International Planning Studies
Publication details, including instructions for authors and subscription information:
http://www.informaworld.com/smpp/title~content=t713426761

Planning and the Politics of Markets: Some Lessons from Financial Regulation in Nepal

Katharine N. Rankin [a]
[a] Department of Geography, Program in Planning, University of Toronto, 100 St. George Street, Toronto, Ontario M5S 3G3, Canada.

To link to this article: DOI: 10.1080/13563470120026550
URL: http://dx.doi.org/10.1080/13563470120026550

International Planning Studies, Vol. 6, No. 1, 89–102, 2001

Planning and the Politics of Markets: Some Lessons from Financial Regulation in Nepal

KATHARINE N. RANKIN

Department of Geography, Program in Planning, University of Toronto, 100 St. George Street, Toronto, Ontario M5S 3G3, Canada

ABSTRACT *This paper calls for an explicit return to questions about the normative foundations of planning theory and practice. It argues that a simultaneous reading of Karl Polanyi with Friedrich von Hayek can contribute to developing an ethical basis for tempering market rationality with social rationality in the current global economic conjuncture. Empirically, the paper investigates recent initiatives in Nepal to provide social protections (à la Polanyi) through financial market rules. In the face of threats to the progressive legacy in planning practice posed by the prevailing neoliberal orthodoxy, Nepal's targeted lending policies and microcredit programmes offer some optimism about the potential to embed welfare provisions within market regulation, especially when compared to developments in other countries. At the same time, however, the perspectives of rural women explored here through critical ethnography raise key questions about the capacity of these regulations to generate social opportunity and highlight a role for locally situated social criticism in progressive planning practice.*

Planning against Markets at the Century's End

Some 50 years ago, Nobel laureate economist Friedrich von Hayek likened planning to a dictatorship of social ideals. In his influential view, formulated as the Second World War was drawing to a close, planning posed the threat of "wanting to organize the whole of society and all its resources for [a] unitary end and … refusing to recognize the autonomous sphere in which the ends of individuals are supreme". In so doing planning presupposed "the existence of a complete ethical code in which all the different human values are allotted their due place" (1944, pp. 56, 57). The essential point for Hayek was that "no such complete ethical code exists … and there exists no agreed view on what ought to be done" (1944, p. 58).

For Hayek, arguably one of the greatest liberal thinkers of the 20th century, the "autonomous sphere" refers of course to the market: "not subject to any dictation by others", the market fosters the freedom of individuals to pursue an "infinite variety of different means and ends" (1944, p. 59). In his view, planning, as a form of arbitrary power, is anti-democratic; the market mechanism, and the capitalist system that sustains it, a necessary condition for democracy.

Writing during the same period, Karl Polanyi (1944) offered a compelling antidote to Hayek's assault on planning by illustrating the failures of economic liberalism and the social contradictions immanent within it. The crux of his argument rested on an insight that the self-regulating market, legally constituted in England at the end of the 19th century, posed a fundamentally new mode of

1356-3475 Print/1469-9265 Online/01/010089-14 © 2001 Taylor & Francis Ltd
DOI: 10.1080/1356347012002655 0

organizing the economy in a manner radically disembedded from its social base. From its inception this utopic experiment produced not liberty, but 'counter-movements' for social protection against the market's disruptive and polarizing effects. Consolidated on a global scale by the turn of the century, the 'myth' of the self-regulating market thus generated the conditions for its own demise and, most catastrophically for Polanyi, for its resolution in fascism.

Uncompromising in his commitment to a "complete ethical code", Polanyi thus regarded it the burden of planning to rescue the idea of freedom from market rationality, from the "mere advocacy of free enterprise" (1944, p. 257). In the interim, planning has indeed emerged as a discipline which stands apart in the professional and academic landscapes precisely for its commitment to tempering market rationality with social rationality and for embedding social science analysis within an explicit ethical code.[1] Occasional claims for 'comprehensive rationality' notwithstanding, planning on the whole has approached questions of local economic development and urban design as *tools* for promoting the explicit *end* of social justice and it can boast a tradition of advocating on behalf of under-represented and disadvantaged groups.[2]

This legacy in planning, however, is currently being eroded both materially and ideologically by the resurgence of Hayekian liberalism. For neoliberal economic ideology also posits a causal relationship between economic and political freedom.[3] Like Hayek's liberalism, the contemporary economic orthodoxy purges a normative dimension from economic theory and practice, so that justice gets defined as whatever is delivered by the market.[4] At the same time, the glaring social costs associated with the programmes of economic liberalism around the world lend credence to Polanyi's notion of a 'double movement', the permanent conflict between the self-regulating market and society. The thoroughly market-led approaches to development currently in vogue, that is, pose obvious threats to the planning profession. In the face of such threats, Polanyi's ethico-moral grounds for rejecting the myth of self-regulating markets holds important lessons for contemporary debates about the normative foundation of planning theory.[5]

