

## MODERN NEPALI HISTORY AND THE RISE OF THE MIDDLE CLASS

Nepal is a relatively small country (roughly the size of Florida) covering much of the high-Himalayan region between Asia's two current (and historic) "superpowers," India and China. Acting as a geographic, cultural, and political buffer zone, Nepal has been continuously influenced by these civilizations, though it was never colonized by powers from either the north or south. Nepal's topography made it difficult to penetrate militarily and relatively easy to defend. Even the British colonizers of India chose to leave Nepal an independent state (at times nominally), the only such region in the entire subcontinent by the end of the nineteenth century.

The same topography that Nepali rulers have used to their military advantage for centuries also constitutes one of Nepal's most formidable development obstacles. With roughly one-third of the country at elevations over 4,500 meters (c. 16,000 feet), and another third known as the "hilly region" (full-fledged mountains by North American and European standards!), officials estimate that arable (farmable) land in Nepal amounts to only about 16 percent of Nepal's total area of 147,181 square kilometers.<sup>1</sup> Although Nepal's mountain scenery attracts hundreds of thousands of tourists each year, for most Nepalis—whose experience of space and distance is primarily in the vertical rather than horizontal plane—mountains are often a significant deterrent to meeting daily needs. Even the most basic development projects, such as road building, become monumental and costly undertakings. Nepal is indeed a "poor, landlocked, and under-developed nation," to paraphrase the standard preface to many official descriptions of the country. Even Bangladesh, the poster child of Asian poverty, has higher average-income rates, higher rates of literacy, higher GDP, lower birth rates, and higher life expectancy than Nepal (CBS 1996:303–4).

<sup>1</sup> This is based on the figures given for "total agricultural land" in a recent Government of Nepal statistical handbook (Central Bureau of Statistics [CBS] 1996:57). According to this source, in 1991–92 Nepal had 23,929 square kilometers of "total agricultural land."

This chapter provides a brief historical sketch which situates developments in the Kathmandu valley within the history of the modern Nepali state and its ties to regional and global historical processes. It also outlines the emergence of a proto-middle class in the city during the nineteenth and early twentieth centuries and highlights some of the key economic and social transformations of the last several decades that shed light on emerging patterns of middle-class culture. Kathmandu's position as capital of a modern nation-state—Nepal's gateway (and gatekeeper) to a world of economic and cultural flows—has brought it a degree of economic prosperity, even if these benefits rarely extend beyond the valley rim.

Returning to Kathmandu in the late 1980s after five years spent abroad, one Nepali academic exclaimed, "From what people buy, I just can't believe how much money is floating around! I mean suddenly there is *a lot* of money." Given that in 1993 Nepal's average annual per capita income was only 190 U.S. dollars (CBS 1996:303), it is difficult to understand how the local economy in the Kathmandu valley could have produced the emerging middle-class consumer culture that I describe in this book. How do we account for a growing middle class in the capital of a "least developed country," where over 90 percent of the population is rural and, by most standards, extremely poor? Where did this middle class come from, and how does it relate to earlier logics and configurations of social stratification? Where does the cash that fuels Kathmandu's middle-class economy come from?

### KATHMANDU IN MODERN NEPALI HISTORY

Kathmandu is located in a large bowl-shaped valley in Nepal's middle hills at a temperate elevation of around 1,350 meters (c. 4,000 feet). The valley's soil—sediment of a long-gone lake—is some of the most fertile in Asia, making the valley one of the most heavily populated areas in the Himalayan zone. Ties to wider regional, and even global, spheres of influence are by no means merely recent phenomena. Indeed, the founding of modern Nepal in the eighteenth century, with Kathmandu as the nation's capital, has to be seen in the light of political and economic processes under way across Eurasia and around the early modern world (Suhbrahmanyam 1997). For centuries the city was an important stop on lucrative trans-Himalayan trade routes, and an object of desire for would-be rulers. In the 1760s one such ruler, Prithvi Narayan Shah (1723–75), king of Gorkha, a small hill district west of Kathmandu, began a series

Of this agricultural land only 294 square kilometers (or 0.2 percent of Nepal's land) were recorded as "land under permanent crops."

of conquests that eventually brought the Kathmandu valley, and most of the territory of modern Nepal, under his rule (Stiller 1973).

Prithvi Narayan's campaigns across the Himalayas paralleled the steady expansion of British East India Company rule across north India. In the early nineteenth century, the Nepali general Bhim Sen Thapa (ruled 1806–37), alarmed at systematic British expansionism to the south, continued Prithvi Narayan's conquests, extending the country's domains to include a twelve-hundred-kilometer swath of Himalayan territory from Sikkim in the east to Kangra in the west. In 1814 the British, recognizing Bhim Sen as "the only statesman on the subcontinent who truly understood the Company's intentions and methods" (Stiller 1993:50–51), seized territories along Nepal's southern border, provoking Bhim Sen into war. In spite of several important early Nepali victories (which later inspired the British to recruit Nepali "Gurkhas" into the Indian and British armies [Des Chene 1991]), in the end superior numbers and artillery allowed the British to dictate the terms of a cease-fire. In signing the Treaty of Sagauli, which officially ended the Anglo-Nepal war in 1816, Nepal gave up about one-third of its territory (reducing the country to roughly its present size) and agreed to the presence of a British "Resident," or official representative, in Kathmandu.

Kathmandu had long been a major regional political and economic center when Prithvi Narayan Shah took the city in 1768 and made it his capital. Under the Malla kings (roughly fifteenth to eighteenth century), the valley's three independent city states (Kathmandu, Bhaktapur, and Patan) became sophisticated urban areas with highly developed trades and crafts, economic ties with India and Tibet, and extremely complex religious and political cultures (Slusser 1982). For the valley, Prithvi Narayan's conquest marked not just a shift in political rule but also a shift in regional political orientation. In the context of an ever-growing British colonial empire, foreign regions that had once been the source of more or less benign curiosities and various strands of religious/spiritual authority became, by the late eighteenth century, politically significant in unprecedented ways. As the political economy of the subcontinent changed and a new dominant power emerged, Nepal found itself on the periphery of a world colonial power.

Elsewhere I have described Nepal's engagement with the British in terms of "selective exclusion" (Liechty 1997):<sup>2</sup> a process whereby Nepali elites in Kathmandu sought to at once harness the power (political and symbolic) of the region's new paramount rulers, while attempting to keep those powers out of the hands (and minds) of their political subordinates.

