What was the MCC? What purpose did it serve? What would happen if the pact was approved, and if it was not? What were its pros and cons? The MCC grant has been debated ever since, and the debates continue as this article is being written (Gajurel 2021; Gurung 2020).

The MCC grant has not been approved by the Parliament of Nepal, but efforts are being made to ratify it through a special parliamentary session. The United States and its advocates in Nepal have constantly parroted the line that Nepal needs the MCC (Dixit 2021; Mahat 2021; Dhakal 2021). As soon as Prime Minister Sher Bahadur Deuba returned to Nepal after attending the 26th UN Climate Change Conference of the Parties in Glasgow in November 2021, he announced “Mr. Prachanda [Pushpa Kamal Dahal] and I have sent a letter to the United States regarding endorsement of the MCC.” Deuba had met Alexia Lotortu, the MCC’s deputy chief executive in Glasgow, had talked with her about ratifying the MCC compact, and had told her that he would work with the ruling coalition to move it forward. However, the secretariat of Pushpa Kamal Dahal, a former prime minister and one of the leaders of the ruling coalition, claimed that the compact cannot be accepted until the issues that have been raised are addressed. The US Secretary of State has warned that MCC assistance will not be available without the approval of the US Congress (Pandey 2021). Meanwhile, and largely because of the MCC, the newly formed ruling coalition in Nepal is in a state of confusion and ambiguity, with the danger that it will break up.

**America’s MCC Concerns**

At the UN General Assembly in 1971, the developed countries pledged to provide 0.71 percent of their GDP as an aid to the developing world. However, they have never allotted more than 0.22 percent of their annual GDP to this assistance.¹ For years, the United States figured prominently among the countries with the highest GDP but provided the least support to developing countries. Following the attack on the Twin Towers in New York in September 2001, the United States tagged seven countries (Belarus, Cuba, Iran, Sudan, Syria, North Korea, and Nicaragua) as “rogue states,” and announced strict enforcement of the immigration process. This announcement did not pass without criticism, which was directed at the
action of the US in imposing international trade policies designed for its own benefit, exploiting the resources of the developing world, in siphoning profits and savings from poor countries to the global centers through neo-liberal financial policies, and in extracting substantial profits rather than aiding poor and helpless countries. As the criticism and expressions of dissatisfaction grew louder, President George W. Bush (Jr.) proposed an expansion of assistance through the MCC in 2002. Initially, in 2004 and 2005, he proposed partnerships with countries having an average per capita income of less than USD 1,435 per year. Toward the end of his term, in 2008, he raised this threshold, providing for partnerships with countries having a per capita income of USD 3,000 to USD 3,600.

Nevertheless, Bush reserved for himself the right to choose which countries would benefit, even though the process of deciding who was to receive the development aid was claimed to be competitive. Regardless of the job or country chosen, a report is required to be submitted to the National Security Review Committee (Congressional Defense Committee), which oversees the US military, to report on the amount of aid and the performance in practice (Congressional Research Services 2019). This means that the MCC is essentially a part of US military security strategy, and distributes aid only under its supervision.

Forced to take account of China’s economic policy since the global recession of 2008–2009, the United States seems to have shifted its focus from the old MCC to crafting a response to China’s development, progress, and participation in global cooperation. By 2008, China’s enhanced economic status had become undeniable. China had outstripped Japan to become the world’s second-largest economy. It had also come to be described as the “world industrial village” due to its growing share in manufacturing, industrialization, and world trade. Even during the global recession of 2008–2009, China’s economic growth rate remained relatively buoyant. The old strategy of pursuing export-led economic growth underwent a major shift. In order to expand the domestic market while keeping exports going, a strategy was adopted of raising the degree of public participation in capital formation, so as to increase the capacity for producing and consuming goods and services within the country. To that end, China implemented a stimulus package amounting to USD 586 billion. While countries in the West were defending their banking sectors through quantitative easing, China showed an eagerness to involve all sections of society in economic activity. In line with the concept of a mixed economy, and pursuing a strategy distinct from that of the West, other countries, especially in Asia and Africa, also made a priority of developing new trade partnerships, and sought arrangements with European countries that would increase international trade.

