

## Revisiting (Post)-Development Discourse in Nepal: Turbulent Textile and Garment Industry as a Case Study

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The end of the cold war—or the 1990s which Tanabe Akio called “post-postcolonial”—was the beginning of a new era in South Asia.<sup>1</sup> New political regimes dramatically displaced the old while the new rhetoric of economic and cultural globalism overshadowed the earlier notions of national capitalism. I make sense of this paradigm shift through the everyday production and trade of readymade garments between Nepal and the United States. The garment industry in Nepal enjoyed a remarkable rise in the 1970s, which remained in place until the 1990s, but faced an abrupt end just as the neoliberal rhetoric was being punctuated in the West by the American financial crisis just after the turn of the millennium. Based on my ethnographic fieldwork on the garment shopfloors and trade union offices in Kathmandu as well as my engagement with policymakers in Washington DC who regulated this industry, I suggest that the new global politics of trade is turning Nepal into a new economic frontier of an post-cold war era.

This paper narrates the tensions between the voices of the subaltern workers and those who control the legal frameworks of the global trade diplomacy that engineer this industry while preaching depoliticized development and market competitiveness.<sup>2</sup> My decade-long journey through the rise and fall of the clothing industry in Nepal—as an ethnographer, activist, policy adviser and academic—gave me insights into both what is obvious and what is nuanced about this industry, and the community of people who populate it as factory owners, workers, policymakers and donors of development aid. For factory owners and workers, the rhetoric of ‘export competitiveness’ involving garment manufacturing initially brought a new way of earning for living and then abruptly took it away. For national policymakers and international aid donors, this rhetoric was about creative destruction deemed necessary for capitalism to prevail.<sup>3</sup> For class activists who built a resistance movement that staged a national regime change and eventually brought an end to a neoliberal era in Nepal, the fall of the garment industry was, ironically, a promising new beginning of a political consciousness.<sup>4</sup> In entangling my own life with that of my ethnographic kin and kith in this industry, I scratch

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<sup>1</sup> Akio Tanabe, “Toward Vernacular Democracy: Moral Society and Post-postcolonial Transformation in Rural Orissa, India,” *American Ethnologist* (34) 3 (2007): 558-574.

<sup>2</sup> John Harriss, *Depoliticizing Development: The World Bank and Social Capital*, (New Delhi: Anthem Press, 2002).

<sup>3</sup> Mallika Shakya, “Bridging the Design Gap: The Case of Nepali Clothing Industry,” *Journal of Modern Craft* (4) 3 (2011): 294-395.

<sup>4</sup> Mallika Shakya, “Ethnicity, Union Politics and the Market: The Rise and Fall of the Readymade Garment Industry in Nepal,” Unpublished conference Manuscript. Yale Modern South Asia Workshop, University of Yale (10–11 April 2010).

open the inherent human imperfections (or maybe perfections) within the idealized (or hegemonically imposed) notions of individual rational choice, market efficiency and development.

### **Entry and Account**

My entry into the world of garments was that of a functionalist. Upon learning that garment manufacturing was by far the largest industry in Nepal throughout the 1990s, comprising as much as one quarter of its total exports to the world, I set out to understand its suitability and promise for Nepal.<sup>5</sup> I was met with contradictory views: some confidently told me the industry was Nepal's first step towards modern industrialization while others claimed it was 'doomed' from the start and 'destined' to die. Examples from Bangladesh, China, India, Lesotho and Mauritius were drawn regularly to substantiate both sides of the debate.<sup>6</sup> While trying to make sense of this conundrum, I learned that these two groups were actually talking about two entirely different ways of making and trading garments, both prevalent in Kathmandu as elsewhere—a distinction that was entirely lost in the way national and global policymakers understood and regulated this industry.<sup>7</sup> In Nepal, one garment sub-sector could be called the 'cultural' or 'niche' type and the other the 'mass' type. Makers of both types of garments had their work enmeshed with their lives, drawing heavily on their real and perceived ethnic identities and trajectories of social and economic politics. Those with money and political connections sought to achieve the efficiencies of scale in securing deals from the American brands that ruled this market. A select few, especially those who belonged to the ethnic communities with cultural capital associated with clothes-making (but peripheralized in Nepal's national polity) developed local and global networks that produced craft and secured lucrative market niches in the far flung destinations of the United States. Despite being disinterested in the modern industrial rhetoric of scale and precision, these 'cultural types' were more successful than the 'mass types.' However, their success was not necessarily about the virtues of a select few ethnic enclaves; they rather represented the triumph of modern craft that was both traditional and cosmopolitan, yet so nuanced that only select few ethnic groups would 'break into' the global niche market of this kind.