At the very least, Polanyi prompts planning theory to recognize the cultural and ideological dimensions of the conservative revolution presently underway. His insights also call for a critique from within planning theory of tendencies to justify planning merely in terms of its role in correcting market failures. They call for studies of the way in which planning practice succumbs to mere market rationality, such as by facilitating uncoordinated private sector development (Davis, 1990; Fainstein & Fainstein, 1986) or individual subjectivities, such as that of the self-regulating entrepreneur, consistent with neoliberal orthodoxy (Rankin, 1999 and forthcoming). Reading Polanyi alongside Hayek also invites planning theory to go one step further: to rebuild a strong normative foundation, a coherent ethical code, in a manner which counters neoliberalism with its own theory of social justice.[6]

It is within this larger problematic—that of the tension between markets and planning and the legacy of normative theory in planning—that I wish to situate the discussion here of gender dimensions of planning in developing areas. Specifically, the paper examines recent initiatives in Nepal to maintain a role for banking as an instrument of social planning through policies requiring banks to target some of their lending to the rural poor, and especially to women. This approach may be contrasted to the trend in many Latin American and African

countries which radically liberalized their economies and then introduced such remedial instruments as 'social emergency funds' to mitigate the social costs of liberalization (see, for example, Benería & Mendoza, 1993). Financial regulation in the US and UK, too, has increasingly permitted banks to exclude the poor from basic services as they concentrate geographically and sectorally on niches that yield the highest returns (Leyshon & Thrift, 1997).[7]

The Nepal case thus illustrates how planners might embed redistributive measures *within* financial market rules, even as they reckon with the ideological ascendancy of neoliberalism. In thus approaching economic growth and efficiency as a *means* to achieving human development, and not merely as an *end* in itself, planners in Nepal have located development, planning and indeed market regulation squarely within a normative framework. By engaging gender as a central category of analysis, moreover, the paper illustrates how references to women's welfare and efficiency figure centrally in articulating this normative strategy of targeted lending and in justifying it to donors who are increasingly impatient with state-led approaches.

The policy commitment to financial inclusion notwithstanding, this paper also considers the capacity of targeted lending policies to ensure the intended social protections for women and others in structurally subordinate positions. To this end, it engages ethnographic research in a merchant community of the Kathmandu Valley for the purpose of bringing the perspectives and experiences of rural women to bear on the manner in which women's needs have been defined in the formulation of these policies.[8] It focuses particularly on the proposition entailed in the targeted lending approach that access to markets *in itself* can deliver social opportunity for women and other subordinate groups. The 1500-household town of Sankhu, once a commercial center on the ancient Asian overland trade routes, provides an ideal context in which to test such an imputed relationship between market access and social opportunity. For although the Newar ethnic group residing there is stratified by the most elaborate caste system in Nepal, its attitudes toward women's participation in commerce are known to be liberal relative to other societies throughout the region.

Here we will find, however, that, contrary to Polanyi's own nostalgic expectations, 'social embeddedness' offers no guarantees against the market's polarizing effects, and may, in fact, enhance the capacity of markets to further entrench social hierarchy and uneven opportunity. The paper concludes with some speculations on how current debates within feminist philosophy about the nature of social criticism might inform planners in the design of targeted lending programs in particular, and in the articulation of a normative theory and practice of planning more generally.

Social Protection through Financial Market Rules

A small landlocked country of 20 million people, Nepal is perhaps exemplary among Third World countries undergoing economic restructuring for its attempts to maintain some regulation in its finance sector that directs resources of commercial banks to the rural poor, who are unlikely otherwise to benefit under the new economic orthodoxy. Like most formerly developmental states, Nepal has recently liberalized its banking sector in order to comply with a new set of conditions on borrowing from donor agencies intent on promoting global economic integration. As recently as 1985, for instance, all of four banks in Nepal

were at least partially state-owned. By 1995, the additional chartering of eight joint venture banks and 20 private non-bank financial institutions had dramatically transformed Nepal's financial landscape. Yet planners have also attempted to hold these new players in the market accountable to a targeted lending scheme developed first in the 1970s when even the donors endorsed state-led strategies for growth. The so-called 'old paradigm' of targeted credit required the banks to invest 12% of their loans in certain 'priority' sectors of the economy (designated as agriculture, service and cottage industries), and 3%, at subsidized interest rates, to individuals meeting poverty criteria, as well as to open one rural for every urban bank branch.[9] These policies have come under increasing scrutiny from donors, politicians and the emerging banking lobby, all of who share a vested interest in a more open and competitive banking sector.

In order to accommodate its own social protectionist objectives with such pressure to adopt more thoroughgoing *laissez-faire* approaches, planners at the Nepal Central Bank have conceived of a 'new paradigm of targeted lending', to be institutionalized through the recently proposed Rural Financial Markets Development Scheme. They have not, that is, simply abandoned the targeted lending concept, but have rather elected to make it more 'efficient' by devolving rural credit delivery from commercial banks to special rural development banks (RDBs, modelled after the celebrated Grameen Bank in Bangladesh) and to NGOs. In this scheme, commercial banks stay linked to the rural sector through rules requiring them to make capital contributions and loans to the NGOs and RDBs. The NGOs and RDBs in turn specialize in the provision of 'microcredit', or very small loans to the poor, especially women. Following the Grameen model of 'group borrowing,' microcredit programmes extend loans to those who are not bankable by traditional criteria of collateral and income on the basis of their membership in self-regulating borrower groups. In this model of rural banking borrower groups function in place of collateral to guarantee loans to individual members by mobilizing the cultural mechanisms of social honour and group pressure as disciplinary measures. Although this model now enjoys widespread support in both international development and US community economic development circles,[10] Nepal has been particularly progressive about institutionalizing it at the sectoral level through financial market rules.