After the financial crash of 2008, China seems in fact to have come to the conclusion that there were many flaws in the American model, and therefore sought to lay
Partnering with China’s new practices in the promotion of industrialization and infrastructure development under the Belt and Road Initiative became popular around the world. The BRI development model is based on positive partnership and mutual benefit, not on interference, exploitation, and oppression. Western European, African and Asian countries not only began to cooperate in the BRI despite US opposition, but also forged partnerships with the Asian Infrastructure Investment Bank (AIIB). The United States saw these developments as an attempt to challenge the world order that had previously been under its leadership. This has been summarized, in three points, by Rus Doshi, a fellow of the Brookings China Strategy Initiative and Brookings Foreign Policy: 1. In the short term, China’s efforts to establish effective relations with neighboring countries through the BRI would not be a deterrent to the United States in resuming multilateral economic and regional relations; 2. In the medium term, China’s efforts were aimed at building a structural replica of the international financial system, a goal embodied in the concepts of the AIIB and BRICS Bank, in order to avoid the financial pressure that the United States could impose; 3. In the long run, China seeks to promote diversification of world monetary dealings so that the role of the dollar as an international currency, and the strong position of the dollar in the payment system, can be replaced by China’s own currency able to withstand US pressure (Doshi 2019).

So far, six countries in Eastern Europe and the former USSR have taken part in MCC programs: Albania, Armenia, Georgia, Kosovo, Moldova, and Ukraine. Apart from a proposal by Kosovo to sign up for further collaboration, the other countries have not opted to repeat the experience since the projects were completed. Ukraine is embroiled in a conflict with neighboring Russia. Out of 26 African countries, only five have repeated MCC projects, while in a few countries agreements have been proposed but not signed. In seven Latin American countries, the work done before 2010 does not seem to have been repeated. In seven of the ten
Asian countries involved, work was completed before 2010, but only Mongolia is in the process of signing up afresh. The contract signed in Nepal has not progressed, and in Sri Lanka a deal was rejected. Thus, work is going ahead in only a few of the 51 countries that appear on the MCC’s “where we work” calendar.2

**Indo-Pacific and Nepal**

The US government’s *Indo-Pacific Strategic Report* (US Department of Defense 2019) states clearly that the Indo-Pacific Strategy is based on a concern that China’s credibility will increase while that of the US declines with the implementation of the new Silk Road concept (BRI), launched by China in 2013 and involving most of the countries of Europe, Asia, and Africa. As a regional power in South Asia, India has been reluctant to join the BRI. But for nearly two decades since 2004, it has been cooperating with emerging industrialized South Asian countries in accordance with its Look-East Policy. When the United States adopted its Indo-Pacific Strategy, it began attempting to make India a key South Asian nation in terms of its level of power, capability, regional competitiveness, and economic growth. After the Sino-Indian border dispute and the resulting casualties in 2020, new strategies and tactics began to be formulated in the Asia-Pacific region.

The United States, the United Kingdom, and Australia recently launched AUKUS (September 15, 2021), with an open anti-China agenda. AUKUS is a core group with a strong military strategy. It is similar to ANZUS, the organization formed by the United States, Australia, and New Zealand in 1951 to protect the Pacific during the First Cold War. The Quadrilateral Security Dialogue, or QUAD for short, is perceived as Asia’s version of NATO. Incorporating the US, Japan, India, and Australia, it first appeared in 2007, calling for a “free and open Indo-Pacific.” According to Hervé Lemahieu of the Lowy Institute in Sydney, Australia, the partnership was reaffirmed a decade later; in particular, it is deemed necessary for Australia, whose diplomatic relations with China have been deteriorating. The QUAD was and is aimed against China (Rasheed 2020). Another organization is the “Five Eyes,” which includes the United States, the United Kingdom, Canada, Australia, and New Zealand. During the First Cold War, a multilateral compact was formed to counter the Soviet Union through espionage, exchange of military information, and spying on humanitarian activities. Currently, the spotlight of the “Five Eyes” is on China, Russia, and North Korea (US Department of Defense 2019).

As well as engaging in active cooperation with India, the QUAD also focuses its attention on Nepal and Indonesia. While Indonesia is the gateway to the Pacific, Nepal is located in a very sensitive area between China and India. The MCC is now, even if not in the past, an element in the financial support that has been put forward to make the Indo-Pacific Strategy a success. It follows that the MCC is a
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The MCC process in Nepal, which started more than a decade ago in 2011, is detailed in materials published by the policymakers during the years since. According to these materials, a 130-page *Nepal Growth Diagnostic Report* prepared in 2014 with the help of the United States had the objective of including Nepal in the MCC compact. In line with the recommendations of that report, an agreement entitled “Millennium Challenge Compact” was reached on September 14, 2017, between acting MCC Chief Executive Jonathan G. Nass on behalf of his organization, and then Finance Minister Gyanendra Bahadur Karki on behalf of the government of Nepal.