<sup>2</sup> My discussion here of Nepali-British political and cultural relations in the nineteenth and early twentieth centuries draws on this earlier study.

By the mid-nineteenth century, an implicit British patronage had become a political necessity for anyone who would rule a stable government in Kathmandu, surrounded as they were by an always deeply factionalized court nobility. In Kathmandu ruling elites sought to use British power while making every effort to keep this foreign power foreign. Selective exclusion began as a *foreign* policy, aimed at manipulating the region's dominant power. Yet by the early twentieth century it was becoming an increasingly desperate *domestic* policy, as Nepal's rulers resorted to more and more repressive measures to isolate Nepali citizens from the waves of political and cultural change then sweeping the subcontinent, and threatening to wash over the valley rim.

Although the British Resident posted in Kathmandu at the end of the Anglo-Nepali war in 1816 was not the first non-South Asian foreigner to visit the valley,<sup>3</sup> his presence was a graphic and, for many, humiliating reminder of Nepal's place in an emerging world order. Prithvi Narayan Shah had sought to purge all foreign, and especially British, influence from his realm, seeing Europeans as barbarians steeped in the ultimate depravity of beef eating. But Prithvi Narayan's antforeign "quasi-ascetic discipline" (Burghart 1984:115) and (speaking anachronistically) almost Gandhian policy that Nepalis use locally produced fabrics and other goods (Stiller 1968) did not last long after his death in 1775. Already by 1793 Nepali leaders were purchasing significant quantities of English woolen "broadcloth" for use in military uniforms (Kirkpatrick 1969 [1811]:212–13).<sup>4</sup>

The thirty-year period (1806–37) during which Bhim Sen Thapa held control of the Nepali government witnessed a significant jump in the quantity of European products consumed in Kathmandu, a rise which traced the nobility's developing taste for foreign goods and styles.<sup>5</sup> Bhim Sen was the first Nepali leader to adopt "purely western dress" (Chaudhuri

<sup>3</sup> A few non-South Asian merchants, monks, pilgrims, and explorers had traveled through Kathmandu by the early seventeenth century, when the first Europeans arrived. The first more or less permanent European presence in the valley began in the early 1670s with the arrival of an Italian Capuchin mission. Capuchin presence continued, on and off, until the late 1760s when Father Giuseppe recorded his impressions of Prithvi Narayan Shah's bloody takeover of the valley (Giuseppe 1790), before being expelled, along with other foreigners, by the new king of Nepal. For further details and bibliography, see Liechty 1997.

<sup>4</sup> Imports of British broadcloth for Nepali troops continued throughout the nineteenth century, though eventually the army began purchasing uniforms ready-made from a British tailoring firm in Calcutta (Upadhyaya 1992:140).

<sup>5</sup> This rise is also tied to the flooding of Indian (and by extension, Nepali) markets with European goods following the end of the Napoleonic Wars. After the establishment of the British residency in 1816, the number of Indian merchants in Kathmandu dealing in European goods increased by a third, and local merchants estimated that between 1816 and 1831 trade volume tripled (Hodgson 1972 [1874]ii:92).

1960:214). In portraits he is shown in a European military uniform approximating that of a British general, complete with decorations. In one large equestrian painting, Bhim Sen has even granted himself the insignia of the British Order of the Garter! (See photo in Landon 1928i:83.) Bhim Sen outfitted his army with European-style uniforms and, immediately upon assuming power, adopted the rank designations of the British military (Stiller 1976:92). In 1831 one of the early British Residents in Kathmandu noted that "Within the last fifteen years the gentry of Nepal have become universally horsemen. The court makes large and regular purchases" of horses (Hodgson 1972 [1874]ii:111). Clearly Bhim Sen and the Nepali nobility were embarking on a new style of consumption based more and more on European standards and expectations. It was a transformation that paralleled the emergence of Britain as the region's paramount power.

By the 1830s British Resident Brian H. Hodgson could boast that "The whole of the middle and upper classes are clad in foreign [British-made] cottons" and that English cotton "chintzes" are "much worn in Nepal by the middle and lower orders (1972 [1874]ii:106–7). Only "the poor" still produced most of their own coarse cotton goods, though even among them English-made imitation South Asian textiles were making inroads. What is significant about these new patterns of consumption is the way that foreign goods of various types had begun to mark class divisions, signaling one's position in the social hierarchy. From velvets to chintzes to imitation scarves to homespun, various types of European fabric (or their absence) had become important elements in the language of status and social rank in Kathmandu.

In addition to fabrics, Bhim Sen Thapa and other elites also imported a host of other European goods. From sport rifles, glassware, and crockery to mirrors, plate glass, and lighting devices, Nepali elites were not simply consuming foreign goods but beginning to make significant concessions to foreign cultural practices. Although it is difficult to know precisely how some of these European goods were used, descriptions of Bhim Sen's palace near Kathmandu offer hints. Built on the southern outskirts of the old city, Bhim Sen's grand palace was a combination of north Indian Mughal (domes, minarets) and European architectural styles (P. R. Sharma 1975:121). One contemporary description of Bhim Sen's palace—by the nineteenth-century Nepali poet Yadunath Pokhryal (1966 [c. 1845])—provides some idea of the awe that this structure evoked in its day. Pokhryal's poem describes with special wonder Bhim Sen's "great glass palace" (*bhari sismahāl*), with its many tall green-glass windows, and the mirror-covered walls before which beautiful women stood to admire themselves. Here "Many are the paintings/portraits [*tasbir*] of great value. . . . Many are the lanterns and candles. There the night becomes bright like day" (1966:89–91, my translation). Significantly some of the

aspects of Bhim Sen's palace most noteworthy (for the poet) resulted from the use of European imports. The European-style portraits and, more important, the mirrors, lighting fixtures, and especially the large amounts of glass seem to have made the structure extremely impressive and distinctive.

What began as experiments with foreign goods and styles (mainly by the Kathmandu elite) in the first half of the nineteenth century became almost an obsession during the era of Rana autocracy. In 1846 a young officer named Jung Bahadur Rana orchestrated a bold and bloody political takeover in Kathmandu (Stiller 1981). Having massacred dozens of political rivals and reduced the Shah king to the position of figurehead, Jung Bahadur and his heirs ruled Nepal as hereditary Rana "prime ministers" for the next one hundred years. In 1850 Jung Bahadur Rana became the first of the South Asian nobility to make the perilous (in terms of ritual pollution) but politically expedient 'pilgrimage' to London (Whelpton 1983). Having paid homage directly to the British throne (thereby bypassing the colonial government in India), Jung Bahadur returned to Nepal eager to pursue a policy that balanced general subservience to British power with a strict insistence that the British deal with Nepal as an officially independent state.

