

**CARPETS, MARKETS AND MAKERS**

CARPETS, MARKETS AND MAKERS: CULTURE AND ENTREPRENEURSHIP

IN

THE TIBETO-NEPALESE CARPET INDUSTRY

BY

TOM O'NEILL B.F.A., M.A.

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AUTHOR: Thomas O'Neill, B.F.A.(York University), M.A. (McMaster University)

SUPERVISOR: Professor William R. Rodman

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## ABSTRACT

This dissertation is an ethnography of local entrepreneurship in the Tibeto-Nepalese carpet industry in Kathmandu, Ward 6 (Boudha) and the Jorpati Village Development Committee, Nepal. This industry achieved dramatic growth during the last decade, after European carpet buyers developed with Tibetan refugee exporters a hybrid ‘Tibetan’ carpet that combined European design with Tibetan weaving technique. As a result, thousands of Tibetan and Nepalese entrepreneurs came to occupy a new economic niche that was a creation of global commercial forces.

This study is an analysis of survey and ethnographic data from among three hundred carpet manufactories. My primary research consultants were the entrepreneurs (*saahu-ji*) who operated at a time when the industry was subject to international criticism about the abuse of child labour. Many earlier reports claimed that up to one half of all carpet labourers were children, but I found that by 1995 they were employed only infrequently, as a market downturn placed a premium on skilled weavers. The ‘off season’, as this market reduction is locally known, and the problem of child labour provides a temporal frame for this analysis.

For a theoretical framework, Pierre Bourdieu’s ‘economy of practices’ is used to interpret the data; in particular, I use the concept of social capital to explore the reproduction of ethnic, regional and kinship-based networks in the carpet weaving labour market. Carpet entrepreneurs view weaving labour as a risky resource that requires socially legitimate expertise to master. Child labour is often thought to be such a resource in developing craft industries, but in this case child labour was more an artifact of European demand than a traditional exploitative practice.

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After my first visit to Nepal I entered the graduate program in anthropology at McMaster University with the encouragement of Drs. Ellen Badone and William Rodman. Dr. Rodman (Bill) has been my principal advisor ever since, and has been a dependable and trusted supporter, even as he adjusted to the sometimes tempestuous change in my research interests. Drs. Matthew Cooper and Trudy Nicks were the other members of my thesis committee, and both provided supportive but critical commentary on my work. I was fortunate to have a committee who worked so easily with me; this dissertation contains the mark of their influences, and I am indebted to all of them. Also at McMaster, Dr. Ann Herring has been a consistent friend and supporter whose sense of humour encouraged me to see the joy in academic life.

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My father-in-law, John Moffat, helped me out of several potentially disastrous computer crashes that jeopardized both my mental health and the completion of this document. My own parents have unconditionally supported this endeavour as they have many others throughout my life. Finally, and most importantly, my wife, Tina Moffat, accompanied me into the field even though that meant finishing her pre-fieldwork exams with breathtaking speed. She was my companion, collaborator, sometime rival and constant comfort. Her critical but compassionate mind challenged both of us to question the assumptions in our work, and the depth of understanding I was able to accomplish is in part due to her. This dissertation is a product of the labour of love we shared in Kathmandu.

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## CHAPTER 1: INTRODUCTION

...the knowledge of where a rug was made, suggesting the class of people who wove it, adds immeasurably to our interest. When, for instance, we look at an old piece of Kurdish weave with its nomadic designs and shaggy nap, on which a Moslem savage as an Apache often rested fully half a century ago, there is called up a picture of the dark-visaged tribesman, fearless and untamed as were his ancestors who contested the march of Xenophon over two thousand years ago. We see him wandering with his flocks over the hills while he watched for a chance to fall upon an unsuspecting stranger. We picture to ourselves the hut of brush upon the mountain side where a slender barbaric girl bends to tie, with wonderful patience, the knots one by one. So if we would enjoy our Oriental rugs, we should know what people made them, and whence and how they journeyed, before they reached our fireside.

Walter A. Hawley, Oriental Rugs: Antique and Modern (1913)

The oriental carpet, historically, has been a class of commodity that is distinguished by a systematic knowledge about the origin and nature of its maker. Persian, Turkish, Caucasian, Central Asiatic, Indian and Chinese carpets have long embodied, in border and field, what Edward Said called the "schematic authority" of a knowledge of the Orient based on presumptions of profound cultural difference (1978: 93). The exotic places and tribal origins of carpets rigorously defined in the taxonomies of the collector and connoisseur constitute a body of knowledge about different kinds of people, represented by what they make. While there may be as many taxonomies as there are collectors, there too is a tendency towards shared categories through which evaluations of authenticity can be made.

In the account that follows I will also construct a kind of systematic knowledge of one of the most recent additions to this distinguished class of craft, the Tibeto-Nepalese carpet. As an ethnography of industry developing in an Oriental context, it concerns what Said (1989: 213) later wrote was "the fetishization and relentless celebration of difference" that he holds is central to anthropology. However, cultural difference in the market for Oriental carpets is predominantly the 'fetish' of the collector, and not merely the product of an anthropological imagination. Through an elaborate classification of styles of carpet, the carpet connoisseur distinguishes a taxonomy based on various kinds of origins - geographical, ethnic and 'tribal' - that fixes each carpet with a unique and 'authentic' value. This value is not only aesthetic. As this account will show, the value of carpets in a now global market of exchange has an enormous impact on the livelihoods of makers, and on both local and international perceptions on the authenticity of those livelihoods.

Collectors of Oriental carpets have long taken notions of authenticity as a central criterion of carpet value, even if that authenticity has had to be reconstructed - or invented - to satisfy the demands of categorization (Spooner, 1986: 199). In one influential history of the Oriental carpet, Kurt Erdmann skilfully lays out an historical taxonomy of carpet styles and processes that begins with the oriental nomad weaving a product from a "very different concept of space" and a fundamentally different aesthetic of Islam that marries beauty with utility (1962: 11). From its development in the nomadic camps of Central Asia, the carpet has been adopted into urban civilizations through bazaar markets and the patronage of hierarchical elites and finally to an

international economic system dominated by European capital. By the nineteenth century, when international commerce of oriental carpets began in earnest with the assistance of European imperialism, the classical Persian royal manufacturers of carpets that Erdmann describes as embodying a "golden age" in carpet design innovation had been dormant for over a hundred years (1962: 45; see also Helfgott, 1994). European desire for oriental carpets was thus caught up with a nostalgia for an imagined Oriental antiquity that justified imperialism as a project of both developing the Orient as a part of a world system and restoring a high oriental culture that collapsed prior to the colonial era.

By holding up a classical ideal as the pinnacle of cultural achievement in carpet weaving, the connoisseur of oriental carpets defines a "regime of value" in which carpets are assigned both a meaning and a price based roughly on a divergence from that ideal (Appadurai, 1986: 15). This regime is a taxonomy, however, constructed by outsiders, as those who actually weave carpets are thought of mainly as members of the larger whole in which most meaning is invested. Carpet consumption takes priority over production just as the priorities of the colonial centre supersede those of the oriental periphery. Something like that remains true today in the new carpet industry of Nepal, as the global division of labour defines Nepalese producers and a modern elite that consumes their products in Europe and America. The division of labour of the international oriental carpet market, a survival of the colonial era, continues to be defined by outsider evaluations of authenticity, and on a cultural taxonomy based on categories of origin.

Why do origins matter? The disciplines of carpet connoisseurship and

anthropology share that fundamental question, but I argue that the tentative answers should be quite different. Brian Spooner, an anthropologist who has worked with the "Baluchi" tribes of Central Asia whose carpets today are renowned as a nomadic weaving style at its finest, notes that this tribal category subsumes a people spread out over three countries that neither speak the same language nor constitute a tribe in any anthropological sense. He instead offers a definition of a tribal tradition as being one in which production is "vertically integrated", that is, where an homogenous community is involved at every level of production. While this definition may have worked for small nomadic groups and their weaving traditions, it does not take into account the often explicit influence of outsiders who not only create a demand for the product, but influence its form through collection, trade and even direct appropriation of the means of production. Ever since the nineteenth century, the carpet connoisseur, collector and merchant have become members of a social community that transcends political and cultural boundaries, and they have done so from a position of strength that local producers find hard to resist. In most of the contemporary carpet manufactures of Asia, a culturally, linguistically, religiously or ethnically homogenous monopoly over production is rare, as many thousands of diverse people adopt the craft of both carpet "weaving and dealing" (Spooner, 1986).

Yet, tribal labels still exist for many of the carpets consumed by the West. Buyers need to know from what weaving tradition or region their oriental carpet comes because it matters to them, and this is as true of Tibeto-Nepalese carpets today as it ever was for any tradition. Why a "Tibetan" or "Baluchi" carpet is for most consumers a

question of identity and not simply a case of fetishizing the handiwork of the nomadic or native weaver. As Jean Baudrillard most famously pointed out, what is being fetishized in the consumption of commodities is a "generalized code of signs" or a system of distinctions that function ideologically to epitomize "a whole system of differences" (1981: 93).<sup>1</sup> Mary Douglas and Baron Isherwood argue in A World of Goods (1979) that in order to understand consumption as a cultural activity, we need to see that acquiring some things and not others is a process of "marking" them as significant in a cultural system into which an individual wants entry. They ask that we analyse consumption not as an adjunct to the process of production but as a social process in itself, and that we see things, like carpets, as significant to "the classifying project to which they are recruited" (1979: 74). That project, as Douglas (1986) and others have recently pointed out, is none other than building new worlds out of the categories of the old, and constructing social boundaries around new communities and social institutions ( see also Philibert, 1989). The classification of an oriental carpet as being from a specific place or tribe, according to this view, should not be dismissed as the fetishistic activity of wealthy nostalgics but as an act of building a new community that fuses weavers and consumers into relationships that transcend local social, political, or ethnic boundaries. One of the goals of this account is to show that the development of the Tibeto-Nepalese carpet industry over a very short period of time has meant that existing social relations in Nepal have changed to admit a number of new social distinctions affected by the global market in

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<sup>1</sup>I use the term "commodities" instead of "goods" throughout this account to avoid the assumption, implicit in economics, that things produced and consumed will always make life in some way better (see Gregory, 1982: 24).

Oriental carpets.

The danger is that an account such as this will comfortably settle for the familiar categories of classification, and reproduce the anthropological “fetishization” of culture that Edward Said warned against. The people and the institutions that together make up the Tibeto-Nepalese carpet industry can be classified according to both insider and outsider categories, and it is often the disparity between these that illuminates the new social distinctions that economic development generates. Differences do exist, and do have effects on local lives and livelihoods, and the task of understanding them means that the anthropologist must construct taxonomies of them. Social scientific collections of customs, artifacts and peoples, once pieced together, amount to a judgement about how the world is meaningfully organized. This judgement is made, however, from a position within that organizational system, and can be blinded to the ideological biases any system of difference presupposes. One way of transcending this problem is, as Mary Douglas wrote, to classify the classifications:

A classification of classificatory styles would be a good first step towards thinking systematically about distinctive styles of reasoning. It would be a challenge to the sovereignty of our own individual thought style. The comparison of classifications as an index of other things that are happening in our own society provides a small, provisional ladder of escape from the circle of self-reference. We can look at our own classifications just as well as we can look at our own skin and blood under a microscope (1986: 108).

Douglas is not arguing here for a ‘value-free’ social science, but rather invites us to consider, as part of an epistemological method, the categories through which we know phenomena. Asking ourselves how we know, and what labels we use to understand allows us to temporarily glimpse phenomena in a new way and move towards

understanding them in their own terms. The process of ethnographic research is to an extent a project of identifying local categories, and then placing them into a wider paradigm of social and cultural knowledge that is a shared taxonomy through which social scientists negotiate the authority of their claims. Throughout my own fieldwork among carpet entrepreneurs in the Tibeto-Nepalese carpet industry, I was constantly aware that the categories through which I initially organized my own working life prior to our movement into 'the field' were significantly different from those of our local consultants, but also that there were important areas of convergence that such differences often conceal. Chief among those convergences was the fact that, for most of us, 'the field' - a category that itself suggests a place of labour - was a strange place in which business was conducted in a different language and under a set of unfamiliar rules. While all of the Tibetan and Nepalese entrepreneurs we worked with were much more familiar than I with the local social geography, the field in which they toiled was the European hand knotted carpet market, which was unfamiliar territory to many of them.

In the following chapter, I will briefly discuss the process of fieldwork that this account is based on. Determining the categories of people and activities that would constitute a field proper to an investigation of carpet entrepreneurship was a task that raised numerous issues of classification.<sup>2</sup> Being able to tell apart types of manufactories,

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<sup>2</sup>I am using the term 'field' in two senses. One, familiar to anthropologists, is the place - village, 'culture' or society - where ethnographic fieldwork is done. The second is the sociological category as is used in Pierre Bourdieu's work, the "field of strategic possibilities within which each individual work defines itself" (1993: 33). The carpet industry is one such autonomous field, in which actors compete according to predispositions and competencies that this dissertation partly defines.



weavers, and entrepreneurs and understand how these were woven together into an autonomous industry often begged the question of why it was that those categories were being used at all. The decisions made in 'the field' both determine and limit the authority of this account. I will finally outline the central thesis of this dissertation, and show how the chapters that follow will advance it.

### **The Fieldwork Process.**

Social scientists working in unfamiliar territory often arrive, as I did, with preconceptions of the kinds of categories that describe the social landscape of their place of work, but it should not be forgotten that local people, too, have preconceptions of us. These preconceptions are critical to predisposing some individuals, and not others, to participate as consultants in fieldwork. In Nepal, a foreigner (*bidhesi*) is generally thought to be a tourist and to be at leisure, unless they are engaged in development or research projects that require long-term residence in the country. Foreigners of both kinds abound in the city of Kathmandu. Their status as developed people (*bikasi*) accords both a high status, but long-term residents have the distinction of being potential sources for employment, and charitable donations for local projects or schools. Unlike other ethnographic contexts in which fieldwork with locals is difficult because of residual ill feeling towards foreigners due to the memory of colonial power abuse (see for example Warry, 1992; Reimer, 1994), foreign researchers in Nepal are generally welcomed.

This was for the most extent true of our own fieldwork, and this was frequently demonstrated by the number of invitations we received to attend festivals, weddings and other social events from both our employees and consultants.<sup>3</sup> The Tibeto-Nepalese carpet industry was ironically one field of investigation in which some resentment to foreign researchers did and does exist. My fieldwork tenure, from August 1994 to October 1995, was preceded by a series of research projects and news reports that highlighted the problem of child labour abuse in the industry, and many Tibetan and Nepalese carpet entrepreneurs were initially hesitant about speaking to yet another western researcher on the topic. As I began identifying sources of information about the industry and negotiating with officials in government agencies and carpet trade organizations for interviews, I was often told a variation of a story in which a European journalist betrays the trust of their host by publishing manipulative photographs in the western media purporting to expose the scandal of child labour. Throughout my fieldwork I was constantly required to justify an anthropological study of the industry, and draw a distinction between social research and journalism that most people did not recognize.

That distinction became easier to explain the longer we were in Kathmandu, not only because that explanation was well rehearsed, but also because people could see our long- term commitment to the project and the many relationships we had built with other

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<sup>3</sup>My fieldwork was conducted with my wife, Tina Moffat, who was investigating the relationship between carpet industry labour and the ability of women to nourish their children. While our topics were different, we shared much information during our fieldwork year, as well as support staff and even consultants.

entrepreneurs. Even so, several people did refuse to cooperate with our work and others participated only after many reassurances of confidentiality. We were thrown out of a few manufactories and denied access to some others, and several consultants were found to be providing inaccurate information. Nevertheless, we were explicitly refused by only 6 of the 319 entrepreneurs in our study area, although trust took some time to establish with many of those who did participate.<sup>4</sup>

What we felt distinguished our research from that done by journalists or anti-child labour NGOs was a commitment to understanding the local conditions under which carpet entrepreneurs in Kathmandu worked rather than identifying only those practices that could be appropriated to a discourse about the exploitation of child workers. I use much of that research and media representation throughout this account as child labour was an issue that we constantly confronted throughout our fieldwork year. This is not because child labour was prevalent - it wasn't - but because both Western and local English language media were based on only a partial understanding of those conditions.<sup>5</sup> Identifying a research field was not then merely a matter of speaking to one or two well placed consultants, nor of approaching an institutional clearinghouse of information that

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<sup>4</sup>An additional 13 facilities did not participate as we were unable to arrange a meeting with the owner or manager. Although their non-participation could be interpreted as a refusal, our experience with others taught us that some needed to be reassured that the study would in no way affect them directly, and that that was often a time consuming process. It is just as possible, then, that many of those 13 entrepreneurs or managers could have been included but for restrictions of time. Consultants who participated in tape recorded interviews or had photographs in their manufactories taken were given release letters, in Nepali, as tangible reassurance of confidentiality.

<sup>5</sup>Because of my inability to read Devanagari script, I was unable to monitor Nepalese vernacular print news.

anti-child labour NGOs, government agencies and industry associations in Kathmandu had been positioned to be. While information supplied by agencies such as *Child Worker's In Nepal* (CWIN), the *Central Carpet Industries Association* (CCIA) and the *Carpet and Wool Development Board* (CWDB) was critical in launching my research, it became clear that these organizations had limited access to all aspects of the industry. CWIN, for example, had little access to manufactories in 1994/1995 because of previous research it had done on the child labour question, and both the CCIA and CWDB had very little substantive information on the large informal sector in the industry that operates in legal grey area. I had to, therefore, map, survey and interview consultants from a data base of our my construction.

Selecting the research field by mapping and categorizing the number of carpet manufactories in my defined research area was a task made more difficult not only by the lack of any official or semi-official accounting of them, but also by the lack of recent city maps. The city of Kathmandu has grown enormously in the past few decades because of, among other things, the carpet industry, and it was for me to discover the numerous roads, side roads, back alleys and footpaths along which most carpet weaving facilities lie. Identifying carpet weaving manufactories as such was also difficult at first. Many of the export weaving halls are unmistakable, as they are large, busy factories that are constantly active. The problem of identification grew, however, in inverse proportion to the size of the manufactory, as many of the smaller weaving units were located in houses, store fronts, or backyard sheds and out of view. Some of these small units operated intermittently or shifted locations frequently, so what was visible in one week was gone

the next.

The area I selected for this study was Boudha (Kathmandu Ward 6) and the Jorpati Village Development Committee, a peri-urban area of about 10 square kilometres that lies to the northeast of central Kathmandu. Although carpet production has become prominent in many of the peri-urban “Ring Road” suburbs of Kathmandu, Boudha/Jorpati is said to have the highest concentration of carpet weaving manufactories by both senior officials of both the CCIA and the CWDB. The road that passes between Jorpati and *Gokarna Mandir*, an important and peaceful Hindu temple on the edge of the research area, is particularly infamous in Kathmandu for the rapid and somewhat unpleasant proliferation of large export manufactories that has occurred there in recent memory. Boudha was also one of the first districts in which carpets were woven by Tibetan refugees in Nepal. One of the earliest Tibetan companies, the Boudha Handicraft Centre, continues to be one of the most successful of the original Tibetan firms in Nepal, and has spawned a number of independent Tibetan companies throughout the area. Carpet production thus has a history in Boudha/Jorpati that is contiguous with the rapid urbanization and migration of the past thirty years.

Carpet weaving was everywhere apparent in Boudha/Jorpati during the research year. After two months of mapping and identifying carpet weaving manufactories, we built a data base of about 240 facilities from which a random sample of 42 was drawn for an initial survey-interview that was to establish a number of consultants for the next stage of research. This was done in order to assure that as many possible types of facility and entrepreneur were included, and also to disperse consultants across the research area.

This basic survey was developed in conjunction with the staff at the CCIA, who assisted in shaping the questions and suggested that it be conducted in English only, for as one staff member told me, most carpet manufacturers speak good English as they must deal everyday with foreign buyers. This latter advice was ignored, for it would have excluded most of the small manufactory entrepreneurs who spoke Nepali only and were eventually to become some of my most valued consultants. The CCIA staff member's suggestion was consistent with the perception among many in Nepal that the enormous number of small manufactories are peripheral to the industry, and thus unimportant. I will argue, on the contrary, that small subcontractors and stock weavers have an important role to play in the industry even though they represent a comparatively small overall percentage of carpet production.

Collecting interviews for this dissertation was the most time consuming and difficult task of the research. Using as a base the consultants that had been interviewed during the survey, we conducted semi-structured interviews with entrepreneurs about their individual history in the industry, and the everyday business of making carpets. Eventually the number of consultants expanded, as several entrepreneurs contacted us independently wanting to participate, more than offsetting those few who refused to speak with us. Most of the interviews were conducted in Nepali, although some of the Tibetan refugee exporters preferred English. At first my skills in Nepali were insufficient, so a Nepalese interpreter/research assistant was hired. My assistant had been our Nepali language tutor previously and expressed an interest in expanding his working skills to include social research. As my own skills increased, he became more

of a research associate than an interpreter, and worked on data collection and as a consultant himself to the nuances of the Nepali language. Being able to work in Nepali was an important factor in constructing the broadest possible picture of carpet entrepreneurship in Boudha/Jorpati, as it allowed for a dialogue with many small scale entrepreneurs whose perspective, I think, is all but absent from other research on the industry.

We collected in sum 42 survey interviews, 44 tape recorded interviews, and an additional 19 that were not recorded for various reasons, most commonly that the opportunity to speak to a consultant arose when I was without my tape recorder. These interviews are complemented by numerous conversations that were recorded in my field journal, and often the data that appears in these are more intimate than in recorded interviews. The formality of the taped interview often precluded the spontaneous dialogues that occurred during the final four months of fieldwork, when we conducted random visits to nine manufactories which I determined were representative of different modes of entrepreneurship. Accessibility was also an important criteria of selection, as our participant observation was intended to allow us to speak with weavers and workers and observe the various parts of the design, production, and marketing process.

The final research task was an exhaustive census of all carpet manufactories in Boudha/Jorpati, which was conducted in the summer of 1995 with the assistance of two Nepalese men who we trained a survey interviewers and who visited every identified

facility.<sup>6</sup> Data were collected on what each manufactory produced, who it produced for, the ethnicity of the entrepreneur and origin of the workforce, as well as additional data on piece rates, salary advances and other utilities granted to weavers and workers. One of the assistants was himself a small scale entrepreneur who had temporarily closed his factory, as many did, to await a renewal of carpet orders. Having him on the census team was an added advantage, as he helped us shape the census questions and identified other manufactories that had previously been invisible to us. We had, by September of 1995, collected data from three hundred manufactories on which much of the analysis of this account is based. These data are based on interviews with entrepreneurs alone, so that quantification of wages, prices and the labour force that appear throughout this account must be treated as best estimates only, as they are constructed from interview responses and not direct counts.

This account reflects the experiences of those with whom we worked, that is, the carpet entrepreneurs themselves. The carpet industry in Boudha/Jorpati permeates much of the community beyond the manufactory. For example, the family that lived in the house just behind ours was headed by a government land officer who commuted everyday to the city of Bakhtapur, about an hour by bus from his home. As they felt that his salary was insufficient, they took in work from a local carpet factory at night by tying together discarded warp strings so that they could be reused. They did this as they

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<sup>6</sup>The research area was in practice limited to the junction of the main road and the road to Mahakal in the west and the Bagmati river in the east, even though small parts of the jurisdictions studied extend beyond these. The training period lasted for one week only, and the progress of the census was monitored weekly during a day set aside to re view the previous week's interviews.



watched T.V. at night, and earned a few rupees for each kilo they produced. Homework and ancillary services for the carpet industry in Boudha/Jorpati is ubiquitous. Much of the weft yarn, for example, is hand spun in household workshops.<sup>7</sup> Carpets are chemically dyed in factories solely engaged in colour dying and a few firms are in the business only of providing the chemical wash for completed carpets. Because of the sheer size of this phenomenon, it was decided to focus only on those entrepreneurs and manufactories that were engaged primarily in designing and weaving carpets. The reader should know, however, that carpet production touched many more lives in Boudha/Jorpati than just those written about in this account.

### **The Dissertation.**

The Tibeto-Nepalese carpet industry is of one South Asia's most successful new industries, beginning with a handful of Tibetan cottage manufactories and growing into the world's third largest supplier of Oriental hand knotted carpets in just over 30 years. Until recently, the only academic treatment of it was one chapter in a dissertation by Ugen Gombo (1985), a Tibetan who received his PhD from the State University of New York (Stoney Brook) in anthropology. Gombo argued that the carpet industry was at that time critical to the cultural continuity of the Tibetan refugee community in the Kathmandu Valley, and allowed Tibetans to adapt to the new environment they found

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<sup>7</sup>Tina Moffat worked with a cohort of home wool spinners in the community of Ramhiti, who produce wool string (*dhaago*) for several large manufacturers nearby on a piecework basis (personal communication).

themselves in after the diaspora from Tibet after 1959. Since then, most systematic social research on the industry has been carried out to collect data on child labour (CWIN, 1992; NASPEC, 1994), or on the status of women in the industry (Thaker, 1993). Most of these studies are limited by their own objectives, or by small sample sizes and short research periods.<sup>8</sup> While it is not my intention to dispute those studies as a whole, the purpose of my research was to build a detailed, long term account of carpet entrepreneurship and the social/economic environment in which it was carried out.

The need for such a study is even greater now because of the changes in the industry that have occurred since Gombo's dissertation. Since the time of his fieldwork, the Tibetan carpet industry has become the 'Tibeto-Nepalese' carpet industry, for although many Nepalese worked in the industry prior to the early 1980s, the unprecedented growth of carpet production since then has provided opportunities for thousands of Nepalese entrepreneurs to take their risks making carpets. In the period between Gombo's study and the present, the carpet industry has surpassed even the lucrative tourist sector as the main earner of important foreign exchange, and has attracted a new generation of entrepreneurs. In addition, a significantly different carpet is being woven for a significantly different market, and this has changed the environment in which entrepreneurs take their risks in a way that Gombo could not have predicted a decade ago.

The most dramatic recent environmental shift has been the 'off season' of 1995,

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<sup>8</sup>Thaker worked with 52 weavers in several peri-urban villages in the Kathmandu Valley, and CWIN's main data is drawn from 3322 working children in 365 factories.

when European orders for Nepalese carpets collapsed. Manufactories downsized, shifted place and/or name, and many people returned to their villages or tried at new enterprises. An international outcry against the exploitation of child labour in the industry was threatening sales even more. The anti-child labour campaigns that began in the early 1990s were perceived by many in Nepal as a major reason for the loss of business, even if a more plausible explanation may be found in European market conditions. That perception was nevertheless a local assessment of risk that prompted His Majesty's Government of Nepal (HMG) to pass updated labour legislation to protect the industry from, it would seem, itself.

The uses and abuses of child labour were an artifact of what I will argue was the distortion of a local entrepreneurial strategy of drawing upon social capital to increase accumulative potential. While many, but not all, of the original Tibetan carpet entrepreneurs now operate sophisticated export companies and manipulate material and creative resources in anticipation of profit, a second generation of entrepreneur must combine both carpet weaving skill and the ability to find, train, and maintain the weavers on whom this profitable industry ultimately depends. For them, the carpet industry is a contradiction of categories between household and corporation, and between local and international markets.

I will advance this thesis in the six chapters that follow. In chapter two, I discuss the conceptual background of several categories that are essential to this account, the 'entrepreneur' and 'entrepreneurial community'. In this chapter, I offer an explanation of how it is that I speak of a class of individuals from carpet weaving manufactories of

various sizes and types as 'entrepreneurs', based on a classification of what they do as accumulating resources and bearing risks of production of new products and livelihoods. I will also show how the case of the Tibeto-Nepalese industry, based almost entirely on entrepreneurs and labourers who migrated to Kathmandu from other districts in Nepal, is unique among other similar cases of production for world craft markets. In the section on entrepreneurial community, I will briefly discuss the increasingly ethnic categories of the Nepalese caste system on which those communities are based. These social distinctions, I argue, play a role in predisposing some, by virtue of their place in that caste system, to particular kinds of economic behaviour, and to social groups from which labour can be drawn.

The third chapter is a history of the Tibetan carpet, the commodity at the heart of this industry, and will trace its development from pre-diaspora Tibet through to the present. The current version of carpet is uniquely Tibetan in its construction but more flexible in design, and it is this hybrid carpet that was developed specifically for the European market. The combination of Tibetan weaving techniques with large quantities of New Zealand wool and Nepalese weaving labour into a Western European export product is a phenomenon laden with contradiction between local processes and international demand.

In chapter four I discuss the structure of the Tibeto-Nepalese carpet industry in Boudha/Jorpati, and introduce the concept of the 'dual market' which describes the environment in which Tibetan and Nepalese entrepreneurs work. The interface between local entrepreneurs and the international market on which they depend is dominated by

export capital, while small manufactories weave carpets on a subcontract or stock basis.

I will also discuss various risks that each type of entrepreneur bears, giving particular emphasis to how the use of child labour may be one strategy that is adopted when producers are faced with increased prices on material inputs that are beyond their control.

In the fifth chapter I return to the subject of the 'entrepreneurial community', and describe the role that social identity plays among carpet entrepreneurs both in constraining and inspiring entrepreneurial behaviour. I compare here my own observations on producer ethnicity with the anthropological literature on the various caste groups from which producers originate, and discuss the concept of 'community based production', or the ideal strategy of drawing labour from those most closely trusted by virtue of social identity. Working with people outside the boundaries of trust is, I argue, a risk that many entrepreneurs actively try to avoid, although that is no longer really possible in an expanding and thoroughly commodified industry.

The sixth chapter looks specifically at the informal institutions, the payment of salary advances and labour contracting, that have been adopted to reduce those risks. I argue that it is these institutions that are most often targeted by critics of the industry as exploitative, even though most entrepreneurs understand them to be acceptable but prone to abuse. I finally discuss here the concept of cheating in the industry, and ground this notion in the antagonism between two distinct classes of entrepreneur, one oriented towards the export market, the other bearing the risks of employing social capital. Cheating goes on at all levels of commerce, but is particularly risky when local

institutions governing the mobilization of labour are represented only by their well publicized abuse.

The concluding chapter will discuss the final irony that it was the changed carpet, expanding markets and the attraction of thousands of makers to the promise of new wealth in this new industry, driven by foreign demand for affordable Oriental carpets, that led to the abuses of labour later condemned from both within and without Nepal. Entrepreneurs are currently adapting to the new risks of the international market by renewing altruistic acts in the context of a developing civil society, and are seeking new markets to offset declining European demand. Even if these could be found, the new products required would once again change the environment in which entrepreneurial risks are taken.

#### **A Note on Language and Transliteration.**

As much of this research was conducted in Nepali, Nepali concepts and words are used throughout this dissertation. Nepali is an Indo-European language closely related to other South Asian languages, and like them is written in Devanagari script. A widespread convention on Romanizing Nepali has yet to emerge, and differences between renderings exists. As a standard, this dissertation employs the spelling as given by A Practical Dictionary of Modern Nepali (1993) where possible. Occasional vernacular words commonly used in the carpet industry do not appear in this dictionary, and in those cases I have had to construct the Romanized spellings myself.

## **CHAPTER 2: ENTREPRENEURSHIP AND NEPALESE HIERARCHY**

We speak of ‘entrepreneurs’ as celebrated persons, creating wealth, work and progress through an ‘entrepreneurial spirit’ that values hard work, self reliance, creativity, forbearance and other traits that are central to industrial society. Currently, many Western constituencies are experimenting with reforms aimed at unfettering an “enterprise culture” by rolling back social welfare provisions that are thought to constrain that spirit. Former British Prime Minister Margaret Thatcher’s famous proclamation that there was no such thing as society, only individuals and families was part of an early call to make ‘entrepreneurship’ a priority for the future by ending the culture of dependency which had for so long retarded individual enterprise (Hargreaves-Heap 1992). Entrepreneurs, according to this view, ought to condition society, and not the other way around.

Oriental carpet weavers and merchants in traditional cottage industries do not, at first, seem to be the same thing, embedded as they are in numerous obligations and constrained by what appears to be a highly structured social hierarchy. It is more customary, in fact, to think of carpet producers as traditional peoples weaving at the periphery of the modern world. Brian Spooner (1986: 207) stated that carpet production in central Asia was spread across a social continuum that led from "the isolated, self sufficient nomadic or village group through the urban hinterland to city controlled

production" and that the "hither end of this continuum has been spliced to the world economy". Historical writings on other Oriental carpet industries also reflect this dualist model of world carpet production, where European entrepreneurs have invested directly in Oriental industries, transforming both products and the autonomy of carpet weavers in the process (Quataert, 1986; Helfgott, 1994).

As true as this may be for Turkish or Baluchi carpet industries, it is a model ill suited to the Tibeto-Nepalese case, which is less a traditional cottage industry appended to the world economy than it is a creation of it. European and American entrepreneurs have had a lasting impact on the industry by pioneering new designs, markets, materials and processes; but my account is about a new class of Tibetan and Nepalese 'entrepreneur' whose contribution to the success of the Tibeto-Nepalese carpet is even more important, even at the smallest scale of production. This raises several problems of classification which this chapter will address. First, what is an 'entrepreneur' in such a context? I will argue that this new class of entrepreneur is distinguished by their willingness to bear the risk of weaving for new and uncertain markets, and that what they risk is not limited to material resources and capital. As other cases of craft production in less developed countries show, social capital is what many small producers most frequently risk. The perceived rewards sometimes compelled those producers into exploitative relationships with the women and children that supplied most of the labour. I view this, however, as not a necessary product of emerging class relations, but as one strategy of avoiding risk that, in the case of the Tibeto-Nepalese industry, recent changes in the environment of production make less than rewarding.



Secondly, I will also look at the importance of 'entrepreneurship' in the shifting patterns of social mobility in South Asia, and Nepal in particular. By examining the development of Nepal's highly structured hierarchical *jaati* system which endows all Nepalese with prescribed social identities, it will be shown that "enterprise culture" and the *jaati* system are not as mutually exclusive as some have proposed. Society in Nepal does exist, but as I will argue many Nepalese entrepreneurs do not experience it only as an impediment to progress.

### **Entrepreneurship and Risk in Emerging Craft Markets.**

The problem of constructing a working definition of who an entrepreneur was and what they did to qualify for inclusion into that category presented itself in the initial stages of fieldwork. As I had been initially interested in the issue of unpaid labour, and in particular child labour, much of the literature I had reviewed in pursuit of a definition was concerned with the exploitation of that morally dubious social resource by entrepreneurs in the small scale craft industries of less developed countries. In the following I will describe many of the issues of definition that were found in that literature and develop a definition of entrepreneurship that this account is based on. I will begin this discussion, however, as I began the fieldwork - with a consideration of child labour and those who used it to compete in the Tibeto-Nepalese carpet industry.

The murder in 1995 of Iqbal Masih, a Pakistani boy who actively campaigned against the carpet factories in which he worked as a bonded labourer, inspired

indignation in the West and a popular movement to ban the use of child labour in the industries of the developing world.<sup>9</sup> That movement, however, had already been gaining popularity in Nepal when a non-government organization charged, in 1992, that fully half of the 300,000 carpet weavers in Nepal were children under the age of 16 (Sattaur, 1993). The idea that valuable oriental carpets were being woven by exploited child labourers has, in this decade, caused much turmoil in the entire Asian carpet industry, as well as with other non-agricultural sectors of the Asian economy. That this renewed interest in "child labour" arose in connection with those sectors of the economy recently engaged in industrialization and/or the exchange of commodities to the West and not traditional sectors is a paradox that raises difficult questions about how categories of traditional and market economies are constructed.<sup>10</sup> Western distaste of the labour of children is modelled on our own historical experience with the problem during the 19th century, when struggling families and their children were exploited under conditions of advancing industrialism (see Thompson, 1963). Thus it is only when child labour moves into the newly industrialized and commodified economies of developing countries that it

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<sup>9</sup>The death of Iqbal Masih in April of 1995 was originally blamed on the "carpet mafia" of Pakistan by representatives of an organization known as "The Bonded Labour Liberation Front", but subsequently reports emerged that Masih was shot by a drunken neighbour after the boy witnessed a domestic crime. The Toronto *Globe and Mail* reported as well, in November of 1996, that Iqbal's true age was 19, and not 12 as originally thought. This news became known a year and a half after the event in Canada, even though the *Kathmandu Post* reported it in May of 1995.

<sup>10</sup>The notion of child labour as a paradox is inspired by Olga Nieuwenhuys' (1996) recent review article on the subject. Nieuwenhuys questions the categories of childhood that critics of child labour adopt, and argues that the discourse against it fails to provide a voice for children, who are assumed to be helpless victims without any agency themselves.

warranted Western criticism.

My own introduction to the problem, and to the biases that inform it, was a brief tour of a carpet factory operated by a Nepalese friend, Kumar Lama, in the spring of 1991, just as a boom in the production of carpets in Kathmandu was coming into full swing.<sup>11</sup> At the request of one of my travelling companions, we were taken briefly to a small, windowless brick annex behind our Nepalese friend's house where we saw two rows of iron frame looms each occupied by three young weavers. The weaving hall itself was dark and with the looms set up was also quite cramped. My travelling companions and I were shocked by the youthful appearance of the weavers, but Kumar, when asked, replied that these children were better off than they were in the villages where there was little economic opportunity.<sup>12</sup> His answer struck me at that time as being somewhat disingenuous, but after several years of reflection I came to ask myself if there was not some kernel of truth in his explanation.

Considerations of child labour in Nepal must take into account disparities between the relatively developed city and undeveloped countryside, and the economic strategies that these condition, particularly those that include the work of children.

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<sup>11</sup>"Kumar Lama" is a pseudonym, as are all proper names in this dissertation. Names and places have been changed to protect the identity of consultants, who must continue to live and work in the community.

<sup>12</sup>Our conclusion that these were children at the looms was based on observation only. Many foreign observers of Nepalese manufactures are shocked by the physical size of the employees, but perhaps do not realize the prevalence of growth stunting among Nepalese migrants. A 1996 UNICEF report states that the national average for severe chronic malnutrition among children from 6 to 36 months old is 63% (1996: 36). Chronic malnutrition causes growth stunting among children.

Children in modern, industrialized societies are seen as an economic cost and emotional reward to the family. Even in contemporary Kathmandu many parents must expend household resources in order to maintain their children in school and provide for their subsistence in hopes that they might one day be successful and productive. In rural Nepal, however, it has been suggested that the opposite is true, the work of children adds positively to household surpluses in the latter stages of household development or as their productive power increases (Nag, White and Peet, 1978). As most weavers in the carpet industry are rural migrants, and as I will argue throughout this account maintain their relationships with their villages even as they work in the city, work in the carpet industry of Kathmandu must be seen as both an urban and rural phenomenon; work in the city, but as part of a strategy of household maintenance. The work of children for wages, however, juxtaposes household strategies with modern notions of keeping industry free of child labour, and this becomes even more acute when the products of that labour - beautiful oriental carpets - are marketed to modern, industrial Europe and America. The work of children is viewed by modernist critics not in terms of the household economy, but rather in terms of industrial exploitation:

It is true that the preference for children in the carpet factories is due to their nimble fingers which can tie knots on a very tight loom. But it is also true that the employers prefer children because they are available, naive, willing, and easy to control and exploit. They are an uncomplaining labour force that can be made to do any work, for as much time, and whatever wages. In addition, employing children means a guarantee of a stable work force as their labour can be exploited continuously for many years, unlike adults who might not be as easy to control and might have other job options (CWIN, 1992: 18).

Modern critics of child labour practices often devote much ink to the existence of

laws or international protocols on the rights of children and note that people have not been paying attention to them in practice (see, for example, Sattaur 1993). This is not so surprising, as these laws and protocols were constructed in social and cultural contexts far removed from the villages of Nepal and their economic conditions. Neither Kumar Lama nor the children at work on his looms were party to the development of child work policies and the benefits of such policies may be unrecognizable to them. For them, the carpet industry represents a foot in the door to modernity, and to the cash economy. It appeared, however, back in 1991 as though Kumar was exploiting the labour of those children not for household reproduction but for accumulating surpluses for his city based business and extended network of family and business allies. The household model of economy was, in the case of the many small family carpet producing companies like our Kumar's, conflated with the category of corporate production.

The differences between those two categories has long been of particular interest in economic anthropology, as the transition from the former to the latter has been considered one of the most important changes in social evolution. Such distinctions can obscure that transitional moment if "household" and "corporation" are reduced to analytical types that are applied to real producers operating under specific conditions. "Household" and "corporation" are often held as discrete institutions with one dedicated to a cyclical process of production and consumption and the other to the acquisition of fixed capital. The anthropologists Stephen Gudeman and Alberto Rivera have chosen rather to emphasize "a long term dialectic between folk practices and (economic) inscriptions" that link household and corporation, at least at a theoretical level (1990:

35). According to them, household wealth is circulated to sustain the family or social group, while companies are institutions aimed primarily at accumulating profits to be invested in further accumulation (1990: 184).

A distinction between categories of household and corporate enterprise can be difficult to draw in the Tibeto-Nepalese carpet industry. Although evidence of large scale industrial development is plainly visible in the large manufactories that have been hastily constructed all over Boudha/Jorpati in recent years, there are also hundreds of small scale weaving halls, like Kumar Lama's, which are organized around families even if many of their weavers are drawn from elsewhere. Defining the owners and managers of such operations as "entrepreneurs" in the same sense as those who organize large scale companies aimed at accumulating fixed capital for further industrial development calls into question what is meant here by "entrepreneur".

In a study of small scale subcontracting units in the electrical fan industry of West Bengal, Banerjee (1988) faces a similar problem of definition. In her analysis, small firms that subcontract from larger ones are essentially nonviable, and exist only to benefit larger companies that cushion market risks by putting out work. The people who own and operate these small units cannot be thought of as being "entrepreneurial" because they are not directly articulated with the market, and thus cannot make the decisions that would expand their profits beyond the household, or, as she puts it, an individual wage:

Why do small units go into a business where cheating is the only way of survival and where the entrepreneur apparently gets no returns for risk taking? The answer to that question lies in the nature of the small units. The standard small

unit engaged in the fan industry is not a firm in the sense of an entrepreneur employing capital and labour in anticipation of demand. Rather, it is one version of the operation of an artisan who has developed some skills, has some conventional tools and is trying to make a living. He expects to get his payment mainly as a wage and also to collect whatever residual he can by keeping costs below the price set by the buyer in the contract. He produces goods on order and has no means to gauge the potential demand for his products (Banerjee, 1988: 193).

Banerjee sees “cheating” as the only rational strategy a small unit fan manufacturer can use where they have insufficient capital and information to operate on the market, and concludes that these small units exist only to be exploited by those manufacturers who do. This does not explain, however, why small unit operators would choose to subcontract as opposed to working as a waged artisan in a larger factory who does not have to risk his or her personal or household capital on production inputs such as raw materials or additional labour. Banerjee implies that these small unit fan makers have no such choice, but are rather compelled towards taking the risk of cheating by the exploitative nature of the fan industry and the market. If that is the case, then Banerjee’s fan makers are not entrepreneurs, but when they employ family and outside labourers “in anticipation of demand”, as some of the small units Banerjee studied did, a distinction between “artisan” and “entrepreneur” can be made.

Recent literature on craft industries in peasant societies of Latin America reveal a similar problem of classification. June Nash’s study of Mayan household producers of pottery and the influences of the world market (1993: 148) is a case study in which making crafts for sale to world markets had yet to alter the domestic mode of production and yield an “internal differentiation into capitalist classes of exploiters and exploited”.