The 60-page compact has 7 articles, 34 clauses, 7 schedules, and 11 appendixes. The project is envisaged to have a total cost of USD 630 million, to which the US is to allocate US$500 million and the government of Nepal USD 130 million. A sum of USD 400 million is to be spent on building 312 km of 400 KV transmission lines, and USD 52 million on upgrading 305 km of the Mahendra Highway. Four power substations are to be constructed in Lapsipheedi, Ratamata, Damauli, and Butwal. Transmission lines of 400 KV capacity are to be constructed from Lapsipheedi to Ratamata and Hetauda, from Ratamata to Damauli, and from Damauli to Butwal and the Sunauli border. The transmission line seems to be aimed at connecting Gorakhpur in India to the Indian North Grid. Similarly, the road from Chandrauta in Kapilbastu to Sivakhola in Dang will be upgraded. It is said that the construction period for both of these undertakings will be five years from the start of the project.

Aggressive but False Propaganda

The Indo-Pacific Strategy is in fact part of an effort by the United States to garner the support of South Asian and Indian Ocean nations. Its core function is to keep the military strength of the world power, the US, effective. The US has repeatedly stated that the effectiveness of this strategy depends on fostering sustainable economic growth and regional connectivity. Connectivity is said to involve finding peaceful solutions to any difficulties or misunderstandings over water, air, space domains, cyberspace, and borders. Initially, the rationale behind the strategy was termed the Free and Open Indo-Pacific (FOIP); India had proposed an additional “I” for “inclusive” (FOIIP), implying that the bloc should be inclusive of China also. Subsequently, the strategy has been described as seeking a free, open, inclusive, resilient, and democratic Indo-Pacific. At the economic level, the strategy has been promoted as seeking to expand regional relations in the areas of trade, investment environment, transportation, etc. The main mantra of
the Indo-Pacific Strategy is said to consist of partnership and the development of regional networks. In politico-economic terms, the explanation given in the 64-page *Indo-Pacific Strategy Report* suggests a goal of containing China’s expanding relations with other countries.

China is Nepal’s immediate neighbor; it has always been available to help Nepal in times of need, and is Nepal’s largest partner in economic, social, and infrastructure development. During the current epidemic crisis, China has continued to provide Nepal with COVID-19 vaccines, either free or at a very affordable cost. By contrast, India has been unable to provide sufficient vaccines, including vaccines that have been paid for. The United States and India hope to persuade Nepal to take a stand against China. Historically, until today, however, Nepal has avoided conflict with China, not having the ability to pursue such a conflict in any case. Although the *Indo-Pacific Strategy Report* does not state explicitly that the strategy was drawn up with a view to encircling China, the report expresses implicit opposition to the economic and social policies of China, Russia, and the Democratic Republic of Korea. If Nepal were to agree to such objectives, it would effectively be destabilizing its own existence.

Some Nepali scholars have raised the question of why the MCC should not be accepted by a country that has accepted the BRI (Mahat 2021). The BRI project, about which Nepal has already signed a memorandum of understanding, is mentioned as a program of partnership in infrastructure and economic development. So far, no mention has been made of the BRI project having any strategic or military objective. It is because of this unambiguous clarity that Nepal has become a partner of BRI. Participating in the BRI project does not mean abandoning partnerships or rejecting friendly cooperation with other developed countries. With a spirit quite different from the Indo-Pacific Strategy, the BRI makes no mention of cutting the US down to size. If China ever adopts such a perspective, Nepal is free to reject the BRI and is well able to do so.

The US administration does not seem to be hiding anything about the character of the MCC, and in this regard may be thanked for telling the truth. When US Deputy Assistant Secretary of State for South Asia David J. Ranz visited Nepal from May 13 to 15, 2019, he acknowledged that the Millennium Challenge Corporation’s compact program was part of the US Indo-Pacific Strategy. Ranz stated that the compact with Nepal would be important for meeting Nepal’s infrastructure development needs as well as for regional connectivity, as it would serve another of the Indo-Pacific Strategy’s regional connectivity goals (*The Himalayan Times* 2019a). But as soon as the issue of the MCC comes up, some Nepali intellectuals unexpectedly resort to aggressive propaganda. Former Minister of State for External Affairs Pradeep Kumar Gyawali made deceptive statements throughout the two years from his visit to the United States in December 2018 until
December 2020. Nepal’s sovereign parliament was continually being misled by false information. When even the US embassy has admitted that the MCC is part of the Indo-Pacific Strategy, why do so-called intellectuals such as former Finance Minister Ram Sharan Mahat continue to shout “not true” and “not happening” louder than American diplomats (Mahat 2021)?