A century of Rana rulers attempted to tread this fine line between anglophilic sycophancy and claims to independence. During the great Indian "Sepoy Rebellion" of 1857 Jung Bahadur sent Nepali troops to aid beleaguered British forces, a decision echoed by two later Rana prime ministers during the world wars of the twentieth century. From Jung Bahadur onward, Rana elites built ever more enormous and lavish European-style palaces in Kathmandu, including the stupendous Singha Durbar, completed in 1903, and said to be the largest structure in all of South and Southeast Asia in its day (P. R. Sharma 1975:120). By the late 1920s the Ranas had constructed an aerial ropeway into the valley, capable of delivering eight tons of freight per hour, "without in any way opening up for passenger traffic the new avenue into the capital" (Landon 1928ii:208). Taking advantage of the increasing scale of mass production in Europe, the Ranas established a "foreign goods department" in Kathmandu and a "buying agency" in Calcutta that mail-ordered goods from European department stores and supply houses for the "domestic requirements" of the elite class (Upadhyaya 1992:128, 253). Porters continued to carry huge items, like massive luxury vehicles<sup>6</sup> and multiton equestrian

<sup>6</sup> One published photo (Proksch 1995:123) shows Kathmandu's "authorized Ford dealer" in Lazimpat in the mid-1930s. Pictured are three new 1935 Ford automobiles, among others. Yet these Fords appear plebeian compared with the huge Packards, Rolls Royces, and other luxury vehicles pictured in the same volume, each "carried over the mountain trails on bamboo cross-poles by teams of 64 porters" (Proksch 1995:122-23).

statues, over the treacherous trails that the Ranas "maintained" in a state of disrepair as a matter of national defense. But the ropeway allowed the Ranas to import countless tons of European luxury goods—from pressed-tin ceiling panels, bath tubs, and decorative statuary to European fashions, fine silver, and liquor. According to one European visitor to Kathmandu in the 1920s, in the stately homes of the prime minister and most of his close relatives, "the comforts and standards of life have . . . been closely approximated to those of Europe" (Landon 1928ii:123).

By the 1920s Nepali commoners too had begun to acquire a taste for imported consumer goods. Already by the mid nineteenth century, shops in Kathmandu sold a variety of basic imported European consumer goods,<sup>7</sup> but demand for foreign wares rose even higher after the First World War, when Nepali servicemen returned with both cash and a desire for some share of the goods that they associated with modernity. Teaming up with Japanese manufacturers in search of new markets for simple consumer goods, the Rana prime minister was able to cash in on this new popular consumer desire. "Nepalese merchants bought, and Japanese manufacturers shipped, practically everything the newly returned servicemen thought represented modern life: shoes, tennis shoes, cotton cloth, umbrellas, and trinkets. . . . Cheap imports from Japan flooded the small market of Nepal," devastating Nepali cottage industries, effectively draining off much of the cash that the servicemen had brought back to Nepal, and enriching the Rana state treasury (Stiller 1993:159-60).

In spite of the consumer "crumbs" that the elites allowed to drop from their loaded banquet tables, during the Rana era the gap between rulers and ruled became a chasm. Having transformed the state treasury into the personal expense account of the prime minister (Stiller 1993:164), Rana elites spent staggering amounts of money and manpower on imported luxury goods and monumental architecture. They further guaranteed their privilege through a variety of sumptuary laws.<sup>8</sup> Foreigners who made it into the valley during the late Rana era repeatedly echo Morris's observation that "The court and the people are two entirely different entities" (1963:26).

Yet between the starkly delineated elites and commoners was, at least from the 1920s onward, a kind of Nepali proto-middle class: non-Rana social groups who (both in Kathmandu and in exile in India) began to

<sup>7</sup> In the early 1850s, the English traveler Francis Egerton noted a variety of British goods for sale in Kathmandu shops, including items "such as needles, tea-pots, empty bottles, powder and shot, &c., &c." (1852i:217).

<sup>8</sup> In the Kathmandu valley commoners were forbidden to ride on horses or elephants (Bishop 1952). Later on, no one but the Rana elites were permitted to ride in motorized vehicles or wear European dress (Leuchtag 1958:63). Only with special permission could one build a stucco house or erect a tile roof (Isaacson 1990:68).

acquire growing economic power and cultural authority. The history of this pre-1950 middle class—and how it sought to reshape the Nepali nation and Nepali modernity in its own image—has only begun to be written. For example, Pratyoush Onta (1994: part 6) offers intriguing insights into how non-Rana civil servants and palace functionaries in Kathmandu ventured into the new domain of consumer modernity during the 1930s and 1940s, using “democratic” technologies such as photography to construct and claim a space of “middle-ness” between the Ranas and the masses. In another article, Onta shows how groups of educated, activist, expatriate Nepalis in India during roughly the same period linked projects of self-consciousness and self-improvement with parallel projects of promoting the Nepali language and patriotic nationalism (1996:39–40). Clearly these projects (of creating a national identity at once Nepali and modern) have much to do with a small but growing middle class’s experiments with ideologies and practices of empowerment. The very fact that many of these experiments in Nepali middle-class culture by necessity took place *outside* of Nepal points to the extraordinary efforts the Rana state made to control the political lives of its subjects.

As the anti-British Indian nationalist movement gathered momentum, more and more Nepali activists living in India began to work toward their own country’s independence. The Rana regime responded with ever-growing repression; from the 1930s onward, visitors to the Kathmandu valley describe what is almost an armed camp. The streets bristled with soldiers and for decades a strict nighttime curfew was imposed on every citizen. Cannon volleys marked the beginning and end of the curfew, as well as the passage of time through the day (Singh 1990:24–25). The Ranas forbade large public gatherings and were even uneasy about group worship in temples (Leuchtag 1958:63). But try as they might, the Ranas could not seal their country from the influence of the Indian nationalist movement. The political economy of the subcontinent was shifting once again. The Rana dynasty had risen with the aid of the newly dominant British power in the mid-nineteenth century, and fell when the British finally pulled out of India.