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<sup>5</sup> My Masters thesis (1998) showed me that the readymade garment industry enjoyed a dramatic rise in the late 1980s and early 1990s. I demonstrated that the manufacturing value added (MVA) for this industry was higher than other emerging industries in Nepal at the time, and that its periodicity overlapped with Nepal's trade liberalization programme operationalized through the new industrial policy of 1992.

<sup>6</sup> Auret Van Herdeen, et al., "Rags or Riches? Phasing-out the Multi-Fibre Arrangement," SEED Working Paper No. 40 (2002), International Labour Organization: Geneva.

<sup>7</sup> Piore and Sabel (1984) find the root of today's mass manufacturing in the Keynesian economics which dominated the American and European economic policies following the economic depression of the 1930s. Their argument is that an alternative manufacturing model, or "flexible specialization" in their words, deserves a closer attention as has been practiced for decades in East Asia especially Japan.

## **Industry, Ethnicity and a Class Uprising**

Ethnicization is an aspect that the analysts of craft, industrialization and democratization in Nepal cannot afford to ignore but often do. Economic liberalization in Nepal was started after democratization that dates back to the mass uprising of 1990 popularly referred to as Janandolan—I (or people's movement). This uprising confined Hindu monarchy within the constitutional limits and gave the nation a multi-party parliamentary system. It should be noted that, during this regime change, political democracy was interpreted as economic liberalism echoing the end of the cold war.<sup>8</sup> Within the neoliberal discourse, it was considered that the old institutions of ethnicity, craft and the state intervention would eventually give way to the modern practices of mechanization, taylorization and market efficiency. Indeed, when the Nepali garment industry clearly bifurcated into 'mass' and 'niche' along the ethnic lines, the national policy narrative maintained its rhetoric on anonymization, and denied the emergence of the 'niche' sector altogether.

Ironically enough, as the majority of mass factories seemed set to close owing to America's zero sum trade war that set Africa against Asia (through legal acts such as Multi-Fibre Arrangement or MFA, and African Growth and Opportunity Act or AGOA),<sup>9</sup> Nepali policymakers and their international advisers came up with a self-defeating rhetoric which argued that earlier American engineering of the global clothing market had made it necessary for Nepal to brace for an episode of creative destruction before they can have any kind of new beginning.<sup>10</sup> The existence of the Niche sector was never really acknowledged by the policy makers of Nepal.

December 2004 was the month of the garment tsunami in Nepal, especially involving the Mass sector. As the World Trade Organization declared the expiry of the MFA, over a hundred thousand garment workers in Nepal, almost all in the Mass sector, lost their jobs. The loss was especially damaging for Nepal although its neighbors Pakistan and Sri Lanka, along with several other East Asian countries, incurred substantial losses too. Bangladesh emerged an incredible survivor amid this volatility, and immediately became a favorite among the neoliberal development donors who preached the merits of free competition against the sabotage of international trade politics.

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<sup>8</sup> Francis Fukuyama, *The End of History and the Last Man*, (New York: Free Press, 2006).

<sup>9</sup> See a discussion on how Lesotho emerged a new competitor in the global readymade garment industry following the implementation of AGOA. A small country of a mere two population and surrounded by South Africa on all sides, Lesotho's export of readymade garments to the United States comprised of the half of what the entire continent of Africa's garment exports to the United States (Shakya, 2011a), and Mallika Shakya, "Apparel Exports in Lesotho: The State's Role in Building Critical Mass for Competitiveness," in *Yes Africa Can: Success Stories from a Dynamic Continent*, edited by Punam Chuhan-Pole and Manka S. Angwafo, (Washington DC: The World Bank, 2011): 219-230,

<[http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/YAC\\_Consolidated\\_Web.pdf](http://siteresources.worldbank.org/AFRICAEXT/Resources/258643-1271798012256/YAC_Consolidated_Web.pdf)>.

<sup>10</sup> Mallika Shakya, "The World Bank and Private Sector Development: Is 'Doing Business' an Extension of the Structural Adjustment Programme or a Departure?" *St Antony's International Review: Special Edition on International Financial Institutions in an Age of Crisis* (7) 1 (2011): 30-47.