Unequal Terms

In Nepal, the conditions attached to the Millennium Challenge Compact were accepted blindly over an extended period regardless of their long-term implications. As a result, the compact has generated a good deal of opposition from people critical of this insouciant, ad hoc approach. The compact has become remarkably important for the following reasons:

1. Clause 7.1 of the compact states that when the proposed compact and Nepali law are in conflict, the compact will prevail. This means that the laws of Nepal may be rendered null and void to the extent that they contradict the compact. How can it be acceptable for a sovereign country to disable its laws and constitution in order to obtain an economic package?

2. Clause 5.1 (a) authorizes the US and Nepali governments to terminate the compact without stating any cause. Clause 5 of 2 (4) provides for the revocation of the compact if its effect is to violate US national security policy in accordance with currently applicable US law, or if a particular action is deemed invalid under the MCC Act (Shrestha 2020). This means that Nepal is forced not only to abide by the current laws of the US, including the MCC Act, but also to submit to any US laws on related subjects that may be made in future. How can this be acceptable to any independent country? Article 8, clause 8.1 of the Technical Assistance Grants Compact, signed between the MCC and the Ministry of Finance on July 20, 2016, states that New York State (USA) law shall apply to this compact. Even if there is a dispute between the parties to the compact, the right to make final decisions is based on MCC law. In other compacts, if there is a dispute between the parties, the dispute is settled on the basis of the legal provisions of a third neutral country, with these provisions binding on both parties (Gurung 2020).

3. There is also a provision in clause 6 (c) that if the schedules of the compact have to be amended, the procedures followed will not be those set out by the law of Nepal. But if this is the case, then proposing the compact for approval by the parliament, in order to have it recognized at the level of the law, seems itself to be contradictory (Gurung 2020).
Clause 3.2 states that Nepal must relinquish its right to intellectual property. Clause 2.8 provides for exemption from taxes, customs, duties, and value-added tax. There is no mention of how the income derived from the construction work will be distributed after the work has been completed. Clause 5.3 stipulates that in case of non-compliance with the compact on financial management within 30 days, interest should be paid according to the prevailing US interest rate. Under clause 5.4, the same applies if the government of Nepal does not make a payment on time.

Annex 5 (a) of the compact mentions that the consent of the government of India is required for this project. Mentioning a third country in a bilateral agreement is a violation of international law. Whether Nepal trades electricity or not is a matter of mutual concern purely for the countries involved.

Clause 6.8 states that the MCC and the US government shall not be liable for any loss or claim arising out of activities or inaction under the compact.

Even though clause 7.4 states that the MCC compact applies only for 120 days after it is ended, the conditions of clause 2.8 imply that the compact may last indefinitely under a variety of excuses and covers (Gurung 2020).

The formation of the Millennium Challenge Account Nepal Development Board (MCA-Nepal) without the MCC compact having been ratified by the parliament is in itself flawed. If the parliament does not approve the compact, then the provision for independence from the government of Nepal will be invalid. In those circumstances, the US treasury will not be obliged to bear the expenses incurred by MCA-Nepal, and these sums will be deemed to have been misappropriated from the state treasury. On the basis of this clause, the MCC seeks to compel Nepal to carry on the tenure of the project for as long as the MCC wants.

As the Former CPN and now CPN (Maoist Center) leader and Chief Whip Dev Gurung writes,

The original compact is under consideration in the parliament and there is no agreement on what to do if the compact is against the national interest. At this serious juncture another “implementation agreement” was signed by the then Finance Minister Yuvraj Khatiwada and US MCC official Anthony Walcher in September 2019. A total of 5 articles, 34 clauses, 4 schedules, and 32 pages of implementation compact have been made part of the original compact. Some provisions of the original compact have been amended. Such agreement raises the issue of confidentiality. If this project is focused on specific financial support, why is it important to keep it confidential? (Gurung 2020)

The agreement has aroused acute suspicions and suggestions of dishonesty, even before it has become a topic of debate in the National Parliament.
National Policy without a Vision

The MCC compact in Nepal is related to infrastructure construction. Even though it is presented as a partnership for investment in infrastructure development, there is a big difference between the concept of finance for development and the concept of the political economy of finance, not only ideologically but also in terms of new initiatives in the concept of development, and particularly in a resource-constrained situation. Both of these concepts are related to the collective development strategy to be decided by the nation. Foreign policy is only one part of the country’s national development strategy. Why don’t those US policymakers who are claiming that the MCC will bring all-around development also talk about the need for building Nepal’s national capacity? Why are they hesitant to answer when ordinary people raise the following questions?