## THE NEW MIDDLE CLASS

In 1950 a popular revolution, led by India-based Nepali nationalists, finally ended Rana rule in Nepal. In February 1951 King Tribhuvan (descendant of Prithvi Narayan Shah) was reinstated and a new democratic government installed. At his death in 1955, Tribhuvan was succeeded by King Mahendra, who, after a decade of what he viewed as fruitless parliamentary squabbling between political parties, in 1960 dismissed the

elected government and established a system of partyless “Panchayat Democracy,” claiming it would “strengthen the voice of the people” (Stiller 1993:202). For three decades the royal family and its entourage ruled in collaboration with an unpopular rubber-stamp parliament. Then, in 1990, Nepalis took to the city streets and mountain trails to demand an end to the king’s absolute power in favor of constitutional monarchy and the institution of a popularly elected, multiparty parliament. The *jana andolan*, or Nepali “people’s movement,” of 1990 ushered in a new era of political participation, though the optimism that democracy would bring long-awaited progress and freedom soured in the 1990s, as successive elected governments proved themselves to be as ineffectual and corrupt as those of the Panchayat era.

The political promises of democracy have been elusive for Nepalis in the last half-century, yet other kinds of “freedoms” have made more tangible inroads, especially in Kathmandu. After 1951 the Nepali state instituted an “open door” policy that meant relatively unregulated commodity imports, the establishment of interstate relations, and the arrival of foreign diplomatic missions in Kathmandu. These in turn set in motion many of the economic and social transformations described in this book: the rapidly growing local economy, the influx of foreign goods and foreigners (tourists), and the shifting registers of social value and prestige. These new processes of modernity are particularly important in the lives of Kathmandu’s growing middle class.

Since 1951 the very economic, political, and cultural forces that have drawn Kathmandu into late twentieth-century modernity have also steadily opened up a social space for a middle class between commoners and the elite. Although for centuries Kathmandu has been an important commercial, ceremonial, and political center, agriculture and small-scale craft production were by far the dominant occupational categories in urban Kathmandu until well into the twentieth century. Yet in the decades since 1951, with the growth of government centralization, education, trade, and, more recently, tourism, the most notable development in local labor markets has been the growth and diversification of tertiary activities (service, sales, clerical, professional, technical, administrative, and related occupations). Demographic studies show that the tertiarization of Kathmandu’s occupational structure continued through the 1980s, with as much as two-thirds of the local labor force engaged in tertiary activities (Shrestha et al. 1986:89–95, P. Sharma 1989:9–93). This dramatic shift in occupational structures is a key factor in the emergence of a new middle class in Kathmandu since 1951.

Paralleling this rapid increase in wage labor has been enormous growth in the scale of the valley’s economy. Kathmandu has become a

relatively cash-rich region in an otherwise cash-poor country.<sup>9</sup> One recent study noted that Nepal's per capita income "is among the lowest in the world," and its economy seems to be "going nowhere." "Yet, when a [Kathmandu] commercial bank recently made an initial public offering of shares worth NPR [Nepali rupees] 175 million . . . it was oversubscribed within a week to the tune of NPR 1.4 billion. Nepal, the poorest country in the world, seems to be awash in cash" (Dahal 2000:7).

Where is all this money coming from? The sources have shifted over the past decades, but historically one of the most important channels has been the international aid pipeline. Finding themselves in the middle of several "cold wars" (China/India, United States/USSR), Nepali officials in the 1950s were quick to grasp the financial implications of competing definitions of "progress," and the accompanying offers of "aid." Indeed, the rapid transformation of Nepal's government apparatus—from an instrument of feudal rule to a modern bureaucracy—was often the result of the new need to channel and process various types of foreign aid (Fujikura 1996). Ministries of education, agriculture, urban planning, communications, and so on each developed as variously targeted foreign development monies poured into the national budget.

Because Nepal was one of the few Third World countries in the "post-colonial era" that did not have a colonial past, it became one of the favorite sites for Western experiments with wave after wave of "development" ideologies and programs. Between 1951 and 1997 Nepal received an estimated 3.7 billion USD (U.S. dollars) in grants and loans from foreign countries<sup>10</sup> and international banks (Joshi 1997). By the early 1990s Nepal was servicing a debt of just under 1 billion USD (A. Tiwari 1992). Even though usually intended for rural development, all of this aid money is routed through Kathmandu. By the time the money filters through the maze of centralized bureaucratic bodies and their affiliated nongovernmental organizations (NGOs), often very little remains for projects at the "grass roots."<sup>11</sup> According to one recent reckoning, around 70 percent of Nepal's total annual budget goes simply to running the national government, head quartered in Kathmandu.<sup>12</sup>

<sup>9</sup> Indeed, the contrasts between Kathmandu and Nepal's rural hinterlands are often stark. A recent United Nations Development Project (UNDP) report listed the average life expectancy for a child born in Kathmandu as sixty-seven years, whereas life expectancy for a child in Mugu, a remote mountain district, was only thirty-six years (reported in *News From Nepal* 6(3) [May-June 2000]:5-6).

<sup>10</sup> According to U.S. government records, the United States has given Nepal more than 300 million dollars in aid since 1951 (*The Independent* [Kathmandu], 13 July 1994, 5.).

<sup>11</sup> Judith Justice's study (1986) of foreign aid and health development projects in Nepal is an excellent account of this process. See also Blaikie, Cameron, and Seddon 1980.

<sup>12</sup> *The Independent* (Kathmandu), 27 November 1996, 5.

The years between 1975 and 1980 mark an important turning point in the development of Kathmandu's foreign-aid economy. Foreign aid increased steeply after the mid-1970s, when it jumped from an annual growth rate of 16.2 percent (1960 to 1975) to 21.6 percent (1975 to 1990). Significantly, this increase in aid corresponded with a shift away from a preponderance of *bilateral* aid packages to mostly *multilateral* aid. In 1975 bilateral aid (from countries like India, China, the United States, Germany, and Japan) accounted for 65 percent of Nepal's aid budget. By 1991 bilateral aid made up only 39 percent of the aid budget, with over 60% coming from multilateral agencies (World Bank, IMF, Asian Development Bank, etc.). Bilateral aid typically comes in relatively small packages and is directed at a variety of specific and usually rural social-development projects, in such areas as education, public health, or agriculture. Yet the multilateral aid that has dominated the development scene since the late 1970s is more often in the form of massive capital-intensive and centralized projects: hydroelectric, transportation, communications, and the like. Until the late 1960s social-development projects received the largest portion of yearly aid, but through most of the 1980s funding for the social sector remained below 17 percent (A. Tiwari 1992).