What was uniquely unfortunate about Nepal was that the MFA expiry came at the time when the Maoist guerrilla movement was looking for an entry into the center of Kathmandu from the rural mountain peripheries, and the 'middle ground' was being pushed from both sides, as Fujikura Tatsuro has pointed out.<sup>11</sup> Along with tourism, the newly redundant garment industry became the primary recruiting ground for Maoist class activists. An entire cohort of the most senior Maoist trade union leaders comes from garment trade union activism today. Garment strategy is an important episode in the way Nepali Maoists reinvented themselves from rag tag guerrilla army to a serious political party with a democratic mandate. Between 2004 and the present, the Maoists have once been elected to head the government and written a new constitution which aimed to reverse neoliberalism in Nepal while fundamentally restructuring the ethnic equations within the state system. The garment episode of national trade union movement is a story that has been blatantly overlooked in most analyses of the Nepali Maoist movement, and needs telling.

There have been no ethnographies of the militant but unarmed trade union movement that emerged on the garment shopfloors as the factories turned to Chapter Eleven following MFA expiry.<sup>12</sup> Between 2004 and 2006, a newly founded Maoist trade union recruited over 50,000 activists from within the garment industry alone. As they ended their armed movement and were accepted into mainstream politics, trade unionism along with youth and regional activism became the new frontier of Maoist politics. What this meant for the few surviving garment factories, mostly in the Niche sector, was that they became the primary target of the rapidly expanding militant trade union, setting off a fierce war of words between the neoliberals and the socialists. For example, when the last garment factory closed down in August 2011, liberal media in Nepal and elsewhere called it the tragic demise of the last standing garment factory while the 'revolutionary' media celebrated their victory in pulling the plug of an unjust industry with a painful past.

It is intriguing that the policy makers altogether ignored the fact that, amid the fiasco of class struggle, a select few of the Niche factories had continued to do business away from the limelight. This was essentially because these businessmen have the right ethnic alliances. However, tragically enough, the class uprising among the garment workers of the Mass sector eventually penetrated the Niche sector too. In the end, the Niche factories were also shut down by the militant labor unions that originated in the Mass sector. In Nepal as elsewhere, individual negotiations are embedded in collective trajectories, and the present is influenced by the past. I argue that the state allowed or even facilitated the disproportionate representation of the ruling ethnic groups and their allies in various business fora while ostensibly denying the grievances of other ethnic groups in policy discourses, while

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<sup>11</sup> Tatsuro Fujikura, *Discourses of Awareness: Development, Social Movements and the Practices of Freedom in Nepal*, (Kathmandu: Martin Chautari, 2013).

<sup>12</sup> Mallika Shakya, *Garment Boom and Bust in Nepal: Economic and Political Transitions Seen Through the Lens of Ethnic Conflict*, (New York: Berghahn Books, 2015 forthcoming).

establishing a hegemonic narrative of ethnic neutrality and modernization. In reality, overtly ethnic class activism and the nuances of ethnic business alliances both have their roots in the way Nepal defined its sovereignty against the colonial empires since medieval times. These are the factors that explain the success of Niche garment factories throughout an earlier industrial crisis but their failure to survive when exposed to the later crisis of militant class uprising.<sup>13</sup>

### **Myself in the Debate**

I started my Ph.D. on this topic in 2001. Once I 'got' the mechanical data and then the cultural nuance of the garment industry, I set out to join Jonathan Parry's (1999) *muhurat* (inauguration) on anthropology of work.<sup>14</sup> Following his codes, I filled my notebooks with incidents of everyday resistances of time and space on the garment shopfloors, and immersed myself in the proliferating ethnographies of labor from South and East Asia, the Middle East and beyond. The rich anthropological literature on the caste and ethnic groups in Nepal set the stage for my initially apolitical inquiry into the problem of ethnicity.

I began to deviate both from the Muhurat and ritual anthropology upon realizing that the crisis 'my' industry was rapidly heading to was an entirely different kind, and that the politics being played out in Nepal was different in nature from those often found within the sub-discipline of the anthropology of work. This drew my attention to Nepal's heavy dependency on development aid from abroad, more so than several of its counterparts, and I became deeply interested in the politics of policy advice given to third world countries by their aid donors on industry development. Drawing on my initial training as an economist, I read the economic policy analyses commissioned by the Ministry of Industry and Commerce through donor agencies and think tanks. It was a complex world and one I found so compelling that at one stage I joined the policy lobbying effort coordinated by the Garment Association of Nepal with the help of Nepali government that sought help from the American legislators to table a bill in the American Congress and Senate that would give Nepal a cushion to cope with MFA expiry in the form of a duty-free entry into the American market, post-MFA.