Minimal profits and low input costs meant that for Mayan potters entrepreneurship was poorly developed, and that they thus avoided the “paradox” of peasant entrepreneurship; as in Banerjee’s case of “cheating”, low returns on risks taken meant that survival depended on the “masked” exploitation of women or children in households as low or unpaid labour (Nash, 1993: 145). A most persistent theme in many Latin American studies of household production for markets over which producers have little control is that it is the unpaid labour of family members that sustains many of those enterprises (Cook, 1986, 1993; Ehlers, 1990; Meier, 1984; Stephen, 1991, 1993).

Whether “cheating” or not, the use of these labour resources are part of an entrepreneurial strategy in the sense that they are about managing social resources in anticipation of demand. Even if the source of that demand is for many reasons beyond the control of the producer, they are nevertheless entrepreneurs. Scott Cook (1986: 54) argues for a definition of entrepreneurship as the “management function”, meaning the productive combination of resources at hand. A Schumpeterian definition, which gives priority to innovation and the “combination of new resources”, would exclude small producers from being studied as entrepreneurs, and thus overlook valuable information about a form of behaviour that is integral to the process of economic and cultural development.<sup>13</sup> Cook’s study of Oaxacan textile weavers (1986) shows that a “sub-wage

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<sup>13</sup>Joseph Schumpeter emphasized innovation in entrepreneurship and the entrepreneur as the main agent of industrial development, but limited his analysis to the realm of economic behaviour, and assumed that this behaviour would always be progressive (see Greenfield and Strickon, 1986; Elkjaer, 1991). The studies of Cook and Nash indicate that in some circumstances, progress may not follow from entrepreneurial behaviour, as structural market barriers may impede it.



labour pool” is a productive factor utilized by small scale entrepreneurs, even if it is an illegitimate one:

Yet we find our professional weavers impaled on a contradiction. Their own long experience as exploited pieceworkers in Mitla sweatshops has taught them well the value of labour power; but the viability of their own operations, in a market controlled by Mitla wholesale buyers, revolves around their ability to produce with unwaged family labour – especially with that of their seamstress wives and daughters [as well as upon a non-capitalist accounting calculus that focuses only on current labour and material costs and writes off investment in tools and equipment as simply a non-reimbursable fee for the privilege of entering the trade] (Cook, 1986: 64).

Like Banerjee’s analysis of small unit fan manufacturers in West Bengal, Cook here identifies a poor articulation to the market as a definitive constraint on manufacturers, driving them to cheat or exploit their own family members - women and children - as sources of low or unpaid labour. Both, however, treat their class of entrepreneur as if its membership was constant, and the strategies required to stay in business at that level also as fixed. My own fieldwork suggests that in the Tibeto-Nepalese carpet industry, both membership in an entrepreneurial class and the strategies required to survive change according to consciously aimed at goals each individual pursues. Just as Cook hints at a process of an upward status shift among Oaxacan weavers, from exploited pieceworker to exploiting petty-bourgeois entrepreneur, so too carpet manufacturers in Boudha/Jorpati build up wealth, power and prestige as their businesses grow, or they fail at doing so. As well, children (though rarely female children) grow up and acquire skills and social prestige as weavers that in some cases, at least, allows them to penetrate previous social or economic barriers to market capital. The chance of succeeding in this is what is critical to Tibetan and Nepalese

entrepreneurs. Although there are some difficult cultural obstacles to overcome, the carpet industry provides ample evidence locally of successful enterprises that have allowed the progress of an entrepreneur, their family, village, and even caste.

Part of the difficulty in defining an entrepreneur is in confusing a role with the people engaged in it. Greenfield and Strickon warn against reification of a type or categories of entrepreneur, and instead for a multidimensional approach that “free(s) ourselves from the essentialist assumptions of our inherited metaphors” (1986: 16). Fredrick Barth (1963: 6) argues moreover that entrepreneurship should be understood as “an aspect of a role” that relates to action and not identity. For Barth those aspects are the strategies motivated by a desire to accumulate profit and bearing the risks for those actions. The notion of bearing risk in particular goes back to the first uses of the word ‘entrepreneur’, a French word used by eighteenth century economists writing at the beginning of the industrial revolution (Elkjaer, 1991). Taking risks and bearing responsibility for them is one aspect that I will discuss frequently throughout this account, as it is something that all carpet producers do regardless of the size of their firm. All entrepreneurs take risks in anticipation of profit, but they take different risks depending on the kinds of capital they venture.

Although Joseph Schumpeter’s theory of entrepreneurship stresses the new combinations of resources and technology made necessary by industrialism, innovation cannot be limited to those actions solely articulated to the market, nor to manufacturing processes and product design. Migration, for example, played a very important part in the development of the Tibeto-Nepalese industry, perhaps more than in the Latin

American cases discussed above.<sup>14</sup> The movement of Kumar Lama's family to Kathmandu to risk a new livelihood in carpet manufacturing was itself a small, local innovation that in concert with numerous other similar innovations allowed patterns of social intercourse to develop that were particular to the Tibeto-Nepalese industry.<sup>15</sup> Some of those innovations are legitimate, others are not, and another aspect of entrepreneurship is bearing and/or avoiding the risks that result. Entrepreneurs must weigh the potential costs of their actions against potential gains.

The problem of 'profit' and 'cost' is inevitably played out on the social stage on which risks are being made. Fredrick Barth (1963: 8) noted that certain acts aimed at accumulating profit may be subject to community sanction, and also that social relationships may prevent the effective pursuit of certain strategies. This is particularly the case when the entrepreneur's chief resource is human labour, as it was in the cases of the Latin American craft producers and is for the Tibeto-Nepalese carpet industry. The Nepalese case differs from the Latin American ones discussed above in one very important way: most Tibeto-Nepalese firms did not develop out of households until those

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<sup>14</sup>Nash (1993) and Stephen (1991) in particular argue that the production of traditional crafts that they studied allowed for the continuity and autonomy of a craft tradition. Design and process innovations make it difficult to speak of the Tibeto-Nepalese industry as a continuity of a tradition as opposed to a profound transformation of it.

<sup>15</sup>I regard migration as innovation in those cases where people have not been forced off their lands by declining agricultural productivity that necessitates movement to engage in the cash economy elsewhere. Many of the consultants to my research maintain land holdings in the hills and rent their land for cultivation by others. Their decision to move was then more out of a desire to increase their economic status in a modern political economy, which they did either by accumulating the necessary capital slowly through wage labour or by converting existing capital quickly into carpet weaving enterprises.

households had been shifted to a peri-urban production area. Entrepreneurs and the family or village corporate groups they often led had to strive towards new ends in a new place. A 'profit' and 'cost' evaluation of those strategies would have to consider the risks of migration, as the potential benefits to be had from moving were appealing enough to inspire many to gamble shifting to the Kathmandu Valley.

Many of the case studies on entrepreneurship in South Asia are focussed on the role that new industrial activity plays in allowing some to progress beyond the boundaries that have traditionally constrained them (Nafziger, 1978; Sadhak, 1989; Zivetz, 1992; Mayoux, 1993). Studies on the potential for growth among India's low and "scheduled" castes or "tribal" peoples often emphasize the role of benevolent reform leaders or religious conversion in establishing a new entrepreneurial class (Sadhak, 1989). According to Mayoux (1993), however, the upward mobility of village silk reeling entrepreneurs in South India was dependent on "the manipulation of caste and family loyalties" to ensure low or unpaid labour in order to survive, even though they received start-up credit from the World Bank through the state government. Upward mobility was possible for some, while silk reeling for others was "a vicious circle of low capital and low profits, both because of personal problems and the structural disadvantages which remain for those with few resources (1993: 563). Mayoux' study, like the Latin American ones it resembles in many ways, is more concerned with failure than with the strategies for succeeding in new enterprises.

It is the case in Nepal, as in South India, that many entrepreneurs fail, particularly under the circumstances that this account describes. Many producers are compelled to

employ controversial strategies that depend on the ability to exploit their own social environment, but taking risks on carpet production at all levels of the industry means gambling on people; on loyalties, partnerships, and contracts that do not exist except as informal agreement. Upward mobility in the Tibeto-Nepalese industry is fairly common, although there were structural limits to how successful a carpet manufacturer can be depending upon their caste and class status. Nafziger (1978) asserts that high caste South Indians succeed in entrepreneurship, which he does not limit to one industry, in numbers disproportionate to the general population, and suggests that they do so in part to protect their own social status. Studies of Nepalese entrepreneurs, on the other hand, indicate that many Nepalese businessmen and women come from castes that until only very recently had middle status (Zivetz, 1992; Parker, 1985; Fisher, 1990).

The question of upward mobility at the level of a religious, caste or class group is often addressed as a communal strategy, or at least as individuals risking economic gain in the interest of the community in order to either protect privilege or to advance the overall prestige of a caste group (Nafziger, 1978; Parker 1985). Laura Zivetz, in her overview of Nepalese entrepreneurship (1992), argues that intra-community alliances are important among high caste pan-South Asian business groups such as the Marwaris, who have risen to prominence in many sectors of the Nepalese industrial economy. Marwaris from all over South India, for example, can use an *ashram* operated by the *Marwari Sewa Samhiti* (Marwari Service Committee) in Kathmandu when in town on business (1992: 95). Intra-community alliances and caste social infrastructures, however, do not necessarily indicate a communal intention to raise or maintain status. As I have

discussed above, I take entrepreneurship to be what people do rather than who they are, so that it becomes possible to see community identity as social capital, and as another resource from which to build a successful business.

For the Tibetan and Nepalese entrepreneurs who manufacture carpets in Boudha/Jorpati, caste 'position' or 'ranking' seems to have increased because of what they do, but the opportunity to do what they do as carpet manufacturers is to an extent dependent on who they are. Social identity should be understood as a resource exploited by entrepreneurs, rather than as an institution that directs entrepreneurial strategies for its own reproduction or mobility. By extending the metaphors of 'management' and 'risk' and 'profit' and 'cost' to an analysis of social identity as resource, I am not attempting to ignore the influences of community on entrepreneurs or speak of them only as individuals in a market that consists primarily of individuals. I am asking rather what part social communities really play in enabling a class of entrepreneurs - or rather people who from time to time risk the resources available to them in entrepreneurial ways - to succeed in this new business. In the following discussion, I will provide some background to the '*jaati*' system in Nepal as it has developed to present, and illustrate how social identity legitimates upward mobility in the new economic niche that the popularity of Tibeto-Nepalese carpets on the world market has opened to new entrepreneurs.

## **Caste and Community.**

Kumar Lama moved with his family from an agricultural hill village in Helambu, about two days by foot from Kathmandu, when his father decided to leave the family land to rent and open a carpet manufactory in Kathmandu. Although Kumar's father was by no means the first to do this, he was lured by the promise of wealth in the cash economy and by the close proximity to what he believed was a better lifestyle than was enjoyed in the hills. For Kumar this meant easier access to education, employment, and further opportunity, but also that he had to compete for these with the children of the established elites of the Kathmandu Valley. The economic and thus social changes effected by Kumar's father and many others like him in some ways challenged the existing Nepalese hierarchy, and those who benefited from it. In order to understand the basic structure of that hierarchy, I will briefly detail its historical origin. In Nepal, the continued influence of that hierarchy on the modern polity is a topic that is hotly debated, being seen by some as the source of the country's unique independence and by others as an oppressive system of caste domination (Sharma, 1986, 1992; Shah, 1993; Country Report, 1993).

The classical Nepalese hierarchy has been under attack since at least the middle of the twentieth century, and this has been accelerated in the modern era. The modern era began for the Himalayan kingdom in 1951, when a coup engineered by then King Tribhuvan reestablished the power of the monarchy and ended a nearly 100 year oligarchy in which a single family, the Ranas, dominated the country. According to

Lionel Caplan (1975: 9), in the period prior to 1951 Nepal was "an amalgam of relatively discrete, face to face communities" organized under a caste (*jaati*) system set out in a legal code known as the *muluki ain* that was promulgated by the founder of the Rana dynasty, Jang Bahadur Rana (Kunwar) in 1854.<sup>16</sup> In the hills, according to Caplan, rural villagers carried out subsistence agriculture and were forced to pay tribute to their Rana - appointed overlords who lived in regional centres, but otherwise had very little to do with the towns, from where feudal control was exercised (1975: 5). The bazaar towns of 19th century Nepal were not then inhabited by an urbanizing peasantry, but by a bureaucratic elite dispatched by the Rana family from Kathmandu to support army detachments and collect taxes. That elite was drawn from the highest Hindu "castes" of Jang Bahadur's *jaati* system.

It does not follow, however, that the lowest castes made up the hill peasantry.

Although the *muluki ain* was modelled on the Hindu *varna* system of India, it also included a number of non-Hindu or "tribal" *jaati* groups that were at the time numerous in the hill regions.<sup>17</sup> Jang Bahadur's system of caste classifications codified a social order that the first king of Nepal, Prithivi Narayan Shah, called the "garden" of four castes and

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<sup>16</sup>Jang Bahadur Kunwar adopted the name "Rana" in 1849 as part of campaign to raise the caste status of his own family to Rajputs, putting them on equal caste footing with the Royal family from whom he had seized effective power. The name change was thus a case of fictional caste mobility (Whelpton, 1991: 187).

<sup>17</sup>Prayag Raj Sharma (1986: 131) notes that the "tribal" label in Nepal is both inaccurate and derogatory. As in India, "tribal" peoples in Nepal are commonly thought to be primitive peoples in need of civilizing influences, but so called tribal peoples - such as the Rai and Limbu minorities of eastern Nepal - were previously complex societies that resisted Gorkha and later Rana hegemony.



thirty six tribes (Sharma, 1992: 7). A unique feature of Nepal's caste system, viz a viz India's, was that it incorporated non-Hindu populations into a system of categories based on distinctions of purity and pollution. Moreover, "tribal" groups such as the Gurung and Magar populations of the west central hills and the Sherpas, Lama, Rai and Limbu of the eastern hills, were accorded middle status in the *muluki ain*, above the untouchable Hindu castes, but lower than The Bahuns (Brahmins) and Chetris (kshyatrias), who dominated government.<sup>18</sup> Many of those *jaati* groups became important to Nepal as they provided recruits for the Gurkha regiments that the Rana regime provided to the British army, whose pay packets were the single largest source of foreign currency in the premodern era.

The *muluki ain* was a legal document that encoded a series of differential rights upon members of *jaati* groups contingent on their place in the hierarchy it established. At the top of this hierarchy were the "wearers of the sacred thread", various Brahmins, Chetris and subsequent Hindu and Newari priests, so named for their custom of wearing a sacred thread to indicate their religiously conferred status. These were followed by two classes of 'alcohol drinkers', a moniker that distinguishes them from the highest castes who, theoretically at least, abstained from alcohol. The first included high caste *Buddhamargi* Newar, or Buddhist Newars, as well as those 'hill tribes' that were actively

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<sup>18</sup>*Bahun* and *Chetris* are the Nepali terms, derived from the Indo-Sanskrit "Brahmins" and 'kshyatria' castes of the classical *varna* system. As the use of 'bahun' tends to be understood as a derogatory term in some circles, I will use 'brahmin' throughout this account.

recruited for Gurkha military service.<sup>19</sup> A second category of "alcohol drinkers" was denoted as "enslavable", to distinguish them from the first class, and these were the *bhote* or Tibetans, which included members of other ethnic communities within Nepal that practised forms of Tibetan Buddhism, as well as other small non Hindu tribes. Finally, the legal code of 1854 classed various Hindu and Newar untouchable castes, from whom a wearer of the sacred thread was forbidden to accept food or water (Höfer, 1979).

The *muluki ain* subsumed broader, pre-existing distinctions between people in Nepal, but has never been completely successful in eliminating them. Those categories have become central in the Nepalese social landscape after the 1990 *jana andolan*, or people's movement, which restored multi-party democracy in the country. The distinction, for example, between "tribal", Tibeto-Burman peoples, often the practitioners of Buddhism or Animistic religions (Magar, Gurung, Tamang, Chepang, Sherpa etc) and the Hindu, Indo-Aryans who had been long organized under a *varna* caste system remains, and has become even more important in the modern era. Recent claims to the preferential rights of "indigenous" Tibeto-Burman ethnic groups have been made in the modern era, particularly following the establishment of multi-party democracy in Nepal after April of 1990 (Country Report, 1993). A second distinction, one that often passes unremarked in social scientific literature, is made between *pahaaDiyaa* (hill people) and *madhesa* (lowland people). The latter distinguishes geographically distinct groups within

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<sup>19</sup>The Newars are subdivided into two broader categories, Hindi (*Shivamargi*) and Buddhist (*Buddhamargi*), the former being the more numerous. The Newar, including Buddhist, are organized by their own caste system which was more or less adapted into the *muluki ain* (Gellner, 1994).

the Indo-Aryan population, and becomes particularly critical in the often acrimonious claims of Nepalese nationalists against Indian hegemony as the low lying *terai* regions of the *madhesa* is a site of much cross-border cultural influence. Both of those broader distinctions, one ethnic, the other geographical, play an increasingly important role in contemporary Nepal as the authority of institutions such as the *muluki ain* come to be challenged.

The *jaati* distinctions as codified by Jang Bahadur Rana's *muluki ain*, however, continue to shape and condition social relations in contemporary Nepal despite recent criticism of it, and the various constitutional changes of the modern era intended to modify it. King Mahendra, Tribhuvan's heir, eliminated Nepal's fledgling multi-party democracy in 1960 in favour of a form of panchayat "party-less" democracy in which the throne was restored to ultimate power. Mahendra also had, early in his rule, revised the *muluki ain* to eliminate legal discriminations on the basis of the code, but not the idea of *jaati* distinctions as it laid out (Sharma, 1992: 7; Bista, 1991: 55). With one stroke he brought the *muluki ain* up to date with modern notions of civil society while at the same time enshrining a cultural system that legitimated both the state and the King's role as its titular head. Constitutional changes in 1990 were calculated to appease Nepal's ethnic minorities, but also asserted the sovereign power of the King, the Hindu religion and effectively the superiority of wearers of the sacred thread (Hutt, 1992: 43). For most Nepalese, caste continues to be an important distinction which determined access to power, wealth and opportunity. The *muluki ain* of 1854 established the relative ranking of *jaati* groups in a persistent cultural system, and thus access to particular kinds of

social capital that this rank confers.

The principal form of capital to which status within the national hierarchy availed individuals was land. Even prior to the Rana regime land was used by Nepalese kings to reward soldiers, priests and government officials, but this practice was intensified and rationalized during Rana rule (Whelpton, 1991: 17). Most land in the kingdom was owned by the state, nominally the king, but was effectively controlled by Rana officials who distributed *jagir* land to Brahmin, Chetris or Thakuri officials and soldiers in lieu of wages. Other lands were cultivated by peasants who paid either in-kind or cash rents to the central authorities, who could reappropriate it at any time for a gift to loyal officials or priests (Regmi, 1976: 20). Throughout the kingdom, as well, customary lands were held by *jaati* communities by agreement with central powers in Kathmandu. Kumar Lama's forbears, for example, had enjoyed land rights over the lush Helambu ridge north of Kathmandu since the early eighteenth century in return for ritual services they performed as Buddhist priests for the Hindu Shah royalty, and much of this land is retained by that *jaati* group today (Clarke, 1980: 13). Efforts at land reform that have been attempted since the beginning of Nepal's modern era faltered over how to redistribute land held by long standing hierarchical rights.

The persistence of patterns of caste privilege and the concentration of political and economic power into the hands of a relatively small elite of Brahmins and Chetris has been widely blamed for Nepal's dismal record of economic and social development (Seddon, 1987; Dor Bista, 1991; Macfarlane, 1992). Dor Bahadur Bista, a prominent Nepalese anthropologist, advanced the controversial theory in Fatalism and Development

(1991) that it is precisely the fatalistic, alien culture of the Indo-Aryan Brahmins which produces the weak work ethic that impedes the development of the country. In Bista's view, the dominant castes in Nepal are relative newcomers, having migrated to Nepal to escape Muslim oppression in India during the Mughal invasions there. They brought with them an alien Hindu *varna* system that was considered superior to the tribal customs they found, and proceeded to incorporate the 'tribes' into their categories of ascending purity (1991: 55). The *muluki ain* was presumably a more recent attempt at this. Bista, himself a cross-caste Brahmin/Chetris, believes that a culture of fatalism and dependency embedded in Brahmin child rearing practices and cosmological belief yields an indifference to taking responsibility for worldly action. According to this Weberian explanation of Nepal's purported lack of development, innovation and enterprise are actively discouraged, and corruption and inertia rewarded (Macfarlane, 1992).

Bista based his claim on the premise that customs of child rearing among high status Brahmins inculcate a sense of superiority and an aversion to manual labour among young male Brahmins. Furthermore, he argues that the competition for inheritance between young Brahmins forces them to seek out "alternative father figures" to become patrons where family resources are insufficient, and this leads invariably to widespread corruption in government offices in which high caste nepotism predominates (1991: 71). For many non-Brahmin Nepalese, Bista's argument had an enormous popular appeal, as in the years following the demise of the Rana regime high caste males continued to control the most important positions in government and state controlled businesses. When I went to Nepal for the first time in 1991 as a volunteer with a Canadian

development program, for example, many of my Nepalese non-Brahmin hosts were reading and actively debating the implications of Bista's recently published book. For them, Bista's explanation conveniently fit notions they had about the powerful and lazy, under whom Nepal had drifted into a profound economic and environmental crisis of overpopulation and declining resources. The association of a perception of Nepal's crisis of underdevelopment with the archaic cultural values of its elite was itself based on an understanding of a social world divided into essential differences and that, as Max Weber had argued many years before, certain cultural predispositions were more compatible with modernity than others. Dor Bahadur Bista's book was only one thread of a whole fabric of discourse within Nepal that advocated rejecting the past in favour of a future in which modernity and development - *bikas* - would eliminate social distinctions and release Nepal's potential.

Critics of the idea that a flawed Brahmin work ethic has hampered Nepal's progress as a modern, industrialized country point out that Bista's generalizations of Brahmin child rearing practices ignore the fact that many other Nepalese *jaati* groups carry out similar practices, presumably without adversely affecting the 'work ethic' of their children (Dahal, 1990: 89). Bista gets around this by suggesting that these practices were not authentic among these groups but rather had been borrowed from, or inflicted by, the dominant castes. This, however, is not substantiated in his book, except by assertion that, for example, the isolation of a powerful minority of high caste Brahmins and Chetris assured that their style of work is non-reciprocating, as distinct from what he

calls the "reciprocity of the indigenous peoples" (1991: 114).<sup>20</sup> Dor Bahadur Bista idealizes these "indigenous communities" and advocates that foreign development aid be directed to them, as opposed to the Brahmin and Chetris elites that make up most of the bureaucracy and state-controlled commercial interests (1991: 151). For the latter, according to this view, an inevitable nepotism and corruption is assured through the twin institutions of *chakari* and *aaphno maanchhe*.

The flaw in that argument is similar to his statements on child rearing; *chakari* and *aaphno maanchhe* are as common among non-Hindu Nepalese as they are among the Brahmin and Chetris elites. Both continue to be powerful local conceptions of patron-client relations that draw upon kinship, ethnic and regional relationships between individuals. Bista argues that *chakari* was a practice that was refined in the Rana courts of the nineteenth century, whereby junior officials to the Rana court gathered at the office of their patron each morning to present gifts - either material, favours or sensitive information and gossip - to their patron in hope that they will be favoured with promotions in the future. By associating this practice with the Rana regime, Bista implies that it is not an authentic practice for other Nepalese, and is an institution that led to widespread corruption and shut out the active participation of non-Brahmin/Chetris in government affairs. *Aaphno maanchhe*, Bista believes, is a modern variation of the

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<sup>20</sup>Dor Bahadur Bista wrote that the dominant "high castes" of Nepal are in the minority, something that the 1991 census of the country does not bear out. The total number of Brahmins is approximately 2.4 million, and Chetris 3 million. Out of a total population of 18.5 million, however, these are the two largest populations of a total of 65 *jaati* groups, with only the Tharu, Newar, Tamang and Magar communities numbering over one million, and most of the rest with less than 100,000 members (HMG 1994).

dependency relations that began with *chakari*, whereby individuals compete for the favour of superiors as a kind of investment towards future advance, and is one of the principal means by which some presumably well qualified and capable people are prevented from advancing into powerful positions (1991: 89). *Aaphno maanchhe* refers to a network of patron-client relationships that are closely modelled on kinship, jaati or regional relationships, and is a category often used by Nepalese themselves to describe the informal alliances of people who do business with one another. These patterns of social relation are far more widespread among other Nepalese *jaati* groups than Dor Bahadur Bista suggests, and where he sees the institutions of *chakari* and *aaphno maanchhe* as the corrupting influence of a flawed cultural tradition, this is not so for many Nepalese. Alex Kondos (1987), for example, shows that both are methods of petitioning that are not generally seen by Nepalese as corruption, but more as an accepted and necessary way of individual advance under a more powerful patron. This should sound familiar to any foreigner who has ever spent time in Nepal either doing research or development work, as hospitality is often extended by Nepalese friends or co-workers and only later it becomes apparent that some favour is expected in return, such as providing work to a family friend or providing a sponsor letter for a visa application. Rather than a corrupting social custom that impedes development, *chakari* and in particular *aaphno maanchhe* are two of the most important institutions through which Nepalese negotiate transactions of social capital.

Ironically, while many Nepalese modernist critics advocate that these institutions be abandoned in favour of individual merit as the only legitimate guarantor of power,



many Western economists have recently recognized the role that the negotiation of social capital through kin and ethnic networks plays in the contemporary global economy.

Janet Tai Landa (1992), for example, discovered the importance of social networks in the course of determining how "transaction costs" are managed in different economic systems. Transaction costs are those incurred by companies or merchants in order to ensure contract compliance, something neo-classical economics assumes that rational individuals will always do despite the fact that this is as blatantly not the case on Wall Street as in any Oriental bazaar where prices are haggled between agents from diverse and often antagonistic ethnic groups. More recently, Francis Fukuyama (1994) recognized the importance of social networks in developing the "trust" necessary to build the "spontaneous sociability" that a successful liberal-market economy requires.<sup>21</sup> For Fukuyama, these networks provide only the raw material for further corporate development, and can constrain that development as well as enhance it, depending on specific conditions:

Trust does not reside in integrated circuits or fibre optic cables. Although it involves an exchange of information, trust is not reducible to information. A "virtual" firm can have abundant information coming through network wires about its suppliers and contractors. But if they are all crooks and frauds, dealing with them will remain a costly process involving complex contracts and time-consuming enforcement. Without trust, there will be strong incentive to bring these activities in-house and restore old hierarchies.

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<sup>21</sup>Fukuyama's "spontaneous sociability" is a concept that follows Durkheim's "organic solidarity" in that it assumes that social structures in industrial society issue from a complex division of labour rather than from archaic institutions of kinship or caste. It also is reminiscent of Friedrich Hayek's "spontaneous order", which posits that the liberal-market is the most efficient expression of an innate human aspiration for freedom (see Landa, 1992: 25). My account takes neither of these assumptions as self evident.

Thus, it is far from clear that the information revolution makes large, hierarchical organizations obsolete or that spontaneous community will emerge once hierarchy has been undermined. *Since community depends on trust, and trust in turn is culturally determined, it follows that spontaneous community will emerge in differing degrees in different cultures.* The ability of companies to move from large hierarchies to flexible networks of smaller firms will depend, in other words, on the degree of trust and social capital present in the broader society (Fukuyama, 1994: 26; emphasis added) .

Fukuyama's account can be faulted for reifying the concept of "culture" as referring to bounded, exotic institutions that determine other institutions, rather than as complex systems that produce and reproduce legitimate forms of power and interest (Keesing, 1990: 57). Fukuyama, for example, decides that French "culture" is low-trust, and therefore leads to an economy dominated by a small number of large hierarchical companies, while Japanese "culture" is "high trust" and results in a large number of highly competitive smaller firms, ignoring entirely the influence of history and politics. Moreover, the evolutionary culture-trust-community-corporation trajectory he constructs may be inverted entirely in developing economies like Nepal, where the moral authority of Western models of livelihood may be more influential on the "culture" of developing business than local models which are seen as antithetical to development. Nevertheless, the notion that social capital plays a critical role in economic life provides fertile ground for investigating the growth of industry in a developing economy.

The concept of 'social capital' which I use throughout this account is an heuristic, which following on the "economy of practices" developed by Pierre Bourdieu and others metaphorically regards social relationships and identity as a kind of capital that can be mobilized to achieve certain goals (Bourdieu, 1977, 1989; Smart, 1993; Waquant, 1987;

Waquant and Bourdieu, 1989). This is a useful concept for the analysis of the social and cultural dimension of entrepreneurial accumulation, particularly in cases such as the Tibeto-Nepalese carpet industry where access to economic capital is limited for many would-be entrepreneurs. For carpet entrepreneurs in Boudha/Jorpati the capital resource of weaving labour is as important as the reified labour of economic capital. Nepalese social institutions of *chakari* and, in particular, *aaphno maanchhe* are therefore understood to be providing kinds of social capital that, in the day-to-day activities of peoples within a somewhat fluid caste system, are critical to advancing the interests of both individuals and communities.

The creation of a new economic niche has the potential of making some forms of social capital more valuable than others and of upsetting existing forms of economic and social power. Laura Zivetz (1992: 26) notes that in those aspects of a modern economy in post-Rana Nepal that are not state controlled, non-Hindu minority groups provided a disproportionate number of new entrepreneurs. Rather than trying to explain this by alluding to the slippery concept of any culturally determined work ethic, she posits that it is rather the social marginality of a community as well as internal social structures that contribute to this phenomenon. *Jaati* groups like the Thakalis, who control many of the hotels on the lucrative Annapurna trek and the Sherpas of Solu-Khumbu through whose traditional homelands thousands of tourists pass, have been predispositioned for success in the new context of international tourism mostly because it is both them and their habitats that tourists most want to see. In a sense, then, their collective success is not so surprising, except when other cases are considered in which local communities were

overwhelmed by outside elites when new opportunities were identified in their homelands. In northern Thailand, for example, hill tribes have been pushed aside by lowland Thai entrepreneurs in the lucrative development of hill trekking there. Similarly, in Nepal the Tharu people who originally inhabited what is now Chitwan National Park have been marginalized by incoming Nepalese and have little material interest in park tourism (Cohen, 1989; Müller-Böker, 1993). That the Thakalis and Sherpas have been so successful then cannot be attributed to mere proximity to opportunity.

Zivetz' notion that marginal *jaati* groups are disproportionately represented among Nepalese entrepreneurs is not, however, supported by her own data. According to data she collected from His Majesty's Government (HMG) Department of Industry, most industries in Nepal are controlled by Marwaris and Newar proprietors, both *jaati* groups that were favoured as merchants and administrators during the Rana regime (1992: 66).<sup>22</sup> The contemporary garment industry, which grew to become Nepal's largest export commodity for a time but is now struggling after the US quota system in garments was dismantled in 1995, was largely a branch plant enterprise mounted from India by Indian industrialists and using large numbers of Indian labourers (1992: 181). The carpet industry, which is the central concern of this account, however has its roots in the Tibetan diaspora after 1959, and although many high caste proprietors - particularly Marwari - control some of the largest carpet trading houses, the industry is still

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<sup>22</sup>Zivetz does point out that the Hindu Ranas favoured the high castes of *Shivamargi*, or Hindu, Newars, while suppressing the parallel castes of Buddhist priests and merchants who long traded with Tibet (1992: 74).

considered "Tibetan" by most international buyers of Oriental carpets. The identity of the product in international markets has meant that a specifically Tibetan identity is important social capital that predisposes some individuals to being and succeeding in the carpet industry. While the Tibetan refugee community has of course benefited from this, so too have people from formerly marginal ethnically Tibetan *jaati* groups in Nepal.

Social capital, like trust, is however nowhere tangibly present. The categories of social identity as codified in the *muluki ain* continue to predispose individuals to access to economic opportunity and power, and legitimate social relations. By "legitimate" I do not mean by mere coercion or domination. Pierre Bourdieu, the French sociologist who introduced an economistic language into the analysis of social forms, noted that "legitimation...results, rather, from the fact that agents apply to the objective structures of the social world structures of perception and apperception which are issued out of these very structures, and which tend to picture the world as evident (1989: 21). Legitimation for most Nepalese is of an everyday distinction between peoples by their *jaati* origin that both conceals the inequities of that system and provides a modicum of agency to use it for individual, family, or community benefit.

Caste and class are complementary phenomena in Nepal. As my account will show, the *jaati* origin of independent carpet entrepreneurs is a consistent idiom used in the stories they themselves tell about the business they work in and the rules by which it functions. The danger for them is that too often origins are taken as firm constraint to opportunity. There are cases of individuals succeeding despite the apparent lack of their legitimate claims to that success under Nepal's hierarchical *jaati* system, and others of

individuals who fail despite their comparatively privileged place. Too, there may be a confusion in their narratives between categories of origin and those arising from new developments in an uneven industrial process. The Market and the *muluki ain* are in those cases antagonistic institutions through which individuals struggle to define legitimate ways of doing things. The controversies surrounding the illegal use of child labour which frame this account are one example of this struggle for legitimation. Market forces created new opportunities for exploitation, and in turn this exploitation is blamed by modernist critics of the industry on reified cultural flaws of those who were drawn from their villages to pursue new livelihoods deemed desirable in contemporary Nepal.

A parallel danger follows our own construction of analytical categories in writing about the cultural economy of development. Like the distinctions of authenticity built into the types of Oriental carpets used by connoisseurs, the danger is that our own categories of distinction, between household and corporation, and between peasant and entrepreneur, get used in a narrative of a collective struggle for autonomy which ignores the pragmatic intentions of individual actors. The role of the entrepreneur, in particular, begs examination as an agent of social as well as economic change, and is thus an ideal subject for an inquiry into the weave of culture and economy.

### **Conclusion: Places and Progress.**

The merit that accrues from the building or renovating a stupa leads to

Buddhahood; these activities are a means of spreading and strengthening the Buddhist teaching. The Tibetan myth of the stupa of Bodhnath is a story of a construction venture that is directly connected to *bSam-yas*, the first and oldest monastery site in Tibet.

During the building work at this site Shankarakshita, the abbot, reminded King Khri Srong-lde'u btsan of Padhmasambhava and of the vow that all three of them had taken in a past life 'in the country of Nepal in the district of Maguta'. 'In that life they had been the sons of a woman who kept geese. She, in spite of her mean livelihood, had accumulated wealth and then made known to the king her intention of constructing a stupa. The king granted her permission without further ado, and so the poultry woman and her sons together set about the construction.

The people of Nepal, however, were distressed at the size of the edifice and protested to the king. But the latter stood by the decision he had made; the Tibetan name of the stupa, "Permission to Do What's Proper" (*Bya-rung kha-shor*) recalls this episode of the beginning of construction (Erhard, 1991: 5).

The legitimation of the right to be and do as one enterprises is in a sense mortared into the Boudha stupa, around which the people discussed in this account live and work (figure 2.1). The necessity of accumulating wealth in order to acquire merit had to be defended, even then, against those who perceived this accumulation to be excessive, and possibly as a threat to their own power. For most of its 2000 year old history, the Boudha stupa has been a pilgrimage site and a centre of Tibetan - Buddhism located just outside of the centre of the Newari and Shah kingdoms in Kathmandu. As late as 30 years ago, the land that stretched away from the stupa was covered with rice paddies that swept down towards the Bagmati river valley in present day Jorpati. At the junction of the footpaths that led to Sundarijal and the foothills north of there were clustered the small villages where rice and small crop cultivators lived. These remain remarkable because of the aged *pipal* trees which mark their junction, but otherwise contemporary Boudha/Jorpati is almost everywhere disappearing into the margins of the growing city of

Kathmandu.

During my first visit to Boudha, in the winter of 1991, this process was very much visible, but not to the extent that I found just two years later when I returned there to study the Nepali language. By then, many of the fields I had first seen between Boudha and neighbouring Chabahil, where I was staying at the time, had been drained and large two or three level houses or tenements raised. The paved road from Kathmandu to Sankhu on the edge of the Kathmandu Valley ran through Boudha/Jorpati, a densely populated peri-urban area where metal shops shared the street front with beauty parlours, photocopy shops and bicycle-borne vegetable salesmen. At the time I was drawn to Boudha because of its exotic mix of Buddhism and lively bazaars, and at some point resolved to one day do fieldwork in the carpet manufactories that even then were evidently the source of a lot of this other activity. When I mentioned my plans to a Nepalese friend, he told me that the changes in Boudha had been dramatic in his own lifetime. Twenty years earlier, he told me, a tourist would have been hard pressed to hire a taxi to Boudha, in part because of the poor roads, but also because Boudha had a reputation for violence and prostitution among people from Kathmandu. Cabbies refused to go except for a hefty fare.

The growth of Boudha/Jorpati is partly the result of policies to develop the country imposed by national governments and foreign donors since the end of the Rana era. When the country was opened to foreign trade and aid for the first time, a series of weak democratic governments and the strong *panchayat* regime of "party-less democracy" that dominated the country from 1961 to 1990 pushed development policies



Figure 2.1: Boudha as seen from Tinchuli (see also fig. 4.3). The Boudha Stupa can be seen in the centre, surrounded by hundreds of recently built tenement buildings, many of which have carpet manufactories attached to them. The tin roof on the left margin is one such carpet weaving hall.



to the forefront. These policies, taken together, form a unique ideological discourse in the country that was, and remains, pervasive in almost all aspects of public and private life. Development projects and international aid became a major source of revenue, and international agencies have tended to set policy agenda according to priorities alien to local peoples.<sup>23</sup> An important component of that discourse, as Stacey Pigg (1992) writes, is the invention of the social category of the "village", as opposed to urban settlements, as places that represented all that was backward in a nation struggling to progress into the modern, industrial world. This discourse is heard even in the official names of villages as "Village Development Committees", associating the project of development with the political organization of the country at the local level. Pigg states further that the invention of the villager as a category of an undeveloped (*abikasi*) person that levels all possible differences between peoples has had an enormous impact on how villagers see themselves, and on how they are considered by development "experts" (1992; also Stone, 1989).

In Boudha, Ward 6 and the Jorpati Village Development Committee, there is a visible juxtaposition in the landscape between city and village. In the areas away from the main road agricultural life continues in tandem with industry; although there are several sand quarries that tear into the land to feed the many concrete homes, plazas and manufactories under construction on former rice paddy. The people of Boudha/Jorpati

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<sup>23</sup>Judith Justice (1989) writes of how family planning trends in the 1960s drove project funding then, and how the lack of results eventually led to donor fatigue in the West. Nevertheless, there was in 1995 a clinic at Rāmhiti in which people from the local community, a housing project for landless people, could not find any general medical services, but where women could go if they wanted birth control.

reflect that same ambiguity. It has been suggested that the study of the peoples of these peri-urban areas has been long neglected as they “are neither peasants, nor proletarians (and) they occupy a social world which inwardly remains a village, while outwardly it has taken on the appearance of a town or neighbourhood” (Philibert, 1989: 73). The people I will discuss in this account are also neither peasants nor proletarians, but a class of entrepreneurs who - regardless of their ethnic origin - compete for success in a distant market far from their villages. Alongside the few original residents with their own land and individual or *jaati* association with the area have come thousands of immigrants and migrants, Tibetan refugees, tourists, and European carpet merchants. Each must claim their own legitimate place in a changing social landscape and overcome the barriers imposed by perceptions of who people are, and what they should rightfully be doing.

This account is of both the carpet industry and entrepreneurs working through it towards what they see as progress towards modernity. Their experiences go largely ignored by development experts and policy makers, but the struggle for legitimacy that they tell of can shed much light on the process of change in local livelihoods as inspired by foreign markets. The next chapter, a short history of the Tibeto-Nepalese carpet industry, will show that the career of Tibetan carpet is one in which traditional Tibetan weaving processes and materials have been combined with European designs into a new, hybrid, Oriental carpet. It is the manufacture of this carpet that forms the basis of these new livelihoods.

### **CHAPTER 3: THE LIVES OF THE TIBETO-NEPALESE CARPET.**

On the main road that leads out of Kathmandu city to the suburbs of Boudha and the sprawling carpet weaving centre of Jorpati Village Development Committee, there are a few small carpet shops that sell carpets to tourists and locals. The carpets sold in these shops are not for export, nor are they considered export quality, and have virtually no place in the massive volume of carpets that are annually exported to Germany and the United States. Nevertheless, the carpets of these shops, woven of a poorer quality Indian wool and sold for a fraction of the price of export carpets, are closer to a traditional Tibetan carpet than those lavishly spread out on Western hardwood floors. Here small carpets with medallion, symbolic *vajra* and dragon designs are found woven to traditional sizes; some shops specialize in the *tapche*, coloured saddle carpets specifically designed to fit the wooden saddles of China and Tibet. While some market for these carpets as useful objects exists, as saddles used on ponies in the highlands and mountains, they have a limited use value in modern Kathmandu, except perhaps as a tourist curiosity. As such, they complement the atmosphere of Boudha/Jorpati, with its numerous Tibetan Buddhist monasteries and shrines that display similar imagery.

Others of these carpets are found in Nepalese and Tibetan homes as floor and seating carpets, as those of export quality are too expensive for most people in Kathmandu and are in any case usually exported. In many Tibetan or Nepalese homes

the carpet is spread out as a symbol of prosperity and hospitality now as it had been traditionally. The contemporary prosperity of Boudha/Jorpati is now amply displayed in the profusion of expensive shops, supermarkets and in the Japanese four wheel drive autos plying the potholed roads. This new affluence has been earned from the international popularity of a Tibetan carpet that is genealogically far removed from the Indian wool carpets of these shops. The export quality carpet is now the true Tibeto-Nepalese carpet, a category critical to distinguishing a style that competes in an international field of orientals.

In what ways is this contemporary Tibetan related to its ancestor, and why is such a relationship so frequently invoked by carpet dealers and buyers as a criterion of authenticity? What makes a Tibetan carpet "Tibetan"? While this question is central to a relatively small number of historians and collectors of Tibetan carpets, for most consumers the identity of the commodity is a criterion subsequent to desirability of price and fashion. Just as the *tapche* was used by Tibetan nomadic peoples and other forms of carpets by settled Tibetans unconcerned with the Tibetan-ness of the product, today Tibetan carpets lie on European floors for reasons that have less to do with authenticity than the qualities of colour, durability, and design flair. Yet the genealogy of the Tibetan carpet remains an organizing principle around which the whole vast Tibeto-Nepalese carpet industry is woven, from the handful of "Indian wool" carpet shops to the large networks of exporters and subcontractors that produce tens of thousands of square metres of carpets monthly.

The process of the commoditization of the Tibetan carpet began in earnest with

the Tibetan diaspora into Nepal after 1959. While a nomad from the Tibetan plateau would find the Tibeto-Nepalese carpet a meaningless jumble of dull colours, a Tibetan carpet weaver would probably recognize that some familiar materials and processes went into its making. In this chapter I will detail the material transformations of the Tibeto-Nepalese carpet through its career to its current importance. This career, or "cultural biography", I take as being one of partial homogenization, of moving from a once unique and singular production towards one that shares qualities with many other like commodities (Kopytoff, 1986). The nature of the carpet as a handcrafted production, however, prevents total homogeneity from ever being completed, and elements of traditional processes continue to define the authenticity and distinctiveness of the Tibeto-Nepalese carpet.