Representations of women have played a central role in planners' articulation of this new paradigm. Rural credit surveys conducted by the Nepal Central Bank have begun, for instance, to disaggregate households by gender and thus to document a need for designating women as a *special category* for assistance in linking them with the formal financial system. In addition, targeting rural women is now understood to enhance the *efficiency* of poverty lending programmes because of women's high repayment and low default rates, the well-established propensity of women to invest in productive enterprises and contribute their earnings to household welfare, and the realization that domestic work responsibilities represent an *untapped potential* for market deepening in Nepal's overall liberalization strategy (e.g. Acharya & Bennett, 1981; Kabeer, 1994). Finally, planners within the Central Bank justify the new approach to targeted lending in terms of their potential role in creating *awareness* among women of their income-earning potential.[11]

Here, thus, is a case where the decades of organizing by the Gender and Development (GAD) movement at the international level as well as within Nepal have begun to pay off with the incorporation of gender issues in the

state's overall development strategy and path to economic adjustment. From a feminist perspective, however, the question remains whether the microcredit model of development can address the lack of social opportunity for women and others in subordinate social positions in any long-term or structural sense. In this respect it is important to recognize in the origins of microcredit—as it has emerged not only in Nepal, but also worldwide—some of the early (and now long since rejected) formulations about the nature of women's subordination. First, the expectation that access to credit, and thus income-earning opportunities, can increase women's social status has followed the conceptual dichotomy between public and private spheres of social life first advanced by feminist anthropologists in the 1970s (see Ortner, 1974; Mathema, 1992). If, the logic held, women's subordination could be attributed to their confinement to the private or domestic sphere, then access to the public domain, such as the market, would have the effect of raising women's status. It has now been amply demonstrated that such characterizations of women's subordination reflect specifically Western cultural ideologies (which cannot of course be abstracted to explain the condition of all women). Moreover gender inequality persists in both private and productive spheres of social life (Strathern, 1980; Collier & Rosaldo, 1981; Moore, 1988). The notion that market access can guarantee social opportunity continues to hold currency, however, especially because it corroborates ideologically with the neoliberal view of markets as a socially neutral terrain on which just and efficient outcomes are guaranteed to emerge through the actions of autonomous individuals.

A second assumption about women's subordination underlying the microcredit concept (one which has also long since undergone critical scrutiny from within the gender and development movement; e.g. Narayan, 1989) relates to the expectation that women will naturally be able and willing to work cooperatively (within borrower groups or similar community development strategies) toward the goal of their collective social advancement. In this case women are assumed to identify primarily *as women*, regardless of any social differences and hierarchies that might complicate their interest in collectively recognizing and resisting their common subordination. In light of these observations about the representation of women's needs and interests, the remainder of this paper is devoted to rubbing these assumptions against the grain of ethnographic evidence in order to scrutinize the capacity of the microcredit model to provide social opportunities to women and others in structurally subordinate positions.

Markets and Opportunity

With these questions about capacity in mind, ethnographic evidence about the gendered aspects of economic practice in a Newar merchant community of the Kathmandu Valley may be regarded as a counterpoint to both the popular faith in credit as an emancipatory tool *in itself* and the idealistic representations of women as sisters in solidarity characteristic of the new targeted lending paradigm. To an outside observer it becomes quickly apparent that women in Newar society do not acquire social status simply by virtue of their households' engagement in commercial enterprises, as is commonly asserted in comparisons of Newar and caste Hindu societies within Nepal. While women do assist in aspects of household enterprises which draw them out of the private domain of the household, for example, they do not generally assume primary decision-

making roles within these enterprises, control or manage earnings from them, or own fixed capital inputs such as land, buildings or machinery. With respect to the ownership of landed property in particular, both customary and legal systems of patrilineal inheritance place women at a systematic material disadvantage relative to men, since land provides the fundamental basis for both economic and social security. In ideological terms, the notion of female seclusion associated with such ordering principles in caste society as honour and ritual purity constrain Newar women's mobility in most aspects of public life and further anchor women's fundamental dependence on male household providers.[12] As Bina Agarwal (1994) has argued for the case of South Asia generally, these material and ideological bases of women's subordination function dialectically to embed gender hierarchies firmly in the fabric of social life.