(1) The diagnostic report commissioned by the United States itself is a testimony that the US is familiar both with the status of the Nepali economy and also with Nepal’s national capacity. For a decade and a half, Nepali administrators have not been able to disburse even one-third of the capital expenditure to which approximately one-third of the total budget is allocated. One and a half trillion Nepali rupees (NPR) of capital expenditure for the fiscal year 2020–2021 remains in the national treasury, only one-third having been spent with difficulty. Why does Nepal need 55 billion Nepali rupees (USD 500 million) from outside, when the institutional structural capacity required for spending is not being built?

(2) The Nepal Electricity Authority has its own directorate, which has been overseeing the construction and operation of transmission lines from 66 KV to 400 KV. Under the MCC compact, however, a separate development committee has been set up to construct a 300km-long transmission line of 400 KV. Building another institution of a similar nature, instead of increasing the capacity of the original institution and enriching it with resources and means, will serve effectively to demoralize the already established institution. Nowhere is there a public debate as to why this has been done and what the institutional and legal implications will be, and government agencies do not seem interested in providing a reliable answer to the question (Shrestha 2020).

(3) The Nepali section of the Dhalkebar–Muzaffarpur 400 kV transmission line, which was completed in 2014, was built at a cost of NPR 40 million per km. According to the MCC compact, however, the cost of construction of the 300 km transmission line is USD 390.82 million, so the cost per km is more than USD 1.3 million, which is NPR 160 million per km at the
existing exchange rate. The NEA (Nepal Electricity Authority) should not set a wrong precedent that the cost of a line that can be constructed for less than NPR 40 million per km is NPR 160 million. Doesn’t this amount to corruption, to make the construction costs four times more expensive (Shrestha 2020)? Isn’t it necessary to have a public discussion to consider whether, after such an expensive project has been undertaken, the cost of future projects associated with other parties will also have to be increased?

(4) The United States has started a new Cold War with China. Nepal is sandwiched between China and India, two great powers in the region. The United States is intent on defending its unipolar dictatorship, sovereignty, and economic hegemony worldwide. In such a situation, instead of upholding the national interest of Nepal, why are the above-mentioned pundits so committed to achieving the political and strategic objectives of the American empire? Shouldn’t Nepal, situated precariously between two powerful countries, take into account the risks involved in relinquishing its policy of non-alignment and seeking US assistance at such a time and in such a situation? In particular, is it or is it not necessary to learn a lesson from the recent war in Afghanistan?

In addition to these questions, the MCC grant is negligible by comparison with the moral and material value that Nepal has earned so far, and with the value of the non-alignment that has not as yet been traded away. Why, then, should the grant be acceptable? How can Nepal act against its own close neighbor and selfless ally, and knowingly or unknowingly become a partner in the military strategy of a superpower?

Nepal has become a victim of the same divisive mentality that surfaced 25 years ago before the “Unified Mahakali Treaty” was passed by the parliament. Then too, those who were in favor of the treaty were hailed as a pro-development force and those who were against it were labeled as anti-development. At that time, the Communist Party of Nepal (United Marxist-Leninist) (CPN [UML]) had split into two factions. Now, after the split of the unified Nepal Communist Party into the CPN (UML) and the Communist Party of Nepal (Maoist Center) following a ruling by the Supreme Court of Nepal, the UML has again split into two factions. Advocacy for and against the MCC is going on within every party, and efforts are being made to divide all of Nepali society. In the broader reckoning, the question arises as to how Nepal will be able to maintain its even-handed relations with China and India and play a balanced role in world politics.

For Nepal’s self-reliant and independent development, the answer to all these questions would be to reject MCC support. National happiness cannot be achieved by exchanging good neighborly relations for a grant bestowed by outsiders.
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Notes

1. See “0.7% aid target factsheet.” https://www.devinit.org/resources/0-7-aid-target-2/.
2. See https://www.mcc.gov/where-we-work.

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