### **Carpets and the Tibetan Tradition.**

Carpets in pre-revolutionary Tibet were generally not things made for sale to outsiders, although there were some earlier but poorly documented attempts to reach an outside market. They were largely unknown to the growing trade in Oriental carpets that began during the Industrial Revolution in Europe (Lorentz, 1972). Carpets in Tibet were made to be used, and things made only for use have been analytically distinguished from those things made for exchange, as exchange is thought to set into motion a process of commoditization that eventually culminates in the homogenization of all things under the money form (Hart, 1982; Appadurai, 1986). Too often an ideological rift between use-

value and exchange-value has been overstated, and where traditional things are transformed into things for sale, the origins of the latter in the former are forgotten or thought to be lost to advancing modernity. Although the hand-knotted Tibetan carpet is now produced predominantly for exchange, and in quantities far greater than traditional Tibetan production ever approached, in each carpet a singular quality distinguishes it from all other like things and makes it desirable. The choice between carpets is a choice between commodities that the anthropologist Mary Douglas believes is a critical cultural function in consumer society, "a choice between two different views of the human condition and between metaphysical judgements lying just beneath the surface of the question (1979: 74)". The practice of choosing between things is, according to this view, an act of classifying reality, and defining a meaningful world.

According to H.A. Lorentz, for whom the Tibetan carpet was "Chinese, but with a difference", carpets were used in pre-revolutionary Tibetan homes as seating, or as saddle padding. Many traditional Tibetan carpets were to be found in monasteries, where long, multicoloured knotted carpets served as seats for Lamas or adorned chapel walls and pillar posts (1972: 160). Philip Denwood's survey of traditional Tibetan carpets (1974: 9) disputes Lorentz's claim that Tibetan carpets are basically Chinese, but agrees that they were used for seating, unlike the carpets of Central Asia, which were predominantly floor coverings. Denwood also concludes that the Tibetan carpet tradition, unlike that of China and other Asian carpet weaving traditions, was an art that "reached down to... a popular level" (1974: 94). This notion that carpets were a part of everyday life in pre-revolutionary Tibet is commonly held by the refugee carpet producers in contemporary

Nepal, and is seen as integral to their identity. As one producer told me:

Our forefather's profession is the carpet. Weaving is in our blood. Otherwise all are weaver. Everybody, especially people in the Himalayas where it is very undeveloped...weaving is, you know, necessary. We weave everything from shoes to, you know, hats, so carpets are also a part of our daily life, our routine work.

Whether this notion reflects a genuine or spurious Tibetan tradition is difficult to evaluate because of the paucity of detailed ethnographic descriptions of pre-revolutionary Tibet. Prior to the invasion by Maoist China in 1959, Tibet had remained effectively closed to western travellers, and most information about Tibetan society came from British agents or those few who did manage to go there. Heinrich Harrer spent most of the Second World War in exile at Lhasa among the Tibetan nobility, and describes the sumptuous carpets laid out in their homes (Harrer, 1983 [1953]). Lorentz noted that a class of Tibetan carpets, *khampa-dzong* carpets woven in a more rustic “peasant” style than the classical *gyantse* carpets of Lhasa and Shigatse, were “known to have been woven in the precincts of the governor's residence” (1974: 158). Another pre-revolutionary account of Tibet describes the vast disparities of wealth between the Tibetan noble and lower classes and describes the interior of a wealthy Tibetan home:

... in front of the boxes and cupboards along the wall, below the windows, are placed divans about a foot high with handsome carpets, on which family and guests seat themselves (McDonald, 1929: 216).

By contrast, lower class homes were:

...small, badly lighted, cold hovels. The houses were never more than two stories high in height and animals occupy the ground floor, having every bit as much comfort as their owners. The living rooms, two or three in number, are very meagrely furnished with grass stuffed cushions, a box or two containing the



family treasures, and perhaps a loom. (1929: 220).

Carpets may have been woven for home use by lower class Tibetans, but in pre-revolutionary Tibet they were seen as sumptuary items as well as useful, and associated with status definition. Carpets were not, by analytical definition, commodities; their uses were social as well as practical. Divans covered with colourful carpets would do for the nobility and their guests, but grass stuffed cushions appear to be all that some poorer Tibetans could hope for. Both things would have been included in the category Tibetans called *g'dan*, or seating (Denwood, 1974: 9).

H. A. Lorentz distinguishes three main types of Tibetan carpet, based on the regions of their origin, as well as material and design differences. The first is the "Central Tibetan style" or "*gyantse*" style, so named for the town from where an early attempt was made to export carpets to markets in India . This early attempt to begin an export market for Tibetan carpets played no role in the development of the modern Tibeto-Nepalese industry, and Lorentz adds that it "had an extremely deleterious effect on the craft as a whole" (1972: 156). Secondly, carpets came from the Chinese border regions, and shared design and structural features with Chinese carpets. Thirdly the *gyarum* carpets of Chinese origin were found in the houses of "better-to-do" Tibetans (1972: 160). Denwood classifies the *gyantse* type as the true Tibetan type, as the method of weaving was (and remains) distinct from the Chinese, despite obvious parallels in design motif (1974). In China, too, carpets were used for horse saddles and as temple pillar decorations, as in Tibet.

Ugen Gombo (1985), in his discussion of the Tibetan carpet industry, states that

carpet weaving in pre-revolutionary Tibet was never organized outside of the household, except where production was carried out for nobility by specialists (1985: 96). But many of the historical carpets that remain today were woven for monasteries and nobility, which suggests that there was in Tibet a strong artisan tradition that defined the classical features of Tibetan carpet design. The hand knotted Tibetan carpet was a prestigious and beautiful thing that was spread out for sittings of a specific kind - as seats for Buddhist Lamas who sat in meditation, and for people and their guests to engage in important social events. In the lives of many Tibetans occasions arose in which the hand knotted carpet was called for, but as their brightly coloured wool and finely knotted designs suggest, these were distinctive occasions (see Fig. 3.1). According to Denwood a variant of a looped carpet (*kha-g'dan*) was made for most everyday uses, such as for setting on beds as a bed cover. These carpets were simpler in design and execution, and are woven on domestic horizontal or back strap looms, unlike the hand knotted variety, which were dressed on vertical looms. These looped carpets are less sophisticated, and tended to be inferior copies of hand knotted carpets (*rum-g'dan*) (Denwood, 1974: 60). It is these distinctive *rum g'dan* which are the basis for the contemporary "folk art", and not the looped carpets woven on smaller, household looms.<sup>24</sup>

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<sup>24</sup> Denwood (1974) also notes that knotted carpets of what Lorentz would have called the *Gyantse* style were also known in Tibetan as *grum-tse*, a Tibetan word that does not indicate seating. I have chosen to use forms of *g'dan* here to emphasize the relationship of knotted carpets to other forms of seating in traditional Tibet, as this was the association most often suggested by contemporary Tibetan producers in Boudha/Jorpati.

Figure 3.1: Traditional Tibetan carpets in use. Lamas in Helambu preparing to celebrate the Mani-Rimdu ceremony seated on long carpets that show distinctively Tibetan angular medallions in the field and meander pattern along the border.



It has not been my intention here to claim that traditional Tibetan society was hierarchical and given to displays of wealth and power, but rather to point out that the Tibetan *g'dan* was a cultural category that included various distinctions of things, from grass cushions to ornate handwoven temple carpets. Women in individual households did weave, but to a great extent what they produced was influenced by artisans who wove for social institutions beyond the household. Gombo's characterization of the Tibetan carpet weaving as a "home industry" (1985: 97) misses the important dynamic in the early "industry" between home production and the production for monasteries and nobles, who presumably were important consumers of luxury carpets. The predominance of religious iconography in Tibetan carpets as documented by carpet historians Denwood and Lorentz demonstrates institutional influences on the craft. But the relationship between weaving women and the designs they wove is often taken as an individual and unstructured communion with a cultural tradition, often, in the case of Tibetan weaving put in near religious terms:

The finished rug wasn't the end. Once it was trimmed, sheared and cut from the loom, they strung up again. Weaving was well practised; the rug, well used. Carpets wore from the centre out, and were replaced like their very clothing, by putting another over or under the worn piece, depending on occasion. The rugs were worn down to a pileless sheen. The final tribute to their craft was that almost nothing survived.

What survived was the practice of hitching, tying off, and cutting through. In it they grounded their vision, and perfected their view. In the space of one knot swooping down over the bar, they listened to wisdom's descent. It rolled off their looms, spilled out of the doorways to mix with life's great tangle. (Guta, 1992: 68).

Life is tangled, but carpets are woven. This romantic view of Tibetan weaving provides an important clue as to why Westerners should desire Tibetan carpets at all.

Just as kinds of *g'dan* reflected the order of Tibetan society, with increasing value being placed on beautiful carpets that were then assigned distinctive social roles, so kinds of oriental carpets take their respective place in a hierarchy of goods which reflect an ordering of the modern world. And an unproblematic dynamic between a weaver and their "tribal" tradition stands as an important criterion for the most prestigious of these kinds.

A discriminating consumer of oriental carpets is primarily concerned with the authenticity of the carpet's tribal origin, and its traditional style or technique (Spooner, 1986; Purdon, 1996). These include carpets woven in Persian, Turkmen, Indian, Afghan and other traditions, but here 'tradition' becomes difficult to define. Oriental carpets, as we have come to know them in the West, have for many hundreds of years been produced primarily for export to European and later American consumers, who in turn shaped 'traditional' carpets by making demands of design and techniques. European commercial interests were active in organizing production and introducing chemical dyes in the Turkish and Persian industries during the nineteenth century, drawing rural and nomadic groups into carpet production for the first time (Quataert, 1986; Helfgott, 1994). Rather than producing indigenous works, Persian nomadic peoples reproduced designs developed in urban workshops, formerly patronized by Persian elites and latterly by British and German entrepreneurs supplying European markets (Helfgott, 1994). Contemporary scholars of the Tibetan carpet believe that the pre-revolutionary weaving tradition was influenced first by the Central Asian and later Chinese carpet industries, both of which had evolved very much under the influence of the Western market, with

which the Tibetans, because of isolationist policies, had little or no contact (Denwood, 1972; Myers, 1993).

The rising popularity of the oriental carpet in the 19th century corresponded to a period of colonization and the expansion of European and American commercial interests around the world following the industrial revolution. A nostalgia for the singular traditions of peoples being subjugated under advancing modernity may have been one motivation for carpet collection, but also tribal and "primitive" oriental carpets came to be valued as commodities that defied mechanical reproduction. The British designer William Morris, for example, frequently imported and displayed oriental carpets and their influence was found in his own carpet designs. The oriental carpet, for Morris, represented a fidelity to tradition that the mechanical products of the industrial revolution lacked, as well as a conviction that artistic taste could be found among even the least sophisticated people (Helfgott, 1994: 86). That the carpet "traditions" that Morris valued so much were recently constructed to meet Western demand for oriental carpets, however, is less important than the desire for tradition itself to inhere in the carpet. This desire continues to inspire carpet consumers, from the connoisseur collector to the middle class European looking for an affordable but attractive carpet for the family room, but for different reasons.

The oriental carpet market today is an institution that has expanded beyond its 19th century origins to include a growing global consumer market for mass produced luxury goods. While a collector of an antique or high end carpet would consider accurate knowledge about a carpet's authenticity and origin critical, not so a customer in a

department or chain store. A relationship between these different carpets exists, however, for the antique or high end sets the categories for the whole market. A wide variety of kinds of carpets has become available to non-connoisseur consumers also interested in hand knotted carpets, and their taste is now also a part of an international "negotiation of authenticity" (Spooner, 1986).

The hand knotted carpet was for the Tibetan a distinctive thing, marking a world in which aesthetic accomplishments are more valued than, say, a grass stuffed cushion. So too in the field of floor coverings the oriental carpet is valued for its hand made quality, which unlike the mechanically reproduced floor coverings readily available in the market, remain singular productions that embody for their owners a sense of tradition that is unique and desirable. At a level of pure theory the commodity, as Hart puts it, "grows out of and transforms that which it is not" (1982: 39), but this level the oriental carpet can never reach without being stripped of the singularity that defines it in the first place. Spooner argues that the oriental carpet is "imperfectly commoditized", as it is able to communicate multiple meanings to many people, whereas a pure commodity is reduced to an abstract homogeneity expressed only in the money form (Spooner, 1986: 200). In traditional Tibetan carpets, swastika design patterns on temple carpets may have been seen as symbolic of the Buddhist principle of impermanence, while on a wedding rug a sign of good luck (Myers, 1993: 25). To a collector of antique carpets in Europe or America, attention may be paid to the purity of design origins, while a carpet integrated into a middle class living room marks its owners appreciation of both the skill of the weaver's craft and the ease with which it can be adapted to individual tastes.

Apart perhaps from some of the more abstract negotiations for stock on the stock exchange, modern consumer culture shares with traditional cultures the characteristic that commodities are socially necessary to classify a meaningful world. But meanings change, and are constantly being renegotiated by correspondents who are variously positioned in a shifting structure of power. The traditional Tibetan carpet, though influenced indirectly by the Western market, was in pre-revolutionary times produced to mark meanings only associated with Tibetan society. Once the Tibetan carpet entered directly the world oriental market, however, the structure of those meanings began to change, as did the physical carpet itself.

### **The Tibetan Carpet in Exile.**

One of the of the most profound changes ever to overtake Tibetan society occurred in 1959, when the fourteenth Dalai Lama, along with his family, much of the religious hierarchy, and over 100,000 Tibetans fled their homeland into India and Nepal. In India, the government of the time welcomed the Dalai Lama and his followers and assisted them in establishing a refugee infrastructure of settlements that still exists today. While the majority of refugees fled to India, Nepal became home to about 12, 000 refugees who were mainly settled at camps at Jawalakhel in the Kathmandu valley, Chialsa in Solu-Khumbu district, Pokhara in the mid-west and at several smaller centres in the far west (Gombo, 1985). Refugees in Nepal could not directly benefit from the generosity of the Indian government, as sovereign Nepal, itself emerging from over a



century of isolation and economic stagnation, needed to rely more on Western aid agencies to relieve the economic burden of the Tibetans. It was these Western relief agencies which identified the Tibetan carpet as a potential cornerstone of economic self-sufficiency for the refugee population. Because of this, Nepal became the centre for the multi-million dollar Tibetan carpet industry.

In 1961, the Swiss Aid and Technical Assistance organization (SATA) set up the first refugee carpet weaving workshop at Jawalakhel; weaving centres were subsequently set up in Pokhara and Chialsa, Solu-Khumbu. In 1962, SATA set up the Tibetan Carpet Trading Company (TCTC) in conjunction with the Dalai Lama's government in exile at Dharamsala, India, to bring all Tibetan carpet weaving under a single marketing arm (Odegaard, 1987; Worcester, 1992). At that time, a very modest export market was identified in Europe for Tibetan carpets from those sympathetic to the plight of the refugees, and subsidized by SATA. The first products were woven from hand spun Tibetan wool and "in typical Sino-Tibetan designs" (Odegaard, 1987:10).

At the outset SATA hired refugee "master weavers" to train others at carpet weaving. These people brought with them into exile traditional weaving skills that were unique and uncommon; although weaving everyday things might be "in the blood" for Tibetans, hand knotted carpet weaving was not. Most refugees arriving in Nepal were either farmers or nomads, and had few other skills with which to adapt to refugee life (Gombo, 1985: 35). These "weaving masters" were said to be from the Gyantse region of south Tibet, a region many Tibetan producers identified as the source of traditional Tibet's finest carpets. One Tibetan consultant told me this story:

And there we started, you know, our carpet industry back in the 1960's, '61, and my brother's wife is the carpet master at that time, and she trained all my sisters and other 6 weavers that time, and nobody knew how to make carpet because most of the refugee in that settlement is came from Tibet, from Western side, so western people they don't know how to weave carpet, only eastern people, they know how to weave carpet. Like Lhasa people, specially Gyantse that's the best weaver in Tibet, Gyantse, Gyantse carpet is the good carpet, the quality carpet, you know. So my brother's wife, she came from Lhasa, she has experience with making carpet in Lhasa, so she trained all the western Tibetans who are in the settlement, trained 6 people including my 2 sisters and others, that's how we started the carpet industry.

Although these carpet masters came from the region that was the heart of traditional carpet production and imparted the Tibetan weaving technique to others, SATA also contributed towards developing modern weaving practices, most notably the introduction of carpet design graphs (*naxar*). Design graphs have been a common feature throughout the export oriental carpet industries of other countries, and ensure the uniformity of the product. Weavers need not draw on imagination or tradition while weaving, they follow a paper graph on which someone else has painted the design in 1:1 ratio, a division of labour that Ugen Gombo claims has taken the artistry from the hand of the weaver, leaving them "no room to inject individual artistic innovations" (1986: 157). This division, introduced for reasons of uniformity, has also produced a cultural evaluation of the respective roles - in 1995, designers receive upwards of 25,000 Nepalese rupees per design (500 US dollars), while a weaver receives only 350 rupees per square metre for its execution. Artistry is more valuable than craft.

The weaving technique that these early masters taught to other refugees is unique among oriental hand knotting techniques, and was in many ways complemented the

requirements for a modern weaving industry to standardize production. Tibetan hand knotted carpets were woven on vertical looms that have expandable beams to control the tension of the warp, around which it was continuously wound. This preliminary process, known as "dressing" the loom, was performed prior to weaving with the loom laid on the floor, the threads of the warp straightened after it had been set back up. The warp was traditionally made from hand spun wool, according to Thomas Guta (1978: 287), and the texture of this wool warp was in older Tibetan carpets extremely variable, making it:

...individualistic to the extreme: the unique method of mounting the loom and tensioning the warp led to more irregularities that were peculiar to each weaver's tension. It is in this connection that we hear statements from weavers that for two or more people to work together on the same loom they must be of the same mind, the same tension (Guta, 1978: 287).

Most early Tibetan carpets were small, and woven on a single loom by a single person. An end binding is formed by throwing four or five wefts before the actual knotting of the pile begins. Then a process of knotting began which was, and is today, a technique that remains exclusive to Tibetan carpet weaving.

Generally, the piles of other oriental hand knotted carpets are formed by wool threads looped around the warp and weft one at a time and then cut to length. The pile of Tibetan carpets is formed instead around a metal gauge rod (*gipsi* or *dandi*) which is tied to the warp, and the wool is looped continuously around both the warp and the gauge rod until there is a colour change, when the wool is cut and the new colour tied in. When the gauge rod has been completely covered by a row of loops, it is driven down to the previously knotted rows and then a flat knife is slid across the face of the cylindrical rod, cutting the loops to form the pile. This technique of "cutting loops" was thought by

Denwood and other historians of the Tibetan carpets to be an archaic method which adapted South-East to Central Asian styles of weaving, and was not found anywhere but in Tibet (Denwood, 1974: 93; Eiland, 1992). Although an archaic method, this technique does have the advantage of regulating the length of the pile; by varying the thickness of the gauge rod, producers can vary the thickness of the pile and create different textures. It also speeds up the knotting process considerably, particularly where the single colour field is being formed<sup>25</sup>. Currently, the gauge rod is a standard one metre in length, which also allows a weaver's progress to be measured in the piecework wage system, but whether this was traditionally the case is unknown.

The first carpets to be produced by the refugee weaving centres were predominantly standard Tibetan *kha g'dan*, a small (3' by 6') carpet generally used as a seat carpet. These carpets, however, were woven on upright looms and employed the "cutting loops" method associated with the classical Tibetan carpet. According to an American importer who was working with the Tibetan community at the time, the early products were "garish caricatures of lively old Tibetan carpets" (Worcester, 1992a: 8). In addition, SATA developed a smaller seat carpet, about one square foot only, which was intended for Nepal's then nascent tourist market. These featured elements of traditional Tibetan design - medallions, dragons and the auspicious symbols associated with Tibetan

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<sup>25</sup> Peter Collingwood's otherwise exhaustive Techniques of Rug Weaving makes no mention of the Tibetan style - this book was first published in 1968, long before the Tibetan carpet was widely known to the outside world - but does describe a similar technique, employing a flat rather than round gauge rod, as a "relatively recent innovation and of only limited usefulness" (1968: 228). Collingwood does point out that this method saves weaving time.

Buddhism. These design elements were pronounced in larger carpets by contouring, or trimming around their edges with sharp scissors to set them out from the carpet's field in an almost three dimensional look. Although this method of contouring was a feature in both traditional Chinese as well as Tibetan carpets, it came to be used more extensively in contemporary carpets woven for export or tourist sales (Denwood, 1974: 52).

In 1968 the Boudha Handicraft Centre (BHC) was opened with funds that came from the Dalai Lama's Government-in-exile and private investors, both Tibetan and Nepalese, in order to provide more employment to the growing number of refugees. Unlike the Jawalakhel Handicraft Center and the other operations that were begun by SATA and other relief agencies, no foreign aid money went into the establishment of the BHC, as these agencies had begun to withdraw from directly supporting the refugee operations by the end of the 1960s (Worcester, 1992a). At first carpet weaving was only one activity among several at the BHC, which included weaving handbags and articles of clothing for the tourist market, but eventually carpets came to dominate all other production. In 1969, a second marketing agency, Himalayan Carpet Exports (HCE), was set up to find export markets for the Boudha facility, which was experiencing slow and painful growth, and by the early 1974 HCE had exported a modest 1,500 square metres to Europe (Gombo, 1985: 113).<sup>26</sup> Despite the slow success of exports, it was the tourist market at this early stage that provided the bulk of sales.

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<sup>26</sup> This amount is only a fraction of what most exporters now sell monthly. Also, HCE at that time handled the production of not only the BHC, but also the affiliated Swayambhu Handicraft Centre.

At the outset, all of the Tibetan weaving centres used 100% Tibetan wool in their carpets. Tibetan wool distinguished Tibetan carpets in the oriental field, and ultimately expanded their appeal far beyond a comparatively small tourist market. This wool was from a breed of sheep unique to Tibet that grazes on the high altitude Churlung plateau and produces a wool that is thick, strong and, as it is sheared only once a year, extremely long. These longer hairs are spun into a strong wool that is ideal for carpet weaving. Moreover, sheep raised on the grasses of the plateau developed a more robust coat than those crowded into Tibetan towns, which ate less grass and more refuse, so the wool raised by Tibet's nomadic peoples was the more desirable (Odegaard, 1987: 51). Prior to 1986, when the first cash payment for Tibetan wool was made, all wool was traded across the Himalayas through informal barter transactions between Tibetan highland nomads and Nepalese traders (Odegaard, 1987: 18). The wool was at that time entirely hand carded and spun, unlike the wool being used in most contemporary oriental industries. This not only provided additional refugees with employment, but it gave the wool itself a thick but not uniform texture that machine carded and spun wool does not have.

In 1976, the German carpet buyer Bryan Huffman of OCM Ltd., a large company which had been producing carpets in India, recognized that the texture of the Tibetan carpet had enormous potential in the European domestic market, largely because of the qualities of Tibetan wool (Worcester, 1992b). What Huffner envisaged went far beyond the tourist market, and he began to develop prototypes of carpets that combined Tibetan materials and processes with European designs and colours. He developed the 'open

field' carpet which has, since that time, become the most important export product and has displaced the traditional 'Sino-Tibetan' carpet as the authentic 'Tibetan' carpet on the international market. The traditional Tibetan motifs that had covered the entire field in the traditional carpets were moved to the borders in the carpets developed by OCM, or replaced altogether by abstract geometrical designs, leaving the central area in one solid colour - hence the 'open field' label (see figure 3.2). Huffner and OCM developed trade links with both TCTC and HCE, and began developing designs with them for a slowly growing export industry that was distinct from a tourist market of traditional *kha g'dan* and seat rugs.

Traditional sources of Tibetan wool were erratic, however. Because of this poor access, the practice of using Tibetan wool for the warp string was discontinued, and cheaper Indian cotton was substituted instead. Tibetan wool came to be used for the weft pile yarn only, which according to Guta "signals the loss of traditional texture" (1978: 287). By 1979, HCE had increased its foreign exports to 11,000 square metres, the bulk of which were developed with the participation of Huffner and OCM, and Tibetan wool was diverted to the production of these carpets. For the production of tourist carpets, which were then being sold in small carpet shops in the tourist districts of Basantpur (Freak Street) and Thamel in Kathmandu, as well as in Boudha, producers began to import much cheaper and widely available Indian wool, which is thought to be of inferior



Figure 3.2: "Open field" carpet on loom. The *naxar*, or design graph can be seen above, and the *gipsi*, or guide rod, just below the weaver's hand. The central 'field' of the carpet is in one colour.



quality.<sup>27</sup> The carpets made for tourists were (and continue to be) reproductions of Tibetan originals, but were not considered of high enough quality for export because of the materials they are made of.

The slow expansion of the industry throughout the 1970s generated a large number of independent Tibetan producers who learned their skills through the original refugee weaving centres. These independents formed a "parallel production system" of producers that wove for tourists and took up subcontracts from the refugee centres, who needed occasionally to put out work to smaller units (Worcester, 1992a). Independent producers began importing wool from India and supplying it, along with designs, to small Nepalese households to supply Kathmandu's growing tourist trade. By 1980, sales to tourists still accounted for more production than export sales, and many Tibetans had opened their own independent manufactories (Gombo, 1985: 109). As Tibetan refugees moved out of the weaving halls of the Boudha Handicraft Center and other official or semi-official organizations, indigenous Nepalese entered the industry for the first time, both as labourers and as investment partners in the newly established shops.

In the late 1970s, two American expatriates living in Kathmandu helped to reintroduce the practice of using vegetable dyes that had been abandoned in favour of easier to use chemical dyes earlier in the century, long before the Tibetan diaspora into India and Nepal (Denwood, 1974). Antique vegetable-dyed Tibetan carpets were the inspiration for both Thomas Guta and Tom Glenn, who hoped to recreate the unique

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<sup>27</sup>Indian wool feels much coarser to the touch. One consultant claimed that the reason for this was that Indian wool is admixed with jute, and is thus reserved for poorer quality local carpets.

colours afforded by the use of vegetable dyes. The carpets they produced were considered by them to be more work of art than commodity, but they became very popular by the end of the decade and commanded a much higher price than those being woven by independent Tibetan producers. Vegetable dying hand spun Tibetan yarn was enthusiastically taken up by Tibetan independents, who rediscovered the art of using walnut shells, madder root and rhubarb to colour wool (Worcester, 1992a: 24). Thomas Guta, a highly respected American weaver and artist wrote optimistically at that time about the carpet industry as a vehicle for retaining what was traditional and valuable about Tibetan culture:

There is also much to learn from carpets produced in the present day by Tibetans. The carpet weaving industry is developing at a rapid pace among refugees...Here there is a trend toward private enterprise, of weavers who are independent of larger factories. Tibetan wool is trucked down from the Tibetan border and its use is becoming more widespread. At present there are four separate weaving houses which employ vegetable dyes in Kathmandu and one that uses it exclusively so on looms strung in wool warp and weft. The tradition of weaving is experiencing a revival...If this trend continues and standardization is brought down to the family level it is very possible that carpet weaving will continue as it has for centuries - as a well practised folk art (1978: 288).

Guta's optimism was short lived, however. The "vegetable dye revolution" caused the first real set back for the industry, when the Tibetan carpet gained a reputation for poor quality at the German trade fairs which were (and are still) critical to export success. More and more independent entrepreneurs tried to exploit the opportunities presented by the new popularity of the vegetable dyed carpet, but few really mastered the complex art of "cooking" the colours properly. As well, vegetable dyes were not colour fast, and were often washed away in the chemical washing process then being used in

Europe to bring out the lustre of carpets. In 1984, exports stalled as European buyers cancelled orders from independents making vegetable dyed carpets. TCTC and HCE, however, retained most of their market, as OCM enforced the use of chemical dyes and high quality control (Odegaard, 1987: 12). It was the independent producers who suffered a set back. While a few factories continue to make vegetable dye carpets, their market is limited to the high end of the market for traditional products which is lucrative, but small. Even today, the back streets of Boudha/Jorpati are punctuated by disused and crumbling brick yarn pots where producers once vegetable dyed their carpets.

By 1984, the Tibetan carpet, originally introduced as a traditional craft to temporarily support a refugee population, was being profoundly influenced by foreign evaluations of what that "tradition" meant. The early *kha g'dan* made at refugee weaving centres were at first sold to tourists - replicas of the *kha g'dan* that were a part of everyday pre-revolutionary Tibetan life. But if the looped *kha g'dan* was, as Denwood states, a poor cousin to the knotted *rum g'dan*, the hand knotted replicas purchased by tourists had already transformed the categories of traditional carpets. Bryan Huffman and OCM, the predecessor to a vast number of predominantly German carpet buyers, saw in the Tibetan carpet physical qualities that could be moulded into a product ripe for the European market. Thomas Guta and Tom Glenn, on the other hand, saw the carpet "tradition" as a folk art, individualistic and creative. Both of these evaluations, as contrary as they are, would in the next ten years come to define the ethos of the Tibeto-Nepalese industry.

### **The Tibeto-Nepalese Carpet Boom.**

The export market contraction of the 1984 season ended the popularity of vegetable dyed carpets and forced a change in direction for the industry, particularly for a newly established class of independent Tibetan producers. OCM and its Tibetan partners were successful with a style of carpet that combined the unique qualities of wool and weaving technique with contemporary European designs, and this hybrid product became increasingly popular throughout the 1980s and 1990s. As exports of this type of carpet increased, independent Tibetan producers expanded their production capacity and forged links with European carpet buyers. Indigenous Nepalese entrepreneurs, who had only entered the industry in small numbers prior to the mid 1980s, now established a number of exporting units with capital that had been diverted from other sectors of the economy. It was becoming increasingly hard to find a Tibetan refugee actually weaving a carpet, as most now operated their own independent factories, and now more and more weaving and trading houses were opened by Nepalese nationals eager to profit from the growing trade. Both the product and the industry had moved far beyond their Tibetan roots.

For Bryan Huffner, and the hundreds of independent German buyers who followed him by contracting their own export suppliers in Nepal, it was the unique qualities of Tibetan wool as well as what he perceived to be the flexibility of Tibetan producers that assured the potential for carpets in the European market (1992). Tibetan wool supplies, however, were never extensive, and were subject to seasonal disruption as

snow easily blocked mountain passes into Tibet from Kathmandu, or from Darchula in the far west of the country into India, from where it made its way into the Nepalese capital (Odegaard, 1987: 54). As the popularity of the Tibetan carpet in Europe grew, the informal barter of wool waned and US dollars were paid to secure supplies. This commoditization of wool led to price fixing and supply manipulation, which aggravated an already serious shortage of wool. In 1984, a project sponsored by the World Bank, UNDP and the Government of Nepal's Department of Cottage and Small Industries established the Nepal Wool Trading Company, which began to import wool from New Zealand to mix with Tibetan wool in order to meet demand (Odegaard, 1987). Although New Zealand wool has qualities compatible with Tibetan, the mixing of these wools was seen by many to be a compromise that allowed the industry to meet European demand and rebuild the confidence of buyers. At the same time, carpet exporters feared that mixing too much New Zealand wool would undermine the carpet's reputation as a hand made, rustic peasant product, and eventually would reduce its appeal on the international market (Shrestha, n.d: 28; Odegaard, 1987: 54).

The wool exported from New Zealand to Nepal for carpet weaving is similar to Tibetan in texture and in its capacity to bear coloured dyes, but initially buyers still demanded 100% Tibetan wool carpets. The ratios in the beginning were as high as 50% New Zealand mixed with 50% Tibetan wool, but by the time of this research in 1994/95, the ratio had generally dropped to 20% Tibetan wool, and a 10% content was occasionally reported. Currently, a 50% content is regarded as a "special quality", and a few 100% Tibetan wool carpets are made for special orders intended for the higher end

of the market. Tibetan wool, when it arrives to the factory for carding, is full of impurities such as dirt, hair or tree bark, while New Zealand wool arrives washed and processed. New Zealand wool is more uniform in texture, and the massive quantities that were needed to be mixed meant that the coarse texture of the Tibetan carpet, celebrated by connoisseurs, became a thing of the past. The practice of hand carding wool, prevalent in the early stages of the industry, also waned as carding machines began to be employed to complete the mixing process. This process was alarming to foreign carpet experts and to local exporters, but it has been the only aspect of the industry so far to be taken from the hands of manual labourers.

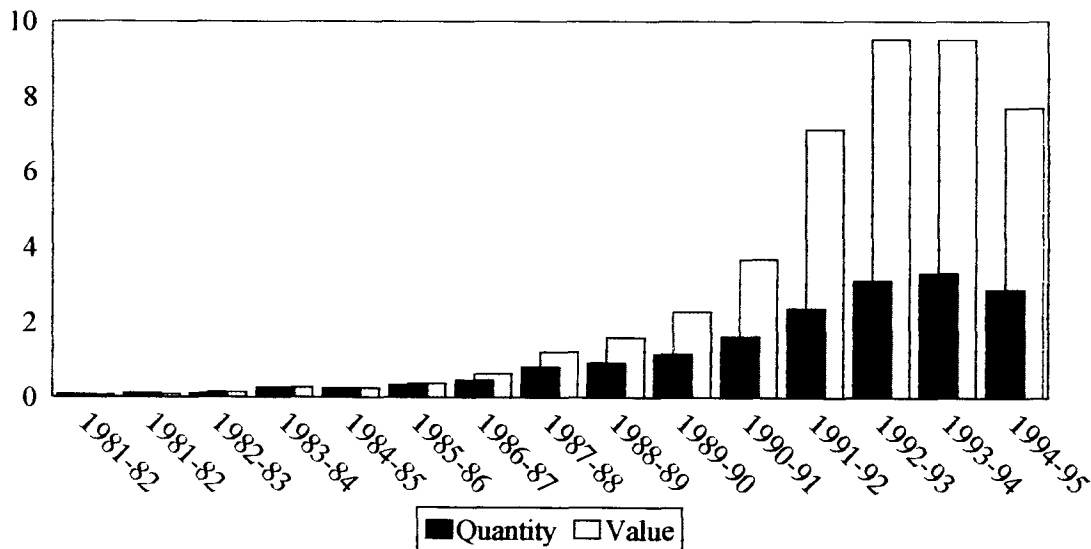
The transformation of the carpet from its traditional form removed it further from its refugee origins, but few refugees saw any need to comment on this by the turn of the decade. Rebounding from the setbacks of 1984, Tibetan and Nepalese entrepreneurs saw steady growth throughout the last half of the 1980s as the European market expanded. But in 1990/1991 it exploded, as 'Tibetan' carpets became widely fashionable in Germany, breaching traditional Oriental carpet markets to become popular in department stores and discount furnishing shops. As figure 3.3 shows, the quantity of carpets exported increased over 300% in the first five years of the new decade; foreign exchange earnings increased by nearly 600%.<sup>28</sup> Tibetan and Nepalese carpet producers realized

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<sup>28</sup> The greater yield in foreign exchange is explained by two factors. First, the government of Nepal, recognizing the growing strength of the carpet sector, increased the customs "floor price" of exported carpets from US \$40 in 1984 to \$67 in 1991. At the same time, the government, following economic reforms in India, devalued the rupee by nearly 20% in the fall of 1991 - so that fewer American dollars purchased more Nepalese rupees.

**Figure 1: Nepalese Carpet Exports 1981-1995**

(source: HMG Trade Promotion Centre)



(value in billions of Nepalese rupees; quantity in millions of square metres)

previously unattainable margins of profit, which was reflected in a new found affluence for both the refugees and a second wave of Nepalese entrepreneur.

What made this sudden and spectacular growth possible was a combination of steady product development by German buyers and Tibetan refugee or Nepalese owners, and the coincidental popularity of Tibeto-Nepalese carpets in Europe. Tibetan carpets were no longer only luxury goods displayed by connoisseurs; they became available at inexpensive prices to consumers not as concerned with authenticity or tribal origin as with its physical and aesthetic qualities. The "open field" carpet, developed first by Bryan Huffner, OCM, and the original refugee carpet factories, was a practical commodity for the European living room, and the introduction of New Zealand wool meant that a wider palette of colours could be developed, allowing for lighter wool

colouring that was appealing at the popular level in Europe. This became the standard Tibeto-Nepalese carpet, woven in thousands of factories that were hastily established in peri-urban regions of the Kathmandu valley.

The flow of carpets to Germany was also enhanced at the time by the introduction of carpet-washing in Nepal. The washing of carpets is a chemical process that removes excess oils and impurities from the wool, and brings out the vibrancy of its colours. Prior to the late 1980s, all carpets had to be shipped to Europe for washing, which created a bottleneck in the export flow as independent European buyers were forced to deal through larger German and Swiss importers who operated the washing facilities. In the late 1980s, numerous small washing facilities began to appear in Kathmandu that were operated predominantly by Indian labourers who took advantage of Nepal's open border policy to take up hand washing in Kathmandu (Shrestha, n.d: 30). Independent producers could produce a completed carpet in Nepal, and independent German buyers could deal directly with them without the intermediary import house. Although a few washing facilities continue to operate today, the more common practice is for large independent exporters to operate their own washing facility, with a separate and still predominantly Indian work force. Carpet producers were by the end of the 1980s controlling most of the processes of carpet production: being able to ship washed carpets meant that trade could be established with a growing number of independent German buyers as well. It also meant that carpet factories would begin to consume increasing quantities of the Kathmandu valley's scarce drinking water supply, and pollute its dwindling rivers and ground water.



The introduction of a local hand washing capacity itself does not account for the increased popularity of Tibeto-Nepalese carpets in Europe. Viewed from a connoisseur perspective, the carpets that became popular in Europe were recognizable as Tibetan only by their construction - the wool continued to mixed in order to simulate the texture of Tibetan highland wool, and the carpets were woven on vertical looms using the traditional "cutting loop" method. The looms changed, however, to accommodate the increased production. Traditional wooden looms were largely replaced by iron looms that could be dressed for a variety of carpets, as orders now were for various sizes and shapes that reflected the many diverse uses the carpets were being put to in Europe. Most of the carpets woven were of a standard "60" knot per square inch weave (an odd measurement as both Nepal and Germany use the metric system), which produces a thick and flexible pile, but carpets woven for the connoisseur or one-of-a-kind market came increasingly to be woven in higher knot ratios, 80 or 100, which is believed to allow for finer detail in design. The designs of many 60 knot carpets became more geometric and abstract, occasionally employing Tibetan motifs along the border only, but often omitting these altogether.

The increased popularity of the carpet also meant that qualities valued by connoisseurs were eliminated from most standard 60 knot carpets. European buyers insisted that carpets consistently remained true to the designs. Slight colour variations in the colour field of oriental carpets - the *abrash* - were a desirable quality for connoisseurs, as they gave a carpet an almost three dimensional appearance, but these had to be made uniform for the popular market (Odegaard, 1985: 11). The *abrash*

resulted from the same colour wool being dyed in different batches, the slight variations between batches accounting for the variations in colour. But what connoisseurs saw as a quality of a hand-made folk art, European consumers saw as a flaw. Similarly, slight imperfections in the weave and shape of the carpet, forgivable to connoisseurs as indications that their carpet was hand made, was in the Tibet-Nepalese carpet seen as a flaw that indicated poor quality control. Tibetan carpet entrepreneurs found that what once made their carpets unique now necessitated a whole range of new techniques of quality control. As one refugee exporter put it:

A perfect carpet is usually impossible to come by. First of all you need a tight weave. That says that the carpet is tight evenly all the way around. And, you know it's straight, I mean, these days we are doing some sort of stretching but we prefer that the carpet is straight right from the beginning, without having to make the adjustments later. The tightness, the straightness of the carpet, no sort of defects in the weaving, because you can find a whole range of defects in weaving. Probably an untrained eye cannot catch it, but you do find that. For instance this carpet has a fault (POINTS TO THE CARPET ON OFFICE FLOOR), you can see a line running right through. Now what happens is that the warp is usually intercrossed with the weft running in between. What happens is when one of them is either the warp breaks or you have to remount it or some such problem, and it misses that intermingling, so instead of going this way and coming this way this one is running straight. You get that problem. No one will buy that carpet. Because when someone is paying the money he wants to make sure everything is alright. Then the other factor is when you, this problem only arises in our carpets because of our weaving technique. We use a steel rod, as you must have seen, and the pile has to be made by cutting the wool that has been wrapped around the steel rod. Now you can either cut it straight right in the middle so that you get two even piles, or you can cut it lower and have one long and one short. That's what gives you these lines here. This is bad cutting, see? Initially this was considered a good thing. It characterized our carpets from the other carpets, see? Our carpets initially right in the beginning came out as a product that was different from all other products. It had a rough, rustic look and we, the colour variations were allowed, little mistakes were allowed, the carpets were crooked, they allowed all that, and in fact these faults in the carpet were sort of a selling point. It's a unique carpet, I mean, you know, every carpet doesn't look crooked at that exact spot, and you know, the weaver doesn't make a mistake at this exact

spot, the colour variations were not at that exact spot. So what you are getting is a very unique carpet which cannot be duplicated.

The problem now for the Tibeto-Nepalese carpet industry was to ensure that its product could be duplicated, or reproduced to accurately translate the carpet design on the carpet. Customers could choose a carpet size, shape, colour or design by catalogue, and expected to receive goods that looked just like what they had chosen, and as a number of carpets of the same design were produced, it was expected that they be identical. Quality control came to be enforced by a system of categorization that distinguished carpets of varying quality and assigned a price according to that evaluation. "A" quality carpets were near flawless, and could be sold for top dollar in Germany, whereas "B" and "C" level carpets indicated that weaving errors necessitated either sale for a lower price or that the carpets be repaired after weaving, which was an additional production cost for producers. The increased precision of the carpet was reflected in an increasing organization of production, as new standards of quality had to be enforced.

Sectors of carpet production became mechanized during the early 1990s, to ensure uniform quality of wool and colours. As carding machines came to be introduced in larger factories to blend Tibetan and New Zealand wool, wool dying plants were set up in these same factories or in independent companies serving a large number of independent producers. Wool, previously dyed in individual dying pots, was now dyed in large vats using chemically controlled processes that ensured even colouration. The designs on the carpets were sometimes colour-faxed to Tibetan or Nepalese suppliers from Europe and copied meticulously to graphs before being issued to weavers. Graphs

were painted to represent specific colours of wool then available to weavers in factory wool stores.

While the processes of wool, weaving and washing were being standardized and controlled, however, there was a corresponding diversification in the designs for carpets beyond those of the original *kha g'dan*. The "Tibetan" carpet, however, did not entirely disappear. "Traditional" carpets were still made, particularly for one-of-a-kind production for connoisseurs and, ironically, in lower quality Indian wool for the remaining tourist market and for local consumption, but most export carpets were woven in a wide range of designs ranging from Bauhaus to Meso-American. Many lower grade carpets were woven with simple geometric borders that admitted no creative identity, while some higher grade carpets, at the time of this research, were reproductions of William Morris' hand-knotted "Hammersmith" carpets of the 19th century.

While some designs for carpets are created in Europe and then sent to Nepal for weaving, most are created in Nepal by producers or, more often, their design staff. Many entrepreneurs, particularly more established exporting producers, travel widely to the West to understand trends in carpet design, and some bring Western designers in to work on the company's repertoire. Others, with less knowledge, attempt to anticipate foreign tastes as they design, and these designs stand on their own merits on the international market. Although the material processes of carpet weaving are based on traditional ones, even to the extent of simulating Tibetan wool, creating representations for exchange outside of their own culture is what makes contemporary Tibeto-Nepalese entrepreneurs distinctly different from their ancestors. Contemporary Tibetan and Nepalese

entrepreneurs operate in a different social landscape, and produce designs that have little or no reference to the traditional world. Colours are no longer keyed to the aesthetics of Tibetan Buddhism, but rather to trends in contemporary European interior design. This often invokes a sense of loss among Tibetan producers, as well as theories about what the new social landscape they weave for is like, as one veteran Tibetan producer puts it:

At that time, it was more traditional design, Nepali and Tibetan and all kind of, this type of designs are over there. As the market grew up then the tradition was lost, you see. So, now it is according to the buyer's interest. Whatever design they produce, we have to make that carpet... I think this is a market tactic. What I feel is if we keep the traditional design you see the carpet might have some value and people might not throw it away. You make this type of carpet, you see, as soon as the carpet is old, they get thrown away and buy new one. What I feel, I don't know exactly what the seller's idea is, this is my view only.