It turns out, however, that many women in Newar society have access to markets through entirely different means than the commercial enterprises of their households, a process which can perhaps best be explained with an anecdote:

After six months of residence in the Kathmandu Valley community, I attended the wedding of my research assistant's younger sister. As guest after guest greeted the bride on the evening of her wedding feast (a celebration hosted by the bride's natal family prior to the actual betrothal), each bearing a gift as their contribution to her dowry, I was struck by the pile of copper water urns, pressure cookers, steel pots, silver plates, brass utensils, and other items that began to pile up, and indeed tower, behind her, where they were prominently displayed throughout the evening. It was only after persistent questioning about what she would possibly do with 17 copper water urns, 11 steel pots and so on that I began to understand the significance of dowries as a *financial* resource for women.

All Newar women receive dowries of some amount, and in the Newar context dowry is unequivocally *women's property*.[13] Women, in fact, rarely allow their dowry to sit idly. As one woman from a relatively poor household explained to me, "If you just keep your dowry packed up like a bank note in a picture frame, what good is that? You have to put it to some good use". My assistant's sister, it turns out, ultimately sold 15 of those copper water urns, among other things, and had invested her earnings in several enterprises. It also turns out that women commonly invest earnings from surplus dowry in moneylending—which might come as a surprise to the planners of targeted lending programmes—since this is an enterprise that does not compromise their ability to meet full-time domestic responsibilities in the household and family commercial enterprises. Even women from families that are not well off can give accounts of how they had tripled or quadrupled dowry investments, as one woman described for the case of her aunt:

> … when my aunt died, she did not know how to write her own name; she did not even know the alphabet; she really didn't know anything. But anyway, up to the time of her death, she used to keep a small fortune in her closet—money she'd earn from investing. She'd give someone a loan; interest would come; she'd reinvest the interest [through moneylending], and so on. From that wealth she provided her daughters with a nice dowry, and when she needed money for her own purposes, she could always take it from her savings.

For my purposes of assessing the capacity of targeted lending policies to create social opportunity for women, I find such ideological and material strategies for the accumulation of wealth by women (which, of course, did not 'show up' in my household survey on sources of credit and income) to be significant in three respects. First, these kinds of strategies point to the failure of policy objectives and programme design to articulate effectively with the cultural contexts to which they are targeted. Women are not *merely* passive victims of dominant gender ideologies, for instance, but also innovative strategists capable of pursuing their own material and political gain in the face of social constraint.

Second, to the extent that targeted credit programmes stigmatize women as incomplete participants in the rural economy and as kinds of credit clients who are different from the male 'norm,' they risk aggravating socioeconomic inequality with the injustice of cultural misrecognition. On this point, it is instructive to draw on the typology developed by feminist philosopher Nancy Fraser (1995) to theorize a range of approaches to remedying injustice. In this typology, microcredit programmes, like American public assistance programmes that provide means-tested aid to the poor, rank as an 'affirmative' approach to redistribution because they attempt to "correct inequitable outcomes without disturbing the underlying framework that generates them" (Fraser, p. 23). Like other forms of targeted aid, this approach not only leaves intact ideological structures that produce gender subordination, but also marks women as deficient, even insatiable citizens. As Fraser argues, "affirmative redistribution can stigmatize the disadvantaged, adding the insult of misrecognition to the injury of deprivation" (p. 26).

Third, even within prevailing gender beliefs, some ideological space may exist to strengthen possibilities for women's autonomy. Women's investment of dowry in moneylending and other income-generating enterprises suggests rather interesting possibilities for integrating the *goals* of microcredit programmes (and other planning interventions) with actually existing cultural practices—possibilities which are likely to be overlooked when women are viewed merely as welfare beneficiaries. For, in so much as they constitute an ideological justification for women's autonomy, dowries as they function in Newar society offer some potential to provide an entry point for social change.[14]

In themselves, however, women's dowry investments and other strategies for the accumulation of private wealth do not bring the kind of economic independence which planners have hoped could become the basis for challenging established gender hierarchies and creating genuine social opportunity. On the contrary, the system of women's separate property only functions *within* a society that systematically subordinates women through ideologies of seclusion and ritual purity, patrilineal inheritance, patrilocal residence, patriarchal household organization, and so on. The *ideological* barriers to gender transformation become apparent if one considers some exceptional cases when women in Newar society are in a position to assume a significant degree of economic independence, but forego such opportunities because of the great social costs (or the cultural misrecognition in Nancy Fraser's lexicon) they entail.

Unmarried women over the age of 35, for instance, have legal rights to a share of their father's land. Most women in this position never pursue such claims because in so doing they would also forego legal and customary rights to social protection from their male relatives, as well as the cultural recognition that comes with observing established gender ideologies. The dependent status of

wife or sister, that is, may in fact offer greater material and cultural guarantees than the economic autonomy entailed in the ownership of private land. Those unmarried women who do claim property rights endure extremes of social isolation that often result in severe impoverishment and destitution.[15] By rejecting the dependent status normatively associated with being female, these women quickly fall outside the complex network of reciprocal and hierarchical obligations that characterize Newar society and provide the ultimate security for all its members against the vagaries of poverty.