With massive amounts of multilateral foreign aid flowing in, one of Kathmandu's growth industries since the early 1980s has been the development of layer upon layer of international and local nongovernmental organizations (INGOs and NGOs). Employing hundreds of expatriate and thousands of Nepali middle-class professionals, these NGOs systematically drain off aid dollars in a complex system of legitimate needs and procedures (feasibility studies, impact assessments, equipment contracts, travel expenses, support personnel, vehicles) and illegal practices (kick-backs, billing scams, etc.).<sup>13</sup> For example, since 1975 (the United Nations' "International Year of the Woman") more than fifty NGOs devoted to "women in development" (WID-NGOs) have sprung up in Kathmandu alone, most of which depend financially on contracts and grants from multilateral agencies and INGOs (M. Aryal 1992). By the late 1980s, Nepal was receiving 5.7 billion NPR (c. 115 million USD) per year in foreign aid (loans and grants) (CBS 1991:461). Even if we disregard the illegal, quasi-legal, or simply wasteful activities attributed to Kathmandu's "development complex," it is clear that legal disbursements alone are enough to channel large amounts of foreign "aid" directly into Kathmandu's local economy.

<sup>13</sup> Blaikie et al. argue that the "spectacular growth" of governmental and nongovernmental bureaucracies since 1951 has "served to minimize internal political unrest by absorbing the better educated, and lent credibility to requests for foreign aid by appearing to offer an apparatus for implementation" (1980:3-4).

In addition to development money, in the last two or three decades another of Kathmandu's major sources of cash has been tourism and its offshoot, the handmade carpet industry. From the pseudo-sadhus and faux-fakirs who pose for tourist photos in Kathmandu's Durbar Square to street touts, restaurant boys, casino workers, travel agents, and hotel owners, tens of thousands of people in Kathmandu benefit either directly or indirectly from the city's place at the gateway of Nepal's large tourist industry.<sup>14</sup> By the early 1990s Nepal was earning 70 million USD per year from tourism, and more than fifteen thousand people were employed directly in the tourist trade (in addition to much larger numbers employed in various related service and supply businesses), and the vast majority of the business was focused on the Kathmandu valley (B.L. Shrestha 1992).

Handmade Tibetan/Nepali carpets, originally developed in the 1960s by Tibetan refugees as a handicraft for the tourist souvenir market (Gombo 1985, Forbes 1989), by the 1980s began to find their own international markets (mostly in Western Europe) and by the early 1990s had surpassed tourism as Nepal's number one foreign currency earner. Three times a week giant Lufthansa cargo planes lumbered out of Kathmandu, each loaded with thirty tons of carpets. Between 1988 and 1993 yearly air freight exports from Kathmandu increased from 317,000 kilograms to 3.68 million kilograms, most of which were carpets (Chhetri 1994). By the early 1990s, Kathmandu's carpet industry was bringing in an average of more than 110 million USD per year (Ankerson 1992). Carpet sales in Europe dropped precipitously in the mid-1990s, amid unflattering reports of child labor abuse in the Nepali industry, yet by the end of 1996 orders were again on the rise, after Nepali manufacturers promised to reform their labor practices.<sup>15</sup>

Another major source of cash income in the Kathmandu valley is Nepal's massive remittance economy. Labor migration has been a necessity for many poor Nepali families for centuries (N. R. Shrestha 1990), but a globalized labor market now drives ever more Nepalis to ever more distant work sites. A British development agency study estimated that in 1997 there were around 400,000 Nepalis living abroad who contributed (as remittances) a combined sum of 35 billion NPR per year to the Nepali economy. Of these people, over half (c. 250,000) were working in India,

<sup>14</sup> After leveling off during the politically turbulent years of the early 1990s, tourist arrivals have continued to increase steadily at an annual rate of around 11 percent. In 1998 close to half a million tourists visited Kathmandu.

<sup>15</sup> For details on child labor-free carpets and the new "Rugmark" system, see *The Independent* (Kathmandu), 4 December 1996, 5 and 25 December 1996, 3. Because of instability in the carpet industry Kathmandu investors have turned in part to the export garment industry, though this sector too has seen fluctuating fortunes. See *The Independent* (Kathmandu), 18 September 1996, 2.

about 40,000 in the Persian Gulf states, about 44,000 in East and South-east Asia, and only about 15,000 in Europe and North America. Significantly about two-thirds of the total remittances came from East and Southeast Asia, with 14 billion NPR coming from Nepalis working in Hong Kong alone (*The Independent* [Kathmandu], 13 October 1999, 1). A more recent study reported a huge jump in Nepali labor migration to the Gulf (over 200,000 people), estimated the number of Nepalis working in India at around 1 million, and reckoned Nepal's total annual remittances to be a whopping 75 billion NPR per year, a sum just shy of the nation's annual budget for 1999/2000 (Dahal 2000).

Beyond its role of funneling cash into local consumer economies in Nepal, the remittance economy also has important cultural ramifications. Each of these Nepalis living abroad provides a window onto other cultural worlds for their family members and friends back home. Although labor migration figures say nothing conclusive about the relative strength of different foreign cultural influences, they do clearly illustrate how Nepal is positioned in worldwide political and cultural economies that are far more multicentered than standard (uncritically self-congratulatory) "westernization" models can accommodate.

International development aid, tourism, carpet manufacturing, and remittances by no means comprise the entire local economy, yet these four channels (and related activities) do go a long way in accounting for the surprisingly large amounts of cash "floating around" in Kathmandu, especially in recent decades. With several hundred million U.S. dollars funneled into Kathmandu each year, one begins to realize how certain people in certain places may be cash-rich even in a "least developed country" (LDC) whose annual GNP per capita was only 190 USD in 1993. For every person in Kathmandu with his or her hand in one of these cash boxes, many more experience the "trickle down" benefits—even if the trickle rarely reaches beyond the valley rim.

It is this kind of local monetary economy—where cash is relatively plentiful and opportunities for investment limited—that serves as a backdrop for the cultural economies and social formations described in this book. With every generation fewer people in Kathmandu are engaged in primary productive labor, and more depend on exchanging labor for cash, which becomes the basis for subsistence. Cash itself is certainly nothing new in Kathmandu, but the enormous rise in tertiary labor has great implications for changing labor relations and particularly the transformation of Kathmandu's class structure. While the city has long had an active merchant community, based in particular trading castes as well as in groups of resident foreigners (Zivetz 1992), it is only in the past few decades that a significant middle class, engaged in civil service, commerce, and education, has emerged from between the mass of agricultural and



craft laborers on the one hand and a tiny national elite on the other. It is this new urban middle class, increasingly submerged in a cash economy with local, regional, and global dimensions, that is the focus of this study.