Tibetan and Nepalese producers assume that the carpets they make will be discarded in a few years time, and that the European consumer will be looking out for a new one to replace it. Value, for the vast majority of carpets exported in the first half of the new decade, is no longer to be found in traditional elements - the consumer, so the theory goes, cares little for traditional designs or colours, or whether the carpet is made by a Tibetan or not. Some believe that the homogenization of the Tibetan carpet as a European floor covering has meant a declining level of skill among of the weavers, particularly as the boom has meant that, increasingly, many weavers are neither Tibetan nor their Nepalese co-religionists. Modern abstract designs and large single colour open fields, so this thinking goes, do not require the weaving skill that was needed in older styles of carpet. Vegetable dying, a difficult skill to master, had been replaced by chemical dying, so that virtually anyone could acquire coloured wool that previously was

very difficult to get. During the boom, anyone could operate a weaving facility and sell carpets either to another exporter who could not keep up with demand or even sell to independent German buyers who were by then supplying directly to department stores and discount home furnishing houses. Many did, and this was perceived by some as compromising the integrity of the tradition.

The carpet boom of the early 1990s was accomplished by making the physical qualities of the Tibetan carpet predictable to buyers and consumers in the West, and by the serendipitous popularity of the carpet on the European market. But the wool and weaving processes remain distinctively Tibetan, and preserving that distinction is important as the Tibeto-Nepalese carpets must compete with numerous other orientals on the market. The increased volume of exports also means that the bulk of exports is no longer of connoisseur carpets intended for consumers concerned with the authenticity of the carpet's origins. Most carpets now are intended for a vast popular market in Europe, where colour and design preferences change from year to year. The concern for authenticity is now more about fidelity to an industrial standard of weaving processes and materials. The flexibility of the industry to satisfy European demand enables it to produce a variety of carpets based on that industrial standard. Traditional Tibetan designs are still woven, at the "high end" of the market and, paradoxically, in the market for inexpensive Indian wool carpets for local use and casual sales to tourists.

## Conclusion.

Tibetan carpets, once distinctive seating in traditional Tibet, now lie underfoot in European homes, and while undoubtedly some may appeal to their owner's desire for artifacts that communicate a sense of Tibetan-ness, many look quite different from either the *rum g'dan* or *kha g'dan* of pre-revolutionary Tibet. For contemporary weavers the relationship with that tradition is complex. Design and fashion is not shaped by institutions of Tibetan religion or society, but by modern institutions in which they only ambiguously share. A comparatively new class of entrepreneur must mediate and interpret these institutions for the people who manually execute them, and they must control that labour because individual idiosyncrasies once thought of as signs of a rustic, traditional origin are not now identified as mistakes by European buyers.

Nevertheless, industrial standards aim at preserving the importance of manual labour at all stages of the industry. One reason is national pressures for employment, but another is the perception that a vital part of the distinctiveness of Tibeto-Nepalese carpets is that it not be reproducible anywhere but in the Tibeto-Nepalese industry. For example, the mechanization of the wool carding process was made necessary by the blending of New Zealand and Tibetan wool, and chemical wool dying by the need for consistent colouring, but any further mechanization of production processes is effectively illegal. The passing of Tibetan wool through Tibetan, and later Nepalese, hands and into the carpet's weft is thought by buyers and producers to be what distinguishes their carpets from all others.

What makes the product singular? First and foremost, the quality and unusual characteristics of the carpet can only be achieved by following the production methods employed in Nepal. These would be difficult to implement from a strictly organized approach and perhaps only achievable in Nepal given all the variables which would be impossible to adequately describe.

The second most important input contributing to the quality of the carpet is the wool itself. Again, before explaining the complexities surrounding the wool, it is necessary to point out that from the moment the sheep is sheared, it would not be possible to plan, in an organized manner, what happens before it becomes a carpet. Given the above mentioned factors regarding the production of wool, it is unlikely that anyone outside Nepal can truly duplicate the original article, without going back in time, adding the Nepalese humour and business acumen, and recreating the whole Nepalese-Tibetan scenario (Odegaard, 1987: 17).

Paradoxically, according to this view, both Tibetan and Nepalese entrepreneurs must organize production that cannot be "strictly" organized without losing the identity and desirability of the product altogether. Something like tradition is still seen as to inhere in the carpet, although this is no longer only Tibetan tradition, and eliminating this in the interests of making the Tibeto-Nepalese carpet more like others would mean abandoning the category that distinguishes them in the first place. Yet the life of that category has been one of increasing standardization and organization. Authenticity is negotiated, not between "weavers and dealers", as Brian Spooner (1986: 203) states is the case in the trade of Turkmen carpets, but between dealers and this relatively new class of carpet entrepreneurs, and this negotiation is critical for distinguishing the Tibeto-Nepalese product against competing Indian, Chinese, Persian, and even Turkmen carpets. This paradox - organizing that which is unique for its lack of organization - is replicated in local carpet market institutions, and in the relationships between exporters, subcontractors and 'stock weavers' that the next chapter will address.



## CHAPTER 4: ANATOMY OF A DUAL MARKET

By the spring of 1994, sales of Tibeto-Nepalese carpets to Europe slumped. At the end of the 1995 fiscal year, the number of square metres exported fell by 19% and the total value dropped 12% from the previous year. Numerous carpet weaving operations of various sizes were forced to close, and everywhere people spoke of the arrival of the ‘off-season’ and the end of the carpet boom that had drawn many thousands to the city. Everyone, from the owner (*saahu-ji*) of the largest exporting firm to the most unsophisticated weaver recently migrated to Kathmandu, referred to this in English, even where they could not speak anything else in the language. Many knew that carpet orders came from Germany, some others referred to *Bidhes* (‘foreign country’), while still others, more colloquially, said that they came *tala-baata* (‘from down’, indicating any country outside of Nepal). When the flood of orders seemed to be abating, everyone adopted the English ‘off-season’ to describe the phenomenon, as though no word in Nepali could adequately describe it. The ‘off-season’ had, by the end of 1994, sharpened the competition for remaining carpet orders, and the anxieties of many who risked losing whatever they had invested in this new and erstwhile growing industry.

Local theories about what had happened were many. Most of those who were engaged in face to face transactions with German buyers thought that the industry had seriously overproduced, and that the abundance of Tibeto-Nepalese carpets on the

German market had reduced their value. Carpet buyers, it was believed, had over two years worth of stock lying in warehouses in Germany, and were scarcely interested in buying more carpets at the high rates that had attracted hundreds of new carpet entrepreneurs to the industry. Haphazard growth and the efflorescence of hundreds of small independent subcontracting and stock weaving shops had created an atmosphere in which buyers could drive the price of carpets down, and where small producers could respond by producing carpets of a questionable standard. Other entrepreneurs, however, blamed the downturn on foreign intervention in the carpet market through accusations of child labour exploitation that by 1992 were appearing in the foreign press (CWIN, 1993).

A very serious blow to the reputation of the industry came in the spring of 1994, when the Panorama television network in Germany broadcast a brief but condemning documentary on the exploitation of child labour in the industry<sup>29</sup>. After the broadcast of the program some German consumers were reported to have rolled up their carpets "ashamed to have a product of child labour", and although sales to Germany had been dropping for the previous six months it was widely blamed in Nepal for undermining the reputation of the industry (USAID, 1994). Buyers expressed alarm to their Tibetan and Nepalese partners, who in turn pressed the government into designing policies reassuring their clients that changes were being made. In August of 1994 Nepal's government tabled new child labour regulations that detailed procedures for ensuring that Tibeto-Nepalese carpets were not woven by the hands of illegal labour. Eager to demonstrate compliance with the new law, many larger factories in Boudha/Jorpati posted signs

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<sup>29</sup>Broadcast on the NordDeutscher Rundfunk "Panorama" channel on April 28, 1994.

prohibiting labourers under the age of fourteen years. Many of these signs were posted in English and were illegible to most of the workers who passed through carpet factory gates. The policies laid out in the new law, even when read, were unintelligible to *saahu-ji* and weaver alike.

According to the new regulations, carpet factory *saahu-ji* had until January 1, 1995 to comply with a range of regulatory measures; the certification of their weaving halls and looms with the department of labour, the issuance of identification cards to all weavers, and the clear demarcation of production areas in order to prohibit children under the legal work age of 14 from entering.<sup>30</sup> A year later very few of these regulatory measures were in place. The level of exploitation of child labourers, if it was ever really what NGOs had claimed, had been effectively reduced by the drop in carpet exports, probably in conjunction with the threat of legal intervention, but without most of the statute's measures being enforced. On the one hand, the government of Nepal was ill equipped to enforce them; by May of 1995, government inspectors had only managed to complete random inspections in only 3 of 13 regions in the Kathmandu Valley, about 75 out of a reported 1500 factories.<sup>31</sup> On the other hand, the diverse and malleable carpet industry was only a partially organized economic sector, and between the hundreds of independent weaving units in Boudha/Jorpati there were innumerable interstices from where central authority was seen as irrelevant to working life.

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<sup>30</sup>*The Kathmandu Post*, August 6, 1994. Under Nepalese law, youths between the ages of 14 and 16 are permitted full time work, but limited to 36 hours a week in daylight hours.

<sup>31</sup>Reported at HMG Ministry of Labour, May 10, 1995.

Prescriptions of policy that may have been effective in an industrialized society made little sense in the Nepalese carpet industry, but the new economic niche entrepreneurs created with the Tibeto-Nepalese carpet created as well a need to, as Michel Foucault put it “ensure the effects of power through progressively finer channels, gaining access to individuals themselves, to their bodies, to their gestures and to their daily actions” (1980: 151). The ‘off-season’ had, by 1994, increased pressures for regulation in order to ensure both the international reputation of the industry and the quality and uniformity of its product, but the body on which organizational procedures were to be carried out did not lend itself easily to the task. The hundreds of carpet weaving units that lay along the main roads and footpaths of Boudha/Jorpati are testament to the hybrid, uneasily combined features of an organized capitalist market with a traditional cottage industry. Efforts of governments, NGOs and industry associations to enforce alien standards failed in part because they did not recognize this fundamentally dual character.

Although Tibeto-Nepalese carpet weaving was not a traditional sector of economic activity and was established at the outset by European technical assistance in a cooperative model, the emergence of an entrepreneurial class since has followed a logic that is simultaneously local and Western. Tibetan and Nepalese export *wallahs*, who follow carpet design trends at foreign trade fairs and conclude deals to export hundreds of thousands of square metres of carpet with foreign buyers, constitute a “forward market” which is directly articulated to formal credit and capital. At the same time, hundreds of subcontractors and stock weavers constitute a “spot market” and transact

with the western market only through the export *wallahs*. Many of these small units operate at an artisanal level, as profit is derived from large volumes of production. This chapter will detail a continuum of Tibetan and Nepalese carpet producing units that extends from informal household producers through to large exporting houses with strong links to foreign buyers, and the institutional features that coordinate competition and cooperation between them.

### **Carpet Production as a Contemporary Cottage Industry.**

Officially, at least, the production of hand knotted carpets is classified by the Nepalese government as a cottage industry, and this classification sets it apart from other industrial production in Nepal through the application of different labour and taxation standards. Nepal's "cottage and small industry sector" (CSI) covers both small manufacturers providing products and services for the domestic market and those who employ traditional crafts-people in the making of goods for tourist curio shops and government craft emporiums. The CSI is characterized by small industries in the informal sector that provide additional non-agricultural income employing "traditional skills" and, according to a recent United Nations document, has "a unique place in preserving Nepalese culture" (UNDP, 1993). Cottage Industries registered with the Department of Cottage and Small Industry (DCSI) have a maximum fixed asset value of 2 million rupees (about 40,000 1995 U.S dollars) and receive a full income tax-free status, which for carpet producers is in effect only for the first 5 years of operation. With

these measures, it is hoped, Nepal's nascent industrialization will be stimulated, and a new entrepreneurial class will be developed.

There is a contradiction, however, between the stated goals of "preserving Nepalese culture" and stimulating a new entrepreneurial class of producers that the authors of the United Nations document do not acknowledge, as the organization of production is as "cultural" as the thing produced. The emergence of a new entrepreneurial class altered the culture of production in Nepal, but policy directives played only a small part in this change. While carpet production was growing in the Kathmandu Valley over the last decade, agricultural production in rural areas of Nepal fell off sharply, as food production failed to keep pace with population growth (Seddon, 1992: 135). Over the same period growth in the "formal sector" - the organized industrial production of goods that was at that time dominated by state agencies and companies - could not absorb those freed from agricultural labour. The CSI sector came to be seen by government planners as a means to assure that the "basic needs" of the Nepalese were met during a period of structural adjustment and industrialization that was advocated by the World Bank (1992: 146). Some critics, however, doubt that CSI policy can ever generate the classes necessary to move Nepal towards a fully industrial economy. According to Laura Zivetz's survey of the Nepalese private sector, CSI policies do little to encourage real industrial growth and leave Nepal reliant on a declining agricultural sector:

Government programmes to stimulate cottage industries in rural areas further demonstrate the lack of any true commitment to private sector development. Such efforts commonly take the form of training courses in skills

for which there is no tangible market. Hand-loom weaving, knitting, cane working and other handicrafts are high on the list. The products of such activity typically face stiff and growing competition from imported machine-made items sold at prices the fledgling producer is unlikely to be able to match. Indeed in many cases the only market is the government subsidized Cottage Industry Emporium, which tends to be weak on both quality control and marketing. Cognizant of these facts, the canny villager, who may attend such courses for the stipends offered, opts ultimately for the security of agriculture (Zivetz, 1992: 60).

Zivetz's comments were probably written before the Tibeto-Nepalese carpet industry grew to become the country's single largest source of foreign exchange earnings, despite its designation as a "cottage industry". The hand knotted carpet, by its very nature, is in little danger from the imported products of mechanized industry, and is also capable of competing with machine made consumer products in the West. Contrary to Zivetz's predictions, many "canny villagers" have abandoned their lives in the hills and invested in small weaving facilities across the Kathmandu valley, but only because, precisely, the products of their labour found a growing market in the West. Much of this new entrepreneurial class of carpet producers remains small scale, informal, and relatively powerless to either increase their share of carpet production, or move into new sectors of an industrial economy. The previous entrepreneurial class, which in Boudha/Jorpati means effectively the Tibetan independent operators of the late 1970s and early 1980s, with some significant exceptions that will be discussed in the next chapter, now dominate carpet production and exports.<sup>32</sup>

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<sup>32</sup>Officials at industry organizations often took pains to point out to me that this was no longer exclusively a "Tibetan" industry, and pointed to the ownership of major factories by more ethnically Nepalese industrialists. While many factories outside of Boudha/Jorpati are owned by non-Tibetans, a majority of those in Boudha, and the largest, are. This is probably because of the longstanding association of Tibetans and their Nepalese

The number of facilities registered with the DCSI has been taken as a benchmark that shows the size of the industry, in the absence of any other quantified measure. A study done by Child Workers in Nepal Concerned Group (CWIN, 1993: 85) in 1992 reported 1107 registered factories in the Kathmandu valley; by 1995, that number had swollen to 1844.<sup>33</sup> These figures should be approached with caution, however, as DCSI officials admit that some factories register but do not produce a single square metre of carpet, while many others cease operating, but are not subtracted from the cumulative total. It is difficult to know just how many carpet factories there are at any time, and even officials with the Central Carpet Industries Association (CCIA), a private sector trade organization, of the Carpet and Wool Development Board (CWDB), a semi-governmental regulatory body, are able only to give estimates that sometimes vary greatly from each other. This is not because of institutional incompetence, but results rather from protean nature of the industry. Carpet manufactories close almost daily, or move into smaller or larger shops. Partnerships are formed and dissolved, and, even during the height of the 'off-season', new manufactories open to compete for the dwindling number of carpet orders.

Carpet weaving facilities of all sizes and modes of operation are registered with the DCSI, in part for the tax free status, for access to loans from established banks, and as it is a prerequisite for the export of carpets to foreign buyers. Entrepreneurs who export carpets must be registered, but registration with the DCSI is not compulsory for

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co-religionists with Boudha, which after all is a Buddhist pilgrimage site.

<sup>33</sup>Data collected from the Department of Cottage and Small Industry, May, 1995.

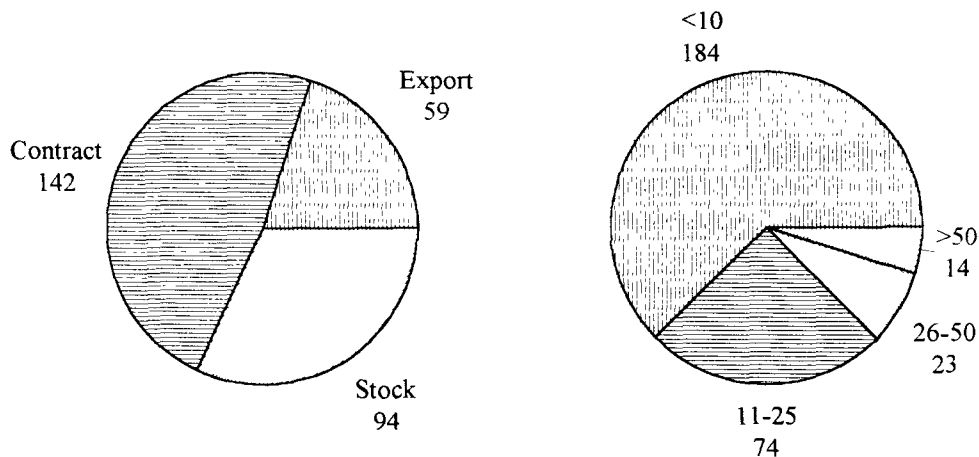


the hundreds of small facilities who weave on a subcontract or stock market basis, and the numbers of these facilities is even less clear. For small producers, who have no access to foreign buyers themselves the main incentive to registering is the tax free status, and the legitimation of their businesses for bank loans or for other purposes. For many producers the utility of registering is negligible, and they don't bother, as credit is more readily available from kin or from patron moneylenders. Nor, it should be added, do they pay any taxes, as their profits are seldom if ever reported to central authorities. Over 40% of small producers in Boudha/Jorpati are unregistered weaving shops that occupy small rented houses or any one of the numerous roll shuttered concrete plazas that have recently been built for the purpose. Although many small unit carpet entrepreneurs frequently expressed fear of being caught and shut down by government inspectors, there was nothing explicitly illegal about what they were doing.

At the other end of a continuum several exporting companies have expanded into large corporations that control almost all aspects of carpet production. By appearances, it would be difficult to describe these factories as 'cottage industries', as they contain hundreds of looms, thousands of labourers and up to date technology for blending and dying wool. By appearances, as well, they have exceeded DCSI standards on fixed assets, contradicting not only the spirit but the letter of the policy. In the summer of 1994 the former manager of a small factory told me that, because of the 'off-season', only these large production facilities would remain, as numerous small factories were being forced to close. Figure 4.1 shows that a year later his prediction had not been born out, as most weaving halls in Boudha/Jorpati surveyed in the summer of 1995 were small

**Figure 4: Type and Size of Manufactory**

(source: field survey)



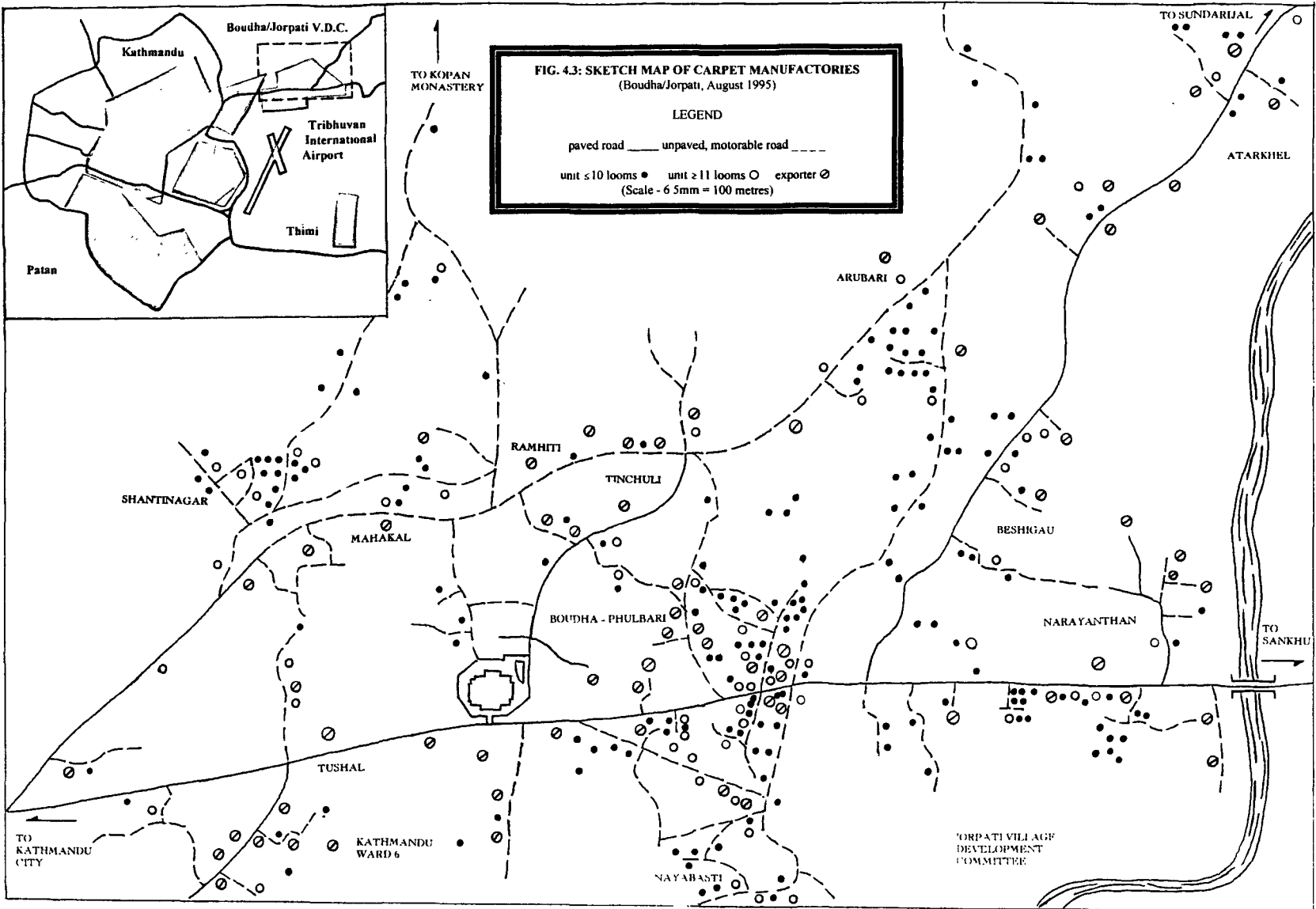
**Fig. 4.1: By Type**

**Fig. 4.2: By Number of Looms**

(N=300; 5 cases missing data)

subcontracting or stock weaving units. Many of these, 62% of the total, had 10 or less looms, which is the capacity of most small households weaving carpets. As figure 4.2 shows, a further 26% of the total was of units operating 25 or less looms; only 14 of a total of 300 units surveyed had more than 50 looms. Most of the exporting companies had more than 25 looms, with the largest factory in the area reporting a capacity of 200. The 59 exporting companies controlled 51.7% of reported production over the survey period, leaving the remainder to the smaller units, where profit potential was limited and the economic forces of the 'off-season' most acutely felt.

Most carpet facilities in Boudha/Jorpati began operation only after the beginning of the carpet "boom" in 1986, and are distributed throughout the area (see figure 4.3). In the area immediately around the Boudha Stupa there are comparatively few factories,



as much of the land there is reserved for monasteries and schools. The main paved road leads away from Boudha to one of the most concentrated areas of carpet production in Nepal; the paved road that leads from Jorpati Chowk to Sundarijal is punctuated by large, prominent carpet factories that are set against the fertile flood plain of the Bagmati river. Boudha has, in the last ten years, become a major suburban hub north of Kathmandu, and Jorpati is no longer a village, although agriculture is still carried out in tandem with carpet making. Many of the pre-existing surrounding villages, such as Tinchuli and Ramhiti, have been absorbed into the metropolitan area, while new urban settlements have spilled from the high ground into the river valleys in places like Shantinagar and Nayabasti ('New Settlement'). Much of this development was built with the profits of the carpet industry.

Critics of the industry inside Nepal, who are numerous, bemoan the effects of this very rapid urban development, the congestion, pollution and social ills that followed inevitably from the steady influx of peoples into the area over the past ten years. For them, the sprawling industrial development, black-smoke belching dye factories, and trucks heavily laden with wool tearing up muddy roads are inconsistent with the idea of a cottage industry. One director of a prominent NGO active in the fight against child labour in the industry suggested in an interview that the tax-free status accorded by DCSI policy was only increasing profits for the already wealthy exporter, and drawing hundreds on new and unwanted enterprises to the valley. At the height of the boom in 1992, an expatriate American newspaper columnist stated in a local paper that the "five year tax holiday" and the in discriminant availability of bank loans was a factor in

unseemly expansion of the industry (*The Independent*, 1992a: 18). In another in a series of columns critical of the carpet industry, she wrote:

Does the Congress party want to be written into history as the government which sold the holy Valley of Kathmandu to gain power, and then destroyed its environment for financial gain? One hopes not. One would like to believe that like the rest of us, the government was caught off guard by the consequences of its disregard; by the sudden explosion of amoeba-like, self replicating, carpet related industries, which have sprung up along the river systems...

The tragedy is that these two or three thousand replicas, or segments, of the industry, continue to mushroom so fast that they cannot even be counted, much less controlled. The industry is the *single largest destructive force currently in operation in Kathmandu* (*The Independent*, 1992b: 14).

At the Earth Summit of 1992 in Rio De Janeiro, Brazil, Nepal's then prime minister, Grijia Prasad Koirala, announced a plan to tunnel through the Mahabarat range between Kathmandu and the low lying industrial region of the terai to the south and eventually shift all of the carpet industry outside of Kathmandu, in order to preserve the environment of the Valley. The plan, impractical and grandiose from the beginning, has been scarcely mentioned by government officials since, but at the time was an attempt to exploit urban malaise towards the industry and the developments it had wrought.<sup>34</sup> Koirala's proposal may have also been politically motivated, as elements in the Congress Party blamed the election loss of key Kathmandu Valley seats, including Boudha Ward 6, to the opposition Communist Party of Nepal (United Marxist Leninist) on the large

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<sup>34</sup>The subsequent CPM (UML) government took a very different position on the industry than had the previous Congress government. In May of 1995 the Communist Prime Minister, Manmohan Adhikari recognized that the industry had made its home in the Kathmandu Valley and disagreed with the views of those who placed the blame for the city's deteriorating environment squarely on the shoulders of the carpet industry. The UML government was subsequently defeated in a constitutional challenge by the Congress, who at the time of writing still forms the government in Kathmandu.

numbers of carpet workers who had migrated to the city (*The Rising Nepal*, 1992). This perception was probably inspired by the organization of Communist-led trade unions in some of the bigger carpet factories, but is groundless as most migrant carpet workers are not registered to vote in the capital. Perceptions, however, are persistent in Kathmandu, as many city dwellers saw carpet industry development to be out of control, threatening traditional lifestyles and the balance of power in the Valley.

The idea, however, that the industry consists of "replicating" or "amoeba - like" carpet industries that benefit from government cottage industry policy elides the apparent fact that most of this protozoan growth is of small weaving units, that benefit very little from the DCSI policy. Except for undeveloped rural areas where the government frequently conducts training workshops for all sorts of handicrafts, training for weaving Tibeto-Nepalese carpets is not carried out by government agencies, and many small producers say that bank loans were no more available to them after registration than before. The Tibeto-Nepalese industry, in other words, was not the product of government policy, although that policy offered compelling incentives for many Nepalese to take up carpet exporting. A majority of independent units in Boudha/Jorpati are small scale artisan shops that satisfy the essential, if not legitimate, features of a cottage industry. These units, however, are independent only in that entrepreneurs must bear the risk for production at their own level - for labour, basic tools and raw materials - otherwise, they must depend on exporters for work. The large exporters must rely on a steady flow of foreign buyers who, in turn, depend ultimately on the popularity of Tibeto-Nepalese carpets in their own domestic markets.

### **Exporting and Subcontracting.**

DCSI policy is one of a number of means by which the government of Nepal, as well as central interests in the industry, attempt to regulate production and ensure that the benefits from it flow to the right people. As it applies to the carpet industry, there is no intention to develop an idyllic rural production regime and, ironically, its measures have the least effect on the small units which appear most to resemble such a style of production. Other regulatory measures, too, fail by and large to reach down to the level of small producer, while large, established firms that export directly to foreign buyers must report the volume and value of goods to government officials. Even here the grip of central authority, while firmer than with small subcontractors and 'stock' weavers, is tentative, and numerous incoherencies leave ample space for the manipulation of regulations and cheating the intent of policy.

In 1984, when the nascent Tibeto-Nepalese carpet industry received a major setback with the failure of vegetable dyed carpet exports, a scandal was uncovered by government authorities in which a prominent carpet exporter illegally embezzled millions of rupees in valuable foreign currency. At that time exporters needed to procure an export license for each shipment of carpets, and payment, made in foreign currency, was to be made within Nepal, presumably to be invested in the industry and its workers. This policy had very little effective control over foreign currency transactions made outside of Nepal, as Swiss and German buyers paid Deutschmarks into European bank accounts controlled by Nepalese exporters. As a result of the 1984 scandal, the

Nepalese government scrapped the license fee and imposed an export customs price for each square metre of carpet, on the basis of which a duty was to be extracted before carpets were permitted to be shipped from Nepal. This export customs price, known to Tibetan and Nepalese carpet producers as the "floor price", was also intended to ensure, as one exporter put it, "a level playing field" for competition in the industry (Worcester, 1992a). The playing field of competition in the Tibeto-Nepalese industry is, however, anything but level.

In reality, there is a wide gap between the floor price, as set intermittently by the Department of Commerce, and actual market prices which constantly fluctuate and are determined by a number of factors both in Nepal and out. The floor price is set at US dollars per square metre, and either advance payment for the total number of square metres must show in a Nepalese foreign currency bank account or a signed letter of credit must be held by the bank before export is permitted by customs officials. When shipment of the carpets is received, the letter can be opened and payment be made, but either way the foreign currency must be paid within Nepalese boundaries. As movement of foreign currency into or out of Nepal is otherwise restricted, this is the only official way for payment to be made. A problem for Tibetan and Nepalese exporters arises, however, when actual prices vary wildly from the floor price, as they have since the beginning of the "off- season". The difference must be refunded to the buyer in foreign currency, and that, strictly speaking, is illegal in the Kingdom of Nepal. A portion of the total value of carpet exports reported by the industry thus goes back to Europe as a kickback to buyers and this reduces statistics that proudly report the amount of foreign



exchange brought into the country by carpet exports to a fiction.

In November of 1994, an official with the Carpet and Wool Development Board told me that the floor price, then at U.S \$54 per square metre, represents only a modest profit after production costs which he put at about 2200 Nepalese rupees, or U.S \$44 per square metre.<sup>35</sup> Most prices given to me by exporters themselves, however, were on average ten dollars less than the current floor price, or what the CWDB official estimated was production cost, and some even told of having to sell for even less than that. In order to refund their buyers (who may not report this payment to their own national authorities in order to avoid paying tax on it), exporters must buy dollars with Nepalese rupees and risk losing some of their own money in fluctuating exchange rates, or, if they are unable to get foreign currency from the bank, they buy it on the black market. In both cases this makes a risky business even riskier.

There are some exporters, however, who need not engage in this kind of deception. Producers of more expensive and generally higher grade 80 or 100 knot carpets for the more restricted connoisseur market receive more than the floor price, and a few exporters who produce mainly "program lines" negotiate a fair price for their product with long standing Western trading partners. The bulk of the enormous exports of Tibeto-Nepalese carpets - enormous even in the 'off-season' - is in the standard 60 knot carpet destined for middle markets in Germany, and market pressures have forced down the price of these far below the floor price. This setback has placed many

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<sup>35</sup>Over the research period the exchange rate on the U.S dollar fluctuated between 49 and 51 rupees; for the purposes of this dissertation the rate is assumed to an even 50 rupees.

exporters at risk, but the effect of the 'off-season' on prices is felt even more severely by the hundreds of subcontractors who rely on exporters for carpet orders.

Subcontracting is a feature of the carpet industry because of the volatile nature of the European market. Generally, patron export firms put out carpet "orders" to smaller units when demand exceeds the capacity of their own production or when a buyer requires an order to be delivered in a short period of time, which is not unusual for suppliers to German department stores. The subcontractor receives from an exporter an order for a specific number of square feet of carpets of specific designs, which are detailed in a design *naxar* and then must be duplicated for mounting on the looms. The colour combinations for the carpet are also specified by the exporter, often at the direction of the buyer, and wool dyed to specification may also be provided, at cost to the subcontractor. The subcontractor then supervises the weaving of the order in their weaving hall, often a cramped concrete house with looms distributed throughout. After the order is woven, the carpets are returned to the patron exporter for cutting, washing and shipping, although some subcontractors do some initial cutting themselves.

The need for subcontractors by patron companies is complicated by the need to protect carpet design and colour combinations, which exporters see as proprietary, and this comes into conflict with the autonomy of individual subcontracting units. Carpet designs are critical bits of information for all entrepreneurs, and by putting out weaving work exporters risk their design being leaked to rivals, either by the subcontractor who directly traffics it to another subcontractor, or by the design graph being spied upon by a visitor to a small factory who then adopts the new design to his own stock production.

Although exporters can survey their own factories and limit access by surrounding the factory with high walls patrolled by uniformed gatekeepers (*paale*) who prevent unauthorized people from entering, the informal flow of people in and out of small subcontracting factories makes this impossible. Exporters often demand that subcontractors weave their orders exclusively, or that they seek permission from the exporting firm before they pursue another contract; but there are really no dependable measures for preventing design theft.

Subcontractors often refer to themselves as "branches" of patron exporters, and some, at the time data were being collected for this research, insisted that the research team refer to the patron to complete the survey questionnaire. Some weaving halls in Boudha/Jorpati are 'branches' in the sense that their looms are controlled directly from a central company that are supervised by 'masters' - and here again the English word is used almost exclusively - that are on the exporter's salary. In most cases, however, individual units even under exclusive control of the patron firm are autonomous in the sense that they control and bear the risk for most aspects of production; labour, materials and quality. There are no contracts with patron firms, and even agreeing to fill an order is a risk to these small entrepreneurs and their operations. So, unlike the waged master of an exporter's weaving hall, these small producers must extract a surplus from what they produce by manipulating labour and material costs. As exporter prices fell below the nationally established 'floor price', further downward pressure on subcontracting rates was inevitable. In the summer of 1995, subcontractors of a prominent exporting firm reported that their square metre rate had dropped to 1830 rupees, or about US

\$36.60. At the same time, a lot of alarm was expressed about increasing wool prices, which further ate into surpluses and stalled any increase of weaving rates.

This autonomy in small weaving units also means that exporters have a further problem in ensuring the quality of their carpets to buyers. The explosion of carpet orders after 1985 meant that many inexperienced operators were able to enter the carpet field, after a small investment for looms, basic equipment, and the rental of a production hall. Some of the *saahu-ji* of these facilities, with little or no background in making carpets, would hire a master who oversaw production in their halls, but often weaving went on without supervision, and thousands of square metres of carpets considered flawed to contemporary German buyers were included in orders. Exporters responded to this condition by paying proportionately reduced prices for flawed carpets, 'B' and 'C' levels, which had to be stretched or rewoven to correct mistakes. One very experienced subcontractor claimed that this strategy was being manipulated by some exporters to maximize their 'off-season' profits:

What they say, at the time of taking orders, they say these should be good. We do as we can. We don't let them break. By chance when we weave in a hurry they make mistake. When they make mistake the exporter put mostly into B or C level. Although carpets are good they see the season. If the season is good if the season is running they don't care. They measure properly. They send almost all in 'A' level. If the season is a little bit down and not running, happening like this, it is up to them, mostly B, C. Although there are orders in this year, they put 10 pieces in A level. 15 go in B, 15 go in C and also they put D level for stock. They choose 3 times and they leave having consignment. We can only get ready 'off-season' rate. If carpets go on consignment there is no rate. In case his party buy, they can be on consignment, it is up to them. If they don't buy there is no way even if there are orders. We have to throw there. They separate four types of consignment. The time of measuring they don't measure well. If there is 200cm. length of mine or 500 they take after cutting 2 or 3 centimetres. We can't say. When we look they are good but after gone in their hands they put in B or C level.

Subcontractors in Boudha/Jorpati often expressed a resentment at exporters because of the conditions imposed on them. Before the 'off-season', when orders were plentiful and exporters often needed to put out weaving work, there was room to negotiate the piece rate for subcontract work. But as the number of orders started to fall, the haggling of piece rates became impossible, and subcontractors had to accept whatever price the exporter asked. Subcontractors had no other real option but to reduce production costs to ensure their surplus by both legitimate and illegitimate means and this, ironically, meant that quality was even harder to control. An exporter who puts out approximately 50% of his overall production to subcontractors agreed that the 'off-season' has made the definition of quality critical to continuing in the carpet business:

Bad carpets are not being touched by buyers...when the business was at its peak, you just made something square that had some wool on it and was a carpet. People would buy it. But now that position doesn't hold anymore, and the carpet has to have some sort of quality and some sort of value to be able to sell it. You just didn't show a square or rectangular object with some wool on it and say its a carpet, its a Nepali carpet. We've taken a big bashing as far as our image is concerned, because of this cheap production. And I mean we've got ourselves into this mess, the more conscious people are still doing business and maybe still breaking even and maybe losing a little money. But the ones that are doing the junk get pushed out immediately. And you can't blame the buyers, you can't blame the producers, it's just the way the market works.

Why, under the market condition of the 'off-season', does putting out of weaving work to small independent subcontractors continue? One reason is that the 'off-season' is often represented to outsiders as being so much more severe than it really is. Despite predictions of imminent demise by many producers, carpet sales in 1995, although down from the previous year, were still more than they had been in 1990. Subcontracting continues to be important as a strategy for both some exporters and small producers,

allowing the exporter the flexibility to adjust to fluctuating demand, and the subcontractor a relatively stable source of carpet orders as well as the autonomy to operate his factory, and lifestyle, as preferred. The tendency of developing tried and trusted links between exporter and subcontractor reduces the risk that, when a buyer's program order exceeds the capacity of the patron facility, carpets of a poor quality will jeopardize future orders. Moreover, carpet designs and colour combinations developed in conjunction with foreign buyers, and a valuable form of cultural capital, are less likely to be leaked to a competitor and appear on the market in a cheaper variation. For the subcontractor, having a reliable patron means that they need not weave for the somewhat shady "stock" market, where piece rates are lower and there is no assurance of being able to sell what is woven. Antagonism between subcontractors and patron exporters is, for the present, outweighed by the mutual benefit.

The fluctuating volume of carpet sales, however, cannot account in itself for subcontracting as an institution in the Tibeto-Nepalese industry. The preference of many small producers for the risks involved in subcontracting rather than less rewarding but more reliable wage work has resulted in an enormous field of competing weaving halls. Most of these men and women arrived in the Kathmandu Valley in the recent past, many apprenticed their trade as weavers and later masters in larger factories, some arrived and opened new businesses without the benefit of experience, but all of these are only a step or two away from their previous occupations as subsistence farmers. These people, at least, contradict notions of the conservative Nepalese peasant that abound in much writing on the Nepalese peasantry (see for example Seddon, 1987: 22; Zivetz, 1992).

**Weaving for Program; Weaving for Stock.**

The 'stock market' is a local phenomenon that conditions the business of weaving and selling carpets as much as foreign consumer demand. The distinction between 'stock' and 'program' carpets is an important one for producers regardless of the size of their facility or mode of organization. While many producers state a preference for lucrative 'program line' production of high quality carpets, and small units for the relative safety of subcontracting this production, most, at least part of the time, must deal with 'stock carpets' to survive. Broadly it could be said that this distinction corresponds to that between connoisseur, one-of-a-kind carpets and the mass produced carpets woven for the European middle class market; in the former, craftsmanship and artistry is paramount, while in the latter, those qualities are equal, if not subsequent to, a cheaper price.

Most exporters and manufacturers claim a preference for one-of-a-kind production, in which designs exclusively shared between the Western buyer and their Tibetan or Nepalese partner are woven in a program line of fixed square metres of specific carpets. Prices for these carpets tend to be at, around, or even more than the customs floor price, particularly 80 and 100 knot carpets which are more expensive to produce. Piece rates are negotiated between buyers and producers before production begins, and ideally these prices are paid upon delivery. The stock carpet, on the other hand, is woven to appeal to the numerous independent European buyers who buy up thousands of square metres at a time. Usually, these carpets are made from local designs

calculated to appeal to European consumers, or are taken from old program lines and, with some variations of colour and construction, recycled into stock. The piece rates for these are negotiated at the time of sale, and European buyers, by 1995, had haggled them far below the floor price.

While there is a preference for program work, most carpets being woven are stock carpets, and these are the staple product that sustains such an enormous number of independent weaving units. In the 'off-season' many exporters working on program lines found that these ran out only a few months after orders were set at the giant Domotex trade fair in Hannover, Germany where program orders are set for most of the year. Faced with the option of either closing down or producing stock carpets, most entrepreneurs elected to build up stock and pursue the numerous independent European buyers who buy carpets from comfortable five star hotels in downtown Kathmandu. An official at the Central Carpet Industries Association likened the program and stock market to the difference between French cuisine and MacDonald's hamburgers; "while we would all like the cuisine, we also need a quick burger from time to time". For most producers in Nepal this need for a "quick burger" is the hardly satisfying reality of a fluctuating market. When orders run dry, it is better to weave stock and search for independent buyers than to close down, and lose connections with a carefully cultivated cohort of regular clients and valuable trained weavers who will move to another factory.

Domotex, the international floor coverings trade show usually held in the first week of January, is the yearly seasonal event on which weaving activity in Nepal depends. From there the year's demand for all floor coverings, machine made carpets,



linoleum and wooden surfaces, as well as oriental hand knotted carpets from all over the world is set as major stores submit orders to producers and importers. From there independent buyers fan out across the globe in pursuit of a profitable deal. Not surprisingly, the weaving halls in Boudha/Jorpati are extremely active throughout the cool winter and into the hot spring as carpets for these orders are produced. By the monsoon, however, many of these orders are near completion, and work slows down by *Saahunasikranti*, the time of rice planting in the Kathmandu valley. It is, in any case, difficult to dry dyed wool or washed carpets during the wet season, so many weavers return to their villages to participate in the planting. Carpet producers, meanwhile, need to remain producing and stocking carpets that have no immediate buyer. With large stocks of carpets to choose from, buyers are able to press for lower and lower piece rates, while the price for program goods, which occupy only a fraction of overall production, remains more or less constant:

Because season and off-season is for the stock businessman, I think so. Because we are, many, only around 20, 30 % of the carpet businessman have a program, program order, you could say, order business, rest of the, like 60, 70% of businessman they do carpet business, as a stock businessman. So stock means they just make a carpet, just make a cheap carpet, like cheap carpet means where the thickness is less, I mean where the wool they use is cut piece wool, used wool, you can say *jhindu*, thickness is less, and they just make that type of carpet and that all belongs to stock carpet, because all the designs in that carpet belongs to somewhere else, its their wish, whatever design, whatever colour combination they want to make, so they just put it in the warehouse and that is called a stock carpet, and when the buyer comes, that buyer is called a stock buyer. He just buys that carpet in a cheap rate. So what we are doing that is a program, special order goods. So that means that we have a special design, special colour combination, which is specified by the buyer only. So that is called order goods. So especially in this order goods, there is no season and off-season, just continuous business.