I also spent six comfortable years in Washington, DC working as an industry and trade specialist in the World Bank, travelling periodically to East and South Asia, Africa and Eastern Europe to analyze and advise on their garment industries. While keeping my day job at the World Bank, I initiated a diaspora activism from Washington, DC which reinforced the

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<sup>13</sup> Mallika Shakya, "Nepali Economic History through the Ethnic Lens: Changing State Relationships with Entrepreneurial Elites," in *The Changing Face of Ethnic Movements in Nepal*, edited by M. Lawoti and S. Hangen, (Routledge London: Politics and International Relations Series, 2013), and Mallika Shakya, "Marwari Traders Animating the Industrial Clusters of India-Nepal Border," in *The Human Economy: Perspectives from the Global South*, edited by Keith Hart and John Sharp, (NY: Berghann Books, Human Economy Series, 2014).

<sup>14</sup> Jonathan P. Parry, Jan Breman and Karin Kapadia, eds., *The Worlds of Indian Industrial Labour*, (New Delhi: Sage Publications, 1999).

movement ongoing in Nepal at the time for liberal democracy and put pressure on the Nepali Maoists to give up arms while calling on the state to accept the Maoists as a legitimate political force.

I left the World Bank in 2009 to join Oxford as a postdoctoral fellow. After immersing myself in the literature on the global trade union movements, in Asia in particular, I returned to Nepal in September of that year. I then began my fieldwork among the trade union leaders and activists, which I continue to date. In between, I spent two years in South Africa, as a Senior Lecturer at University of Pretoria but part of an economic anthropology project called *The Human Economy: Global South Perspectives*.

### **Theory in Practice**

My research engages with anthropology's debate with economics and development on methodology and essence. I initially followed the school on new economic sociology that measured profit contributions of social networks and skills.<sup>15</sup> My initial writing questioned whether social institutions construct markets, or whether they are constructions of the market? In retrospect, I feel that this way of thinking actually endorses the dominant neoliberal hegemony of that era which shaped the thoughts of not only theorists but also practitioners, including those I was studying.<sup>16</sup> Although there was little doubt that the mass garment industry would fall soon, many of my respondents had a lingering hope that niche garments might survive the imminent crisis and hence redefine market competitiveness for Nepal. In this sense, my representation of Nepali businessmen's ethnic identities and networks as cultural capital mediating asymmetries of power in the local and global industrial ecosystem may not have been completely off the mark.

However, growing popular discontent about the fall of the mass garment industry speaks volumes about the inadequacies of the neoliberal discourse. The neoliberal rhetoric of the preceding era may have muffled the voice of the subaltern against the national policymakers and their elite donors but even then it did not warrant rounding up of subaltern expression as sheer 'resistance' wanting a 'win-win' solution to workers' woes. I do not deny that the initial class uprising on the garment shopfloors was not about worker welfare; it did call for more equitable redistribution of profits. But what needs emphasizing is the fact that wage bargaining and employment retention were marginal aspects of the garment class resistance and these demands became less and less important for workers, as the movement gained a momentum. What evolved as the defining feature of post-crisis garment labor movement was its questioning of a singular notion of the economy as the pooling of

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<sup>15</sup> John Harriss, Janet Hunter and Colin Lewis, eds., *The New Institutional Economics and Third World Development*, (London: Routledge, 1995).

<sup>16</sup> Jens Beckert, "The Great Transformation of Embeddedness: Karl Polanyi and the New Economic Sociology," in *Market and Society: The Great Transformation Today*, edited by Chris Hann and Keith Hart, (Cambridge: Cambridge University Press, 2009).

individual rational acts and pathological pursuit of profit and power, as John Clammer put it.<sup>17</sup> In explaining this, I turn to the literature on human economy. I draw on Keith Hart's interpretation of Karl Polanyi which privileges people before abstractions, and underscores his call for economics to be accessible to common people as a practical guide for managing their lives. This takes us back to the original idea of social 'embeddedness' of economic actions that was misinterpreted by the 'new' school of economic sociology.<sup>18</sup> Polanyi was indeed the first to use the term 'embeddedness,' but he did not necessarily mean profit utilization of social capital. Meaningful acknowledgement of the plurality of common human life (reciprocity, redistribution and exchange as Polanyi put it) is what was at the center of Polanyi's call, and this should be highlighted in efforts towards interdisciplinary economics and development, both as theory and practice.<sup>19</sup> In narrating my garment ethnography, I set forth recommendations aimed at reconciling the gap between earlier and later understanding of the term 'embeddedness,' and in doing so, discuss a new way of looking at economic development (and underdevelopment) in Nepal as a result of its ongoing class movement that followed its failed bid for neoliberal development.