Submersion in this cash economy by no means implies financial liberation for Kathmandu's middle class. An aura of cash/consumer abundance may permeate every street corner, magazine, and movie, but realizing that abundance always seems to lie just beyond arm's reach. Between the wealthy elite and the urban poor are those people who must constantly renegotiate their positions in a consumer market that both offers them access to the middle class and threatens to drag them into poverty. In the early 1990s a good annual salary for a civil servant was only around 40,000 NPR (less than 1,000 USD) while a new suit of clothes could easily cost 2,000 rupees, and a pair of kid's sneakers 1,200. Faced with mounting consumer demands, fixed incomes, and spiraling inflation, many middle-class families coped by pooling several incomes, (with heads of families often holding down several jobs), renting inherited family property (either locally or in their rural home villages), or engaging in illegal activities (taking bribes, falsifying trade documents, smuggling, etc.). Middle-class families in Kathmandu are, almost by definition, those people caught between state- and business-promulgated images and ideologies of abundance and progress and the reality of fixed (often declining) incomes and an ever more competitive local prestige economy.

Living these contradictions breeds enormous anxiety: in the father who feels dragged into illicit ventures to support his family's growing consumer demands; in the housewife who dreads going to the market where years of double-digit inflation have cut ever deeper into her fixed food budget; in the teenager forced to negotiate the demands of being a "modern youth." This middle-class anxiety becomes particularly acute as members of traditionally low-caste and ethnic groups become successful in the new cash economy, while once-stable forms of social prestige (upper-caste rank, education, government employment) steadily lose ground. It is a fundamental and pervasive fact that Kathmandu's growing cash economy, while greatly expanding the circuits of social, cultural, and economic exchange in the city, also lies at the root of much of the economic hardship, anguish, and despair that colors the lives of so many people represented in this book.

## THE URBAN SETTING

Since 1951 the Kathmandu valley has emerged as not only the largest urban center in the Himalayan region but also a transportation and communications hub for the entire subcontinent. Whereas in 1951 the steep

rocky trails from the southern plains (Nepal's Tarai region) made Kathmandu inaccessible by any means other than walking, by the 1990s Kathmandu was linked to the rest of Nepal by close to seven thousand kilometers of motorable roads. Along with more roads come more vehicles. From no more than a few dozen cars in the early 1950s, by 1990 the number of motor vehicles in the Kathmandu valley had grown to more than sixty thousand (the number having doubled between 1987 and 1990 alone).<sup>16</sup> In 1958 Royal Nepal Airlines and Air India began commercial service into Kathmandu, which now has direct air links to cities across South Asia, plus direct flights from Western Europe, the Middle East, Russia, East and Southeast Asia. Thanks to foreign aid, Nepal also boasts one of the most advanced national telecommunications systems in South Asia. All of these factors have made Kathmandu a favored site not only for the hundreds of thousands of tourists who descend on the city annually but also for regional offices of various United Nations agencies, and international nongovernmental organizations.

Along with rapid developments in transport communications has come a rapid deterioration in environmental conditions. In a bowl-shaped valley rimmed by mountains, Kathmandu residents suffer from severe air pollution.<sup>17</sup> In August 1993 Kathmandu surpassed Taipei, Hong Kong, Seoul, and even Bangkok to claim the dubious distinction of being Asia's most polluted city.<sup>18</sup>

Many of the valley's soot-spewing vehicles are buses that transport Kathmandu's rapidly growing population. Relatively stable for two centuries (Bjornness 1990:7),<sup>19</sup> the city's population suddenly quadrupled to over 414,000 between 1951 and 1991 (Nepal Administrative Staff College 2048 v.s.:2). As the population swells, congestion grows in the inner city, and more and more of the upper and middle classes flee to the suburbs. Since the 1980s the areas surrounding Kathmandu have witnessed an astonishing building spree (map 1), as city people gobble up more and more of the terraced fields that have for centuries been recognized as perhaps the most productive farm land in South Asia (Hodgson 1847).

<sup>16</sup> For these and more statistics on motor vehicles, see *Himal* 5 (1) (January–February 1992):30.

<sup>17</sup> The valley also suffers from severe water pollution (A. Dixit 1992b:25) and contaminated public water supplies (*Himal* 5 (1)(January–February 1992):30).

<sup>18</sup> A team of American scientists used sensors to measure levels of carbon monoxide, hydrocarbons, and nitrous oxides in vehicle exhaust. Of all the cities measured around the world, Kathmandu was second only to Mexico City in rates of vehicular air pollution (S. Bista 1993).

<sup>19</sup> During the one hundred years of Rana family rule prior to 1951, the ruling elite enforced a deliberate policy of restricting migration into the Kathmandu valley, helping to maintain a relatively stable and homogeneous population (A. Tiwari 1992). For a discussion of recent immigration trends in the Kathmandu valley, see Task Force on Migration 1999.