The leaking of designs and colours to other producers is a constant anxiety for exporters, and it is in the interest of people weaving stock to intercept these designs any way they can. Often, a stock weaver will obtain some discontinued designs from an exporter and apply their own colour combinations, but chicanery is sometimes employed to obtain the most recent designs. Exporters working on program lines have access to a valuable sort of information while small autonomous weaving unit *saahu-ji* have only limited access to it. Subcontractors weaving for a larger exporter do not have this problem, as not only do they get design *naxar* and either the dyed wool or samples of the specified colour from their patron, but they have a large number of back issued *naxar* that can be adapted for stock. There is another class of small producer that does not work on contract but rather sells carpets to a few large exporting houses who specialize in buying 'stock' carpets at a reduced rate. Many of these small producers create their own designs based on what they see others weaving, and haggle with door to door buyers, stockists, who work routes along the side streets and footpaths along which most small factories lie. For these small 'stock' weavers, getting the necessary information about what colours, patterns and types of carpets are selling is an important day to day task.

The relatively small proportion of stock weavers shown in figure 4.1 have an impact that far outweighs their numbers. *Saahu-ji* who sell directly to stockists are overwhelmingly small units with less than ten looms, often operating on the ground floor of houses or one of hundreds of backyard work sheds that are physically indistinguishable from small subcontracting units. What does make them a distinct class

is their mode of transaction with the door-to-door stockists, where a piece rate is negotiated not for a line of production but for a stock of finished carpets. Prices are an evaluation of the quality of the carpets at hand, and that evaluation is a process that pits the limited knowledge of the producer against that of the stockist, who claims to know more about what sorts of carpets are moving on the European market. The stockist uses the effects of this knowledge to push the price of the carpet down as far as he can.

Generally, the piece rates for stock carpets is considerably less than that for the subcontractor working on a program order. In the summer of 1995, for example, one subcontractor told me that his piece rate had been cut from 1930 rupees to 1830 rupees, a reduction of 100 rupees over which he had no control. At the same time, a stock weaver working nearby claimed to be getting 1700 rupees, but when we observed an actual spot transaction we noticed that he was willing to let a lot of stock go for 1600. The stockist, however, argued that the colour combinations of his carpets were not the best and tried to get 1550, but only if he sold immediately. The stock weaver refused, and made a quixotic journey to another exporter to attempt to sell him. He finally relented and contacted the stockist the next day and agreed to sell for the rate the stockist had asked, perhaps even accepting a lower rate. Only a few months earlier another stock weaver told us that he was compelled to sell for 1200 rupees per square metre, far below the production costs in most other factories.

Stockists are agents for several large exporting houses who have no production or design capacity of their own; they are in the business of buying carpets cheaply and reselling them on the European market at a price that is considerably lower than other

exporters who are trying to maintain the floor price. European buyers, too, have taken advantage of the enormous number and diversity of competing Tibetan and Nepalese exporters by insisting on the lowest possible rates for their purchases. 'Off-season' stock rates plummeted, and this has had the effect of pulling down rates for comparable carpets in the 60 knot category. Falling piece rates, accompanied by rising raw material prices and wage demands, also led to something of a crisis in maintaining the unique quality that makes the Tibeto-Nepalese carpet desirable on the European market, by compelling producers to cut production costs as much as possible. One measure that some small producers are said to resort to is mixing recycled wool (*jhindu*) with the standard New Zealand/Tibetan wool blend to cut raw material costs.

*Jhindu* is the by-product of the cutting process. After the carpet pile is formed on the guide rod and the loops cut away, the pile is made uniform by cutting away excess wool. These cuttings are too short to be reused, and are swept up and sold to travelling rag pickers who, in a distinctive ethnic occupational casting, are usually in Boudha/Jorpati either Indian immigrants or Nepalese lowlanders (*madhesa*) whom local carpet producers refer to as *mades*. These ragpickers sell this material to others who then boil off the colour and recard it into usable wool that is normally sold for weaving wool sweaters, mitts and scarves for the tourist market. Occasionally some of this wool is used in the production of carpets by small producers wanting to reduce their wool costs - in 1995, one kilo of *jhindu* cost 60 rupees, where the New Zealand-Tibetan wool favoured by the industry cost 220 rupees. An official at the CWDB said that the use of *jhindu* is a problem for the industry in that the short fibres make for a very weak wool

that is unsuitable for use in carpet weaving. Buyers in Germany began to complain that Tibeto-Nepalese carpets using *jhindu* wore down much faster and lost their distinctive texture. The use of *jhindu* became controversial, and accusations of its use was seen as pejorative to most producers involved in both the program and stock side of the business, but, nevertheless, in the 'off-season' there was sufficient incentive for small producers to risk using it. For many registered producers in Boudha/Jorpati, the use of *jhindu* was seen as a practice carried out only by the mass of small, unregistered and therefore unscrupulous producers for whom cutting the price of carpets is a main goal:

They weave *jhindu* carpets and say these are Nepali carpets. Nepali carpets are worse, having said they try to make the business down, so as a whole the government has to be very active whether the carpets are soiled or not, good quality or not. But it is not like that, so the business is going down. Let's say for example orders come 100,000 metres, 50,000 metres from the foreign country every month but there the production is higher than that. So we never make balance, right or not. This is my clear talk. If the demand is only 50,000 metres, we have to send 40,000. And there will be a good demand of carpets. But here...people who have no license, registration, are running here. Because of them we are getting into trouble. We pay tax, we register. We are doing under rules and regulations. But other people sell in cheap price. They use bad string. Because of them the carpet business went down. So the government has to check and watch. It is very essential thing, very important thing.

From one perspective, stock dealers and foreign buyers ever looking for a cheaper price are exploiting the enormous numbers of independent weaving units set up throughout the Kathmandu Valley. Looked at in another way, however, this kind of exploitation would not be possible but for the fact of these numbers. The "stock" market and program business are dual markets that exist within a single export industry. Program lines constitute a "forward market" in which unique carpets are woven under contract agreement and payment made in advance or by letters of credit, where the

"stock" weavers produce for spot transactions of immediate cash. Although the general preference for most is the safety and predictability of the program line for exporters and the subcontractors, orders in the 'off-season' do not come as easily as before, and long periods of inaction are risky. By weaving stock, entrepreneurs retain their labour and foreign clients, but at the same time contribute to production beyond demand that deflates the price of carpets.

The desire on the part of the government and industry associations to register, regulate and enforce on the thousands of weaving units in the Kathmandu Valley standards of labour and product quality must be seen as an effort to reduce the autonomy of producers for what some believe to be the good of the whole. It seems, moreover, that it is the hundreds of small, unregistered units, the stock weavers and, to a lesser extent, subcontractors, who would be sacrificed to this goal. Their participation in carpet weaving is necessary to the large stock houses that deal in cheap carpets to the European market, but is also seen by program line producers to be undermining the reputation of the Tibeto-Nepalese carpet.

### **Child Labour in the Dual Market.**

In 1992 a Kathmandu-based NGO, Child Workers in Nepal (CWIN), published research which showed that 50% of all carpet weavers in the Tibeto-Nepalese carpet industry were children, and stories of exploitation began to appear in European and North American media (CWIN, 1993; Sattaur, 1993). CWIN, a Nepalese organization

that was not established by foreign interests, published this report only two years after the *Jana Andolan* of 1990 swept aside the *Panchayat* regime and multiparty democracy was reintroduced to Nepal after a 30 year absence. People in contemporary Nepal, particularly the educated elites of the Kathmandu valley, were beginning to exercise direct influence on the institutions around them, and the CWIN report coincided with the emergence of opinion critical of the course of development of Nepal in general, and of the carpet industry in particular as the most visible example of that development. Although this particular study has been eschewed by government and industry officials, the effects of knowledge that it created have had their uses in disciplining the unwieldily body of carpet weaving units that was, by 1995, causing much concern to carpet export *wallahs* and politicians concerned about a potentially disastrous loss of foreign currency revenue.

The original CWIN study probably exaggerated the true extent of the problem for dramatic effect. Its claim that half of all carpet weavers were children is undermined by the lack of any reference to the statistical representativeness of the study, and also in that it includes people aged 16 years and under, despite the fact that in Nepal the legal work age is 14 and above.<sup>36</sup> The fact, however, that enormous numbers of children migrated to the Kathmandu valley during the carpet boom of the early 1990s is undeniable, and

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<sup>36</sup>According the CWIN study, workers between 14 and 16 years account for 27% of working children. As these are regarded as legal workers under Nepalese law, the true level of illegal child labour according to CWIN research is actually 36.5%, which is still much higher than an official HMG figure of 0.76%, and a Carpet and Wool Development Board estimation of 11% (NASPEC, 1994: 2). Given the migration of workers and their often temporary work periods, the true number is, as it stands, almost impossible to know.

CWIN's advocacy of the problem must be recognized as pioneering awareness of this issue. The CWIN study was carried out in 1992; by 1995 conditions in the Tibeto-Nepalese carpet market were quite different, as many factories either reduced production or closed down altogether. This, in combination with new labour standards brought about by CWIN's activity, meant that carpet entrepreneurs preferred trained adult weavers to untrained children.

Exporters and participants in the 'forward market', in particular, pressed the government for new standards and worked to impose them in their factories, but for many small producers the compulsion to employ children, who could be paid a lesser piece-rate, was often irresistible at a time when prices were falling and raw material costs rising. Despite this temptation, only a handful of carpet factories we surveyed in the summer of 1995 were found to knowingly employ illegal child labour. Awareness of the new legislation may have been a factor in this condition, and indeed a number of small factory operators told us that they had been visited by police and warned off using illegal labour; but local *saahu-ji* often gave a more compelling reason - children do not weave good carpets. The notion that producers prefer small children because of their "nimble fingers which can tie knots on a very tight loom" as reported in the CWIN report is contrary to what most producers actually believe (1993: 18):

We are getting benefit from the production, not from putting (hiring) many people. Another thing, if children weave the quality is not good because there is one loom they cannot cross and they cannot hit and carpets won't be good. We need people who have energy for that work. In fact we should not make them weave...From last year there is propaganda that they don't have Nepali carpets because there is child labour. Actually it is true. I say yes children have been working since many years back, I say no, it is not good. Actually we should not



make them weave it won't be strong. This is right. They cannot hit. If they cannot hit, it won't be strong. There are different kinds of looms, we can see the string, it is not good to make them weave in my opinion.

More than in other styles of carpet weaving, the unique construction of Tibeto-Nepalese carpets requires an extremely tight weave; even inexperienced carpet producers know the basic adage, "make it tight". This must occur at all stages of the weaving, from dressing the warp to hitting the guide rod into the weft with a wooden or metal mallet. Many producers observed that children - and by this they mean small children who have not yet attained the age of 13 or 14 - make poor carpet weavers as they do not have the consistent strength or skill to weave a high quality carpet. As the demand for high quality increased during the 'off-season', small children increasingly found that they could not find work. This, however, was not always so, in times of high volume and relaxed attention to quality, the benefits of employing children outweighed the disadvantages:

I remember it was 1989 there used to be a lot of orders. For businessmen they need a profit. In the village there isn't enough food. Many workers come to Kathmandu. Owners don't say "don't bring children from the village". If there is a lot of work we don't care whether they are children or young. Yes of course children's work isn't good but the production will be higher. They work much more than teenage boys. Now there aren't any children.

But there were children still. Although almost every registered factory had by 1995 prominently displayed signs prohibiting illegal labour and more or less effectively enforced this, in a few of the hundreds of small unregistered weaving halls children could still be found to be working, although they comprised only a small portion of the overall work force. The reason for the persistence of this kind of labour is less their

exploitation for the benefit of the *saahu-ji*, as by 1995 most of these small producers were struggling to remain in operation, than the economic compulsion to cut costs to remain active in the market. Employing children in order to reduce the piece-rate paid out to the labour force was, in a sense, a strategy similar to mixing *jhindu* into raw wool, not a short cut to riches but a means of survival. It is interesting in this context, then, that a Central Carpet Industries Association official commented that the new labour legislation, proposed in August of 1994, would contain both the illegal use of child labour and the undesirable use of *jhindu* that had been plaguing the reputation of the Tibeto-Nepalese carpet.

A year later, the official at the Carpet and Wool Development Board told me that the execution of the new labour law was unnecessary, as market conditions had forced the closure of most of the small factories that employed small children. A few days later, an employee at CWIN said that in the many small, unregistered and "illegal" factories there was "100% child labour". Although these two statements appear to be contradictory, they share the view that it is the small, unregistered independent carpet factories that account for the uncontrolled, almost cancerous growth of the industry. Small producers weave stock and make cheap, low quality carpets, employing illegal child labour in doing so. With their elimination, by either market forces or government intervention, the reputation of the industry would be restored, prices stabilized, and the environment of the Kathmandu allowed to recover. Both contradictory views are ill-founded, as there remain in Boudha/Jorpati hundreds of persistent and autonomous small producers, and the use of illegal child labour is increasingly rare even in these.

Jurisdictional disciplines enacted through a bureaucratic process of identification, registration and regulation are measures to both coerce an unruly class of people to abide by a code of behaviour, and to render that class visible and intelligible to others.

Government investigators charged with enforcing the labour law of 1994 contended with logistical problems familiar to any ethnographic researcher in peri-urban South Asia - a messy network of unmapped roads and paths inhabited by thousands of people engaged in perplexing behaviour and in a myriad of obscure relationships. The Nepali word for 'research', *anusandhan kaam garnu*, literally means 'investigation', as in police investigation. Investigators of both types in Boudha/Jorpati were faced with the problem of knowing where among the hundreds of buildings or behind which bamboo thicket a carpet factory could be found. Small unit *saahu-ji* are often absent from their factories, as they are out in pursuit of orders, designs, or stock dealers, and as most of these facilities are in rented spaces, *saahu-ji* frequently move to cut costs, or to expand when more space is required for a new program order. There are also the complications of caste, and the even more persuasive prejudices of developed (*bikasi*) against the undeveloped (*abikasi*) that condition the regard government investigators have for their subjects.

Market discipline, on the other hand, is morally neutral. The notion that market forces are doing the work of government labour investigators more effectively and efficiently is held against the irony that it was the crush of carpet orders in the early 1990s which led to the forms of labour exploitation that CWIN denounced with its 1992 study. Although the market for Tibeto-Nepalese carpets is ultimately in the West and

driven by consumer demand for reasonably priced handmade carpets, most *saahu-ji* in Boudha/Jorpati have no access to it. The discipline it demands is experienced second or third hand by subcontractors and, particularly, stock weavers, who produce so many carpets that the ability of producers on the 'forward market' to tailor their production to demand is undermined. This seemingly illogical condition makes sense only when it is remembered that exporters put out work to subcontractors to allow for flexibility in a seasonably variable market. As markets become more predictable, or as demand shrinks to the point where exporters can weave all the square metres they need under their own roof, numerous small unit *saahu-ji* with their own investments to protect must turn to the 'stock market' to persist. Market logic would have it that these small and superfluous units should close, so that the overproduction of carpets ends. But market logic here runs against the interests of hundreds of small producers. Many of these men and women have left their homes in the overpopulated and under productive Nepalese hills to weave carpets, and neither market discipline nor government regulation are likely to send them back.

### **Conclusion.**

Although I have argued that the Tibeto-Nepalese carpet industry in Boudha/Jorpati works through both a 'forward market' consisting of Tibetan and Nepalese exporters producing program lines for Western buyers, and a 'stock market' of carpet producers who weave stock carpets for sale to independent European and

Nepalese buyers, in practice many *saahu-ji* move between the two as circumstances warrant. Small producers struggle to land lucrative subcontracts and avoid the speculative weaving of carpets intended for stock sale, while exporters must at times weave stock to bridge gaps in the production cycle. Exporters and subcontractors depend on the 'stock' market frequently enough to ensure its existence, and stock weavers rely on the program lines to establish new styles of carpets that are eventually viable in the more popular European market. The 'stock market' is locally disparaged, but it is an integral part of the Tibeto-Nepalese industry, as are the numerous small shops that weave for it.

The major difference between large and small units is that those with a larger capacity have a higher rate of profit and thus are more capable of holding stock inventories for longer periods of time; as well, European buyers place orders in volumes that are far beyond the capacity of most entrepreneurs. As production orders dwindle for subcontractors and sales fall for stock weavers, so do the surpluses that *saahu-ji* depend on. This increases the compulsion to move stock quickly. While exporters attempt to remain on a more or less equal footing with European carpet agents by controlling stocks, small producers must sell as much as they can when they can.

This dual market also reflects a cultural dichotomy in Boudha/Jorpati. As the next chapter will show, a number of *saahu-ji* involved in the 'forward market' benefit from a Western education and in many ways share "an enterprise culture" with the European and American buyers with which they deal. They have access to credit from Nepalese banks, and many are corporately owned and operated by unrelated business

partners. On the other hand, in the numerous small subcontracting and stock weaving units extended families tend to work together and credit flows from informal sources. Many of these small units remain unregistered - invisible to governments and industry associations - and are connected to the market only through middlemen exporters or stock merchants. Even though the Tibeto-Nepalese carpet industry is not, strictly speaking, in continuity with a Nepal-based weaving tradition, aspects of Nepalese culture, specifically those of the cultural minorities that predominate the numbers of independent *saahu-ji*, have helped to shape both the structure of this dual market and an emerging economic class of indigenous Nepalese entrepreneurs. In the next chapter I will show how the ethnicity of entrepreneurs, based on the categories of the *muluki ain*, or legal code that ranked people according to their caste status, plays an important role in making available kinds of social capital that allowed some *saahu-ji* to increase their own wealth, and the prestige of their *jaati* as well.

## CHAPTER 5: ETHNICITY AND ENTERPRISE

The appellation *saahu-ji* by which carpet weaving hall owners are locally known suggests a critical constraint on entrepreneurial behaviour. *Saahu-ji* does not mean 'owner', exactly, but rather combines 'shopkeeper' and 'moneylender', reflecting the combination of both of those occupations in pre-modern Nepal. The Nepalese economic historian Mahesh Regmi (1978: 129) wrote that village shopkeepers were the subsistence farmer's only source of money when cash economies were first introduced into the Nepalese hinterlands during the 19th century. The village *saahu-ji* provided cash resources for ceremonial obligations at a high rate of interest, and many hill peasants became chronically indebted to their money lenders. Laura Zivetz noted that, even in contemporary Nepal, "the village money lender can be described as socially marginal in the sense that his position contradicts modes of reciprocity and equalization of wealth and threatens elite control over resources and culturally sanctioned modes of economic behaviour" (1992: 15).

Ethnographic examples of informal sanctions against those who increase their own wealth, and that of their household, at the expense of fellow *jaati* members abound, particularly among the non-Hindu groups who currently dominate the ranks of carpet *saahu-ji* in Boudha/Jorpati. Among the Tamang for example, who comprise the single largest contingent of carpet *saahu-ji* after the Tibetans, David Holmberg (1989: 69)

observed that gossip and character accusations were directed against the two most powerful households in the village where he did his fieldwork. The traditional polity of the Tamang people, as well as with other Nepalese minority *jaati* who weave carpets in Boudha/Jorpati, could be described as primarily concerned with preserving a social equilibrium through a "safety first ethic" that discouraged economic risk and innovation (Scott, 1976). Those who accumulated more through enterprise were seen to be exploiting those beneath them, threatening to tear the social fabric on which all depended. Despite hundreds of years of political domination from Kathmandu valley elites - the Shahs, Ranas, *Panchayatis* and the various contemporary political parties - traditional levelling mechanisms still persist among Nepal's hill peasantry, and carpet *saahu-ji* have carried these with them as they migrated to the Kathmandu valley to bear the risk of weaving carpets.

Does the accumulation of wealth of individuals within reciprocating *jaati* groups necessarily break down the basis of community solidarity, as some have assumed (see for example Holmberg, 1989: 76), or does accumulation operate within an existing *jaati* ethos? Barbara Parker, in her study of the entrepreneurial Thakalis of the Annapurna region, claims that not only are accumulation and ethos compatible within that *jaati*, but that accumulation itself is part of a communal strategy to advance the entire group within Nepal's caste structure:

The point of all this with respect to economy is that in this caste-oriented social world, economic striving is more often motivated by the goal of situating the entire *jat* at a higher rank than by the Western businessman's goal of individual wealth accumulation. Indeed Thakali individuals are shamed if they are thought to exhibit excessive personal greed and niggardliness toward other *jat*



members. At the close of the ritualized archery contests held each day of the new years celebration, for example, it is customary for individuals to contribute money to a communal fund. Each contributor then leads a small procession of villagers to his home, where food and drink are served to all. Those people who contribute are called *yulpa*, or people of the village. People who never contribute are called *shulpa*, or sneaking people, because they must exit the town hall by sneaking quietly out the back way. One informant said of *shulpa* "it is as if a jackal had come here and tries to hide in a corner away from the eyes of his people. What this means is that he is too greedy to be part of the village. (Parker, 1985: 167)

Social reciprocity within *jaati* groups does not preclude the possibility that people may accumulate in order to raise the status of the group in Nepal's hierarchical "caste" system. However, levelling mechanisms, such as Parker describes, are only one side of social life. Another is the means by which people embedded in a larger society manoeuvre to create disparities of wealth and power, disparities that are perhaps more visible in a modern, urban context. Carpet *saahu-ji* may not see their efforts as primarily communal in nature. It is all too easy to exaggerate the degree of communal solidarity of 'caste' or 'tribal' *jaati*. Ethnicity, however, does play a role in the carpet industry in Boudha/Jorpati, by predisposing an individual towards working or trading with others on the basis of social identity.

This view of how social identity works falls nearer to an "instrumentalist" understanding of ethnicity, in which groups of people with common interests organize around a number of symbols of community that legitimizes those interests (Bentley, 1987, see also Anderson 1983).<sup>37</sup> The intention here is not to state that those identities

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<sup>37</sup>An "instrumentalist" understanding of ethnicity is commonly contrasted with a "primordialist" view that holds that social change forces people to organize around pre-existing identities. Ethnicity is, in that model, an "oppositional process" in response to powerlessness or the fear of community disintegration (Spicer, 1971).

are unauthentic or manipulated consciously for profit, but rather to suggest that people from specific social groups do organize around specific economic interests, and further that those material interests can condition the social identities of those who aspire to them. People in Nepal do not accumulate profit for the *jaati* group, but through it, even though it often happens that the status of an entire caste group is raised as a result.

In this chapter, I want to ask why it is that people from these particular castes or ethnic groups (*jaati*) number among independent *saahu-ji*, and how their social identity inspires and constrains entrepreneurial behaviour. Ethnicity in contemporary Nepal is one axis along which productive life is organized. Clifford Geertz's observation (1979: 149) that local categories of "man in his provenance" were a key to understanding the complex transactions of a Moroccan bazaar economy could be equally made of the carpet industry in Boudha/Jorpati. Like Geertz's merchants and artisans, categories of social identity matter to carpet *saahu-ji* as they compete to maintain productive relationships in a noisy and uncertain market. The capital that provenance avails to producers through social networks is drawn upon in numerous, creative ways, and must be expended along with external market capital. Having adequate stocks of both is necessary for all autonomous carpet producers.

### **Tibetan Co-religion and Nepalese Entrepreneurial Communities.**

According to the anthropologist Dor Bahadur Bista's now infamous analysis of the culture of dependency among the country's dominant Hindu castes, it is the

subsequent non-Hindu *jaati* that stand to benefit most from a global market economy . Brahmin and Chetris men, he argues, are more likely to take up government work or managerial positions in government owned companies than they are to do the kind of manual labour that leads to new economic opportunities such as in the carpet industry (1991: 80). On the surface, the *jaati* affiliation of carpet *saahu-ji* seems to bear Bista's prediction out, as Brahmins and Chetris independently run only 37 of 290 carpet weaving halls in this study sample, while Tibetans, along with their "co-religionist" Tamang, Sherpa and Yolmo operate 206 units, or 72% of the total (Fig. 5.1).<sup>38</sup> As figure 5.2 shows, Tibetan co-religionists dominate the number of exporting companies in Boudha/Jorpati even more decisively, as only 3 of the 59 exporting units were operated by Brahmins and Chetris.

It is also significant that most Brahmin and Chetris units are weaving stock, which suggest not only that they sell at the lower stock price, but that they lack relationships with the mostly Tibetan and Sherpa exporters that other subcontractors enjoy (Fig. 5.3 and 5.4). The reasons for this have less to do with flaws in the Brahmin and Chetris work ethic, which Bista claims constrains the economic mobility of those castes, than with the unique development of the Tibeto-Nepalese carpet industry in the hands of its Tibetan originators and those to whom they passed on their carpet weaving and entrepreneurial skills as the industry grew. Boudha/Jorpati has been predominantly

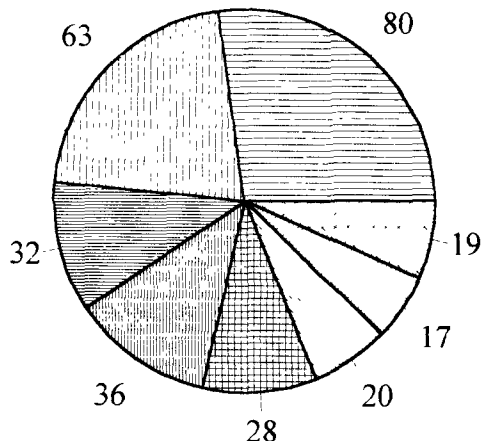
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<sup>38</sup>The "other" category includes various smaller *jaati* groups, *PaahaDiya* castes and Indians. Gurungs, another Tibeto-Burman group, numbers 8 of the total. Only one untouchable case was recorded - but he was married to a Solu-Khumbu Sherpa, which is unusual.

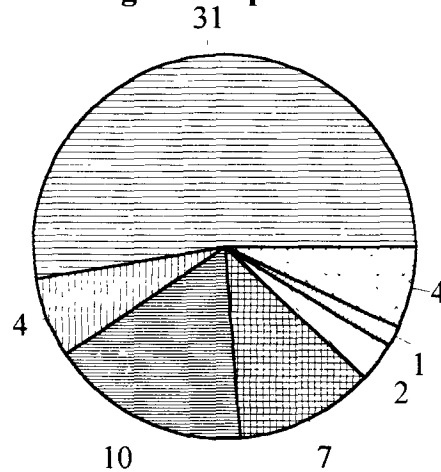
**Figure 5: Carpet Saahu-ji by Jaati**

(source: field survey; N=295)

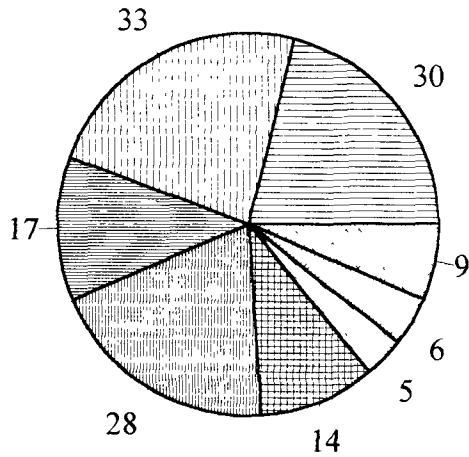
**Fig. 5.1: All Saahu-ji**



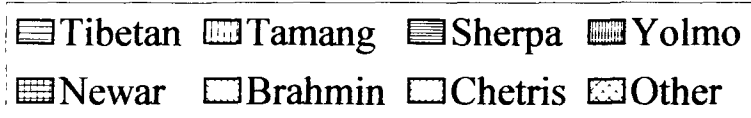
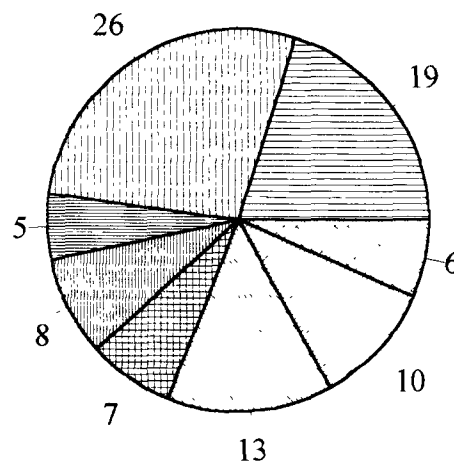
**Fig. 5.2: Exporters**



**Fig. 5.3: Subcontractors**



**Fig. 5.4: Stock**



(export n=59, contract=142, stock=94)

Buddhist in character since people first settled there. It is today a community in which Tibetan monasteries are the most conspicuous institutions, and Tibetan monks live side by side with other Lama people who have long standing links with the district.<sup>39</sup>

People from the two *jaati* categories that make up the largest number of exporting *saahu-ji*, Tibetan and Sherpa (Fig 4.2), are the most recent immigrants to Boudha/Jorpati. The Tibetan refugees, who settled the Kathmandu valley after 1959, are distinct from the others in their status in Nepal as non-citizen refugees. Despite the initial hardships for the refugees, this status has had many advantages for the Tibetan community in modern Nepal that are not so easily available to Nepalese nationals even of Tibetan origin. The foreign aid that flowed to the refugees during the 1960s played a critical role in establishing the carpet industry, which by the early 1990s had propelled them to the forefront of Nepal's most profitable industry. The industry, as well, has become the economic staple for most Tibetan refugees; in 1985, Gombo reported that nearly 75% of the refugee population was in one way or another making carpets (1985: 94). The Boudha Handicraft Centre was one the first refugee carpet companies in Nepal, and has not only produced a number of skilled carpet artisans, but today remains one of the most successful and moderately profitable carpet exporters in Nepal. Tibetans still make up the largest number of subcontractors and stock weavers as well, suggesting that some

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<sup>39</sup>The Tamang of Nepal are known as a *jaati* group that has experienced a high degree of sanskritization, that is, conversion to Hindu religion and practices (Holmberg, 1989). Currently, large numbers of Tamang in the mountain regions are also converting to Christianity, as conversion is seen as a short route to the wealth that missionaries offer. Most of the Tamang in this sample, however, go under the "Lama" name, and claim allegiance to Tibetan Buddhism.

Tibetan refugees have not enjoyed the resources or luck that others have. The number of those who became snagged by citizenship problems, including many of the inhabitants of the *Kham-pa* refugee camp in Jorpati, cautions against the assumption that to be a Tibetan is to be a member of a carpet exporting elite.

Despite their apparent fit with the Buddhist community at Boudha, Sherpa immigrants from Solu-Khumbu first came, according to Michael Mühlich, about 20 years ago, often after having accumulated capital from wage labour in Assam India (1992: 209; HMG, 1969: 62). Mühlich further states that a "second wave" of Sherpas migrated to Boudha at the end of the 1980s for the tourist trade, education and work in the carpet industry. Many of those in that "second wave" set up carpet factories; our survey shows that only 4 of 32 of them were operating before 1988. Sherpa entrepreneurs, who number second largest in the exporter category, are from what Zivetz once claimed to be "a marginal community... unable to make much of an impact beyond the sphere of tourism" that had an unrealized potential to expand their economic influence (1992: 112). That influence has since spread into carpet weaving and export; now some Sherpas own conspicuously affluent carpet factories that rival the largest Tibetan operation. Contemporary Sherpa affluence does not come only from carpets, however, as many of Kathmandu's trekking agencies are headed by Sherpas, and an increasing number are entering other economic ventures (Fisher, 1990).

Most of the other entrepreneurial communities in Boudha/Jorpati have longstanding links with the area. According to the 1969 development plan for the Kathmandu valley, 19% of the population of Boudha were "Nepali", meaning

presumably members of the *Paahadiya* caste system; 28% were Newari, the original inhabitants of the Kathmandu valley; and 53% were classified as "other", with a footnote qualifying them as "Lama" or "Tamang" people (HMG, 1969: 62). Although the Newar were regarded then, as now, as a discrete *jaati* group, they are organized into a complex caste system that parallels the *PahaaDiya* hierarchy. Some of the Buddhist Newars, particularly the Uray Newar of Kathmandu, intermarried with Tibetan families in historic times; today the 'Raato Kharkhanaa' (Red Factory), thought by many to be the largest and most successful exporter in Boudha because of lucrative contracts with an American oriental carpet house, is owned by Uray Newars whose family has long standing trade links with Tibet. Others too have entered the carpet industry in large numbers, reflecting the overall high participation of the Uray Newars, traditionally the merchants and shopkeepers of the Kathmandu valley, in the contemporary economy. Zivetz (1992: 66) noted that the Newar were the second largest entrepreneurial community in Nepal after the Marwaris, an Indo-Nepalese caste that dominates much of business in Nepal and India.<sup>40</sup> According to the survey data Newars make up a sizable number of *saahu-ji* in Boudha/Jorpati, including 7 export companies, more than any *PahaaDiya* caste.

The two other Nepalese *jaati* groups that appear in large numbers in the survey, the Tamang and Yolmo, are from the hill areas just north of Kathmandu, and are

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<sup>40</sup>The Marwaris are a powerful caste group that uses communal networks to dominate trade in much of south Asia, including Nepal. They cannot, however, be described as *PahaaDiya*, as their origins are in the Indian state of Rajasthan. Many Marwaris are now naturalized Nepalese citizens, but are conflated with lowland *Madhesa* by many people in Boudha/Jorpati. They own a number of carpet stock houses in other parts of Kathmandu.

distinguishable more by traditional mode of social organization than by real differences in language or religion. The Tamang, one of Nepal's largest religious and linguistic minorities, were an egalitarian "tribe" organized into exogamous clans who combined elements of mahayana Buddhism with both sacrificial and shamanic traditions (Holmberg, 1989). The Yolmo shared many aspects of Tamang social organization, except that they traced their lineage not from clan origin, but from membership in mahayana Buddhist *gompas* that they had established along a central mountain ridge known as Helambu (Helmu), in the centre of Sindhu Palchok region. The distinction between Yolmo and a Tamang is more one of wealth and religious affiliation that began historically when Tibetan Buddhist monks mingled with local people and began establishing villages centred on temples that superseded the clans as the mode of social organization (Clarke, 1980). The 1969 development plan draws little distinction between Tamang and Yolmo, who both occupied a few villages and cultivated land in and around Boudha before the carpet boom. Some have since sold this land and converted resources that could sustain only subsistence agriculture into investment capital with which new businesses were begun. Most other Tamang and Yolmo, however, rose through an occupational hierarchy from weaver to independent subcontractor or stock producer. For those *saahu-ji*, the principal form of capital was not material, as they migrated to Kathmandu to take up wage labour and thus had no land to sell in Kathmandu, but social, as it was their close cultural proximity to the Tibetan refugees who founded the industry that sustained their entrepreneurial rise.

Although it is a modified type of Tibetan carpet that is being woven for export to



Europe and America, almost none are now actually woven by Tibetans, as many of the original Tibetan weavers had by the early 1990s opened their own carpet businesses.

Weaving work had to be passed on to Nepalese weavers; as Tibetan shops grew in size and sophistication, so too did most middle level management of the weaving hall.

Skilled masters were drawn from the ranks of the weavers, allowing Tibetans to move into a more classically entrepreneurial role of developing designs and finding western

buyers. The elaboration of the division of labour as the industry expanded followed an ethnic logic that is reflected in the proportionate distribution of Tibetan co-religionist

*jaati* among autonomous carpet *saahu-ji*. Many Tibetan refugees stated a preference for passing this work to their co-religionists out of a perception of shared values and

language. As Dorje Gyaltsen, a second generation refugee, put it during an interview:

So in the beginning in these two places was, you know, the government of Nepal had given it to the refugees who came to Nepal. They started this by weaving over there and making this, what do you call this, woolen bags, woolen bags and cotton wraps and carpet weaving and yarn spinning and all of these things came up and gradually from that, and then the Nepalese people they also started running.

Q: And where does your labour come from now? The people that are working...

Among the Nepalese the Sherpas and there is another thing called the Helmus, they are from the mountains, they also have this trend of weaving because they have the same kind of thing, you know, the culture and tradition is very similar. And most of the good weavers are from Helmu, I think.

Q: Yolmo?

Yolmo, yes.

Q: Yolmo, and Sherpas as well. And what about other people in Nepal?

Other people in Nepal? OK, now it depends individually but the majority if

we calculate the Helmu people are much better weavers.

Dorje's preference for Yolmo weavers follows naturally not only from shared traditions, but because of regional proximities. His father began working as a wool master at the Boudha Handicraft Centre (BHC) in the 1960s, having been settled there after an abortive uprising against the Chinese that Tibetan guerrillas mounted from Nepalese territory. The BHC was only a few hundred metres away from the Boudha Stupa, around which both Yolmo and Tamang families had settled in the Kathmandu valley; the Stupa *guthi* is even today headed by a Yolmo Lama family that is one of the wealthiest in the area. Labourers were drawn originally from Yolmo and Tamang valley dwellers and, as the industry expanded and more labour was needed, both Tibetan and Yolmo masters spread out into the northern hills to train weavers. Many Nepalese consultants to this research began their careers in the hills, having been taught basic weaving skills by Tibetan masters. At that time, they carried their stock down to the Kathmandu valley to sell to local tourist shops; with the boom in export quality Tibetan carpets in the past decade, many of these people have moved permanently to Boudha/Jorpati. A similar pattern emerged in the Solu district of eastern Nepal, where the Tibetan settlement at Chialsa operated a carpet weaving facility. People from the surrounding Sherpa villages were eventually recruited to weave carpets, although many Sherpa producers today are young, well educated entrepreneurs, or have moved into carpet production from tourism<sup>41</sup>.

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<sup>41</sup>Although consultants told me in interview that Tibetans recruited Sherpa weavers in the 1960s, Sherry Ortner's work from that time makes no mention of the Chialsa factory as a major income source at all, making it doubtful that carpet weaving became as important

Dorje's admission, however, that people from other Nepalese *jaati* are given work on an individual basis speaks to a preference for labour that is based on shared religion and culture. Fellow Buddhists, it is believed, also have weaving "in their blood". This has meant that the majority of subcontracting and stock weaving units that began production during the boom years in Boudha/Jorpati are operated by mahayana Buddhist Lamas who identify with Tibetan religion. A "Lama", however, is a rather unspecific ethnic term that conceals many of the *jaati* categories that have emerged in the modern era. There are Tibetan Lamas of one of four religious subsects, most of whom have monasteries or temples at Boudha; Sherpa Lamas, who belong to a monastic order that is properly Solu-Khumbu Sherpa; Yolmo Lamas, village house holding priests of the Helambu region; Tamang Lamas, or practitioners of the high religious traditions among the Tamang clans.

The *muluki ain* of 1854 categorized Tibetans, Tamang and Lama people in general as *bhote*, a single "enslavable" *jaati* that recognized no distinction between them (Gellner, 1994: 16). It was not until 1932 that king Tribhuvan and the Rana Prime Minister Bhim Shamsheer decreed that the *muluki ain* be amended to recognize the Tamang as a discrete *jaati*, although that did not help to raise the status of the Tamang much beyond what it had been (Holmberg, 1989: 11). The term *bhote*, unlike 'Lama', is a pejorative in Nepali, meaning both 'Northerner' and a person of Tibetan origin. The

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to Solu Sherpas any where near as much as it had for people from Sindhu Palchok. She does tell, however, of being coerced into buying carpets from her hosts at one point, which may indicate that people in Solu caught on early to the potential in carpets (1979: 69).

implication was, and in a sense remains, that the *bhote* is an ignorant mountain peasant who cannot match the wits of the civilized *Paahadiya* elites who dominated Nepal for so long. With the influx of Tibetan refugees after 1959 and their subsequent rise to economic affluence, however, the cultural status of Tamang and *bhote* has certainly increased.

Tibetan refugees in modern Nepal do not enjoy the same rights as their Nepalese counterpart, as many cannot and do not hold Nepalese citizenship. The presence of Tibetan refugees in Nepal is a thorny issue with the People's Republic of China, which occupies Tibet proper, and people in the refugee community must tread carefully when they participate in political campaigns against China. In 1995, for example, a demonstration during Tibet's national holiday was broken up by police and arrests were made. Although this event took place only a few hundred metres from where we lived, we did not learn about it until a few days later when we read a report in *The International Herald Tribune*, an American owned newspaper. The reticence of our neighbours and the local media attests to the sensitivity of the topic in Nepal; Tibetans have contributed much to the economy and to the prestige of the country with international tourists, but the fact that they are uneasy guests in Nepal is never far from the surface.

Although there are no laws actually prohibiting a Tibetan refugee from operating a business, only Nepalese citizens may acquire export registration, obtain foreign currency through banks, or formal credit through lending agencies. This constraint makes participation in the international market problematic for Tibetan refugees, and there are in Boudha/Jorpati a number of unregistered Tibetan *saahu-ji* who operate on a

small scale only as they have no access to either formal capital sources, or the "forward" market. Obtaining Nepalese citizenship is neither easy nor desirable for many Tibetan refugees, as currently naturalisation is a difficult process and many Tibetans frown on abandoning the struggle for Tibet's liberation that giving up refugee status implies (Zivetz, 1992: 116). For some Tibetan refugee *saahu-ji*, the solution to this problem is either to acquire a Nepalese partner, to whom the company is then registered, or to get Nepalese citizenship either through marrying into a Nepalese family or by claiming to belong to one of Nepal's many ethnically Tibetan minorities. One Tibetan exporter claimed to have obtained his citizenship papers by "joining" the Helambu Lamas, although he was perhaps purposefully vague as to how he accomplished this. Others still may acquire "sleeping" partners, or non-participant Nepalese partners who "own" the companies, but play no role in managing them.

Most active partnerships in Boudha/Jorpati are between Tibetans, or between Tibetans and their Nepalese co-religionists. The latter are comparatively rare, and entering into them is viewed by many Tibetans as being risky. The preference for Tibetan partners is however occasionally suspended when citizenship problems arise, as one Tibetan *saahu-ji* put it:

Regarding this it is quite a sensitive thing for me to talk. Some people have arrangements with Nepalese entrepreneurs or Nepalese people, ethnic Tibetans of Nepalese citizenship, the people from the northern districts of Nepal, in the Himalayas. They have built up a relationship with these people that the company and operation legally would be in the name of these people and the Tibetan refugees with their knowledge of carpet weaving and they trust these people. As far as the legal tangles are concerned, they have a system of sharing the profits. It is a risky thing, of course. It's a risky thing. From purely a legal point of view, if the guy in whose name whose company is registered to turns

out to be a crook, then the other guy would be in deep trouble of course. All his efforts, all his investments, go in the wind.

