

***Credit & Culture: A Substantivist Perspective on Credit Relations in Nepal* by Michael Mühlich. Berlin: Reimer Verlag, 2001. XVI + 376 pp., 9 illustrations, 4 maps, 14 facsimiles, glossary. ISBN 3-496-02721-5.**

Reviewed by Werner M. Egli, Zürich.

In respect of the large variety of ethnic groups in Nepal, one wonders why there are not more comparative studies based on fieldwork in different cultural contexts. Apart from comparisons of second hand data, comparative studies in Nepalese ethnography often are reduced on comparisons of ethnic groups with high Hindu castes or on comparisons of different ethnic groups in the locality. Thus Michael Mühlich's study *Credit & Culture* comparing culturally embedded credit relations among Hindu castes, Newars and Sherpas in the localities of Ramkot (Kathmandu Valley), Tansen (Palpa District), Junbesi and Sallerie (Solu-Khumbu District) is especially to be welcomed. The study is based on many years of fieldwork and on a profound knowledge of the rich literature on the groups under investigation, as well as on an extensive search in the archives. This last effort is documented in appendix I with the presentation of 38 Nepalese debt documents (*tamsuk*). Dealing in preliminary studies as well as with the type of credit system shared by Gurungs, Thakalis and Manangis, the author focuses on the credit relations of the three groups mentioned, giving his arguments strong support by using a frame of comparison with the same issues: 1. family structure and property relations, 2. labour exchange and wage labour in the locality, 3. patronage relations, 4. barter and borrowing, 5. credit practices, 6. credit-worthiness and gift exchange.

In addition to the benefits of Mühlich's comparative perspective two further points of his methodological approach seem worth mentioning. Whereas economic topics in many developing studies are usually analysed immediately in respect of economic backwardness, Mühlich takes instead the view of the economic anthropology. That not only allows to take into consideration the cultural context of economic relations as a genuine anthropological aim but could contribute as well, to the determination of possibilities and limitations of the implementation of development programs, in our case the introduction of micro-credit programs; thus Mühlich's context-sensitive approach may contribute to the so often mentioned sustainability of such programs. And third Mühlich tries to reconstruct the historical dimensions of Nepalese credit practices from

the appearance of coinage in the Licchavi period up to contemporary examples of culturally embedded credit cooperatives. The functioning of these cooperatives (cf. p. 99 f.) gives strong support to the practical relevance of Mühlich's thesis. The historical view prevents from comparing isolated communities by emphasizing a wrong idea of their traditional or original culture. Mühlich instead is focusing on the cultural dynamics of local communities in the interactive process of the building of the Nepalese nation-state.

An experience in 1992 that inspired Mühlich to conduct his study of credit relations shed best light on his subject as well as on his approach: "One old woman who lived in a thatched hut near the house of my landlord was able to build a house to replace her hut by means of 'borrowing' voluntary labour. My friend and cook, a Jirel of that area, worked out the plan. It was necessary merely to have an enormous amount of *chang* (home made beer) and some money to buy tree-cutting rights – enough for the tiles of the small roof and some wooden frames. In effect, credit-worthiness was attributed to the woman and she was able to receive voluntary labour from the neighbours because she was offering them *chang*..., considered in this context as a medium of exchange. Since *chang* is an item that is involved in nearly every Sherpa ritual, there is a shared understanding of the value attached to it as a gift. It was in this way that my interest was aroused in ritual as a model for the economic sphere, as a means of creating mutual trust and acquiring help and credit"(1999: 71).

In chapter I of *Credit & Culture* Mühlich develops the economical categories for his analysis. This theoretical discussion is mainly a presentation and defence of Polanyi's substantivist perspective with special reference to Nepal. Critiques of Polanyi's model, as for instance Znoj's approach (1995), in line with transactional analysis developed for the Rejang of Sumatra are rejected with the argument of ethnographic peculiarities (cf. p. 20); other recent contributions to economical anthropology are bluntly ignored. Even in respect of the chosen comparative perspective a more comprehensive theoretical discussion could be expected. For the understanding of credit relations some contemporary approaches would be quite helpful, just in view of three main topics of Mühlich's study: ritual embeddedness of credit relations, social change and trust. In respect of the first topic I think of Godelier's explanation of *L'énigme du don* (1996) going back on Mauss' idea of the role of the supernatural in the exchange process; in view of the other points I think of Ensminger's *New Institutional Economic Anthropology* (1992) considering culturally shaped institutions not only as a more or less stable frame of economic transactions, but giving them an active role in respect of reducing or raising transactional costs, and hereby dispose of much

more explanatory power in view of social change than the substantivist perspective.