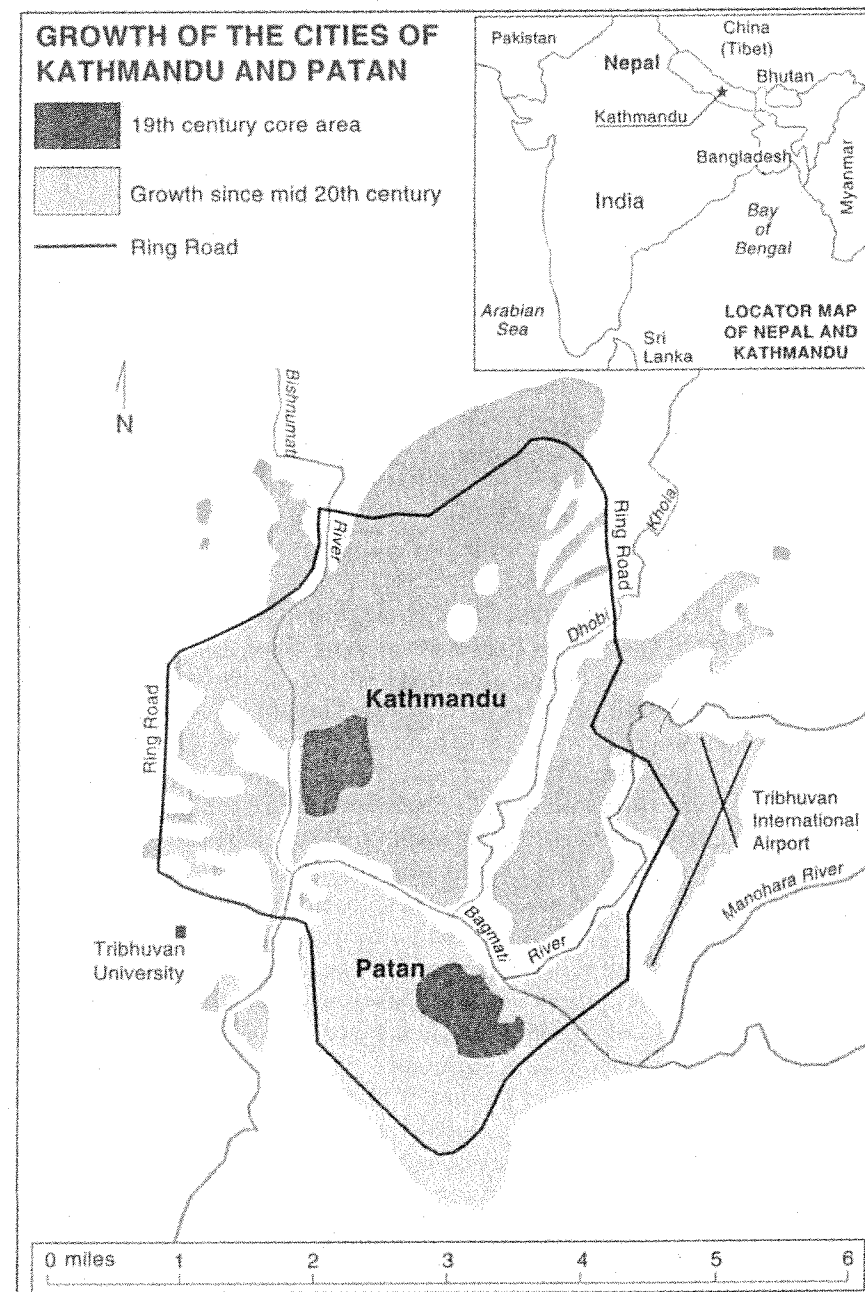
Shrestha and his colleagues (1986:132) estimate that between 1971 and 1985 over *one-third* of Kathmandu's residents moved from the inner city to the urban periphery. The trend is still much in evidence, prompting one observer to note that the "urban instinct" characteristic of Kathmandu citizens for close to a thousand years is rapidly being replaced by a suburban instinct (K. Dixit 1992:39). The amoebalike sprawl of suburban Kathmandu, along with its overloaded public services and deteriorating environmental conditions, are testimony both to the city's growing incorporation into global economic and cultural processes and to Nepal's continuing position on the global periphery.

The "suburbanization" of Kathmandu also reflects important changes in patterns of domesticity and the sociological makeup of communities. On the domestic front, middle-class migration to the suburbs parallels the growing prevalence of nuclear families. In addition to these, with a population growth rate triple the national average (A. Dixit 1992a:8), Kathmandu is home to a large number of first-generation residents and their children, who make up much of the new middle class.<sup>20</sup> With the growth in opportunities for education and for employment in the government and private sectors, Kathmandu has been, and continues to be, a magnet for persons aspiring to escape the extremely limited opportunities of the hill regions. The extended family—consisting of parents, unmarried children, the families of married sons, and perhaps grandparents—often remains the ideal, for middle-class families like these. But a variety of factors related to physical and socioeconomic mobility have led to the establishment of more and more families composed of a married couple and their children.

In 1950, alongside the small but powerful Hindu Brahman and Chetri communities (including the Rana elites),<sup>21</sup> the large majority of Kathmandu's residents were Newars, the ethnic/linguistic community that has occupied the valley for millennia. (Whether Hindu and/or Buddhist, Newars have historically been divided into ranked endogamous caste/occupational groups [Nepali 1965].) By the 1990s, however, this Newar majority had been significantly diminished by the arrival of immigrants from across Nepal, and beyond. Hill Brahmins and Chetris, groups associated with Tibetan Buddhist culture (Sherpas, Manangis, Tibetan refugees, etc.), ethnic groups from the hill regions (Gurungs, Rais, Magars, Tamangs, and many others), more culturally "Indic" peoples from the Nepal Tarai and northern India—all of these new residents have made the Kathmandu

<sup>20</sup> See Task Force on Migration 1999:6.

<sup>21</sup> In the standard Hindu caste hierarchy, Brahmins are followed by Chetris (Sanskrit, *kṣatriya*); a high (and traditionally dominant) caste group that includes much of Nepal's social and political elite, including the royal family.



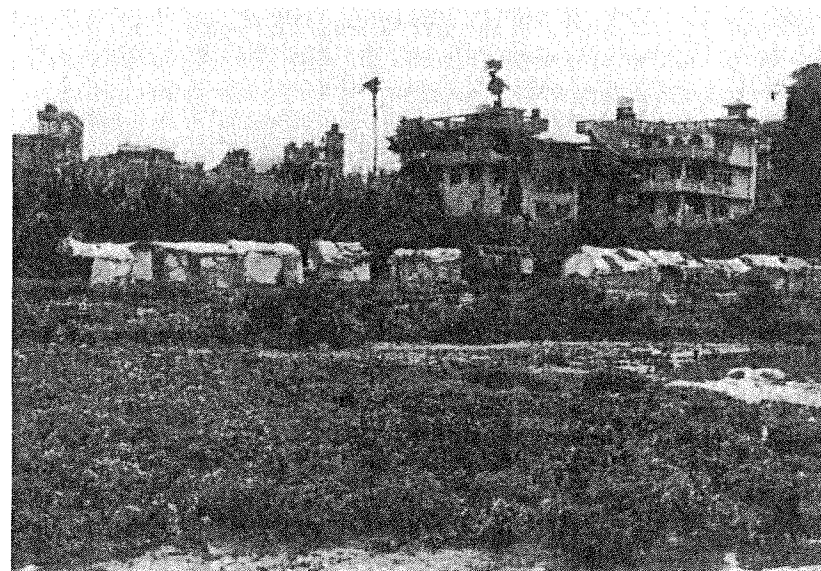
1. Growth of the cities of Kathmandu and Patan.

valley much more socially diverse in terms of ethnic, religious, and caste affiliations.