These findings—that social opportunity for women cannot be reduced to a matter of capital access but rather has profound ideological dimensions—are corroborated by several recent evaluations of microcredit programmes in Bangladesh. Anthropologists have observed, for instance, that gendered and class power relations within and between households have undermined women's capacity to control how their loans are invested, so as to in fact *preclude* the kinds of positive social externalities that planners commonly impute to credit (see Goetz & Gupta, 1996; Fernando, 1997). Although loans are extended in women's names, for example, it is often their husbands who actually control the disposition of the loans and generated income. Burdened with a strict weekly repayment regimen, moreover, women often borrow from local moneylenders (from whose 'grip' microcredit programmes are intended to liberate them) in order to repay their loans. In such cases, to the extent that women's repayment rates have continued to be high, the targeted lending programmes may be seen to actually rely for their financial sustainability on the reproduction of gender and class hierarchies within and between households (Goetz & Gupta, 1996, p. 17–18). Similarly, by promoting home-based enterprises, targeted lending programmes tend to enforce, rather than challenge, the gender division of labour that institutionalizes women's subordination (Fernando, 1997).

Women's Solidarity

Many proponents of the microcredit model argue that its potential as a vehicle for social opportunity lies foremost in organizing women into borrower groups. From the point of view of donors and lenders with an interest in deepening financial markets to rural areas, the model is attractive because the groups can play a functional role in processing loans and motivating repayment. They thus enhance financial sustainability of targeted lending programmes and help ensure creditors against the risks of lending to the poor.[16] At the same time, among advocates of gender planning the 'solidarity groups,' as they are also called, are expected to foster a collective consciousness that would allow women to recognize and resist the gender ideologies perpetuating their subordination. The donors' primary interests in the financial sustainability of targeted lending, however, too often results in an emphasis on quantitative indicators like numbers of women serviced, volume of loans disbursed and repayment rates (Goetz & Gupta, 1996). These priorities, and the rapid expansion of microcredit programmes associated with them, fail to address, and may indeed undermine, empowerment objectives that require attention to the ideological dimensions of social change.

When planners make optimistic assumptions about women's propensity to identify *as* women in such contexts, moreover, they overlook the ways in which social differences and hierarchies operate *among women*, as becomes readily

apparent through any serious analysis of gendered power relations. In Nepal caste and ethnicity are obvious example of the kinds of social distinctions that might structurally preclude women in some social locations from viewing their interests in terms of collective struggle with women in others. Anthropological studies of microcredit in the Bangladeshi context suggest that women also tend to segregate themselves along class lines. In forming borrower groups, for example, women often self-select for group members with significant assets—such as 'husbands with income'—thus concentrating access to credit among village elite and precluding access by the poorest of the poor (Fernando, 1997).

Other lines of social difference operate within class, ethnic and caste boundaries and have more to do with women's personal strategies for accruing material resources and political power from positions of relative disadvantage. Within a joint family household, a senior woman relishes the occasion of a son's marriage precisely for the opportunity it presents to control the labour of a new daughter-in-law. For their part, daughters-in-law in joint family households have a vested economic interest in conflict with their mother-in-law as a means for promoting the eventual splitting of that household into its component nuclear parts. After such a split, a daughter-in-law becomes the senior woman of a new household, in which she can acquire increasing authority and influence through her relationships with her husband, sons, and eventually her own daughters-in-law. Such structural antagonisms among women extend across households over time as such households expand through marriage alliances and contract with the splitting of joint families. Women's 'will to power' through controlling the labour of status juniors thus replicates an *ideal* of hierarchy and compromises the potential of borrower groups to effectively build solidarity against that ideal.

The capacity of the microcredit model to provide social protections is thus limited in its assumption of what in fact must be *established*—the conditions of possibility for those in subordinate positions to identify collectively in opposition to forces of domination and an ideal of hierarchical social relations. To borrow from recent terminology in the gender and development literature, some aspects of women's 'practical gender needs'—namely aspects of individual choice that entail conflict and hierarchy among women—conflicts with their 'strategic gender interests' in challenging gender ideologies that institutionalize their subordination (Young, 1993). Women's individual short-run motives for exploiting social differences (and thus perpetuating their subordination as a group), that is, preclude their recognition of the commonalities entailed in their structural position as women. If one accepts that social opportunity requires the collective elaboration of strategic interests on the part of subordinate groups, then the crucial issue for planners shifts from the search for *the* authoritative development model to concerns about the locus and mechanism of social criticism, which are considered in some concluding remarks.

Planning and the Politics of Needs

This paper has argued that a simultaneous reading of Karl Polanyi with Friedrich von Hayek can shed important insights on the role of planning in the current global economic conjuncture. In an era when governments around the world face forceful imperatives to construct open and competitive economies,

Hayek's assault on planning on ethical grounds as much as his claims about the liberatory potential of markets for individuals pose a trenchant critique of the profession. Planners would do well to heed this critique and to fashion politically compelling arguments against it. In so doing, it has been argued here, they may draw profitably from Polanyi's formulation of the 'double movement' between markets and the inevitable social demands for protections against its polarizing effects. Polanyi's thoroughly normative stance brings into stark relief the political contours of market regulation and may thus equip planners with an ethical foundation for defending its role in providing social protections for the disadvantaged and marginal. Embedded within Polanyi's rejection of the myth of self-regulating markets, however, lies an implicit 'romantic nostalgia' for socially embedded economies where norms of reciprocity and redistribution are expected to prevail. The ethnographic portion of this paper is devoted to critically evaluating this expectation and bringing its limitations to bear on normative planning theory.