### **Post-Development as a Conceptual Framework**

Problematizing 'development' is at the heart of this writing project and I want to think of '(after)-development' as a way to reflect on Asia's past and present, and by extension, future. It needs emphasizing that 'development' is not a neutral word. Although a dictionary may define it in a certain way and its uses and interpretations are pervasive, and it has come to acquire a political meaning that is clearly hegemonic. It is in this political meaning that 'development' of the twentieth century is different from the 'industrial revolution' of the eighteenth century and the idea of 'enlightenment' that marked the century before.

It would be fair to say that, just after World War II, developmentalism replaced colonialism in giving rise to a new global order. When the 'new states' in Asia and Africa became independent, development came to be considered a new common goal and aspiration for humanity. There was a great deal of enthusiasm at the time for this. Over time, modalities of development changed, starting from 'two-sector' model to a 'take-off' model to 'protectionism' to 'economic liberalization' of the 1990s. Regrettably, however, enthusiasm has died along the way. One only has to compare the writings of Edward Shils in the 1950s<sup>20</sup>

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<sup>17</sup> John Clammer, "Social Economics and Economic Anthropology: Challenging Conventional Economic Thinking and Practice," (Unpublished paper, 2014).

<sup>18</sup> Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology* (91) 3 (1985): 481–510.

<sup>19</sup> Keith Hart, Jean-Louis Laville and Antonio David Cattani, eds., *The Human Economy: A Citizen's Guide*, (Cambridge: Polity, 2010).

<sup>20</sup> Edward Shils, "Political Development in the New States. Comparative Studies," *Society and History* (2) 3 (1960): 265-292.

with James Ferguson in the 2000s<sup>21</sup> to see my point. While development served as a guiding principle in making of a new global order at the end of the colonial era half a century ago, the idea of development came under the hegemony of neoliberal economics just as the cold war ended, allowing for a multi-polar global order, as seen in solipsistic terms such as ‘poverty,’ ‘growth,’ and ‘competitiveness’ hijacking a universal desire for improved human civilization.

I seek to question the neoliberal assumption that development is merely about material gain, to be achieved only through competition drawing on profit motive, which in turn is (problematically) deemed to be the primary signifier of human psychology.<sup>22</sup> At one level, I invoke Piore and Sabel (1984) to question whether Keynesian model of mass manufacturing that the West pursued is the only mode of competitiveness. But at the broader level, I question the notion that development is primarily economic just as I question whether competitiveness will come from the economies of scale alone.

The neoliberal premise of economic development theory, at times imposed on the Global South by the aid agencies from the North, is lopsided. I call for a ‘re-politicization’ of the field of development along the lines of what James Ferguson wrote in 1990. I further seek a ‘de-canonization’ of development theory, which may make way for meaningful engagement with varied philosophies and experiences from various parts of the world including Asia.

## **Epilogue**

Finally, I try to make sense of the compelling garment narrative from Nepal in the context of the ongoing wars of positions on market supremacy and development. Ethnographically speaking, several of my ethnographic kin from the Nepali garment industry have migrated to the United States and Europe to start new lives. Many of those remaining in Nepal have established themselves in new vocations including reinventing themselves as full time cadres of the trade union. A whole lot of ‘international’ donor policy experts have moved on to new duty stations, and the ‘nationals’ in aid agencies and within government offices have retired. The core of the disgruntled garment workers has now become the dedicated followers of the Maoist trade union. How do they reflect on the failure of the garment industry development in Nepal and their own role and involvement in it? What are their ‘lessons learnt’ from this turbulent episode? Will these be remembered by future generations of entrepreneurs, workers, policymakers and development practitioners? Is our disillusionment about this particular episode actually a reminder of the memories lost about what the past generations lived through? It is my hope that anthropology of development as a sub-discipline has a particular role in countering amnesia of knowledge just as it does in countering hegemonies of ideologies, demographics and geographies.

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<sup>21</sup> James Ferguson, *The Anti-Politics Machine: “Development,” Depoliticization and Bureaucratic Power in Lesotho*, (Cambridge: Cambridge University Press, 1990).

<sup>22</sup> Chris Hann and Keith Hart, *Economic Anthropology: History, Ethnography, Critique*, (Cambridge: Polity, 2011).



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