Kathmandu's new suburbs illustrate most clearly how, over the past few decades, the city's growing diversity has increasingly come to be organized—both spatially and socially—along the lines of class. Whereas residential areas within the walls of the old city were traditionally segregated along the lines of the Newar caste hierarchy (Nepali 1965:55), and have to a considerable extent remained so (Lewis 1984:139), the new suburban settlements are typically much more heterogeneous in caste and ethnicity. The organizing principle in the new suburbs is more likely to be class. From the riverside squatter settlements to middle-class residential areas like Samakhushi, Naya Baneshwar, or Sanepa, to the elite residences of Maharajganj, Kathmandu's new suburbs are class communities occupied by people from a range of caste, regional, and ethnic backgrounds.

As I show in the chapters that follow, caste membership remains a relevant factor in the social life of a resident of Kathmandu, yet it does not in any simple way determine his or her social or socioeconomic standing. For example, a 1991 study of extremely poor squatter settlements around Kathmandu (Gallagher 1991:81–82) found that almost one-third of the residents were from high-caste groups (Brahman, Chetri, and upper-caste Newar, including Shresthas), about 40 percent were from various hill communities (Magars, Tamangs, Sherpas, Gurungs, etc.) and the remainder were from low-caste occupational groups (Kami, Damai, Sarki, etc.). At the other socioeconomic extreme, some of Nepal's wealthiest citizens come from traditionally disparaged ethnic communities (Manangis, Tibetans, Sherpas). In between, some members of extremely low-caste groups have been able to successfully adapt their traditional occupational skills to the modern market, enabling them to stake claims in the city's new middle class; palanquin bearers have turned truck and taxi drivers, for example, and metal workers have turned auto mechanics and machinists. My point is not that that traditional caste privilege (or oppression) is suddenly irrelevant: in fact, Nepal's political and economic elite remain disproportionately high-caste (Bista 1991). But caste is becoming less and less likely to *guarantee* (whether by privilege or exclusion) a person's social standing. Indeed, it is precisely the ever growing instability and indeterminacy of caste that makes the project of class-cultural formation all the more imperative. The city's new cash- and market-oriented economy demands that people pioneer new forms of cultural practice, identification, and privilege.

Kathmandu's new "suburban instinct" charts not only shifting demographic patterns but also new class-based experiences, values, and sensibilities. Unlike their great grandparents, today's residents are likely to



2. Squatter settlement along the banks of the Bishnumati River adjacent to middle-class homes near Dallu, Kathmandu

work *individually* to make *money*, not as a family or caste *group* to farm, trade, or make *products*. They are engaged in a monetized economy where their subsistence depends on wage labor and commodity purchases. They spend most of their time away from home and are tied to rigid daily work schedules that do not vary with the seasons. For these reasons and others, a young Kathmandu resident is likely to view urban spaces in very different ways than his/her ancestors did. As the gap grows between work and leisure, personal and group property, self and community, daily life and religious expression, city residents are likely to have very different notions of desirable public and private spaces. The migration to the suburbs, with their single-family dwellings and walled compounds, reflects changing notions of domestic propriety and changing civic values.

One of the most striking indices of shifting labor patterns and social values is the huge rise in the number of educational institutions in the Kathmandu area. Before 1951 there were no more than a handful of schools in the Kathmandu valley (or Nepal for that matter), and formal education was inaccessible to all but the urban elites. By 1983 the number of schools (primary through secondary) in Kathmandu and its adjacent sister city, Patan, had risen to 634. But in the decade between 1983 and 1993 that figure almost tripled, to 1,727 (CBS 1995:250–61). In a later chapter I discuss both the class and labor implications of this education

explosion in more detail. For the time being, suffice it to say that the huge rise in the number of schools indicates the centrality of education in the production and reproduction of a new middle-class community in Kathmandu. Although education by no means guarantees success, middle-class parents recognize that without it their children have little chance of thriving in the new labor and prestige market, where earlier forms of social capital (caste, family connections, etc.) no longer represent clear-cut avenues to financial security.

## CONCLUSION

Since 1951 Kathmandu's social setting has gone from one in which understandings of self and other were derived from the cultural contrasts found in a relatively stable, local universe of known roles and ways of being to a society whose frames of reference and contrastive awareness are of literally global dimensions. For members of old Kathmandu families, and even more so for the tens of thousands of residents who arrived in the city only in the last decades, a traditional social fabric of caste, occupation, and ritual life is enveloped by layer upon layer of new meaning systems: new patterns of wage labor and new cash economies; new ideologies of education, development, and progress; new arenas of public display and expressive culture; new residential configurations and built environments; and a new universe of material goods. Through repeated enactment and embodiment and their growing presence in daily life, these new systems of meaning form a slowly hardening structure around and within communities in the city, binding people together in new relationships (e.g., class) without necessarily contesting earlier systems of social meaning (e.g., caste). In Kathmandu the fabric of an earlier pattern of sociality still exists, some strands maintaining remarkable strength. Yet other strands slowly disintegrate, leaving the structures of modernity to increasingly bear the weight of social transactions. The chapters that follow open perspectives on the growing salience of class logics in everyday life by exploring various domains in which new cultural processes of class production are at work.

# SUITABLY MODERN

MAKING MIDDLE-CLASS CULTURE  
IN A NEW CONSUMER SOCIETY

MARK LIECHTY

PRINCETON UNIVERSITY PRESS  
PRINCETON AND OXFORD

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Published by  
Princeton University Press  
41 William Street  
Princeton, New Jersey 08540

In the United Kingdom  
Princeton University Press  
3 Market Place  
Woodstock Oxfordshire OX20 1SY

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## *Library of Congress Cataloging-in-Publication Data*

Liechty, Mark, 1960–  
Suitably modern : making middle-class culture in a new  
consumer society / Mark Liechty.  
p. cm.  
Includes bibliographical references and index.  
ISBN 0-691-09592-2 (alk. paper)  
ISBN 0-691-09593-0 (pbk. : alk. paper)  
1. Kathmandu (Nepal)—Social conditions. 2. Middle class—  
Nepal—Kathmandu. 3. Consumption (Economics)—Nepal.  
I. Title  
HN670.9.K37 L543 2003  
305.5'5'095496—dc21 2002029337

This book has been composed in Sabon

Printed on acid-free paper. ∞

[www.pupress.princeton.edu](http://www.pupress.princeton.edu)

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1