Empirically, the paper has considered targeted lending policies (à la Polanyi) as an attempt to embed welfare provisions in financial market rules, and thus to locate development and market regulation explicitly within a normative framework. In this respect, the Nepal case gives some reason for optimism about the potential for progressive planning in the context of the prevailing neoliberal orthodoxy. It points to the diversity of regulatory frameworks through which markets can be constructed and thus challenges the neoliberal view of markets as a uniform, naturally-occurring and socially neutral terrain.

At the same time, by bringing the perspectives of rural women to bear on the microcredit programmes intended to serve them, this study has clarified the political stake in representations of cultural meanings and social needs within public policy (see Fraser (1989) on social welfare policies in the US). In spite of the laudable gains in placing gender on the policy agenda entailed in recent innovations to the targeted lending concept in Nepal, that is, embedded within these trends is a particular representation of women's needs that can be seen foremost to reflect *donor* concerns with the deepening and sustainability of rural financial markets and that may in fact exacerbate existing class, caste, ethnic, age, and gender hierarchies. The reduction of women's needs to temporary infusions of credit cannot guarantee social opportunity, just as idealistic expectations about women's solidarity cannot in themselves transcend the differences and hierarchies that mitigate women's collective identification and action. More importantly, although microcredit programmes and other 'affirmative' approaches are intended to address a socioeconomic injustice, they have the potential to generate a cultural injustice in the narrow and stigmatizing manner in which they define women's needs. They thus preclude alternative, more 'transformative' needs interpretations that can lead to deeper structural challenges to gender relations of power along both cultural and socioeconomic lines.

From a feminist perspective, it is thus incumbent on planners concerned with alleviating gender inequality to "*politicize* needs interpretations", as Fraser suggests, by breaking them out of the uncontested domain of official discourses and introducing them to the domain of public deliberation (1989). At a minimum, planners might reflect critically about the processes through which people's needs get defined and prioritized in the formulation of public policy. A second order of commitment could then involve studying the perspectives of those in subordinate social positions for the purpose of engaging in immanent

critique of the status quo, such as the kind of critical ethnography presented here. Most fundamentally, however, it is incumbent on planners to play a role in facilitating social spaces and developing institutional means for debate over the articulation of women's needs, as a foundation for the process of policy formulation. Emphasizing communicative process as a matter of procedure may in turn create the most realistic opportunities for women to organize against and transcend hierarchical and isolating differences and thus to develop a collective social criticism for challenging gender inequality. To return to the original quandary about the fate of planning practice, such procedural considerations promise a useful framework for articulating social justice from the standpoint of the oppressed—and for countering the normative implications of economic liberalism.

Acknowledgements

Research for this paper was supported by a Fulbright-Hays Student Grant. I am grateful to Madan Gopal Shrestha for his assistance with interviews and translations. An earlier version of the paper was presented at the 1997 annual conference of the Association of Collegiate Schools of Planning. For comments on earlier drafts, thanks go to Susan Christopherson, Lourdes Benería, Kathryn March, Norma Rantisi and two anonymous reviewers for *International Planning Studies*. I wish especially to thank Kanishka Goonewardena for his encouragement and critical feedback throughout.

Notes

1. On the tension between market rationality and social rationality in planning, see Friedmann (1987). Among the early definitive statements about planning as an ethical practice, the most widely cited is perhaps Davidoff (1965).
2. See Hall (1988) for an account of this progressive legacy in planning, conceived as a 20th-century response to the 19th industrial city.
3. For a candid statement of this position in the popular press, see a recent assessment by *The Economist* (1997) on the role of the state in a globalizing era. In planning, the neoliberal position has perhaps been most unreservedly articulated by Peter Gordon and Harry Richardson (e.g. 1999), and most eloquently critiqued by Kanishka Goonewardena (1999).
4. For useful analyses of normative indifference within neoliberal economics, see David Harvey (1993, pp. 41–66) and Susan Buck-Morss (1995, pp. 434–467). Although not the focus of this paper, I would also argue, along with Terry Eagleton (1996), that postmodern social theory, for all its instructive insights into the intricacies of power and knowledge, has emphasized polyvocality, difference and otherness to the point of erasing, as did Hayek's liberalism, the very possibility of a set of coherent normative principles or an ethical code that might unify a collective planning practice or politics (cf. Healey, 1992; Allmendinger, 1998; Sandercock, 1998). On the dilemmas (and contributions) of postmodernism for planning, see Beauregard (1989).
5. On the relevance of Polanyi and Hayek for interpreting the contemporary global political-economic conjuncture (and employment policy in the European Union in particular) see Lovering (1998).
6. For recent initiatives in this regard, see Beauregard (1995) and Fainstein (1999).
7. See Christopherson (1993) for a useful analysis of financial exclusion rooted in the relationship between financial regulation and investment outcomes in different national contexts. On financial exclusion in general, see also Grable (1995) and Frieden (1991).
8. Research for this paper was conducted under the auspices of a Fulbright-Hays Research Grant over a 13-month period in 1993–94. The author engaged ethnographic techniques of open-ended, unstructured interviews, focus groups, and participant observation on the general topic of the cultural politics of markets. Informants were sampled selectively to ensure a diverse range of responses by caste, gender, class, age and neighbourhood. Observations and interview