The optimal partnership of a Tibetan is therefore with another Tibetan and secondarily with a 'co-religionist', although the chances of being cheated are perceived to be greater. By maintaining as partners people from the same ethnic group, entrepreneurs seek to avoid that risk; "Under conditions of contract uncertainty, where the legal framework for the enforcement of contracts is not well developed," observed the economist Janet Tai Landa, "the identity of potential trading partners matters.... Kinship, ethnic and religious status as well as other symbols of identity...serve as low cost signalling and screening devices that allow a trader to choose to trade with only those traders who are perceived to be trustworthy or reliable in honouring contracts" (1992: 28). Clifford Geertz, also, observed that *nisba* or ethnic types served as the basis for clientalization among Moroccan traders, and that voluntary patron-client relations there were an "antagonistic dyad" as both parties compete to outbid the other despite a simultaneous need to preserve the partnership for commerce (1978: 31).

In Boudha/Jorpati, a similar antagonism between ideally equal partners lies under many corporate organizations. Partnerships are formed to increase production by combining individual links with European buyers who would attract even more buyers. European agents, particularly those supplying the lucrative 60 knot department and discount market, preferred large volumes and a wide variety of design and colour combination. Where an organization was unable to attract more orders, or lost some of those they already had to 'off-season' reduction, those antagonisms grew more acute as

partners regroup around their own individual international trade links. That antagonism is greater where the partnership is between those from different *jaatis*.

Intermarriage of Tibetans into a Nepalese family, particularly Helambu Lama, Solu-Khumbu Sherpa or Buddhamargi Newar is fairly common, and although a Tibetan man marrying a Nepalese woman still has no automatic claim to citizenship, the export registration may be done through the wife. In at least one case a German carpet producer, working in conjunction with a Tibetan partner, married a Nepalese woman and placed his quite considerable assets under her name. The disadvantage of a lack of Nepalese citizenship is however balanced by the advantage of just being a Tibetan, from whose tradition the carpet industry rose. This advantage is not merely one of identity. Extended networks of Tibetan refugees provide jobs and opportunities to their own family members from refugee communities in both India and Nepal, but the problem of citizenship must be solved in order that these opportunities can be fully enjoyed.

Nepalese with claims to both ethnic Tibetan heritage and *bona fide* Nepalese family origins have the best of both worlds. Just as some Tibetans are acquiring fictional Nepalese identities through marriage and partnership, it is not unusual to discover that someone who claimed to be a 'Tibetan' was not a refugee at all. Where *jaati* identity is ambiguous, such as with the Uray Newars who operate the large company supplying carpets to the US, or with Helambu Lamas who may claim Tibetan origin to a degree, the 'Tibetan-ness' of identity is often stressed to outsiders. The Urays, for example, responded to the survey question on *jaati* identity by stating that they were Tibetan and Newar 'mixed', and flew Tibetan prayer flags prominently from their factory. A Lama

consultant once told us in a preliminary interview that he was from a Tibetan family that counted the owners of the *Raato Kharkhanaa* as *aaphno maanchhe*, or his “own people”, and were thus assured a steady flow of contracts from them. A few months later we attended a funeral for his recently deceased brother in his apparently inactive factory and discovered representatives from many Helambu families engaged in Yolmo *tsher glu* rites.<sup>42</sup> Also at the funeral were a number of other Yolmo carpet *saahu-ji*, which confirmed that our consultant was actually a Yolmo (Helambu Lama), and not a refugee, as he had led us to believe. The claim to identity is perceived by all producers to be an important kind of capital, indicating that the already blurred boundaries of many of these *jaati* categories are becoming even more so in the contemporary carpet industry.

### **Community Reciprocity and Entrepreneurial Accumulation.**

The Buddhist *gompa* has played an institutional role in the formation of the Tibeto-Nepalese carpet industry just as it continues to play an important cultural role in the social lives of Boudha/Jorpati's co-religionists. The first Tibetan refugee weaving industries set up by Swiss Aid and Technical Assistance were co-sponsored by the Dalai Lama's government-in-exile and the Boudha Handicraft Centre today counts the Tibetan government-in-exile as its primary shareholder. Many local people refer to the BHC as

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<sup>42</sup>See Robert Desjarlais (1992: 96) for a full description of Yolmo *tsher glu* singing. The variation we attended, in an urban setting, was somewhat different (there was no large bonfire, for example), but the characteristic dancing and vocal couplets were just as Desjarlais described.



"the Dalai Lama's factory" and many Tibetan refugee *suahu-ji* worked for a time at the BHC or the semi-official Jawalakhel Handicraft Centre in Patan before they started their own independent businesses. Currently, there are at least two factories that are maintained by refugee monasteries from South India, and one other was teetering on the brink of demise in 1995. One Indian monastery located in Ladakh owned land in Boudha that had been leased to an independent Tibetan producer, an agreement attained, he admitted, because of family connections with the monastery; and the wife of the China Lama, the hereditary owner of the Boudha Stupa and much of the surrounding lands, was reputed to own factory. The role that Tibetan monasteries play in the industry prompted some expatriate criticism of these religious institutions as violating the basic tenets of Buddhism:

In Nepal's current environmental crisis the monasteries could take an active role in directly applying the Buddha's teachings on interdependence and socially-engaged compassion - perhaps in as simple a way as taking more responsibility for their sources of endowment and encouraging enlightened management by their sponsors. Certainly it cannot be an expression of wisdom for the monasteries to accept donations on behalf of all sentient beings from a source that spills toxic chemicals into Kathmandu residents ground water supply (*The Independent*, 1992c).<sup>43</sup>

The writer of this letter may err in assuming that Tibetan religious institutions follow a form of Buddhism idealized by Western environmentalists, but he was correct in observing that Tibetan monasteries play some kind of institutional role in the carpet

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<sup>43</sup>The question of how much damage the industry has done to Kathmandu's water is controversial, and it is often assumed that the washing and dying processes are harmful to the water table without any reference to empirical study. However, a Japanese study states that while industry outputs of both dye waste water and chemical wash exceed HMG environmental standards, the total amount of pollution contributed by the industry pales in comparison to vehicles and brick and cement factories (USAID, 1994b).

industry. Tibetan monasteries (*gompa*) are where the problem of disparity in wealth and power are resolved, or at least where a resolution can be attempted. Religious patronage is the duty of all in society, and those with more are expected to give more. This ethos was especially true of the Solu-Khumbu Sherpa, for whom the founding of monasteries played an important role in their communal history, but is also the case among Boudha/Jorpati's other Tibetan co-religionists.

The importance of the Sherpa community in the national economy was aptly demonstrated by an appearance of then Nepalese Prime Minister Manmohan Adhikari at the Sherpa *Sewa Samhiti* (Service Centre) during the Losar holiday of March, 1995. The Sherpa *Samhiti* is a recently constructed Sherpa community hall modelled, in concrete, on the Sherpa *gompas* of Solu Khumbu, and provides a base in the city for visiting Sherpa clergy and a forum for the performance of Sherpa rituals and festivals in Boudha. At the 1995 Losar celebration, Prime Minister Adhikari joined the Tengboche *Rinpoche* on the podium, and delivered a speech in which he specifically refuted the primacy of the Nepali language and culture, and acknowledged the importance of the Sherpa community with the announcement that his government would make Losar - the Sherpa New Year - a state holiday. The importance of Sherpas to the national economy meant that they needed to be entreated to as an ethnic group by the Communist Adhikari, as many Sherpas are conservative in nature and tend to support either the Congress party or the Royalist RPP. As the Sherpa *Samhiti* is a new building, contemporaneous with the second wave of Sherpa immigration in the 1980s, so too is the contemporary notion of a Sherpa communal identity. While Sherpa entrepreneurship has moved the community

from the margins toward the centre of economic, if not political, power, it would be wrong to ascribe Sherpa motivations to entrepreneurship to a common desire to advance the prestige of *jaati*.

As with the case of the Thakalis, for the Sherpa selfishness and the exploitation of others for personal gain was held as sinful, but this contradicted the Buddhist belief that great material wealth was a sign of religious merit being accumulated in past lives. Sherry Ortner's analysis (1989) of the founding of Sherpa monastic centres in Solu-Khumbu in the early 20th century shows that the sponsoring of religious institutions was simultaneously an act of great religious merit and a potent demonstration of worldly wealth and power. Ortner claims that the "cultural schema" followed in the founding of the Tengboche and Chiwong monasteries of Solu-Khumbu - the rivalry of two sons of a local tax collector made wealthy by his tributary relationship with the Rana regime - resolves, structurally, that contradiction:

The Sherpas do not seem to find it contradictory that the temple founding is an act of both great ego and profound selflessness. When asked why the wealthy 'big people' sponsored the monastery foundings in the twentieth century, people generally said, more or less in the same breath, that they did it to gain merit, and that they did it to gain prestige, namely, to make themselves 'big'.

I would suggest that this contradiction, constructed by the schema as noncontradictory as well as possible and desirable, *is* the meaning of the schema. It is a meaning...in the sense of being a statement of relations between two major cultural values, and it says that both are attainable simultaneously, and indeed that each is a condition of the other. It says that one must be altruistic while being powerful and dominant even when one is subjectively humble and self effacing. It says, in short, that one must be small as well as big, big as well as small (1989: 77).

Sherpa reciprocity, then, is not about equalizing all of those within the *jaati* and preventing upward material mobility, but is about wealthy individuals, or rather

households, giving back to the community in the form of religious generosity. The temples and *gompas* of Boudha are a material representation of this for Sherpas as well as with the Tibetans, but in the case of the Sherpas it represents as well a shift in Sherpa cultural history away from what was thought to be a broader form of egalitarianism (Zivetz, 1992: 105; Ortner, 1979). Vincanne Adams, in a study of labour practices in the lucrative tourism business, noted that Sherpas replicated reciprocal labour patterns in their management within the individualized wage labour market, but that these tended towards "patron-client forms of reciprocity only" (1992: 551). If Sherry Ortner was right, the patronage relations that Sherpas took up in tourism were an extension of forms of reciprocity that had developed between Sherpas during a time when increased wealth was brought about by the introduction of new agricultural crops (potatoes), wage labour and government patronage of regional tax collectors. Adams suggest that further growth in tourism will result in "a trend towards hierarchical dyadic bonds" rather than purely egalitarian ones, but that trend was established long before the first tourist set foot in the country (1992: 550).

Entrepreneurial activity thus is consistent with Sherpa reciprocity and history. More than any other Nepalese *jaati*, other than Tibetan refugees, the Solu-Khumbu Sherpa occupy positions at all levels of the carpet weaving industry, with many "big" operations as well as "small". Like the Tibetans, moreover, the Sherpas have much cultural capital to establish themselves at the forefront of the industry in Boudha/Jorpati. Their international prestige, aided in part by their ability to forge fictive kinship relations with foreign patrons (see for example Adams, 1992 and Fisher, 1990), has meant that

they have a high profile with European and American carpet buyers. This international prestige has also meant that educational opportunities not available to many Nepalese were available to them from many years back, beginning with Sir Edmund Hillary's Himalayan Trust which constructed high quality schools in the Solu-Khumbu district, but continuing, perhaps more importantly, with school sponsorships that many Sherpas were able to arrange with foreign tourists. One of the most critical skills for a Tibetan or Nepalese exporter is the ability to speak good English, as this makes communication with carpet buyers much easier. The Sherpas of Solu-Khumbu who pursued an education through international patronage have benefited not only in carpets and tourism, but many are engaged in lucrative development work in Kathmandu that would not be possible without it.

The Helambu Lamas share as well with the Solu-Khumbu Sherpa, through their adherence to *Nyingmapa* Buddhism, the tendency to equate spiritual and worldly well being, but the development of a Buddhism centred on celibate monastic institutions described by Sherry Ortner never occurred in Helambu. Villages in Helambu were, and continue to be, centred on a temple organization that knits an ethnic group of house holding Lamas together. These temple organizations demanded tribute from member households, and in return operated as money lending agencies in what Graham Clarke calls a kind of "religious capitalism" (1990: 183). Yolmo carpet *sahu-ji* continue to honour obligations in their home villages throughout the year, often making the two day trek from Kathmandu to attend to important rituals in keeping with their roles as Buddhist Lamas, something that most Sherpas have long since abandoned as the social

division of labour in Solu- Khumbu has made ritual activity the exclusive task of the celibate clergy (Ortner, 1978). So, while some Yolmo Lamas may be tempted to go by the appellation 'Sherpa', their native villages continue to be important organizational factors in their lives. Solu-Khumbu Sherpas, on the other hand, have largely forgone village institutions and live a life in Kathmandu given more to individual pursuits (Fisher, 1990: 170).

The Tamang make up the second largest group of autonomous carpet *saahu-ji* in Boudha/Jorpati, despite their frequent representations in anthropological literature as a hill people among whom social levelling mechanisms are prominent (see for example Holmberg, 1989 and Campbell, 1992). Contemporary Tamang do not now automatically share the prestige associated with the Lamas of other *jaati* groups, and have a reputation of being one of Nepal's most exploited ethnic minorities, having suffered many years of land appropriation and compulsion to forced labour by Kathmandu valley elites. One Tamang ethnic activist claimed that this tendency was being reconstituted in the contemporary carpet industry, as tensions between Tamang weavers, who he claimed made up a majority of the total, and Tibetan entrepreneurs over inadequate wage labour rates had surfaced in the industry (Tamang, 1992: 26).<sup>44</sup> The large number of Tamang who operated small scale carpet weaving halls that the study survey identified indicates that many weavers have advanced through the industry into positions of autonomy and

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<sup>44</sup>Pashu Ram Tamang gives the figure of Tamang weavers as being 75% of the total, but has no source for this figure. It is likely, in any case, that the current ethnic makeup of the industry includes many more weavers from the eastern hills and Terai than Tamang's figure suggests.

into, paradoxically, a position where they might exploit others. This position is a contradictory one for Tamang producers in the same sort of way it is for Sherpas and the Helambu Yolmo.

According to David Holmberg, an ethos of exchange governed all social relations among the Tamang with whom he did fieldwork since 1977, "*even in the contradictions of its practice*" (1989: 54). Forms of reciprocity in the Tamang community, notably the persistent practices of marriage exchange between affines, continue to exist despite differences of wealth and status:

This ethos of exchange shapes not only marriage but most casual and formal sociality including eating, drinking, smoking, labouring, conversing, singing, and communicating among humans - siblings, spouses, affines, class-mates, and others - and between humans and divinities with harmful agents. Productivity is directly tied to exchange, and the diminishment of wealth is linked in Tamang imagination with hoarding and the absence of exchange...To hoard, to leave out, to be tightfisted or closemouthed, to crave wealth, or to exploit without return for personal enrichment all are violations of the principle of exchange and the traits of harmful agents who swarm the village groves and regional forests (Holmberg, 1989: 53).

The offering of food and drink to someone with whom social relations are anticipated continues to be an important idiom of exchange among small scale Tamang carpet *saahu-ji*. Food appears throughout the colloquial Nepali of Tamangs in Boudha/Jorpati as a metaphor for commensal well-being. A familiar greeting, for example, is "*khanna khanna bhayo?*" or "*chia piuna bhayo?*" (have you eaten food/ drank tea?) indicating that the measure of wellness is a full stomach. The metaphor extends as well to the realm of work, as work fills the stomach; it is common to hear the idiom "I was eating carpet work" or "I was eating master work", and *saahu-ji* speak both of

"eating profit" and "eating loss" to indicate the success or failure of business ventures. This idiom of exchange also works in contradistinction to Hindu prohibitions against accepting food from inferior *jaati* group members for fear of caste pollution. Accepting food from a host implies an equality of position, even as it also masks the inequality of obligation between host and guest that Sherry Ortner (1978) claims is the central meaning of hospitality among the Sherpa. To accept food is to accept that a reciprocal relationship exists between host and guest; to deny it implies that the guest considers the commensal link as potentially polluting by an inferior.

One Tamang consultant, Nechung Lama, told us it was good that we accepted to eat his wife's delicious steamed *momos* after one interview, because, as he put it, "*tulu maanchhe hūdaina*" ('you shouldn't be too big a person'). Had I turned down the food, it would have indicated more than not being hungry, or a fear that it would make me sick, but that I saw my host as my inferior and would not risk pollution by him.<sup>45</sup> My accepting the food also meant that as an equal I was a potential partner for Nechung, and he later enlisted me for help in financing the refurbishment of the cremation ground in his home village at the foot of the Helambu ridge. Through such acts of community largesse, however, Nechung demonstrates his relative high status and wealth to his village. In seeming contradiction to his own equalizing ethos, Nechung is a big man in the village, even if he is only a small subcontractor in Jorpati.

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<sup>45</sup>Foreigners hold an ambiguous place in the Nepalese hierarchy. According to Orthodox Hindu belief they are a source of pollution. Even Sherpas, until recently, purified members of their community who returned to their villages after a mountaineering expedition with foreigners (Fisher, 1990: 132). As foreigners are now associated with development, however, such beliefs are in practice often suspended.



Nechung Lama began making carpets in this village as a boy after a Tibetan master travelled there to instruct the people in basic weaving techniques. At first he wove carpets out of Indian wool for sale to the tourist shops in Boudha, and travelled there often to sell his product with other villagers. Eventually he remained in Kathmandu to weave carpets out of Tibetan wool that were at that time just beginning to become popular in Europe. From weaving, he came to "eat master work" and eventually opened his own small factory which he now runs, serving both as *saahu-ji* and carpet master on his own looms. He currently subcontracts orders from one of Boudha's largest and most successful Tibetan export companies. His factory, located in a small, rented three story brick building where he lives with his family, his workers and their families, stands in contrast to some of the larger Tibetan factories in the area. Aside from the large carved cabinet housing religious articles which sits against the wall of the living area as it does in many other Tamang, Yolmo, Sherpa and Tibetan homes, Nechung's quarters are sparsely furnished, and not much bigger than the rooms he provides for his workers. He rides a used Indian motorcycle rather than the expensive four - wheel drive driven by many of the big exporters.

Despite the differences in scale, the patterns of his consumption, of how his profits and surpluses are used, show a general tendency among many Tibetan co-religionist producers to resolve the problems of being a *tulu maanchhe* ('big person') through largesse to community religious institutions. Significantly, these institutions are for Nechung not located in Boudha/Jorpati. During a trek to his home village, Nechung pointed out to me the new roof that he had donated to the village *gompa*, and compared

himself to a Yolmo carpet subcontractor who constructed a temple in his home village a few kilometres up the ridge from Nechung's, and had managed to parlay his community influence into two nominations for a seat in parliament.<sup>46</sup> In the prevailing ethos of Boudha/Jorpati's Tibetan co-religionist *saahu-ji*, religious merit, material wealth and political power are aspects of the same thing. Religious merit, material wealth and political power must however be acquired within the idioms of exchange and reciprocity which characterize the community of *saahu-ji* here discussed.

The construction of religious monuments is an important act of both displaying and acquiring symbolic capital in Boudha/Jorpati, in the same way it had been during the establishment of Sherpa monasteries of Solu Khumbu in the early 20th century. It would be wrong, however, to conclude from this that the impressive monastic skyline that sweeps behind the Boudha Stupa mystifies the objective economic domination of a wealthy class. It is possible to interpret publicly viewed schemes of generosity or patronage of public works as a part of the reproduction of dominance relationships (see, for example, Pierre Bourdieu, 1977), but when a Tamang weaver is elevated to the relatively powerful position symbolized by his contribution to the *gompa* of his home village, the act of generosity can also be read as a statement of emergent class power. Community reciprocity does not preclude an individual or household from becoming wealthy, so long as that wealth is symbolically redistributed. Nechung's tin roof is the

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<sup>46</sup>He lost both times, as his influence is confined to the Helambu region, which makes up only a portion of the electoral district in which he ran. The seat was won, both times, by a candidate from the right wing RPP, who is from the formerly dominant Rana family.

result of an act of social reciprocity that makes him a *tulu maanchhe* in the village, but to reduce it to an unconscious, selfish manipulation of received cultural categories reduces as well the social solidarity between *saahu-ji* and his workers on which successful accumulation depends.

### **Regional Affiliation and "Community Based Production".**

For many small scale *saahu-ji*, the people who make up their diverse working households are an important resource that feeds its stability and growth. Ready access to the labour force, despite its commoditization through a piece work system, which I will explore further in the next chapter, is a considerable problem for many large companies and for those with poor relation to the social networks that supply labourers to the industry. For many small scale *saahu-ji*, however, their own family members and relatives, followed by other village residents, migrated to Kathmandu to take up new working relationships that some have called a structure of "community based" production in which kinship and regional relationships were reconstituted in the peri-urban carpet industry (Fredrick, 1995). Those villagers who rose in the industry to acquire their own production facility thus became important people back in the home village; and, conversely, villagers became a dependable bank of potential labourers for *saahu-ji*.<sup>47</sup> While many larger companies hire labour through contractors, or take on

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<sup>47</sup>Villages in Nepal tend to be relatively autonomous, with people from one *jaati* tending to live together. Even where villages have large populations of more than one *jaati*, the tendency is for people to live in ethnic clusters within the larger village or town. The

workers on an individual basis, most small producers claim at least to bring in labourers only from their home regions. It is interesting that a spatial idiom, regional proximity, is more often employed by *saahu-ji* than *jaati* affiliation in explaining this preference:

Relations are the main thing. Because being village relation we could get workers from the same village easily. So we trust them, they like to work with us.

Q: Especially from your village?

Yes, from the village. From our own Sindhu Palchok district. We are also from the same place, so they like to stay with us, and they stay with us because we are from the village so it is easy to find. So we contact local people, we contact and it becomes easy and it became easy to work and to find. It was not hard to find.

Q: Known persons?

Yes. Known persons.

‘Known persons’ (*chineko maanchhe*) or ‘our own people’ (*aaphno maanchhe*) are two of the most common ways people described this spatial relationship. More often than not these categories subsume *jaati* affiliation, as in many hill regions discrete ethnic settlements still exist, but they are not necessarily exclusive. The dramatic growth and increased competition of the carpet industry has altered these categories substantially, but the tendency to work with and trust those that are known is resilient in Boudha/Jorpati, and mitigates against the kind of "organic solidarity" that successful entrepreneurship is often thought to require (see Fukuyama, 1994). At this level of

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town of Lukla, for example, is subdivided by locals into “Sherpa” and “Tamang” *tole* (or square), representing the two largest ethnic populations. Other *jaati* are also represented in the town, but as they are few and as teachers and government workers are invariably from Kathmandu, they are dispersed throughout the town.

production, however, the *saahu-ji*'s ability to rely on a constant source of reliable labour is an advantage that enhances their ability to sustain production in the dramatic ebb and flow of carpet orders that many have experienced over the past few years.

Almost all carpet weaving *saahu-ji* in Boudha/Jorpati provide rooms free of charge for their weaving staff. Nechung Lama's small factory, for example, is a three floor brick and concrete walk up that looks unfinished, like so many new buildings in Boudha/Jorpati. The weaving hall and production office are located on the ground floor and all of the weavers are housed in rooms on the second and third floors. Nechung's family of six occupies two small rooms on the second floor. Workers eat, sleep and work under one roof and most have migrated to Kathmandu from Nechung's village in Helambu. Some of his weavers even left weaving at the large export company where Nechung once was master and followed him to the new enterprise, even though a subcontractor like Nechung cannot hope to pay the piece rate that larger companies offer. Although subcontracts sometimes demand that orders be completed in a fixed time period which necessitates a concentrated effort by the weaving staff, more often work life at Nechung's factory blends seamlessly with domestic life. Weavers are often found preparing meals, caring for the many young children who live at the factory with their parents, or relaxing in the office over tea and cigarettes. Nechung himself functions as his own carpet master - he must set the warp on each loom before weaving and allocate carpet graphs and dyed wool to the weavers. Nechung thus works closely with his staff, unlike many *saahu-ji* in larger operations who assign those tasks to another worker. The division of labour in the factory is then clear to all, as is Nechung's enhanced social status

as a source of employment. Nechung's obligation to his own *aaphno maanchhe* however is also clear, and on a small scale he is able to provide work for his own villagers who characteristically send some of their earnings back to the village to, as many *saahu-ji* say, "keep their parent's stomach".

It might be objected that this version of carpet factory life is exceedingly idealized, but in the hundreds of small-scale shops it is the prevailing version, provided that the subcontract does not demand more productivity that in turn requires a more rigid strategy of labour control from the *saahu-ji*. Many of the small factory *saahu-ji* that we spoke with declared a preference for drawing labourers from their own *aaphno maanchhe*, but some had none of this social capital to draw on, and their case points to the considerable advantage of social labour networks for small scale production. Naresh Shrestha, for example, is a Newari entrepreneur whose family is native to the Kathmandu Valley; his ancestral home is in fact just across the road from the Boudha Stupa. Naresh opened a factory only in 1990 with a loan taken from his father, a retired merchant, and now subcontracts with Kalachakra Carpets, the same Tibetan exporter that Nechung works with.<sup>48</sup> Where Nechung can draw on village labour, however, Naresh must hire his weavers from the street, as his own *aaphno maanchhe* is limited to a relatively high urban caste of merchants. Without an extensive social network to draw labour from, Naresh has had considerable difficulty in finding and keeping weaving labour. He

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<sup>48</sup>As with proper names, the name 'Kalachakra Carpets Pvt.' is a pseudonym. As far as is known, there are no companies in Nepal by that name (the 'kalachakra' is an important initiation ritual in Tibetan Buddhism). Any similarity to any company now or in the future is therefore purely co-incidental and unintended.

frequently complained of workers running away and absconding with salary advances they had been granted and, during the course of our observations in his factory, we rarely saw the same weaver on more than two occasions. Naresh's frustration with his labourers is reflected in his general regard for them:

Those people who work a little, most labourers are uneducated. They have not studied. If we teach them it takes a lot of time. We say, "At least you have to take a bath one time a week. You have to throw the snot away. You have to sit like this on the toilet." We teach them everything. But what we teach doesn't go into their brain. Those who are involved here gave trouble for their parents, didn't want to read, didn't want to work at home, there are many of them.

Naresh's version is that of an educated, urban entrepreneur who must engage hill labourers with whom he has little in common. On the contrary, his description above speaks to his disdain for them, and where many others told me that weavers wove carpets, in part, to "keep their parents stomach", Naresh claims otherwise. Without the benefit of a community from which to draw labourers, he has had to rely on engaging groups of weavers who have either been let go from larger factories, or who have migrated to Kathmandu to weave carpets without any established social network to find them work, a phenomenon that became quite normal during the carpet boom. Naresh's piece rate is the same as Nechung Lama's, even though his factory is twice the size, because both receive the same standard rate from Kalachakra Carpets, but he is compelled to offer salary advances (*peskii*) to entice weavers to weave for him. Those *saahu-ji* who have a poor social network from which to draw workers said they often suffered considerable disruption from their weavers. A small scale Tibetan *saahu-ji* describes the problem:

Before we used to sell a lot, but how to get workers, what to say? It's our luck, no? Big factories have no problem. But like ours we put a few looms, we stay in a rented house, we, like by chance we get workers. By chance. They come. Sometimes looms are empty sometimes people come and again people who came they are not permanent. It is not certain. It depends on them. They weave for one month here, "we don't like, we are going" they say. We cannot stop them. They move to another place. From the other place they say they don't like to weave there. They say "give us a loom", they come. Like that, let's say, eating loss, let's say. I taught many people. I brought them from Chitiwan and taught them. Those people whom I taught, on whom I spent money, in fact they are mine. But I cannot speak. As soon as I teach, they go. It's up to them. I cannot force them. If I force them, it's ok. If I can force them to obey. But wherever they want, they go there with their friends. Sometimes it happens. Now there are 10 looms. And sometimes we run five looms. Sometimes 10 looms are full and sometimes 3 looms are empty so workers are changing and going. Workers don't stay in the same place. They never stay. Changing and going.

Being of the same *jaati* group or from the same district as a potential labour force is no guarantee that a *saahu-ji* will have easy access to weavers. Demand for labour, even now in the 'off-season', still makes competition for village weavers acute, and can jeopardize the execution of a subcontract. Tsering Norbu, another small-scale *saahu-ji* from Helambu, was forced to close his factory in Nayabasti after his partner split with him and orders stopped coming in. He was carrying a hefty debt load of 115,000 rupees (about U.S. \$2300) from salary advances that had not been repaid to him by workers who returned to their homes in eastern Nepal when orders fell off. Tsering moved to a smaller rented house in Jorpati and tried to start again, digging into his own savings and borrowing money from family members to maintain a few weavers to weave "models" and stock carpets to sell to travelling stock agents. Eventually, he negotiated a subcontract with a Tibetan exporter, but when he went to his village to find workers, he told us, he found that the village had been emptied of most potential labourers by a



labour contractor who had been through the area a few weeks before. Tsering was forced to subcontract out his own subcontract, weaving what he could with the weavers he had and putting out the excess work to a friend. The time constraint of the contract did not allow him to train new weavers, but by putting out the work to a friend he at least met the obligations of his contract even though this kind of informal sub - subcontracting is prohibited by most exporters. Tsering had hoped to hire a number of trained weavers from his home village, assuming that the villages would be full of those who had migrated back to the villages because of the 'off-season'.

Unlike Nechung Lama, his friend Tsering Norbu came to the carpet industry only after 1990, when it was apparent that a lot of money was to be made from carpet weaving. Tsering's initial capital was acquired by selling inherited land to pay for equipment and the large outlay in salary *peskii* that he needed to hire workers from the eastern *terai* - a district far from his mountain village. At that time most of the available hill labour was employed, and *saahu-ji* were engaging labourers from different regions, outside of the customary frontiers of *aaphno maanchhe*. When demand increases, even those factories based on "community-based production" take in more and more labour from further afield. Nechung hired, in the summer of 1995, a number of skilled weavers from the eastern *terai* when he found that he could not meet an order with his existing village based weavers. Bringing outsiders - people to whom trust is not automatically extended - into the factory may be necessary for business, but it does present cultural problems for producers who state a preference for working with their own people.

Nechung's experience is not at all unusual for small scale *saahu-ji* in the

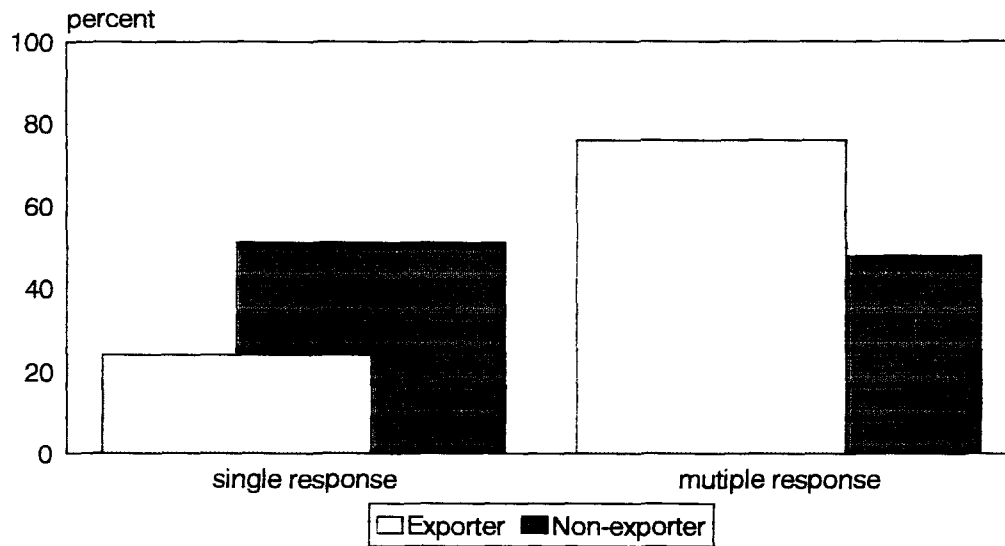
contemporary industry, as many labourers are taken in from districts where people have different *juati* affiliations, speak different languages and practice different religions.<sup>49</sup> The oft stated preference for working with *aaphno maanchhe* is breached in practice, particularly for those operations that started weaving well after the boom in Tibeto-Nepalese carpets began. Even so, the tendency for small unit *saahu-ji* to draw labour from among reliable village sources persisted as they most frequently responded in our census that their labourers came from the mid-hill regions, from where most small scale *saahu-ji* also came. As figure 5.5 shows, exporters, on the other hand, were far more likely to have weavers from more than one region of the country, while more than half of non-exporters reported that they got their labour from only one.<sup>50</sup> Figure 5.6 is a further indication that a substantial number of small producers, like Tsering Lama and Nechung Lama, obtained their weavers from the mid hills alone. Where there is a distinct regional tendency among non-exporters, then, no such tendency exists among the larger exporting firms.

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<sup>49</sup>According to our survey data, relatively few workers migrate to Boudha/Jorpati from the Western region of Nepal. This may be because road links to those regions remain largely undeveloped, making access to the capital difficult. Alternatively, as many labourers are drawn to the city through kin and village networks, the lack of Westerners may be due to their lack of access to networks there. It is not known whether Western migrants are common in other carpet weaving districts in the Kathmandu valley.

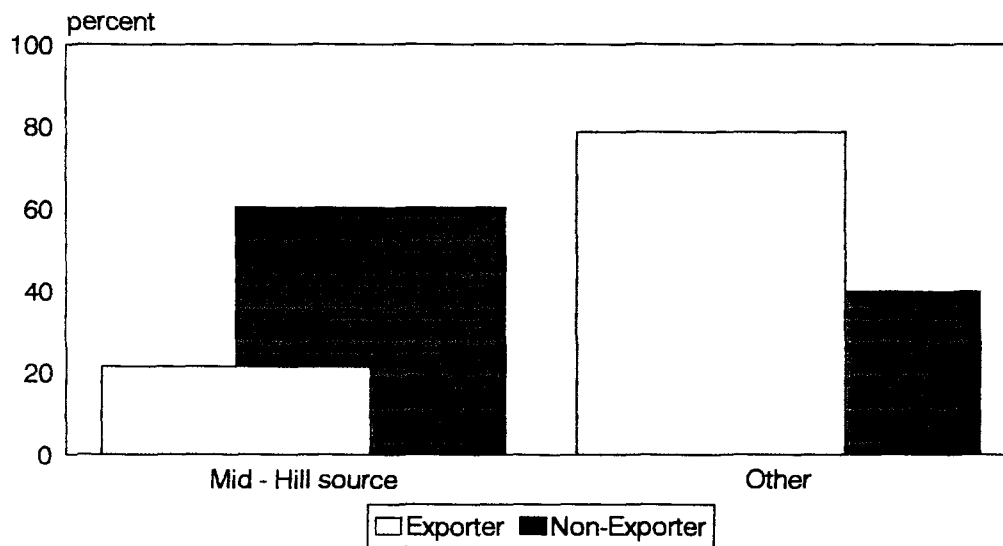
<sup>50</sup>These were the responses to the question “from what regions does your labour come?” as given by manufactory owners or managers. They should not be understood to be the regional proportions of the weaving force, as it is possible, for example, that a multiple response would mask the fact that most labourers in some manufactories are from the *terai* or eastern hills. The data in figures 5.5 and 5.6 are significant according to a chi-square test ( $\chi^2=14.7$ , d.f.=1,  $p=.00013$  in the former case and  $\chi^2=7.75$ , d.f.=1,  $p=.00537$  in the latter).

**Figure 5.5: Labour Origin by Region**  
(saahu-ji response to origin of labour force)



(N=300; export n = 59, non-export n = 241)

**Figure 5.6: Origin of Labour from Mid-Hill Region**  
(Cross tabulation between exporters and non - exporters)



(based on single responses only)

The disparity between working with those one trusts because of their familiarity and those who one suspects because of their social distance arises because of the demand of market institutions on the behaviour of those who are conditioned by them. The persistence of traditional forms of solidarity, if only rhetorical, and a reluctance to construct new ones appears to constrain the entrepreneurial potential of many small scale Nepalese producers, but the tendency towards "community-based" production in Boudha/Jorpati has the advantage of stability in a volatile labour market. As the next chapter will show, many of the conventions of labour control employed in larger carpet export companies are measures of exacting cooperation from weavers that small scale producers like Nechung Lama have, until recently, come to expect from their *aaphno maanchhe*.

### **Conclusion.**

The large numbers of autonomous carpet weaving units in Boudha/Jorpati are a phenomenon best explained by the expanding market of the previous ten years, and the volatile demand of Tibeto-Nepalese carpets which few in Nepal were fully prepared to supply. It was to the advantage of exporters to put out work to subcontracting units in order to protect themselves against future uncertainty of demand, and those who exported stock carpets could rely on the numerous small units to supply carpets without themselves investing in production facilities and staff. Neither of those reasons sufficiently explains the enormous number of small units, nor the motivations of

hundreds of entrepreneurs attempting to distinguish themselves, their households or their communities in the new Tibeto-Nepalese carpet industry. For that explanation, I have argued that an ethnic predisposition to carpet entrepreneurship in Boudha/Jorpati has shaped the identity and character of most autonomous weaving units. The presence of so many Tibetan co-religionist small unit *saahu-ji* is the result of an informal tendency among Tibetan refugee entrepreneurs to engage weaving labour first and foremost from those Nepalese communities that shared a common tradition despite the political events that have, over the course of Tibetan and Nepalese history, divided them. Many of those weavers have in the past ten years advanced vertically into their own subcontracting or stock weaving units.<sup>51</sup>

Tibetan and Nepalese producers often described the divisions of labour in the industry and the forces of commerce through the idioms of *jaati*, or caste, difference. The differences they describe, however, do not fit exactly the anthropological distinctions that are used by outsiders to describe the social landscape of Nepal. For non-Tibetan or co-religionist Nepalese, for example, distinctions between ‘Sherpa’, ‘Yolmo’ or ‘Tamang’ are popularly subsumed under the ‘Lama’ or, more derisively, the ‘Bhote’ category, and this reflects the original distinction drawn in the *muluki ain*. The success of the Tibeto-Nepalese carpet on the European market has significantly raised the status of all of these peoples in Nepal, and in Boudha/Jorpati at least has provided much opportunity for people to shift their livelihoods from the villages, which are much

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<sup>51</sup>According to our field survey, 234 of the 290 surveyed weaving halls began production only in the past ten years. 56 reported that they began weaving before 1985, and only 11 were active before 1980.

maligned as undeveloped (*abikasi*), to the higher-status city, where modernity awaits.<sup>52</sup>

As much as this seems true, however, it is also the case that people from certain of Nepal's *jaati* communities have succeeded disproportionately more than others. The Tibetan refugee community and the Solu-Khumbu Sherpas predominate in number among Boudha/Jorpati's exporting facilities, and I have argued that this success is in part influenced by kinds of cultural capital that both of those communities command as a result of outsider perceptions of their prestige.

If measured by outsider standards of success in an "enterprise culture", people from Boudha/Jorpati's other co-religionist *jaati* communities have fared less well. No Helambu Lamas operate their own export facility, and only a handful of Tamang *saahu-ji* export, usually along with Tibetan partners. This may be explained by their relative lack of cultural capital, vis a vis the Tibetan and Sherpa, or Newari communities, which in turn constrains access to other forms of capital critical to forward market success. Assuming, however, that forward market success is the primary goal of all of these *saahu-ji* and analysing the constraints that origin place on entrepreneurs from that standard ignores the individual motivations and entrepreneurial successes that are not grounded solely on capital accumulation. Individuals in Boudha/Jorpati do not enterprise to advance the prestige of the *jat*, although that may be a result of their work, but that work cannot proceed efficiently without first engaging the productive labour of members of a community in which an individual has, ideally at least, some reciprocal

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<sup>52</sup>Without sufficiently detailed data from other weaving areas in the Kathmandu Valley, it cannot be said that this holds true everywhere, as *jaati* compositions may vary. It can be safely assumed, however, that some form of ethnic distinction exists everywhere.

responsibility.

I say 'ideal' because that is what consultants narrated most often. Expanding markets have created a demand for labour in Boudha/Jorpati that has exceeded the capacity of many village-based production networks. 'Ideally', *saahu-ji* would hire weavers from "their own people", as these are those that were most predictable, trustworthy or controllable, thus reducing the risk of labour conflict and jeopardized production. In many of the small subcontracting and stock weaving units this preference still prevailed, and production was modelled as much on the village as on the household. *Jaati* identity was important, but an individual from the same *jaati* community who was not from the same village was often less trustworthy than a fellow villager from a different, but roughly equal, caste background. As demand for the Tibeto-Nepalese carpet grew, *saahu-ji* wishing to be successful on the forward market needed to expand from this village based model and across numerous social boundaries towards that market. The problem of trust, which is ideally resolved by the ethnic and regional proximity of co-workers, has become acute as the complexity of weaving unit organization grows. In the next chapter, I will discuss the social institutions that have been developed to solve this new problem, and the criticisms of labour abuse that are a consequence of their frequent failure.

## CHAPTER 6: WEAVING AND CHEATING

In the last chapter it was established that solidarity between carpet exporters and manufacturers stems, at least in part, from social and cultural institutions that conditioned contract agreement between *saahu-ji* themselves, and between *saahu-ji* and the labour force whose handiwork remains the most important resource in the industry. Perceptions of cultural fit between people from Tibetan co-religionist *jaati* groups and networks of *aaphno maanchhe* that extend from peri-urban Boudha/Jorpati to the rural hill regions continue to influence who works with and for whom. It would be misleading, however, to elide those numerous cases in the working life of carpet producers where contracts were not honoured, terms were not met, or agreements were abrogated. The comparatively recent origin of the industry and the ease with which profits could be made with little carpet weaving or managerial experience during the boom of the last ten years has meant that thousands of people of diverse origin have had to build new productive relationships beyond those conditioned by caste. Contracts are negotiated without the benefit of precedent, and their legal force in an industry marked by transient actors and the weak influence of official sanction makes for many opportunities to cheat, abscond with funds, or violate national and international standards of fair play.

Independent entrepreneurs from all types of carpet weaving facilities commonly



tell tales of cheating and theft. Carpet designs are copied and stolen by stockists and small stock weavers, orders are woven with sub-standard *jhindu*, payment for orders are withheld beyond an agreed interval, and fights between *saahu-ji* and workers have broken out over unpaid wages. The difficulties that *saahu-ji* reported in finding and keeping skilled labour are often expressed through stories of workers running away and leaving their looms idle, and often times workers are reported to have made off with a hefty cash advance (*peskin*) that was provided to them as they began work. Narendra Poudel, for example, a Brahmin stock weaver who had temporarily closed his weaving hall to weather the off - season, told us the story about a labour contractor (*thekadaar*) who took a cash advance of 18,000 rupees (US\$360) and ran away, not only stealing the money but taking with him other weavers and jeopardizing Narendra's production targets. Like Tsering Norbu, the Lama *saahu-ji* introduced in the last chapter who lost even more money this way, Narendra had trusted this man to complete his end of the bargain, and initially saw no reason to ensure its observation:

Even if there is an agreement, paper cannot do anything. In fact it is good if the workers are believable and have good behaviour. For that reason, I didn't make an agreement or take their citizenship card. I gave advances without taking anything. Before I brought weavers and things worked well. At that time I was running and there was a profit, but later the contractor put them here. He used to give them food and the workers had direct contact with him and he only gave money. After taking their advances, he ran away. After he left his men started to leave. I went to his place one time. I know his house but I found he has nothing. As I was going he ran away, he had already known I was coming. From there he ran away. 18,000 rupees are gone. Eaten. His house is in the Terai, Janakpur.<sup>53</sup> To get there and back we need 1,000 rupees. If I met him somewhere I'll try to

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<sup>53</sup>Janakpur is a city on the border with India, 387 bone crushing kilometres by bus from Kathmandu. Many labourers have migrated from this region to the Boudha/Jorpati carpet industry, largely through labour contractors.

get it back. Otherwise, let it be, I'll forget it, I'm not going again. He would not have done this if he were rich, if he had money, if he had prestige, if he had everything.

