Abstract: This paper takes up the fundamental proposition that institutions mediate market formation, through a comparative study of rural finance in Nepal and Vietnam. It explores how microfinance, as an iconic institution of ‘roll-out neoliberalism’, articulates political-economic and cultural-political milieu in the two countries—with particular emphasis given to the ways in which the Vietnamese Party-state has engaged rural finance to further the socialist transition even as it has undergone significant ‘economic renovation’. In so doing, the paper adopts a processual interpretation of institutions not as bounded structures, but as arenas of ongoing debate over culturally constructed meanings that are inextricably linked with wider-scale political-economic and cultural-political formations. A comparative approach is pursued here to emphasize spatio-temporal contingencies in the articulation of a market-led development institution with specific national regulatory frameworks, sub-national organizational contexts and beneficiary political cultures. A critical-geographical orientation helps to deepen Polanyi’s proposition that markets are planned, to account for the multiple scales at which power and interest reside in the formation of markets, as well as the variable ways in which markets are embodied and enacted in particular places. It also points to the significance of a politics of distribution and local practices of social investment for understanding contemporary dynamics of rural market formation. And it poses a challenge not only to the ‘transplant’ model of market-led development in wide circulation today, but also to the basic neoliberal premise that self-regulating markets promote growth, efficiency, freedom and justice.

Key words: institutions; development; rural finance; microfinance; neoliberalism; Polanyi; Nepal; Vietnam

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