content were recorded in field notebooks to be later catalogued by key words and concepts. Forty lengthy unstructured interviews were recorded on audio cassette, transcribed and translated for in depth narrative analysis. These observations were supplemented by two 150-household surveys dealing with labour and investment practices and, for historical perspective, archival research on the economic history of Sankhu. To research financial policy, I conducted 27 in-depth, structured interviews with planners in the central bank, managers of financial institutions and representatives of donor agencies, focusing on the relationship between economic liberalization and preferential credit schemes. See also Rankin (1996, 1999 and forthcoming).

9. For a thorough account of the history and provisions of priority sector policies, as well as of the new directions currently proposed for these regulations, see HMG (1994).
10. At the February 1997 Microcredit Summit, the first privately organized development summit, sponsors such as Citicorp, Chase Manhattan, and American Express pledged to raise US$21.6 billion in grants and loans to support microcredit programmes intended to reach 100 million people around the world.
11. In 1993, for instance, the Central Bank sponsored a television serial, *Laksmi*, in which the virtues of microcredit programmes are revealed through an engaging story about a destitute, blind girl who achieves independence from her foolish father and deceitful husband through a 'microloan' providing seed capital for a sewing enterprise.
12. In this paper I use the term 'ideology' in the sense articulated by Raymond Williams as "a relatively formal and articulated system of meaning, values, and beliefs, of a kind that can be abstracted as a 'world view' or 'class outlook"' of a particular social group (1977). The dominant ideology is of course that of the dominant social group. I thus use 'gender ideologies' to evoke prevailing ideas about gender that advantage men over women.
13. Household members cannot appropriate dowry items unless they are purchased from the woman who owns them, and in the case of divorce all dowry items must be returned to the woman, according to a list prepared during that original wedding feast (see also Rankin, 1996). For a similar discussion with respect to a large Tibeto-Burman ethnic group in Nepal, see March (forthcoming).
14. On dowry as a model for development and credit programmes specifically, see Mathema (1992). Women actually enjoy more freedom with respect to the use their dowries than men do with their (far more sizeable) inheritances, because of the legally and socially sanctioned claims on landed property by other male heirs. A man cannot, for instance, sell family property without the written consent of its male heirs, be they sons or brothers.
15. In one such instance, a woman had recently died of physical complications related to malnutrition. Once she had become unable to cultivate her own land, she no longer had any source of income or means to meet her basic subsistence requirements. Yet she also had no grounds to make demands on her brothers, whose only obligations, in both legal and social terms, were to family members residing in their own households. She thus died alone—in a physical isolation that ultimately reflected the loss of social citizenship she had long endured as an independent woman.
16. See, for example, Rhyne & Otero, 1992. In this regard, microcredit programmes, along with other such local strategies for community economic development, may be interpreted on the contrary as 'global strategies' that reflect the priorities of finance capital in the present global context (Peck & Tickell, 1994).

References

Acharya M. & Bennett, L. (1981) *The Status of Women in Nepal* (Kathmandu: CEDA, Tribhuvan University).

Agarwal, B. (1994) *A Field of One's Own: Gender and Land Rights in South Asia* (Cambridge: Cambridge University Press).

Allmendinger, P. (1998) Planning practice and the post-modern debate, *International Planning Studies*, 3(2), pp. 227–248.

Beauregard, R.A. (1995) Edge critics, *Journal of Planning Education and Research*, 14(3), pp. 109–112.

Beauregard, R.A. (1989) Between modernity and postmodernity: the ambiguous position of US planning, *Environment and Planning D: Society and Space*, 7, pp. 381–395.

Benería, L. & Mendoza, B. (1993) Structural adjustment and Social Emergency Funds: the cases of Honduras, Mexico and Nicaragua, in: J. Vivian (Ed.) *Adjustment and Social Sector Restructuring* (Essex: Frank Cass Publishers).

Buck-Morss, S. (1995) Envisioning capital: political economy on display, *Critical Inquiry*, 21, pp. 434–467.

Christopherson, S. (1993) Market rules and territorial outcomes: the case of the United States, *International Journal of Urban and Regional Research*, 17(2), pp. 274–288.

Collier, J. & Rosaldo, M. (1981) Politics and gender in simple societies, in: S. Ortner & H. Whitehead (Eds) *Sexual Meanings: The Cultural Construction of Gender and Sexuality* (Cambridge: Cambridge University Press).

Davidoff, P. (1965) Advocacy and pluralism in planning, *Journal of the American Institute of Planners*, 31(4), pp. 331–338.

Davis, M. (1990) *City of Quartz* (London: Verso).