As Narendra suggests, contracts made of paper have little influence on people's behaviour, as the few statutes in the legal code are effectively unenforceable among the capricious small weaving halls of Boudha/Jorpati. Trust is thought to be partly assured by ethnic identity, but where contracts have had to be negotiated between ethnically or geographically diverse people, new institutions have been developed to assure that obligations are met. These measures are imperfect, however, as are the reassurances of working with known people. Narendra also voices a commonly held belief that it is disparity of wealth, rather than ethnic difference, that leads to cheating on informal rules of conduct. The wealthy do not cheat; they do not have to. In the get-rich-quick atmosphere of the contemporary carpet market, these informal rules are increasingly thwarted by those who perceive them to be against their own interest.

The kind of cheating that Narendra described was also identified by many industry outsiders as compelling reasons to end those local practices that have come to be conflated with the abuse of workers by labour contractors and entrepreneurs. The role of the *thekadaar*, or *naaike*, has been associated with the presence of 'bonded' labour in the industry which violates international standards of human rights, as one critic of the industry put it:

Most of the manufacturers rely on *Naikes* for recruiting workers in the factories and pay them on a square metre basis. It is these *Naikes* who roam from village to village looking for children to recruit them in the carpet industry in Kathmandu. These *Naikes*, sometimes, lend money to poor villagers and bring their children to work in the carpet looms for free to pay the parent's debt. They

are no more than a form of semi-bonded labour. *Naikes* regard these children as their private property and sometimes “sell out” to other *Naikes* (The Rising Nepal, 1992b).

In this next chapter, I will examine two social institutions that have developed to assure contract obligation between carpet *saahu-ji* and weavers regardless of their ethnic affiliation. The practice of advancing salaries (*peskii*) to migrant weavers is both an incentive used by *saahu-ji* to bring weavers to their looms and an insurance that they will stay there. As Linda Mayoux (1993) observed in another case where salary advances played an important role in a South Asian craft industry, their effect was to tie worker to entrepreneur in an industry experiencing an acute labour shortage. In Boudha/Jorpati, however, those ties are all too easily broken. *Saahu-ji* often told of the considerable anxiety that they had about finding and maintaining weavers. Outsider representations of informal credit as ‘semi-bondage’ take those cases in which this institution was abused as the norm, and obscure it as a rational and reasonable strategy.

Secondly, the practice of acquiring weavers through labour contractors (*thekadaar* or *naaike*) is a strategy often used by large weaving halls with little or no access to village labour. The *thekadaar* is a comparatively new role in the division of labour that grew with the increasing size of manufactories. Many critics of the industry advocate banning them from the industry altogether, because of the abuses associated with them (CWIN, 1992; NASPEC, 1994). Both institutions currently inspire criticism; however, I argue that both are informal measures that weavers themselves manipulate to advance their own interests, and that criticisms of them are effectively aimed at undermining the autonomy of labourers and small scale entrepreneurs.

### Weavers, Piecework and *Peskii*.

According to a secretary at the Central Carpet Industries Association, one of the advantages enjoyed by carpet entrepreneurs in Boudha/Jorpati is the relative ease by which trained weaving hands can be had. Other carpet producing districts in Kathmandu, he argued, have a smaller population of trained weavers to draw on, and for carpet *saahu-ji* there holding on to weavers was a daily risk. The dense population of carpet workers living in Boudha/Jorpati, he said, made labour less of an anxiety for *saahu-ji*, but the measures employed by producers even there reveal that a scarcity of workers was seen as a constant problem. It is ironic that in a poorly developed country like Nepal, with a large population of presumably unemployed workers, the largest export industry would experience chronic labour shortages. Carpet weaving, however, is a skill that does take some effort to acquire, and those pursuing it must necessarily neglect other activity. Once that skill has been more or less mastered, the ability of labourers to demand salary advances before they actually begin work is one indication of the scarcity of trained workers in the market, as well as the relative power they wield in the new industry. Having sufficient cash resources to supply advances to labourers is a necessary start-up cost and constraint to new entrepreneurs, particularly those, like Narendra Poudel, who begin with little in the way of material or social capital. For Narendra, and those like him, giving advances was the only way to attract weavers.

The practice of giving *peskii* to weavers was very unpopular among some entrepreneurs, particularly those, like Narendra Poudel and Tsering Norbu, who have

suffered enormous losses because of it. However, as new weaving facilities opened during the carpet boom, more weavers from increasingly far afield were required. These weavers came, and continue to come, to Kathmandu with nothing but a few rupees and personal effects. To some extent a cash advance was required for those with no family in Kathmandu. What was once a facility granted to new employees to bridge a temporary income gap has, in the view of the carpet exporter Tsering Gombo, become an abused practice that pits labour against management:

It happens like this. A lot of workers, when they are newly recruited, when you recruit them for a season, they will come with nothing in the hope they will be earning money. So they will leave with whatever they have in their pocket at their home, then they will get an advance from the owner, who thinks "OK, he will buy everything in Kathmandu", you know, which is in the shops in Kathmandu. From clothing to utensils, whatever they need in the kitchen, they need in the bed, for the beds, so this is usually why the factory owner provides these kind of advances. And then we minus after they get their work done, you know.

Q: Right. Have you've done this in the past as well?

Me? In the beginning we did this. But we found this a very negative aspect of the business. When we find some people who want a large amount of money for advance we don't take them. Not because we are afraid of giving money, but now this group, these kind of people, don't work. They will just work, you know, until they have this money finished or some, they will never work, they say "I'm sick" or something like that, and they sometimes run away.

Q: And they don't pay the money back.

And we also calculated that people who say this, this kind of group of people, they are, you know, lazy people. They don't want to work. And people who come here to work, they demand reasonable advances. They work, they earn money, and they are practically, you know, they really came to work and earn money. The other group they never intend to earn money, they only think of making easy money. This is what I've found. So we never encourage people who want advances. Only, sometimes they have a problem, they have a marriage, they have

some, you know, sick people at home for treatment. We study their case, whether it is true or not, and we give them, we give them advances.

In the new fiscal climate of the 'off-season', many *saahu-ji* in Boudha/Jorpati claimed that they were withdrawing from the obligation to pay out *peskii* to new workers, as the shortage in the labour market was more than made up for by the decrease in production over the 1994/1995 fiscal year. With an abundance of trained, established weavers to draw upon, there seemed to be no need to take the unnecessary risk of having a worker run away with an advance. Despite this often made claim, however, salary advances remained a widespread measure in the industry. When asked, 165 of 300 *saahu-ji* told us that they still gave *peskii* to new workers, and an additional 64 gave advances for such things as weddings or festivals such as *Dasain*, both of which involve enormous outlays of cash for gifts and feasting. 223 *saahu-ji* said that they provided for the medical needs of their workers; these measures included fully equipped health clinics at some of the larger factories or sponsorship of workers at private or government run clinics, but the most common method was to advance money for medical treatment, and to "cut the sum", or subtract the advance from a weaver's overall piece rate when the carpet is complete.

Weavers are paid according to a piece rate which was established on the basis of one square metre of 60 knot carpet, with higher rates paid out for 80 or 100 knot carpets, which require more time and skill to weave. Many weavers in the past, however, never received the full value for their labour. Prabha Thaker, in her 1993 study of four carpet factories, claimed that all of the weavers whom she interviewed were paid a fixed

monthly salary (*talab*) by a labour contractor (*thekadaar*), who retained most of the piece rate paid for the square metre of carpet for themselves. "(T)he concept of *talab* or salary" she wrote, "is unique in the carpet sector", implying that a fixed salary was most frequently received by weavers, even when *saahu-ji* paid by the piece (1993: 20). The 1992 CWIN study also reported that 56.9% of the weavers in its sample were not paid by the piece, but on a "time-rate basis", and that sometimes they were not paid at all (1992: 102). Thaker and CWIN's findings, however, are inconsistent with what we found in Boudha/Jorpati.

Of our study sample, only one (of 300) *saahu-ji* told us that he paid his workers a monthly salary; all others reported that they paid a set weaving rate for every square metre that averaged 342.45 rupees for 60 knot carpets. This does not mean that cases of *thekadaar* exacting heavy commissions from what their weavers earn did and do not occur, as will be discussed below, but that most weavers received their salary based on a piece rate directly from the *saahu-ji*. A producer must in any case pay a rate based on local labour market value either to the weaver or *thekadaar*. In the summer of 1995, we found that the mean piece rate for one square metre of 60 knot carpet was 371.8 rupees for exporting companies, and 338.4 rupees for non exporting facilities.<sup>54</sup> Weavers were generally paid for what they produced after a carpet is completed, and could complete

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<sup>54</sup>For those facilities that wove only 60 knot carpets (22 exporters and 159 non-exporters). 80 and 100 knot carpets were paid higher piece rates, and thus skewed aggregate data on salaries. The rate for 60 knot carpets represents the market value at that time.

one square metre of 60 knot carpet in, on average, four or five days.<sup>55</sup> The discrepancy between our findings and what was reported in the two studies cited above may be explained in part by small sample size, or, in the case of the CWIN study (which surveyed 365 factories and 3322 weavers), in the bias of the study towards young weavers who were either working under *thekadaars* or as apprentices.

The piece rate has been associated in much anthropological literature with the exploitation of peasant weavers in economic modes thought to be in transition between petty commodity production to centralized capitalist production (Nash, 1993; Schneider, 1988). Scott Cook (1993) points out that a product of piecework is alienated from the weaver as it must be turned over to middlemen, who extract a profit when the woven product is sold in the market. The weavers of Boudha/Jorpati, for example, depend on their *saahu-ji* to find a market for their labours, and arguably receive remuneration that pales when compared to the high prices some of their products fetched on the European market. Cook, however, also points out that piecework allows the worker "to essentially be in charge of the labour process and, therefore, the output that will determine his or her wage" (1993: 67). Our observations of weaving hall activity confirmed this. At any given time many weavers were not at their looms, as they were occupied with other household activities, such as preparing meals, eating. or caring for the many small

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<sup>55</sup>This average is also reported by Thaker (1993: 31), but other estimates vary wildly, and exaggerate the amount of time required. CWIN (1992) puts the average at 6 days (and 15 hours a day), and the LA Times published a report in 1994 that detailed the life of a weaver who "was lucky to" to produce one square metre in two weeks (1994: H/4). That rate is extremely slow, and indicates either a poor weaver or that the woman had a number of other domestic duties that interfered with weaving carpets. It is certainly far outside the speeds reported to us by weavers during our observations.



children who live in the factories with their parents. Weavers often stayed at one factory only for a few days or weeks, then either finding work at another factory when orders ran dry or returning to their home in the hills to plant and/or to harvest. Payment by piece rate is ideally suited to this transient labour market, but *saahu-ji* also need some assurance that labour can be had when needed, and this frequently placed their interests in conflict with the weavers.<sup>56</sup>

The *peskii* is one such measure of assurance, and one that can be manipulated by *saahu-ji* to get and keep the hands necessary for weaving. When we first met Narendra Poudel, he was winding down his business in preparation for the Dasain festival in the fall of 1994. Though he had laid off most of his weavers in advance of the festival, one man remained at the loom because, as Narendra explained, there was some material left over and this man owed Narendra money for a loan he had given him for wedding expenses. Narendra told us that most of the workers had cleared their sum before leaving, but that he needed to make sure that this man produced what was owed him. He told us too that not all *saahu-ji* - and Narendra specifically told us that these were the owners of the bigger factories - clear their labourers' sums regularly, and allow *peskii* debts to accumulate. The workers thus are caught in a spiral of debt, and are compelled to continue weaving. These carpet producers were then acting very much in the spirit of Mahesh Regmi's extortionate 19th century shopkeepers (1978).

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<sup>56</sup>Participant observation was intensively conducted between June and September, 1995, a time of low productivity in the carpet industry. In late September we observed a tangible increase in the number of orders which in turn increased demands on weaver productivity.

Far more frequently, however, we were told that it was the weavers, and not the *saahu-ji*, who broke the *peskii* contract. This was sometimes so that weavers could escape debt, but more often it was because another factory lured them away with the promise of a larger *peskii*. Kumar Lama, whose small factory had also wound up all production prior to the 1994 Dasain festival, used the word *ghuus*, or bribe, interchangeably with *peskii* to describe salary advances in an interview. Workers needed to be bribed to stay. Many small producers could not hope to compete with the superior capital of the larger factories, where the capacity to attract labourers by offering *peskii* facilities was greater. Large export companies that have, for the most part, a regular flow of program orders are better able to manage advances and don't stop weaving, even during *Dasain*, the major Nepalese autumn festival in which thousands of migrant workers return to their native villages to participate in feasting and ritual.<sup>57</sup> Weavers became attracted to the larger factories because of the higher wages, steady work, and the availability of salary advances and health facilities. Small scale *saahu-ji* wishing to compete had to find workers from farther and farther afield:

At the time it was very hard to get workers. Big persons could give advance. Big factories could give real advance. But we poor people cannot do like that so from the village we collect villagers and bring here. In the beginning our weavers came from poor villages and they have got trouble. If they live there they won't have enough food. We tell them, 'If you marry in Kathmandu and if you weave carpets you will get a little benefit. You can send a little to the village. You can

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<sup>57</sup>*Dasain* is a Hindu festival that nevertheless had been imposed on all minority Nepalese regardless of whether they celebrated its significance at all. It is a national holiday in which all official and many private businesses are suspended for more than a week. The timing of *Dasain* conflicts with the pressing need for carpets in Europe that comes with Christmas, so many larger factories either intensify production just prior to it, or otherwise compel their weavers to produce over the holiday.

keep your parent's stomach." I did like that. Until now. Now is 'off-season'.

Those small producers who, like Kumar Lama and Naresh Shrestha, have their origin in Kathmandu and thus have no access to hill and mountain villages teeming with potential labourers, had to rely on *peskiis* to attract labour. Others, like Nechung Lama with his rich rural network, could substitute social for material capital in attracting labourers, at least until circumstances drew them away, too. Narendra Poudel told us that *peskiis* become necessary as the identity of labourers becomes less and less familiar:

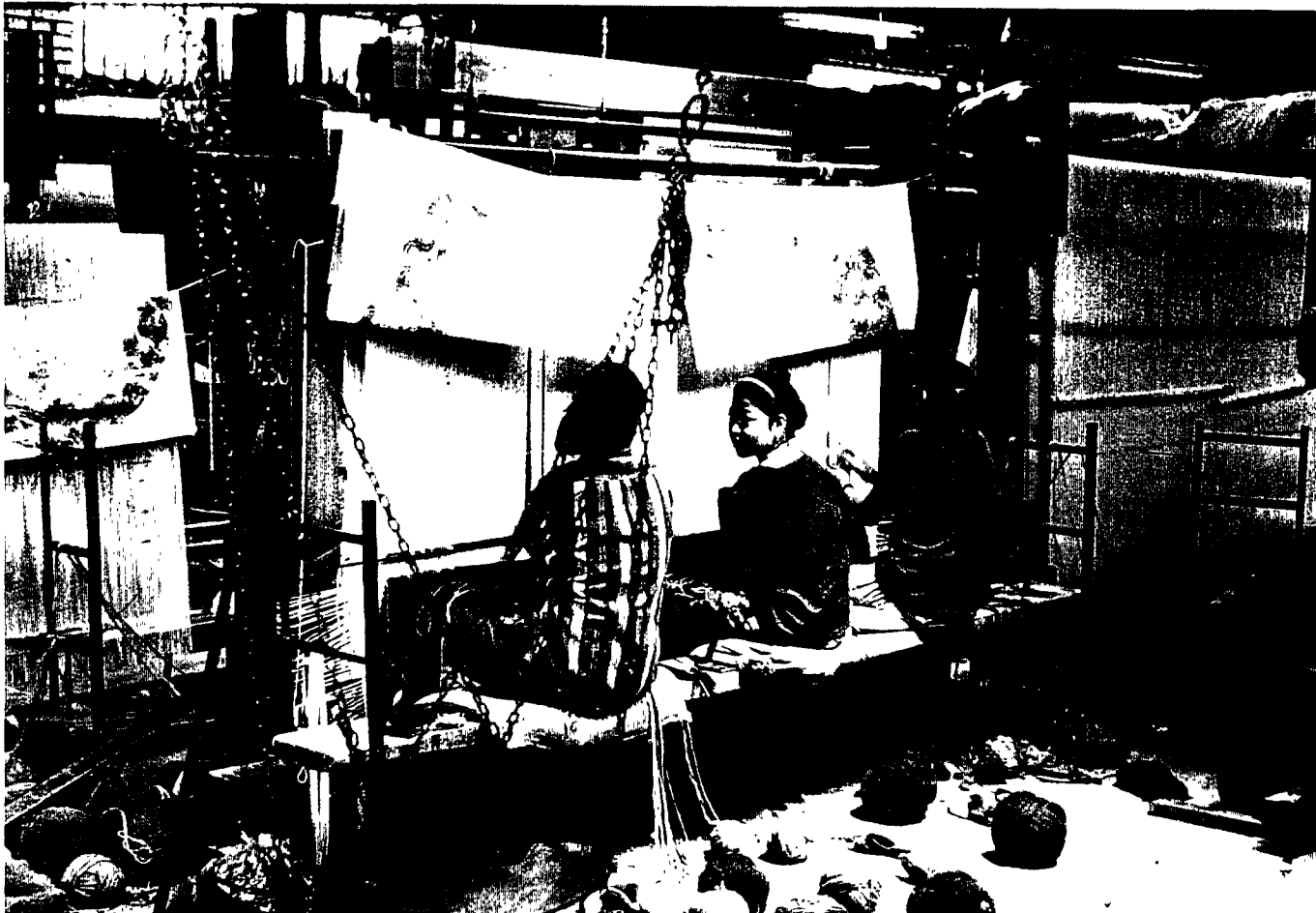
Workers who are believable or known people, my own village people, they don't take much advance. When the carpets are running, at that time if we need workers immediately they might say we have to pay an advance, and they can pay it back when they are ready. But we don't give advances to all. Now we can't find workers without giving an advance. This is the situation.

That so many *saahu-ji* claimed to have lost money because of unreturned salary advances shows that at least some of the time weavers can also manipulate contract measures to their own benefit. The extension of credit to weavers is not as an effective a measure to obligate workers to middlemen as would be expected. Compliance does not rest on the threat of legal sanction, as a weaver can disappear into the throngs of people moving from factory to factory in Boudha/Jorpati, or return to their village without detection. The cost of recovering a cash advance from an absconding worker is, as Narendra Poudel found, a disincentive to act, and there are certainly no guarantees of success. The potential loss of labour when a buyer defined deadline looms could do irreparable harm to a *saahu-ji's* reputation. Weavers - in whose hands the valuable carpets are woven - do enjoy a modicum of autonomy and a measure of power in Boudha/Jorpati that belies representations of them as an exploited class of underpaid

workers.

The source of this power remains in the degree of knowledge and skill that is required of a weaver or, at least, of a weaver who produces a high quality carpet. One of the features of the 'open-field' carpet was that there was a reduction in the weaving skill required, as the central field of the carpet was a solid colour that can be woven without shifting colour or pattern. As the demand and production of the 60 knot 'open-field' carpet increased in the mid 1980s, it became increasingly common to find the middle section woven by an apprentice who was then supervised by the weavers working on the more complicated patterns of the carpet border. Apprenticeships were informally arranged, often by another family member or a *thekadaar*. *Saahu-ji*, particularly those from larger operations, played a relatively insignificant role in this system, as it tended to be organized by the weavers themselves. Cook (1993: 67) also noted that an aspect of the piecework system he observed was "endofamilial accumulation", whereby piece working adults exploited the unpaid labour of women and children in their families to increase production. In the Nepalese industry young apprentice weavers were paid a monthly salary in lieu of the piece rate that was turned over to an older family member or *thekadaar* (NASPEC, 1994: 9). In the economic environment that has developed since the child labour legislation of 1994 and the sluggish sales of carpets in the following year, such apprenticeship systems were rare, although they persist. Ironically, it was the de-skilling of the weaving process that began with the mass - produced 'open field' carpet for European markets that led to enormous numbers of poorly skilled and treated child labourers being brought to Kathmandu to weave. It was in this way that the

Figure 6.1: Weaving team at loom. The weaver in the centre is less skilled, and weaves only the 'open field' which requires neither interpretation of design nor changes of colour. This is where weavers start as apprentices. Like these weavers, in other manufactories most are under twenty years of age.



piecework led indirectly to labour exploitation.

Apprenticeships, however, usually lasted only three months, and trained weavers could evade the high commissions of the *thekadaar* by getting a salary advance from a competing factory. Export *saahu-ji*, and those with large subcontracting operations, were largely, and perhaps intentionally, unaware of informal arrangements between the weavers themselves. They pay by the square-metre piece just as they are paid by the piece by European and American buyers. In the smaller subcontracting and stock-weaving shops the distinction between roles becomes blurred as *saahu-ji* also perform the work of carpet master and labour contractor. There, even though the weaver experiences the constraints of close supervision by a family member or *aaphno maanchhe*, they are only a *peskii* away from a better paying job in another factory that is eager to find new weavers to complete an order. Now that many children have gained in both years and experience, and that there are social and economic disincentives to the continued use of child labour, trained weavers have various opportunities in the labour market. *Saahu-ji*, both big and small, must compete for their hands.

Or so at least runs their version of things. Weavers, of course, tell a somewhat different story. Some *saahu-ji* have used the *peskii* as a means of compelling weavers through short term bondage, and some *thekadaar*, like the one who made off with Narendra Poudel's *peskii*, take advances on behalf of the workers they have under contract and fail to provide them with an adequate salary. The man who left Narendra's factory also left a number of unpaid workers who had little experience in weaving, and no resources to either make it in the carpet industry or to return to their homes in the

villages. The risk of the informal contract in Boudha/Jorpati thus affects *saahu-ji* and weaver alike. Piecework, piece rates and *peskii* are institutions that ensure that work gets done and that remuneration for it is paid. However, they are imperfect institutions, and many entrepreneurs try to reduce the risk by falling back on more hierarchical modes of organization that subordinates the weaver to a master, *saahu-ji* or *thekadaar*. The claims to legitimacy of those modes of organization, as we shall see, are particularly controversial in an industry where the final product is exchanged across a cultural boundary to where hierarchical relations are seen as a thing of the past. Europeans now demand not only a carpet that marries tradition, style and affordability, they demand too that it be woven free from relations of what they see as exploitation. Carpet entrepreneurs in Boudha/Jorpati may not see things in the same way.

### ***Saahu-ji, Thekadaar and Naaike.***

The *thekadaar* is an occupation that emerged from the expanding division of labour in the growing carpet industry, particularly in the large export companies, where *saahu-ji* became more occupied with marketing tasks and less so with the actual management of the weaving hall. *Theka*, in Nepali, is glossed as "contract", and the *thekadaar* is thus a contractor who supplies labour into the weaving hall for *saahu-ji* who use them as middlemen between themselves and their labourers. This occupation goes by other names in the industry, for example, *naaika*, *sardar* or master, and sometimes remains unnamed and unacknowledged by carpet factory management, who often flatly

deny that there are *thekadaars* in their factories. *Thekadaars*, we were told, cheat the labourers they bring into factories just as much as they cheat the *saahu-ji* who hire them by taking an extortionate percentage from a weaver's piece rate for their middleman services and perhaps even not paying them at all. This was said to be particularly the case for those labour contractors who contracted children during the height of the boom:

A new brand of entrepreneur has sprung up to profit from the ever increasing need for human resources which accompanies the unregulated and underestimated proliferation of carpet facilities. This new style of contractor does not supply iron or lumber, but human beings, to work in the carpet trade. *Thekadaars* (contractors) bus and truck these people into Kathmandu from all corners of the kingdom and India. They herd them into crowded sheds or dormitories where they are supplied with watery *dhal-bhat* until work is found. Children are not paid at all. Bonded child labour has spread in the valley so fast that its extent is only beginning to be recognized. Children make up 40% of the weavers and 20% of its clippers. Toddlers as young as five years old work on the middle of the carpet where there is no design while adults work on the borders. Carpet workers' lungs easily fall prey to carpet dust and fibre, which has been linked to lung diseases and recently even cancer (*The Independent*, 1992d).

This version of the *thekadaar's* trade prevails among some large carpet exporters, most NGO activists and the English language media in Kathmandu. For them the *thekadaar* is a parasitic broker who not only exploits workers but subjects them to inhuman and unhealthy work conditions. Both the CWIN study of 1992 and the NASPEC study of 1994, which evaluated the need for new legislation against child labour at the same time that our fieldwork was conducted, recommended that what they called the "*naaike* system be eliminated so that labourers can deal directly with management" (NASPEC, 1994: 23). It was further recommended that trade unions be developed to further protect weavers in the expanding industry, thus substituting the union for the *thekadaar* as a mediating institution. Both recommendations, however,



were made based on a fundamental misunderstanding of how weavers are brought into the industry, and how they continue to work in it. What the *thekadaar* does is to specialize in a task familiar to most small-scale *saahu-ji* - finding, training and maintaining labour. *Thekadaar* are entrepreneur weavers who work for themselves primarily, but also provide an important service to new weavers trying to find work in Kathmandu. They seem to contract with client carpet producers to supply this labour into their weaving halls, but this contract is more of an agreement between the weavers themselves than with *saahu-ji*.

This system of worker-middlemen appears to have been a pan-South Asian phenomenon in which existing kinship or village relations were employed by a leader to organize labour. Dipesh Chakrabarty (1983: 306), writing about the colonial jute industry of Bengal, noted that *sardars* and *time-babu* were delegated the task of overseeing the work of labourers whom they drew from their own villages and from whom they accepted gifts as a means of acquiring favour and getting work. In contemporary Nepal, Sherpa *sardars*, or expedition leaders, also invoke informal relationships of reciprocity to find and keep labour, including keeping employees as unpaid domestic labourers until paid seasonal employment can be found (Adams, 1992). That these relationships issue from existing hierarchies and sometimes involve the exchange of gifts or gift labour - such as in the Nepalese custom of *chakari* - is an offence to the liberal-market view of all labour as being essentially free and equal. A World Bank report on Nepal argues that ending the practices of labour contracting would free "the political and social environment at the village level to allow more self-reliant

activity" (cited in Seddon, 1992: 147). Self-reliance, however, is an alien value in an environment where workers depend on other workers for their livelihood (Stone, 1989).

The questionable legitimacy of the *thekadaar* in the liberal-market context to which most *bikasi* (developed) Nepalese aspire is suggested in the terms by which this occupation is known. Throughout my fieldwork, two terms were heard to be used for the what we thought to be the same occupation, *thekadaar* and *naaike*. The latter term was seldom used by *saahu-ji* or weavers themselves, but was common in NGO documents and among critics of the industry. When asked, most everyone told us that the two terms were interchangeable, but while they may have referred to the same thing, *thekadaar* and *naaike* represent two very different understandings of it. *Naaike* is a Nepali word derived from *naayak*, or leader, as in politician or the lead player in a film, but has the more negative connotation of 'ringleader' or 'ganglord' (Ratna Sagar, 1995: 344). Tsering Gombo, a second generation Tibetan refugee exporter, told us that the word originated in Nepalese prisons where it came to be used for powerful prisoners who dominated the others. He told us too that he no longer used *naaikes* to get labour, as he had had too much trouble with them in the past. Despite his statements, however, we eventually found that some of the labourers in his factory, one of the largest in Boudha, were under contract with *thekadaar*.

This was probably not because Tsering concealed the presence of *thekadaar* to us, although the continued use of labour contractors was particularly controversial during the anti-child labour campaigns of the time. It was more likely that he simply did not know what was going on in his weaving hall. Because export *saahu-ji* were increasingly

engaged in numerous transactions with European buyers and designers, they tend to leave the business of weaving carpets to the carpet masters, who are responsible for maintaining production on the looms as well as control over wool and design graphs. Labour contracting is often left to *thekadaars*, and it is more common for a group of weavers to gain access to a weaving hall and looms through the master, and not the *saahu-ji*. Weavers come through their "leader", who usually has worked at a particular factory before, or knows someone on the inside. For a *saahu-ji* like Tsering, whose factory has well over 100 looms, knowing and approving of every worker is impractical, and so is left to the masters who were themselves weavers. A standard piece rate is paid for every square metre of completed carpet, but it reaches individual weavers through these masters, who ensure that production targets are met:

Of course there are supervisors at every loom, because everybody is not expert in weaving, you know, he has to be concerned with a man standing behind, you know, or his friend. Usually carpets are all on, 99%, on contract basis. They also work on the factory premises but their work is on contract basis, and we have no system. Suppose according to government law we don't open carpet until 9:00, you know, and we will close down at 5:00, that will not satisfy the workers. In Nepal, all shops all activities in the city are closed during the early morning and late evening, you know, and they go out in daytime for shopping, for anything, for medical care, whatever, I mean activities they have to do outside early in the morning, and in the late evening they work. Some people have also complained about this. We are not responsible for this. For us it is better to weave daytime because they are not paying electricity. Weavers are not paying electricity bill. The company pays. When you visit during the daytime, you will see the weaving hall is half empty. O.K., during nighttime, say after, before dinner if you go, everyone is on the loom, weaving carpets. After 8, 10, 11, 12 o'clock. Even 12 o'clock. Some people want to weave, and sometimes we restrict them, "O.K., don't weave" because he is using all the light in the factory just to complete his work. Quota, you know. It's a financial loss to us. So these kind of concepts are mistranslated as labour abuse, you know.

Q: So in fact the workers have a lot of freedom in the factory to keep their own

hours.

Yeah. See, a factory is, you know, an open space. They go in and sometimes I don't recognize who is who. They go out, come in so long, on their own.

Q: And the masters are responsible for paying them, for recording...?

Yeah. Masters, and the final decision is with the owner himself. They will tell us "O.K., he has weaved this much, this much", all reports are made after completion of the carpet, This much wool is consumed, this much he has to take in and carpet is 'A' or 'B', whatever it is.

What Tsering described here for his factory is characteristic of many carpet weaving halls in Boudha/Jorpati, particularly the larger ones in which the labour of supervising labour is delegated to other staff. Where one would expect a great deal of control over workers, weavers normally have a great deal of autonomy in establishing their own working hours and conditions. For example, workers are often observed by outsiders to be working late into the night, and it assumed that they are being made to work long hours. It is common however for weavers to work late at night during the hot spring months to avoid the heat or long hours in order to finish a carpet and resume another activity. Weaving halls are "open spaces" through which labour flows, and with which the *saahu-ji* has little contact. While some weavers may stay at a factory for months or for years, it is common for a weaver to move on after a carpet is completed, often moving to another factory or, as was the case during our field observations, back to their village to tend to the fields. Many will return to the same factory if there is work, and some will bring back with them additional weavers from their villages. For this service they demand a hefty percentage of the weaver's piece rate, which is collected either directly from the *saahu-ji* or taken from the weavers themselves. These *thekadaar*

profit from their place in the industry and the prestige that results from it in their home district much as many other small scale carpet producers like Nechung Lama.

Unlike producers, however, *thekadaar* do not bear the risk of providing inputs for manufacturing carpets, and are unaffected by fluctuations in raw material prices or subcontracting piece rates. Increasing weaving rates, which eat into a subcontractor or stock weaver's surpluses, only add to the *thekadaar's*, and while a reduction in carpet orders does reduce their profit, it still remains essentially profit. In the summer of 1995, for example, Nechung Lama reported to us that the 16 weavers in his small factory produced an order for 165 square metres of 60 knot carpet, and that the higher price of wool meant that 70% of his total earnings went towards raw material costs. His labour costs, figured at 325 rupees per square metre (Nechung had lowered the weaver's salary rate from 350 rupees, as his own piece rate had been lowered by Kalachakra Carpet Pvt.) were 18% of the total. After paying the rent for his building, he and his family were left with a monthly surplus of just over 18,000 rupees (U.S \$366.50). Around the same time a husband and wife team of *thekadaars* in an exporting factory nearby reported earning 18,300 rupees for the 16 weavers they had working under them in one month - equal pay for work that did not involve taking risks on the market.<sup>58</sup> The incentive to *thekadaar* work is clear, as is the high degree of opposition to them among many Nepalese. Why then does this particular institution persist in a modern economic sector?

Labour contracting is an institution that exists in many Nepalese industries, most

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<sup>58</sup>This *thekadaar* was interviewed in the course of Tina Moffat's fieldwork (personal communication).

notably the construction industry that is now palpably altering the landscape of the Kathmandu Valley. In May of 1995, a reporter glossed *naaike* as "mason", a translation error that nevertheless suggests the importance of labour contracting among the bricklayers who are rapidly raising brick and concrete structures across the valley (*The Kathmandu Post*, 1995). One such structure, a brick retaining wall that was built over the winter, collapsed after an unusually heavy summer monsoon downpour washed its foundation away, a not unusual phenomenon in summertime Kathmandu. When we asked the tenant of the building where this happened why it occurred, he answered "*thekadaar-le gaarda*" (because of the *thekadaar*), alluding to the incompetence of the mason. The most important task of this occupation was not knowledge of bricklaying techniques so much as knowledge of a plentiful supply of cheap labour to haul the materials to the site and build the wall (which had no contingency for water drainage built into it). The primary role of the *thekadaar* in the construction industry, like the carpet industry, was in finding, training, and maintaining labourers, and often this is more important than any other skills required.

Most *thekadaar* in Boudha/Jorpati were weavers themselves, and some continue to weave from time to time. Although the training of new weavers in the 'open space' of the weaving hall is informal, it is usually accomplished through the *thekadaar*. In one unusual case where a small stock weaving unit contracted about half of their labourers through labour contractors (the other half came to the factory individually), the *thekadaars* were former weavers who operated a small shop near the factory, selling cigarettes, soft drinks and groceries. Their weavers were predominantly young - about 4

of them told us that they were under the legal work age of 14 - and their contractors were responsible for some training as well as feeding their charges. From their piece rate a small percentage was paid to the weavers, a portion was supposedly sent to their parents in their home villages, and the rest went to the *thekadaars*.<sup>59</sup> This percentage was quite high, but from this food for them was purchased and cooked. For the weavers, predominantly from the eastern terai regions of Jhapa and Morang, their *thekaduar* were their main source of support in an alien environment. Labour contractors are often the only *aaphno maanchhe* a new weaver has in Kathmandu, and they are thus dependent on them for food, lodging and work at least until they become established and independent.

Other weavers in the same weaving hall were however freely contracted to the *saahu-ji*, and received the full piece rate. They were a little older than those weavers brought in by the *thekadaar* and predominantly male, some of whom wove carpets in order to pay for their college education or to acquire money to pursue other endeavours. Few saw weaving as a permanent occupation, and it looked as if most weavers left this particular weaving hall quickly, either to move into other occupations or for weaving positions in higher paying export facilities. The *saahu-ji* in this stock weaving factory, who must accept lower piece rates from stockists themselves, cannot match the salaries paid by other factories, and finding a young and relatively docile labour force through the

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<sup>59</sup>Our consultants at this factory always answered that they received the basic piece rate of 325 rupees per square metre, but did not tell us what they then paid to their *thekaduar*. Our data from the only other factory from where we have data on labour contracting shows that this percentage was in the order of 50% of the piece rate. The weavers in that case were adults, and wove in a large and lucrative exporter's weaving hall, which paid a rate substantially higher than other small scale subcontractors and stock weavers.

*thekadaar* is how they ensure that weavers stay at the looms. Labour contracting at this level is rare, but it is one informal means by which *saahu-ji* beat the constraints of the market.

For *saahu-ji* who either delegate the labour of overseeing to weaving hall staff or those, like the stock weavers described above, who are relatively new to the business and have few labour resources from which to draw, labour contracting was the most efficient way of finding, training and maintaining labour, at least until the 'off-season' and the campaigns against illegal child labour began. The latter were inspired at least in part by cases in which *thekadaars* violated the trust of those they had under contract, and were seen to force them to work under inhumane conditions. Many *saahu-ji*, like Narendra Poudel, were also cheated out of advances paid to labour contractors, who failed to supply the labour they promised. *Thekadaars* and *naaike* appeared to be a considerable liability to weaver and *saahu-ji* alike, but they were resigned to the place of labour contracting middlemen in the industry. One prominent exporter even likened *thekadaar* to the embezzling agents of international aid and development:

The commission agents, you know, in the underdeveloped country you have lot of aid, so you have the commission agents who are going to bring the aid and they are going to take a big chunk of money out of it. And loans. World Bank loans, IMF, whatever. They are only better worded *thekadaars* and *naaikes*. Because of them we are getting poorer and we are paying more price on a unit of electricity than any place in the world. We want to wipe them out, but we cannot wipe them out. We are trying to do it. The same thing, like *thekadaars* and *naaikes* in the carpet weaving, even if we have programs to put them in jail, still they will exist, it is part of the system. Part of the culture of Nepal or part of the system. The system is doing it. Because the others want to have someone in the middle, you know, because maybe some weavers who don't know the *saahu-ji*, you know, they need the brokers. So some brokers are cleaner, some brokers are bad, if there is a bad broker that leaves then you are going to bankrupt. Right? And if



there is a bad *thekadaar* or *naaike* he is going to take the right of the people he worked with...this is a part of the system. This is part of the culture, a part of the system, you can't be sad about this. You want to make some money, and you invest it on him, and it was a wrong investment, and that is bad luck. I do that sometimes, it's part of the game, part of the business. You know, its not only true that when you invest, you are going to make money.

For some *saahu-ji* the benefits of the system outweigh the potential risks. Labour contracting, for them, is an element of Nepalese cultural life that they can rely on to ensure that both large quantities of labourers are available, and that a comfortable distance between them and their workers is maintained. It is convenient too that labour contracting is organized by weavers themselves, and that any blame for abuses of the system or violations of trust can be laid upon them. "The so-called exploitation really doesn't take place", said one exporter, "because I pay by the square metre, regardless of whether that person is 80 years old, or he is 25 years old or he is 12 years old, or he is a boy or is a girl it really doesn't matter as long as the carpet is up to the standard...". That weavers exploited themselves was, until recently, of little concern to many *saahu-ji*. Small scale entrepreneurs, meanwhile, for the most part performed the tasks associated with *thekadaar* in their own factories, along with the work of carpet master, wool master and general management.

Labour contracting is also a feature of migratory labour patterns in this relatively new and very unstable industry. Many weavers came to Kathmandu through labour contractors they knew, or had some connection to, just as they came through small scale subcontractors, stock weavers or carpet masters. *Thekadaars* are therefore somewhat akin to other carpet producing *saahu-ji* in that they act as a link between the peri-urban

industry and the rural regions that supply the hands that weave the carpets. Their ultimate position in the industry is, however, much more precarious as the industry shrinks and fewer untrained labourers are required. As well, after the *jana andolan* of 1990, a free and highly politicized union movement began to compete with *thekadaars* in the larger factories for the allegiance of new workers. Union organization is so far closely modelled on the developing political parties competing for power on the national level, and results in the irony of, among other things, the Tibetan refugee Tsering Gombo, who fled the Chinese invasion of Tibet in 1959, having to negotiate with a union that is sponsored by the Maoist United People's Front, or *Mashal*.<sup>60</sup> It is becoming increasingly difficult for *thekadaars* to survive an environment in which unions agitate for full wages to be paid to all, and for a monopoly on representing labour to management. Among the small scale carpet weaving halls, however, the impact of unionization has still to be felt, and the link between *saahu-ji* and weaver remains conditioned by kin and *aaphno maanchhe* relations.

### **Weaving Discourse for Outsiders.**

The problem with knowing how productive institutions or practices operate in the carpet industry is that they are made visible to outsiders only under certain conditions.

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<sup>60</sup>*Mashal*, a common name taken from its election symbol, the torch, is only one of at least six Communist Parties vying for influence in Nepal, but is generally known to be one of the most militant. All of the major parties, including the currently ruling Nepal Congress, sponsor unions in large carpet factories, and often compete for influence in the same factory.

Most of the time they remain obscured from the view of researchers for the same reasons that they are concealed from government inspectors; from the perspective of carpet producers, they either are considered unworthy of comment, or none of our business altogether. As a result, most information on the behaviour of *thekadaars* who exploit young workers and weavers who cheat their *saahu-ji* by running away from repaying salary advances is in the form of stories narrated by *saahu-ji* to each other, and then again to outsiders who solicit such information. With only occasional glimpses of this shadowy world as first hand account, researchers must rely on what is told to them by consultants, and consultants, called upon to articulate aspects of their everyday environment marked by outsiders as somehow significant, narrate only those things they deem as remarkable (see Jenkins, 1994). What is locally seen as remarkable then comes to stand for everyday experience in outsider representations, but everyday experience, as Pierre Bourdieu states, "finds expression only in the silences, ellipses and lacunae of the language of familiarity" (1977: 18).

What is familiar to those inside becomes either ignored or distorted in outsider accounts. In the case of Tibetan and Nepalese *saahu-ji* the dialectical tension between the familiar and the remarkable is even more problematic in the face of an outsider perspective that is seen to be actively hostile to what is familiar. While consultants were more than willing to discuss how they had been cheated by absconding weavers, they remained silent on the subject of labour contracting, even when directly asked about this in interview. They were aware, after all, that labour contracting was an extremely controversial subject for both *bidhesi* and Nepalese outsiders, and that the circulation of

stories about labour abuses had found their way into international discourses against the industry (see for example Sattaur, 1993). They also saw, for the most part, labour contracting as "a part of the culture, part of the system" of industry, a practice that for them is a familiar part of daily life.

The reticence of consultants at first was not then surprising. In a survey of carpet facilities in late 1994, only one *saahu-ji* admitted that there were labour contractors in his factory, although he referred to them as masters who brought weavers with them. We subsequently found that quite a few *thekadaars* were at work in some factories, although the practice did not appear as widespread as reported in earlier research (Thaker, 1993; CWIN, 1992). The *saahu-ji* of the stock weaving unit mentioned earlier, for example, were two brothers from Helambu who were winding down their weaving operation just after the *Dasain* festival in 1994, having lost a subcontract because of poor export orders. They shifted to another smaller rented house nearby shortly after, and when we finally caught up with and spoke to them, they stated that all of their weavers came from the eastern terai, that is, from unfamiliar territory. But they made no mention of a *thekadaar*. About three months later they had accumulated enough profit to move into a slightly larger building, and began to "hire" a number of new workers, whom we noticed were increasingly younger than the original weavers. Finally we discovered, a few months afterwards, that the *thekadaars* had brought in many of the new workers. The *saahu-ji*'s silence on the issue was not extended into a full denial, as they readily discussed the *thekadaar* system with us after our discovery of it. For them the work of

the *thekadaar* was familiar, ordinary, and uncontroversial.<sup>61</sup>

Outside a few producers who, perhaps anticipating our disapproval of the practice, told us that *thekadaars* were not allowed into their factories on the grounds that they exploited workers, labour contractors warranted comment from *saahu-ji* only when the subject turned to the absconding of funds. Most small scale *saahu-ji* with whom we spoke saw *thekadaars* as a fact of life in the large factories, where weavers come from distant places without the benefit of knowing anyone in Kathmandu. Many *saahu-ji* had, like Narendra Poudel, used labour contractors themselves, particularly if they were new to the business. They would likely do so again if the need arose. The notion that large numbers of weavers were having their piece rates cut and were paid a measly salary in return for basic food and care did not strike them as remarkable, unusual, or unjust, nor, for the most part, did the idea that young labourers are brought in to work this way. Many small scale *saahu-ji* had, like Nechung Lama, started weaving when they were children, and now they are warned against employing children. The working conditions in many of the carpet weaving "sweat shops" of Boudha/Jorpati, as shocking as they may seem to outsiders, likewise are all too familiar to those who actually live and work in them. *Saahu-ji*, like Nechung Lama and Narendra Poudel, indeed remark that life in the city is much more tolerable than the villages from where they came, where, as Tsering Norbu said the only available work is farming and "you couldn't even spend 500 rupees

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<sup>61</sup>They were aware, however, that the use of child labour was illegal. A government inspector had issued them a warning the previous year, they told us. Even though they continued to flout the new law, they permitted us easy access with an admonition that we alone know the whereabouts of the factory and did not bring others with us on our visits.

in one week". Cash buys things which are concrete evidence of development, such as televisions, motorcycles, and houses, as well as the less concrete advantages of education.