Thus Mühlich's hypothesis, elaborated accurately in chapter 1.5., is primarily a substantivist one. According to Mühlich, "the forms of community found in Nepal can be divided into three types: those based on a reciprocal principle of integration, those based on the principle of redistribution and, exhibiting increasing international influence, those in which the domination of the market principles is apparent"(p. 46f.). Different types of exchange relations are corresponding to the integration principles and in respect of credit relations this leads to the following questions: "How are credit relations secured or made reliable? What is the meaning of trustworthiness or credit-worthiness under these varying circumstances? And what are the sanctions or checks and balances that keep credit relations going and guarantee some kind of repayment"(cf. p. 48)? Mühlich's answers on these questions concerning the character of security, credit and repayment are summarized elegantly in a schema called *Three-Layer Model of Credit Relations* (cf. p. 51). In the reciprocal type of credit relations credit-worthiness is "a result of service and gifts from debtor to creditor in advance and in perpetuation of mutual debt relations". Credit is "a moral obligation to redistribute or to reciprocate in return for similar help (between equals)". Repayment together with "natural interest", is "secured by a latent sanction threatening exclusion from mutual support". In the redistributive type credit-worthiness is forced by sanction: "fixing the interest rate according to ascribed status, plus gifts as tokens of the status difference between debtor and creditor". As an aspect of redistribution, credit here has "to safeguard longstanding relations of patronage (or to perpetuate dependency relations). Repayments not secured by principles of redistribution are ensured by collateral (initially in the form of use rights) backed by law". In the market-oriented type we find "credit-worthiness by offering simple collateral that provides material security to the creditor. Credit as a single-interest transaction involves a preventive sanction: the demanding of simultaneous repayment of interest and principle. Repayment backed by legal institutions if the credit transaction is carried out according to legal standards".

Mühlich is aware of the idealization of his model and suggests, that what seemingly corresponds to evolutionary types is in effect to be thought of as referring to co-existing spheres of exchange in a given local community (cf. p. 54). The major part of Mühlich's study is an effort to test the idealized model in view of the complex social reality represented by three individual cultures and examples of their local communities. The ethnographic material is presented and discussed following the six issues mentioned above. Skipping these materially rich chapters of the book I

want to turn to some of Mühlich's conclusions in chapter VI beginning with the analysis of the historical development of credit practices in Nepal.

In the course of this development in general as well as in the case of credit-worthiness among the high Hindu castes, the dominant aspect of the economy is redistribution depending on status. On the macro-level, this redistribution formerly went out from the king and his administration. On the micro-level, the historical reality of the castes was replicated by the patron's redistribution of shares of the sacrifice to members of the ritual community and his connection with householders through tenancy and work relations. This practice has continued into the present. If the subsistence of his client was not secured, a patron was under moral obligation to disburse credit to him. Credit is a form of redistribution patronizing those in debt. Among the more egalitarian Newars and Sherpas reciprocity dominates the economic relations. Here positions of power are subject to relations of reciprocity and social control is either determined by a rotational procedure or conferred as support in return for help. In this system the characteristics of gift exchange are also to be found in the credit relations; it is a form of delayed exchange. Continuing status differences are less significant; reliance on future reciprocity counts, exclusion from future exchange is the sanction (cf. p. 268f.).

The family structure and property relations among the high Hindu castes are to some extent again a replication of the patron-client structure and are thus perpetuating the accompanying kind of credit relations. Although among the Newars the subordination under the head of the joint family is to be found, in the case of women it is relativized inasmuch a woman's dowry is considered as her own property. Whereas property in land shared by the family is the basis of high Hindu caste's peasant economy in the highly diversified Newar economy property relations are as well more complex. Thus the familial and the communal integration are not managed by the same mechanism. Communal integration is based on additional institutions, mainly on the funeral and lineage association (*guthi*). This socially important institution may have lost its traditional economic significance as credit association but as recent developments show that function can be revitalized.

The family structure and property relations of the Sherpas are, by contrast, based on the nuclear family. The reproduction of the family as well as the communal integration is mainly based on the inheritance system of "preferential ultimogenitur" (Goody) and individual capacities. According to Ortner, rivalry among brothers over access to property may be a main cause of the nuclear family pattern, but it does not explain the "economic soundness"(p. 272) of the household. As Mühlich correctly

points out, the problem in this society is the foundation of one's own household. Participation in communal property by clan membership, formalized systems of gift exchange and long-term labour exchange contribute to the solution of this problem. But what does "economic soundness" mean in a society with high rates of out-migration? Even if we do not consider migration as an "anomaly" we should not overestimate the exchange and credit mechanisms determined by Mühlich for the economic integration and this seems to be true not only for the Sherpas.

My critical objection to Mühlich's reduction of his approach to Polanyi's substantivist perspective, his overestimation of credit relations in view of economic integration in general and a certain schematism, by looking on the complex social reality through the glasses of the "three-layer model" – on the contrary to the author's assertion –, should not permit to detract the great value of this study. I agree with Mühlich, that his results may "be relevant enough to suggest fruitful avenues of approach for further theory and practice-oriented studies in the field of credit relations"(p. 261). Even if this self-assessment would be valid only for the progress of the economic anthropology of Nepal that would diminish the merit of this study in no way.

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### *In the body of your text:*

It has been conclusively demonstrated (Sakya 1987) in spite of objections (Miller 1988:132-9) that the ostrich is rare in Nepal.

### *In the bibliography:*

Sakya, G.D. 1987. *Nepalese Ostriches: A trivial myth*. Kathmandu: Mani Pustak bhanda.

Miller, M.L. "A comprehensive rebuttal of G. Sakya". *Kailash* 6 (2): 121-83.

Smith, B.C. 1992. "Looking for ostriches". In *Research Methodologies for the Himalayas*. edited by J. Pande, pp. 110-145. Shimla: Mountain Publishers.

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