Eagleton, T. (1996) *The Illusions of Postmodernism* (Oxford: Blackwell).

Economist, The (1997) 20 September, pp. 5–48.

Fainstein, S. (1999) Can we make the cities we want? in: R. Beauregard & S. Body-Gendrot (Eds) *The Urban Moment* (Thousand Oaks, CA: Sage Publications).

Fainstein, N. & Fainstein, S. (Eds) (1986) *Restructuring the City* (New York: Longman).

Fernando, J. (1997) Nongovernmental organizations, micro-credit, and empowerment of women, *The Annals of the American Academy of Political and Social Science*, 554, pp. 150–177.

Fraser, N. (1995) From redistribution to recognition? Dilemmas of justice in a post-socialist age, *New Left Review* 2(2), pp. 68–93.

Fraser, N. (1989) *Unruly Practices: Power, Discourse and Gender in Contemporary Social Theory* (Minneapolis: University of Minnesota Press).

Frieden, J. (1991) Invested interests: the politics of national economic policies in a world of global finance, *International Organization* 45, pp. 425–451.

Friedmann, J. (1987) *Planning in the Public Domain: From Knowledge to Action* (Princeton: Princeton University Press).

Friedmann, J. (1989) *Unruly Practices: Power, Discourse and Gender in Contemporary Social Theory* (Minneapolis: University of Minnesota).

Goetz, A.M. & Gupta, R.S. (1996) Who takes credit? Gender, power, and control over loan use in rural credit programs in Bangladesh, *World Development* 24(15), pp. 45–63.

Goonewardena, K. (1999) The future of planning at the 'End of history', paper presented for the Annual Conference of the Association of American Collegiate Schools of Planning, pp. 21–24 October, Chicago.

Gordon, P. & Richardson, H. (1999) Hayek and cities: guidelines for regional scientists, mimeo, School of Policy, Planning and Development, University of Southern California, Los Angeles 90089–0626.

Grable, I. (1995) Speculation-led economic development: a post-Keynesian interpretation of financial liberalization programs in the Third World, *International Review of Applied Economics*, 9, pp. 127–149.

HMG (1994) *Nepal Rural Credit Review* (Kathmandu: Nepal Rastra Bank).

Hall, P. (1988) *Cities of Tomorrow* (Oxford: Blackwell).

Harvey, D. (1993) Class relations, social justice and the politics of difference, in: M. Keith & S. Pile (Eds) *Place and the Politics of Identity* (New York: Routledge).

Hayek, F. (1944) *The Road to Serfdom* (London: George Routledge and Sons).

Healey, P. (1992) Planning through debate: the communicative turn in planning theory, *Town Planning Review* 63(2), pp. 367–384.

Kabeer, N. (1994) *Reversed Realities: Gender Hierarchies in Development Thought* (New York: Verso).

Lovering, J. (1998) Globalization, unemployment and 'social exclusion' in Europe: three perspectives on the current policy debate, *International Planning Studies*, 3(1), pp. 35–56.

March, K. (forthcoming) *Words and Worlds of Tamang Women* (Ithaca: Cornell University Press).

Mathema, M. (1992) Improving rural women's lives: a case study in Nepal, PhD dissertation, Stanford University.

Moore, H. (1988) *Feminism and Anthropology* (Minneapolis: University of Minnesota Press).

Narayan, U. (1989) The project of feminist epistemology: Perspectives from a nonwestern feminist, in: A. Jaggar & S. Bordo (Eds) *Gender/Body/Knowledge* (New Brunswick: Rutgers University Press).

Ortner, S. (1974) Is female to male as nature is to culture? in: M.Z. Rosaldo & L. Lamphere (Eds) *Woman, Culture and Society* (Stanford: Stanford University Press).

Peck, J. & Tickell, A. (1994) Searching for a new institutional fix: the *after*-Fordist crisis and the global-local disorder, in: A. Amin (Ed.) *Post-Fordism: A Reader* (Oxford: Blackwell).

Polanyi, K. (1944) *The Great Transformation* (Boston: Beacon Press).

Rankin, K. (1996) Planning for equity: ethical principles from Newar representations of finance, *Studies in Nepali History and Society* 1(2), pp. 395–421.
Rankin, K. (1999) The cultural politics of markets: economic liberalization and the challenge for social planning in Nepal, PhD dissertation, Cornell University.
Rankin, K. (Forthcoming) Governing Development: Neoliberalism, Microcredit and Rational Economic Woman, *Economy & Society* (Forthcoming).
Rhyne, E. & Otero, M. (1992) Financial services for microenterprises: principles and institutions, *World Development* 20(6), pp. 1561–1571.
Sandercock, L. (1998) *Towards Cosmopolis: Planning for Multicultural Cities* (Toronto: John Wiley & Sons).
Strathern, M. (1980) No nature, no culture: the Hagan case, in: C. MacCormack & M. Strathern (Eds) *Nature, Culture and Gender* (New York: Cambridge University Press).
Williams, R. (1977) *Marxism and Literature* (Oxford: Oxford University Press).
Young, K. (1993) *Planning Development with Women* (New York: St. Martin's Press).