Many *saahu-ji* say that conditions in the growing carpet industry have deteriorated, particularly those who have been insiders for many years. The many stories about abuses of trust, rip-offs and exploitation that are narrated attest to a perception that the carpet boom has made people in the industry less honest than in the past. This is an ambiguous nostalgia, however, as the collapse of morality has been accompanied by real economic advances for most small scale *saahu-ji*, and increased opportunities for their own children. Many weavers, too, have moved into more lucrative occupations, such as labour contracting or "master" work. Some have opened one of the hundreds of small restaurants or grocery shops in the area, and eventually moved their families from the rural regions to Kathmandu. If people in the past bargained fairly and honoured contracts, the notion that many no longer do so is seen as an artifact of the increased scale of production, and the migration of many people to Kathmandu to find their fortune.

The thousands of people on whose hands the industry depends are seen by Kathmandu elites from a perspective determined less overtly by caste origin and more by a national ideology of development (*bikas*). For them, it is the origin of weavers in what Stacey Pigg (1992) observed was the "homogenized village" of development discourses that marks them as socially inferior, and a potential threat to the smooth operation of business. Weavers, one manager of a large export company owned by a refugee Tibetan

monastery told us, were spendthrifts who spent as fast as they earned, and could not manage to save enough to achieve longer term economic goals. Another told us that the reason he provided rooms free of charge to them was that they were not able to rent rooms locally, as most landlords feared that they would damage their property through ignorant neglect and poor household maintenance. This same antipathy appears in anti-child labour discourses, but in another form. Weavers, particularly those young and recently migrated to Kathmandu, are victimized by their own ignorance and naive trust in those with whom they come. What for some export *saahu-ji* is a dangerous ignorance of their migrant workers is for NGO advocates a lack of understanding of their own exploitation, and a constraint on individual agency:

When asked why they did not organize themselves and make their own arrangements in order to be free to work independently, the common response was - "*we don't know anyone here*". The middleman was usually somebody known to the family of the worker in his original place of work. Together with their inability to fend for themselves, the docility of these workers became very obvious for they were unable to extricate themselves from temporary bondage and had to accept the conditions of work no matter how unsatisfactory they happen to be (Thaker, 1993: 23).

NGO discourses on carpet production are expressly, and perhaps exclusively, for outsiders. The familiar features of the world there presumed are of a style of work in which individual autonomy is paramount, and where social institutions that bind people together in collective, hierarchical forms are 'bondage'. This 'bondage' can be a step towards individual autonomy in Boudha/Jorpati, particularly for those outsiders who arrive in Kathmandu aiming at advancing their own interests, and those of their families, kin groups, or *aaphno maanchhe* however defined. Many small scale *saahu-ji*, once

outsiders themselves, see an emerging regime of distinction based on education, accumulation and, to a certain extent, westernization, as a barrier to success for themselves if not, perhaps, for their children. That some may be tempted to flout new internationally imposed standards and regulations must be viewed in light of this antipathy. The stock weaving *saahu-ji* who used contracted child labour to increase profits knew that what they were doing violated these new standards, but their actions were self-justified through their belief that the new regime was itself riddled with new forms of corruption. They were only responding in kind.

### **Conclusion.**

Why do people cheat? Because they are able to, but ‘cheating’, of course, is defined in various ways by people pursuing various interests. Where the rules of competition are poorly defined, as they have been in the Tibeto-Nepalese carpet industry, there is plenty of room for a struggle over definition. One of the main instruments of that struggle are the stories of cheating narrated by *saahu-ji*. Through those stories standards of moral behaviour are marked and actors placed in a moral hierarchy, much like the accusations levelled against the rich and powerful in pre-modern, village Nepal. Many of the stories related here concern relationships with a malleable and problematic labour force. The trustworthiness of weavers, we were told, is proportional to the social distance between them and the *saahu-ji*, and where that distance threatens productive relationships with uncertainty, measures were borrowed from other economic sectors in



Nepal to ensure compliance.

Those measures, however, were often made to work to the benefit of the weavers themselves. The practice of using salary advances to lure weavers away from other factories also allowed weavers themselves to search for better offers, putting upward pressure on piece rates, and perhaps too the personal debt load of workers. That some weavers escaped this debt altogether by running away, either to another factory or back to their villages was not so much marked as morally repugnant by small-scale *saahu-ji* like Narendra Poudel or Tsering Norbu as it was an expected response in a system in which wealth is unequally distributed. The work of the *thekadaar*, who profits by being the link between weaving hall and the hands of untrained weavers is also seen as fair play, despite objections of those elite business people and NGO activists in whose liberal - market view workers must remain autonomous individuals. The *thekadaar* was another measure of ensuring worker compliance, but the role developed as much from the weavers side as it did from the *saahu-ji*'s, and it was weavers themselves who parlayed their relationships in both city and village into enormous profits. The abuses of this practice must be understood from the perspective of the actors themselves, not in order to condone the ways in which labour was sometimes abused, but to understand that these acts of cheating were seen as rational in a field of production thought to be corrupted at every level.

Weavers, *thekadaars*, and *saahu-ji* seem to compete in an environment in which upward mobility is possible, and from an outsider's perspective there are numerous examples of that mobility. That perception is not shared by those on the inside. The

stock weaving brothers described above once told us that the exporters exploited them, by reducing their piece rate while enjoying an enormous profit in export sales. The material evidence of that prosperity is everywhere evident in Boudha/Jorpati, as luxurious, spacious Tibetan and Sherpa homes and religious structures rise everywhere, built, no doubt, by *thekadaars* of the construction industry. They also told us that despite the cheating, they "respected" the exporters for their business acumen and hard work. The continued presence of illegal child labour in their stock weaving operation, which they know to violate laws currently being enforced, is a justified measure in the context of an industry in which other forms of cheating are legitimated.

Cheating exists at all levels of this industry, from the weaver who runs off with his *peskii* unpaid, to the European buyer who accepts a large kick back of tax-free US dollars from a Tibetan exporter who is desperately trying to compete with a piece rate driven lower and lower by the sheer volume of production. The marking of some forms of cheating as worse than others is a social process that in Boudha/Jorpati is slowly being usurped by an international struggle over the meaning of labour and production in a global economy. Many *saahu-ji* see outsiders as getting away with rewriting the rules in their own interests, and the rules of the market itself as corrupt. In a society so long structured by a more or less rigid caste hierarchy, based on identity and origin, the market has acquired a sinister ethnic character in the minds of some:

The government has to make good terms with the foreign countries. There was a lot of carpet production before. They were putting looms in the buffalo sheds. It's not like that now. There used to be as much supply as demand. If it was like that now, everybody would benefit. They had to put a limit on production, and that wasn't done. The *mades* broke it all. The Indians don't put looms, wherever

they found cheaper price, they bought there. The Tibetans weren't like that, whatever profit they ate, it was for the workers. One or two months ago, we had profit. The *mades* paid in cash, but they bought cheap. Even if it wasn't woven well, it was profitable.

By *mades* is meant the market. The term *mades* is a pejorative term for people who come from the regions of Nepal adjacent to the north Indian plain, and is for them what the term *bhote* is for Tibetans or many mountain Nepalese. It is the *mades* - men distinguished visually by wearing the long *dhotis* traditionally worn in the hot terai - who collect the wool cuttings from the carpet factories to make *jhindu*, which is itself a form of cheating that undermines the reputation of the Tibeto-Nepalese carpet. The *mades* here referred to are, however, the powerful Indian and Nepalese *Marwari* businessmen who are thought to control the export of most cheap stock carpets to Europe, as well as a monopoly on the import of raw New Zealand wool. They do not themselves "put looms", that is they do not actively produce carpets, or, it is thought, bear the risk of their production. They manipulate market capital to adjust the prices of both raw materials and the finished products to extract the maximum in profit for themselves, and add to the burden of *saahu-ji*. They represent, then, the market, and personify the mysterious outside forces that shape local success and failure.

In the final chapter of this account, I will focus on what it has meant to make carpets for the world market. Outsider disapproval of the abuses of local labour practices is sharper where those abuses are of what outsiders categorize as 'children', but the exploitation of workers by some entrepreneurs was only really possible because outside markets and the products developed for them made it so. One of the consequences of the

child labour controversy has been the recent trend among many *saahu-ji* to find new ways to legitimate what they do to both the local and international community. Another has been the recent efforts on the part of the government, NGOs and international agencies to regulate labour and prevent those abuses. Those efforts, as I have argued in the previous chapter, were inspired by oversimplifications of local practices and a view of fair play based on a liberal conception of individual autonomy that those practices seem to violate.

## **CHAPTER 7: CONCLUSION: WEAVING FOR THE WORLD**

In this concluding chapter I will discuss what I think is a central irony of the Tibeto-Nepalese carpet industry; that child labour abuse is itself a contradictory product of a globalized market, rather than the persistence of traditional strategies of production. *Saahu-ji* are now, more than ever, unified in the common interest of legitimating what they do against the negative judgement of Western consumers. International and government efforts to contain the problem, however, place a disproportionate burden on the autonomy of weavers and small scale entrepreneurs, threatening to further limit their ability to benefit from the industry.

I began this account with a discussion of the origins of both the Tibetan carpet and industry. The Tibetan carpet was never a thing of pure use value as the finer carpets were developed for and exchanged with prestigious owners even in pre-revolutionary Tibet. The distinctions drawn between ‘fine’ and ‘common’ carpets even there were an organizational basis for productive processes and relationships that defined an industry, and I argued that a similar distinction shapes the contemporary industry, even though the carpets that are now woven are superficially very different from those of pre-revolutionary Tibet. The ‘open field’ carpet, which was adapted to appeal to middle class European taste, combined specific European design requirements with Tibetan weaving processes and materials. That combination has been successful beyond most

expectations, and the 'open field' carpets that stimulated the Tibeto-Nepalese carpet boom also inspired many would-be entrepreneurs to take advantage of it.

The role of Europeans in developing this industry and appropriating its products was important from the outset. Swiss Aid and Technical Assistance was instrumental in establishing the first Tibetan refugee weaving cooperatives in the early 1960s, and German carpet importers actively developed the 'open field' style in the late 1970s that was to be so successful later. The highly valuable foreign exchange that came from the carpet trade began as a trickle, but developed into a flood by the early 1990s as demand exploded. As I have related earlier, the uncertainty of that demand and the regulations around ensuring that carpet profits stay inside Nepal structured the local industry into a hierarchy of exporters, subcontractors, and stock weavers. It has also made lucrative and stable 'program orders' the primary goal of most entrepreneurs who preferred to avoid the risk of weaving 'stock'. The influence of European demand on local livelihoods, then, goes beyond just defining the kinds of carpets that are desired by also defining a number of entrepreneurial roles in the carpet industry in Boudha/Jorpati. Subcontractors weave on order for exporters when demand exceeds capacity, and stock weavers weave on a speculative basis for piece rates that have had the effect of deflating local prices on the whole. The 'off-season' of 1994/1995 is the most recent consequence of the European market, as buyers had inflated demand by buying up massive quantities of stock, and consumers began to look askance on products they believed to be woven by exploited children.

My argument then advanced to a consideration of the complementarity of those

entrepreneurial roles and the ethnic groups that tend to occupy them. The social hierarchy that characterized society in Boudha/Jorpati and ranked people according to their caste or *jaati* origin has been transformed by the new opportunities that *saahu-ji* from Tibetan or Tibetan co-religionist *jaati* were attracted to. The contemporary status and wealth conferred by successful carpet enterprise should not be understood as part of a communal strategy of increasing *jaati* status; rather, I take the importance of ethnic identity to be in making certain kinds of social capital available for the much more modest goals of raising individual or family fortune. An ideal preference for Tibetan exporters to work with their Nepalese co-religionists meant that many Sherpa, Tamang and Yolmo people have been able to start small scale carpet manufactories and work on a subcontract basis. The importance of social capital in reducing contract uncertainty and assuring trust I also stated was an important reason why small scale *saahu-ji* preferred to draw labour from their own people (*aaphno maanchhe*).

One of the dangers in using the concept of social capital in an analysis of entrepreneurship is in reducing social relations in all of their complexity into mere economic strategy. Entrepreneurs did not only work with those close to themselves because it reduced the risk of being cheated; they did so also because existing social relations are the basis from which they acted. One side effect of this is that sources of labour or contracts with other entrepreneurs are less risky when they are framed in communal, and more specifically in village-based reciprocal relationships, but it is important to add that social capital as a form of general capital must compete with

economic capital.<sup>62</sup> Where the lure of economic capital is greater, those forms of social capital that have been mobilized are at risk of not being sufficient to succeed, and the relationships from which it is drawn are transformed as a result.

The last chapter of my account discussed contemporary problems that arose when social resources were not sufficient to guarantee a stable and profitable weaving force, which was, after all, the most important input for a hand knotted carpet industry. In that chapter, I argued that specific conventions in the industry employed by entrepreneurs in the management of that weaving labour have been distorted by the explosive growth of European demand, and that the exploitation of labour - and in particular child labour - resulted. Critics of this exploitation in the industry identified these conventions as the primary reason for it. Tibetan and Nepalese *saahu-ji* also related incidents of cheating that they saw as arising from that growth, and the lure of quick profits, but from their perspective the social conventions on which they rely to manage labour were not at fault as much as those who took advantage of them. Some of them, in fact, blamed the market contraction of 1994/1995 on the increased government and international scrutiny on those practices while others more accurately identified production on speculation and in excess of demand for the 'off-season'. In what follows I will discuss how *saahu-ji* must legitimate what they do locally and to consumers in the international market, and I will

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<sup>62</sup>Alan Smart (1993) discusses the four main 'types' of capital in Pierre Bourdieu's theory - social, cultural, symbolic and economic capital, and notes that these remain useful analytical tools for understanding the relationship between cultural and economic spheres. Although I have touched on all four 'types' in this account, classifying them as such is beyond the scope of this account, which is in any case concerned mostly with 'social' capital.



conclude with a brief note on the future of the industry.

### **Legitimizing Benefit.**

Towards the end of our fieldwork, we began to run into some resistance from a few *saahu-ji* who suspected that the two Nepalese men we hired to conduct the field census were government agents. On one occasion, I was summoned to speak with the owner of a small stock weaving facility in Jorpati who refused to answer any questions until he verified that I was a foreign researcher. That interview was a difficult one. My questions, he said, were “just like the government’s”, and he refused at first to answer questions about his labourers and what he paid them. At one point he accused me of being in Nepal only for my own benefit, and said that our work would not make any difference to him by increasing the price of carpets or the volume of sale. I was forced to defend our research, and replied to him that his carpets were being marketed to Europe and North America. Consumers there demanded to know how they were made.

Our buying Tibeto-Nepalese carpets is also a reason why we should understand the social environment in which they are made, as the kinds of carpets we desire and when we desire them determine the environment in which entrepreneurs pursue their own benefit. ‘Benefit’ (*phaaida*) is how most *saahu-ji* commonly described the rewards of their labour, rather than ‘profit’ (*naapha*). The material and social rewards of carpet production so vigourously pursued over the past few decades in Boudha/Jorpati would have been impossible without European demand and scarcely existed before it.

Entrepreneurs aim at benefits that transform themselves, their families and communities, and while many fail, many others can claim some success.

It would be wrong, however, to view that success to be at the expense of the continuity of local community. Although there are many cases of colonial penetration of capital into both Oriental carpets and the making of other cultural products, an “oppositional model” that posits an evolutionary movement from household production to industry cannot adequately explain what has happened in Boudha/Jorpati in recent decades. Tibeto-Nepalese carpets, and the markets that grew to distribute them, inspired movement to the Kathmandu Valley and new relationships of production modelled on preexisting ones, but adapted to new conditions. In writing about the process of “uneven proletarianization” in Latin America, William Roseberry suggests that the creation of occupations, roles and identities there may at times be “seen as the contradictory products of the creation of the modern world” rather than as the uniform result of the progress of capitalism (1989: 216). Some peasants, by this way of thinking, may not belong to a pre-capitalist culture enduring the penetration of a world economy, but are rather the products of that economy. Although I speak more of ‘uneven entrepreneurialism’ in the Tibeto-Nepalese carpet industry, it too is the product of a similar contradiction.

I have built many of the arguments of this account around the idea that the local Tibeto-Nepalese carpet industry is divided into two abstract parts, the forward and stock markets, and that *saahu-ji* must bear somewhat different risks in each. The forward market are those transactions between Tibetan or Nepalese exporters and European or

American buyers on an order basis, and thus are a direct point of articulation with world markets. Many of the carpets that are sold through forward transactions are produced by subcontractors to whom work is put out when orders exceed exporter capacity. *Saahu-ji* who weave for the stock market to large merchant firms do so on a speculative basis, as without orders they have no guarantee that the carpets they weave will sell abroad.

When viewed from the perspective of overall production, the stock share is comparatively small, producing only 16.7% of carpets in the reporting period, while exporters' in-house production accounted for over half, but the importance of stock in driving the price of carpets downwards outweighs its small overall share of the market.<sup>63</sup>

Exporting firms that are larger, and with more fixed capital, have a share of production disproportionate to their numbers, leaving subcontractors and stock weavers, who number over three quarters of all manufactories surveyed, with a declining market share. Numerous small unit *saahu-ji* corroborated this impression in conversation and in interviews and some, during the course of our fieldwork, left carpet production altogether and shifted what little capital they had left into other businesses.

Others held to their enterprises, sometimes even despite overwhelming evidence that there was little chance of it succeeding. *Saahu-ji* often told us that they were compelled to weave, as they had already invested most of what they had in their new businesses, and did not have the necessary capital to move into new pursuits. The capital

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<sup>63</sup>Our field survey gathered data on the previous month's production from all factories, but over a three month period during the summer lull in carpet orders. Subcontracting manufactories accounted for 31.14% of production, measured by the number of square metres of carpets produced.

that most of these small unit *saahu-ji* risk on the market is predominantly social, even where the benefits of investment are material, and this kind of capital is difficult to convert to uses other than labour. A hand knotted carpet industry requires weaving hands first and foremost, and as it is partially the hand knotted quality of these carpets that appeals to foreign consumers, finding, training and maintaining weavers will continue to be the primary skill of the small scale carpet entrepreneur. Large scale mechanization of production processes is unlikely to alter this basic fact<sup>64</sup>. As long as hands are needed to weave, the fact that hands are connected to people will continue to make social capital one of the most important entrepreneurial resources.

In Boudha/Jorpati, moreover, it continues to be the case that people depend to a degree on social groups, particularly if they are recent immigrants to the Kathmandu Valley, as are most weavers and *saahu-ji*. The large number of small manufactories is in part due to an equally large number of social networks based on extended families or village affiliations and headed by a comparatively powerful *saahu-ji*.<sup>65</sup> These *saahu-ji* are able to benefit from the number of labourers they can attract, or compel, to their manufactories. To keep the risks of contracting labour low, most deal as much as

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<sup>64</sup>Thaker (1993) claims that the mechanization of wool carding has supplanted female hand carders, but any loss of carding labour has been more than compensated by the increase in weaving work that following the increased supply of wool that mechanical carding allowed.

<sup>65</sup>Marshall Sahlins' theory of "kinship residential sectors", whereby reciprocity declines between individuals the further they are socially differentiated applies to most small scale unit composition and even many export firms, as managerial occupations are kept within the household where possible, usually between fathers and sons or daughters, while workers ideally are drawn from the nearest possible other sector (1972: 198; see also Tai Landa, 1992).

possible with those people who can be trusted, and affinities are structured around caste, religion and regional origin. Exporters, as I have pointed out elsewhere, are primarily concerned with where to sell carpets, and what prices can be had. The business of weaving is itself left to the weavers, or rather to the patrons who organize weaving labour in the large export manufactories, such as masters and *thekadaars*. Some have argued that weavers can become dependent on these patrons, and that forms of labour bondage can result, but it should be observed that to an extent *saahu-ji* are also dependent on their weavers, and that most forms of indenture are temporary apprenticeships. Those cases of extreme abuse of weaving labour are marked by local *saahu-ji* themselves as being morally reprehensible, and this is not only because such abuses are bad for business, but also because they violate local moral standards.

That is not to state that *saahu-ji* were working only for the benefit of these social groups, but rather that those communities provided a measure of capital for eventual profit making. It never automatically followed that those benefits should be spread evenly among people, even though in some cases symbolic reciprocity in the form of religious patronage was an altruistic act that issued from new found economic power. Few *saahu-ji* expressed any interest in benefiting any wider ethnic community such as those reified in both the *muluki ain* as well as in contemporary anthropological categories of Himalayan peoples. Nechung Lama, the small unit subcontractor who invested in the renovation of the *gompa* in his village north of Kathmandu, did so not to mark his village as the territory of a particular Tamang Lama lineage, although that was an effect, nor did he do so as part of a calculated gesture of influence in his village as an investment in

social capital, although that too was an effect. He did it because he had benefited much from his enterprise in Jorpati, and some of that profit had to be put to appropriate use to legitimate his material wealth. This is not to say that all small unit *saahu-ji* build temples in the hills to legitimate their wealth, indeed some *saahu-ji* do not bother to attempt any form of social legitimation at all. The point is rather that temple building is one form of symbolic redistribution that places Nechung's profit on a firmer social footing. Otherwise, what Nechung earns is his own, and is to be invested not in the place he left behind when he migrated to Boudha as a boy to weave carpets, but in his new claim in the city:

Q: In the past, how have you used you used the profits that came from the sale of your carpets?

Like I said, I started with a Tibetan partner. When he was my partner I did not invest. People from my village wove, he invested, and from there we got a little benefit. After getting benefit, we separated. I just separated. How much profit I get all goes to the factory. All the investment is for that. I have not bought land. I have not done anything.

Q: And now?

No money. All the investment is in the factory.

Q: In the factory, all?

Yes.

Q: If you had any profit now, how would you use it?

If I got profit I would buy land. Making a house is my wish. I have to make a house for stay in. I must have a place to stay in. If I earn money, I can pay the house rent, for eating and for staying here. As long as I can pay the house rent from my income we stay. Otherwise we go back to the village.

Although the rent for his small brick factory and residence is well within his budget, Nechung sees it as only temporary. Without land in Kathmandu he still regards himself as a villager, where he still does have land that was passed down to him by his father. Being a landed person from his village, and a Lama, gives him a measure of prestige in his village that his success as a carpet *saahu-ji* also partly ensures. When the time came for Nechung to open his own carpet weaving manufactory and to begin working for the benefit of himself and his family, that prestige became very useful, and so it continues to be even where his weaving hall has expanded to take in workers from many other villagers and districts. The benefits from Nechung's business flow not only into the factory, as he states here, but also to his own family; of five children, three are currently being educated at an expensive English medium school in Jorpati, and another son is at a Tibetan monastic school in South India.<sup>66</sup> While they accompany Nechung on his frequent trips to the village in Helambu, their lives are more rooted in the city than their father's, and it is less likely that they will ever return to Helambu to live. For Nechung, as with hundreds of small scale *saahu-ji* and Tibetan refugee exporters, Boudha/Jorpati is not yet a home, although one of the reasons for making profit is that it become so.

It is one of the ironies of development in peri- urban Boudha/Jorpati that what appears to be a city is to many of its inhabitants a temporary home where the village

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<sup>66</sup>In Kathmandu, a large number of privately funded English boarding schools compete with government schools widely held to be inferior in quality. Too, that one of Nechung's sons is in a Tibetan Buddhist monastery indicates that the influences of Tibetan Buddhism on Tamangs has been rekindled in the modern era, after a long period in which such links were banned under Nepalese law (Holmberg, 1989).

remains an important locus for social organization and experience. Like Nechung, most weavers and *saahu-ji* are from places outside of Kathmandu, and even though many have lived and worked in Boudha/Jorpati for years, they are still unregistered residents in Kathmandu. Many weavers move from manufactory to manufactory, and from dormitory to dormitory, never to settle in the valley permanently. Many *saahu-ji*, like Nechung, must continue to meet responsibilities at home in the hills, even as they struggle to legitimate their new lives in the city. This dichotomy between village and city suggests to many Nepalese an opposition between past and future, ignorance and knowledge, and the 'undeveloped' and the 'developed'. Many in the carpet industry of Boudha/Jorpati are in between identities, particularly the *saahu-ji* of small weaving units who compete for dwindling orders or must risk weaving stock.

This problem does not hold in the same way for players on the forward market. Tibetan refugee and Nepalese exporters consider themselves to be completely modern, and also important to Nepal's current development. For many of them, a cultural boundary distinguishes the weavers and suppliers under them as different by virtue of their lack of development (*abikasi*), which in Nepal is often thought of as a mark of social identity that can transcend region or caste (Pigg, 1992: 499). Labourers work with their hands while the exporter works with his knowledge of designs, processes and negotiation skills, although export *saahu-ji* acknowledge that this is true for some stock or subcontract entrepreneurs as well. For forward market players the problem has become how to legitimate their accumulation in a cultural context in which traditional forms of legitimation no longer carry persuasive or coercive force.



The carpet boom was a phenomenon coincident with the establishment of multi-party, liberal democracy in Nepal after the spring of 1990, in which the secretive hierarchical rule of the King was devolved into a constitutional monarchy and open debate on most aspects of Nepalese public life encouraged. Kathmandu's large carpet manufactories, the most visible aspect of the industry, came under much criticism for environmental and labour abuses, as well as for a perceived unwillingness to share mounting carpet profits with others. In small scale units, which were poorly regulated and more or less invisible to outside scrutiny, traditional and hierarchical strategies of social legitimation, such as Nechung's *gompa* repair, were possible, but for exporters, who had to justify their enterprise to a heterogenous Nepalese community not easily placated by symbolic gestures, new strategies of legitimation had to be found. A spate of school and health clinic building of the past few years by many major exporters was calculated to deflect criticism and demonstrate *saahu-ji* social altruism. Most large exporters now boast fully equipped and subsidized health clinics for employees, and some are even building schools for their worker's children. Significantly, these acts of public largesse are aimed at projects associated with development (*bikas*).

Criticism of the carpet industry since 1990 has not only been about sharing profits. As I have alluded to throughout this account, it is also about the morality of accumulation, and the social risks of making profit. Criticism of the industry since 1990 has also not been made exclusively from within a Nepalese framework, as numerous foreign agencies and media have drawn international attention to the problem, threatening carpet sales and the existence of the industry itself. The legitimation of

profit making then must be carried out in distant cultural contexts that operate with a different set of values. The problem for profit making businesses in any society is what social good those profits are being put to, and although this is the case, I would argue, in the liberal-market as any other, this problem is far more critical in developing markets like the Tibeto-Nepalese carpet industry. The international market for oriental carpets has drawn thousands of entrepreneurs to make claims both through and outside of their communities. It would be mistaken to state that they make profit precisely for that community, but they must nevertheless negotiate some form of “social contract” to justify that wealth.<sup>67</sup> Their problem is how to legitimate wealth, and to whom. As Nepal drifts towards what are considered more modern but also alien institutions of government and markets, local institutions, by which meaningful worlds are daily reproduced, can no longer be relied upon to legitimate claims in a global market. The controversies that the juxtaposition of local and international markets has wrought for carpet entrepreneurs may be viewed as products of shifting frameworks in which this legitimation is to be made.

### **Closed Spaces and Open Fields.**

In November of 1994, the *saahu-ji* of Kalachakra Carpet Pvt., for whom Nechung Lama weaves carpets on a regular subcontract basis, announced that his company was

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<sup>67</sup>June Nash (1989) uses the concept of a “social contract” in her industrial history of Pittsfield, Massachusetts to point out that the problem of redistributing wealth was also a field of cultural struggle in the development of American industrialism.

going to enroll 30 children in an educational program being set up by the Asian America Free Labour Institute, with financial assistance from USAID and the AFL-CIO, among other foreign sponsors. Kalachakra was going to pay 400 rupees a month for each student towards the program, and at the opening ceremonies, the *saahu-ji* spoke of the need for others to begin such child welfare programs (*Kathmandu Post*, 1994). This act of good corporate citizenship followed the broadcast of the German “Panorama” documentary the previous spring which described Kalachakra as “infamous” for the presence of illegal child labour, which it illustrated with footage claimed to be shot secretly in its weaving halls.<sup>68</sup> The *saahu-ji*’s sudden expression of concern thus seems to be a belated act of atonement, an appeal to legitimation, and in fact many exporters, government departments, and NGOs were, by 1995, getting themselves involved in rehabilitation programs for displaced child weavers. The international attention focussed on child labour after 1992 had been very effective.

Throughout the year of our fieldwork we heard stories from many *saahu-ji* about how the German documentary manipulated images in order to directly accuse major export companies in Kathmandu with exploiting child weavers. The Tibetan refugee partners who own and manage Kalachakra carpets maintained that the German film crew had never filmed inside its weaving hall, but rather edited an image of Kalachakra’s signboard with images from inside other factories in which children wove.

Many *saahu-ji* independently told us that they had allowed European reporters into their

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<sup>68</sup>The NDR network in Hamburg was unable to provide a video tape of the documentary because of non - specific “legal problems”, but they did provide a script of the final broadcast to me, on which this analysis is based.

factories, in the past, only to find later that the photographs they took were being published as examples of how the industry brutally exploited child labourers. Many were initially hesitant to allow us to take photographs as well; Tsering Lama, the small scale *saahu-ji* who had so much difficulty finding labourers, told us that he had heard that these pictures were being used abroad to criticize the industry, and we had to convince him that we would not use photographs we took in the same way. Kalachakra, for one, has a 'no photo' policy that it enforces even on its subcontractors, and although the stated reason for this is that they fear leaking their proprietary carpet designs to outsiders, fear of media manipulation too was a factor. It is possible that at least some of the images broadcast in the German documentary were filmed in one of Kalachakra's subcontractors even if they were not filmed in Kalachakra proper.

The Panorama documentary made much of the tight security and often haphazard architecture of some of Kathmandu's largest manufactories, calling them "prison-like" and showing images of people weaving behind metal ventilation grates, implying that they were weaving in a "maximum security wing" from which they were prevented from leaving.<sup>69</sup> The documentary crew had apparently been denied access to some of these manufactories, Kalachakra included. In a way, the architecture and security features of these large manufactories led to the kind of treatment they received, even though, as I have argued earlier, they are mostly established to keep raw materials and valuable designs inside, as opposed to keeping Western journalists out. This inscrutability

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<sup>69</sup>Taken from the Panorama script (NDR 1994). Weavers, as we observed constantly, could come and go from the manufactories pretty much as they needed to.

allowed outsiders to conjure up the details from their own imagination, taking a refusal of surveillance as an admission of wrongdoing:

I visited most of the factories pretending to be a tourist interested in carpet weaving. At some factories I was barred from visiting the spinning area and a few barred me from entering altogether. I assume that the number of children employed at these factories was high, and the owners did not want me to see them. In those factories to which I was granted entry, I saw the children employed as spinners, weavers, and carpet trimmers. Overall, I estimated that 30% of labourers I saw in the 14 factories I visited were under the age of fourteen. Smaller factories tended to be worse offenders with up to 100% child labour, but even some of the very large factories employed more than 30% children, in spite of the presence of ubiquitous signs declaring "THIS FACTORY DOES NOT USE CHILD LABOUR (*SAARC Link*, 1994).

Another consequence of invisibility is the tendency of many researchers, journalists and NGO activists to provide an empirical estimate of the industry - numbers of workers, percentages of child labourers, salaries - where such estimates cannot be based on observation. A 1992 count of the total number of weavers by CWIN for example puts the number of people employed in the industry at 300,000, a figure that has been widely reported elsewhere (CWIN, 1992; Sattaur, 1993). CWIN does not indicate where this figure comes from, nor its estimate that 50% of these are child labourers. Another estimate, by USAID, puts the figure at 108,000, and our own survey in 1995 showed that 300 manufactories in Boudha/Jorpati employed 16,681, of which 13,681 were weavers (USAID, 1992).<sup>70</sup> Given the high level of transience of the work force, and the large number of unregistered manufactories, the real number of labourers is virtually impossible to know. This, however, does not prevent researchers and NGOs

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<sup>70</sup>Our figure is based on employer estimates only, and not a head count. The industry probably employs far more, as spinning work is generally put out to homeworkers who were not included in this survey. We also did not include dyeing or washing firms.

from claiming that they do. Many *saahu-ji* view these claims as overstated and, as an owner of Kalachakra carpets told us, the motives of some of the NGOs with which he had previously been compelled to cooperate appeared to them to be self-interested:

See, NGOs, whether it be local or international, see, for them its a business too. I don't like to say this, but it is a fact. Latching onto a very hot item, a hot news item, is a very important means of raising funds. And that is how the NGO runs. You have to catch onto a very hot and a very current problem and then a lot of people, I'm not saying everybody does it, but it is blown way out of proportion and some statistics given by NGOs claim there is 150,000 children working, which constituted 50 % of the labour force. I mean they don't even get their figures correct because that would put the weaving labour force at about 300,000. 300,000 would produce about 12 million square metres.<sup>71</sup> That's basic calculation. We do about 3 million. That was our peak. It is very easy to calculate, it is just simple mathematics. So usually the problems are blown way out of proportion. NGOs have to latch onto these problems. I mean OK, if you really look around, how much has been done by these NGOs to promote the welfare of the said people, you know, its a study that has never been made. You hear a lot of noise, you hear a lot of media campaigns, you hear a lot of oh, for instance, one of them said, please don't buy Nepalese carpets.<sup>72</sup> Does that make sense? I mean, it is an industry that is the ideal industry for a country like Nepal. It is an industry that cannot be replaced, and someone says "we don't want this industry". Why? No denying that some sort of ill-treatment must go on, its such a huge industry, no one gets away clean. 100% clean. But we aren't as black as we are painted out to be. Probably it's somewhere in between. These things have to be corrected. If they plan to correct them, they can't get changed over night, the rule system is already lodged. It takes time, it takes patience, it takes rules it takes regulations, it takes monitoring to correct these mistakes you can't just say "OK, its finished, now we don't have a say anymore". Child labour won't just go away. It will definitely go away from the large industries, but what about the small factory that has loom and some owner? Who is going to monitor that?

Efforts made by the government of Nepal in the summer and fall of 1994 to improve regulation of the industry were an attempt to make all aspects of the industry

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<sup>71</sup>CWIN claims 300,000 workers, not specifically weavers.

<sup>72</sup>Child labour activists picketed the international Domotex fair in Hannover, Germany, during the winter of 1994, and called for a boycott of Nepalese - made carpets.

visible to outside scrutiny and protect the industry from potentially disastrous misapprehensions abroad. The new child labour legislation was, moreover, to be enacted through the bodies of the weavers themselves, by counting them, identifying them and quantifying their production, as well as maintaining work areas as child free. These measures were inconsistent with the culture of production that exists in many manufactories. One of the immediate implications was that young working women, for whom the carpet industry was one of the few means by which to autonomously earn a salary, could no longer nurse their infants or care for their children while at work. The reduced productivity that would result from their having to leave the workplace for child care or domestic reasons could potentially make them less desirable than male weavers for *saahu-ji*. Restrictions on the number of working hours that were to be enforced on weavers between the ages of fourteen and sixteen were also based on the assumption that these workers needed to be protected from rigorous work conditions and poor manufactory environments. We found, in 1995, that few women or teenagers paid much attention to these measures, as they perceived them to be against their own interests. Working spaces, as closed as they are to outsiders, were open for most weavers themselves, and, ironically, efforts to make them more accountable had the effect of restricting the autonomy of workers and *saahu-ji* alike.

The most glaring irony of the contemporary carpet industry is that the exploitation of child workers, so condemned by outsiders, was directly a result of the development of markets for outsiders and the rapid expansion of production in Kathmandu. The innovation of ‘open field’ carpet designs, specifically modelled on

European interior design tastes, fed that expansion. It was the 'open field' itself, the single coloured section in the middle, that allowed enormous numbers of child labourers to enter an industry in which they had originally only a small part. The unique 'gauge rod' method of weaving Tibetan carpets also contributed, as carpets could be woven faster and more accurately, and piece rates could be standardized using the one metre long *gipsi* as a measure. 'Open field' carpets led to young apprentices being placed in between experienced weavers to learn their skill, and the dramatically increased demand for them in Europe meant that thousands of children came to weave carpets.

In Nepal, there was no shortage of poor families to supply the children and many, inspired by the prospect of a new life in modern Kathmandu, were drawn to the city to weave, or were compelled to do so by their own families. The role of the *thekadaur* expanded as the traffic in labourers increased, as did the opportunity for exploitation in fly-by-night operations, all because European consumers demanded inexpensive, hand knotted Oriental carpets that were easily adaptable to their own uses. It was ironic, then, that many Europeans reacted so strongly to the suggestion that some of the carpets were being woven by children. It was ironic, too, that many popular representations of the problem assigned the blame to the 'ignorance' of the weavers themselves:

Child labour is so commonplace that, to many Nepalis, it is unremarkable and therefore invisible. Its roots lie in the poverty of rural Nepalis, in the general ignorance of the value of education and child rights, in the excesses of a feudal system that in many ways still operates and in certain religious and cultural practices that persist into modern times, despite their prohibition by successive Nepali Constitutions and legislation to protect the rights of children (Sattaur, 1993: 9).



Child labour is not invisible in Nepal; on the contrary, it can be seen anywhere as children work as fare takers on public transport, in restaurants or tea shops, and on many small agricultural plots. It has been invisible, rather, to those outside of the country only until very recently. The labour of child carpet weavers has been one of the international phenomena that has stimulated recent outrage against what is often thought to be barbaric pre-industrial labour practices, and it is the presence of the commodities of their labour in Western homes that makes it visible. As Olga Nieuwenhuys has recently argued, children are excluded from producing value in modern societies and must remain dependent on adults (1996: 237). That dependency, however, must never be seen to be profitable to the adults in whose care children are placed.

The author of the previous passage, moreover, nowhere elaborates on precisely what “religious” or “cultural” practices contribute to the problem of the exploitation of child labour. The only traditional practices that have played a role in bringing more children to labour in the Tibeto-Nepalese carpet industry are the tendencies of people to draw upon trusted social networks to supply the labour force. As the lure of quick and relatively easy money attracted hundreds of weavers through *thekadaars* or through family members already working in the industry in Kathmandu, and as *saahu-ji* began to compete for their labour by offering salary advances that drove piece rates higher and higher, the temptation to draw on the unpaid or underpaid labour of children must have been great. There is abundant anecdotal evidence of maltreatment and exploitation, but as I have argued, there was also a commonly held belief among most of my consultants that the labour of children was unsuitable not because it was immoral or inherently

wrong but because children do not weave carpets well. Although the massive volume of production of ‘open field’ carpets targeted at the middle class European market for a time allowed the strategy of using child weavers to pay off, the ‘off-season’ that we witnessed during our fieldwork year obliterated any advantages of that strategy and indeed increased the risks of illegally employing underage children.

Carpet *saahu-ji* in Boudha/Jorpati were mostly aware of those risks. Some individuals continued to break the law, but the position of entrepreneurs relative to the market meant that while this was at times a tempting strategy, it was not a necessary one. To take these cases as representative of conditions in the entire Tibeto-Nepalese carpet industry, as most anti-carpet industry proponents have done, does not only do an injustice to those hundreds of entrepreneurs who are succeeding without recourse to illegal strategies, but also complicates the task of seeing the processes of the industry in their own terms. The industry is not based on corrupted hierarchical models of bondage, slavery and exploitation; on the contrary it has been one institution through which individuals have been able to better their own status and that of their ‘own people’ (*aaphno maanchhe*). As a modern sector in Nepalese economic and social life, the carpet industry offers opportunities not readily available in more traditional endeavours. Nechung Lama, and hundreds like him, have been able to increase their own wealth and status in ways that were unknown to their parents, and to understand a globalizing industry as if that phenomenon was at best irrelevant or, worse, an indication of social and cultural decay is to undervalue a social process that is central to culture change and development.

**Conclusion: New Markets, New Carpets, New Makers.**

It seems reasonable to expect that sales of Tibeto-Nepalese carpets will continue to decline for some time to come. In the summer of 1995 there were a few very successful exporters supplying the European market who told us that orders were continuing to shrink. Many others were weaving only for stock and being forced to sell what they wove, if at all, at reduced prices. Many export *saahu-ji* and the industry associations that represent them were making initial tentative efforts to breach the American market for Oriental carpets, and some firms had been very successful with this. The company that owns the *Raato Kharkhanaa*, for example, is now supplying to the US market through an established carpet importer there, and weaving high quality 80 and 100 knot carpets of pure Tibetan wool for it. As Odegaard (1986) pointed out, the American market is not a fertile one for a high volume trade in 'open field' carpets, as the middle markets are dominated by broadloom and machine manufactured carpets. The Americans, as even most small scale carpet entrepreneurs knew, preferred full field designs, natural dyes and finer weaving than the Europeans, and for that market Tibetan and Nepalese exporters would have to compete with the more popular Persian, Turkmen and Anatolian carpets. The prospect of a huge American market has nevertheless raised expectations in Nepal for future sales.

New markets, however, mean new carpets, and new processes of production. *Raato Kharkhanaa*, for example, has returned to hand carding Tibetan wool for carpets

intended for the US, and we found a few other developing vegetable dyes and Tibetan designs in the hope of American sales. Most of these 'innovations', which in many cases return to processes abandoned in the production of European 'open field' carpets, are being attempted in concert with American carpet merchants and experts who 'know' the market. This was in its very early stages by 1995, but may portend what may be expected in the years to come, and possibly indicate profound structural changes in the industry if the volume of carpet sales to America becomes as important then as European sales are now.

It is certain that in the future a new class of makers will again make and be made by new Oriental carpets. Should the American market expand for Tibeto-Nepalese carpets, the expected skill level of weavers may be higher than it is now, and the materials they use to weave quite different. The future of the 'stock' industry may be in doubt and with it many of the small household - based units that depend on it; subcontracting too may become less necessary for exporters weaving well established program lines for the American market. The industry as we found it in 1994/1995 would probably look quite different if such were the case and the production environment less forgiving of small scale competition. It seems likely that opportunities for small scale entrepreneurship will decrease in the future, and that carpet production that is now organized into a hybrid cottage industry will become increasingly centralized and controlled by those Tibetans and Nepalese who are able to develop trade relationships with foreign buyers and their capital. I put this not as a prediction, but as a hypothesis for future consideration.

It is not certain that the American market will ever demand the volume of carpets now being exported to Europe, and it is unlikely that the European market will disappear entirely in the near future. As the Tibeto-Nepalese carpet industry gropes towards equilibrium in the coming years, many entrepreneurs will fail, but some too will survive and prosper in the new environment. Others may join them. Entrepreneurial success is not necessarily a matter of having a superior 'spirit', nor is it necessarily achieved at great cost to others. In the case of the Tibeto-Nepalese carpet industry, success has been and will continue to be a matter of recognizing assets - both material and social - and matching them to new opportunities in the global demand for hand knotted carpets.

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