

The Microfinance Discourse

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Abstract: This paper analyzes the microfinance discourse. It focuses on the main elements of this discourse, namely: the urgent need that led to the emergence of the microfinance discourse, the formation of objects, and the formation of enunciative modalities within the discourse. These rules of formation are chosen because of their importance. The methodology is based on Foucault's archaeological method. The analysis shows that the urgent need includes the need for capital to embed itself at the local level that objects are formed on the basis of the institutional success of microfinance and the enunciative modalities give advantage to the dominant actors.

Keywords: microfinance, discourse, development, need

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INTRODUCTION

Education, infrastructure, and women's rights. There are many discourses that together form the development discourse, but there is yet another panacea that is supposed to lead to the eradication of poverty – microfinance. A consensus among scholars and practitioners has been buttressed by the Nobel Peace Prize awarded to microfinance guru Muhammad Yunus in 2006. Much of the consensus is due to a powerful discourse that to a great extent silences critical voices. The success of microfinance is based on one indicator – the repayment rate. However, a much more complex reality is hidden behind this indicator. Critical analyses enable me to reconstruct important elements of the microfinance discourse.

I first show the urgent need for the microfinance discourse in different fields of various powerful actors (such as the capital or the development organizations) that led to its emergence together with a vast microfinance apparatus. Then I engage with the discourse itself. This analysis is based on secondary sources and creates a detailed picture of the microfinance discourse. I will show the surfaces where objects appear through particular grids of specifications, such as institutional success rather than social impact. Afterwards I present the enunciative modalities of the microfinance discourse, which follow very similar modalities as the general development discourse.

1 LITERATURE REVIEW

There is scant literature focusing on the microfinance discourse. The poststructuralist analyses of the microfinance mainly engage with the question of female subjectivities, neoliberal elements in the microfinance governmentality, or the issue of depoliticization. I try to put

together all these and other elements into a coherent picture of the microfinance discourse based on Foucault's archaeological method (see below).

There are however sources on development discourses that serve as the precursor to the analysis of the microfinance discourse. The first analyses included the analyses by Escobar (1984, 1987), which culminated in his book *Encountering development* (Escobar, 1995). Escobar presents the development discourse from a Foucauldian perspective analysing, among other things, the professionalization and institutionalization of development discourse. Various elements of development discourse were analyzed by Sachs and his colleagues (Sachs, 1992). In the form of a dictionary, these analyses offer a detailed focus on issues such as poverty, needs, or the environment. Development discourse was further analyzed also in a methodologically more rigorous manner (see, e.g., Ziai 2014).

Other analyses of development discourse included a not so critical focus on various buzzwords and fuzzwords (Cornwall – Eade 2010), an analysis oriented more specifically on the power of development (Crush 1999), a sociological analysis of knowledge (Cooper – Packard 1996) and a historical analysis of the doctrines of development (Cowen – Shenton 1996). All of these analyze the development discourse from one angle or the other laying the ground for more specified analyses which occurred later as the discourse of development disintegrated into further subdiscourses.

The microfinance discourse is part of the development discourse and its analysis should contribute to the academic field analysing this more general development discourse.

2 METHODOLOGY

The aim of this analysis is to analyze selected rules of formation of the microfinance discourse starting with the urgent need for the emergence of the microfinance discourse. Foucault's archaeological method follows a set of questions, which are asked with regard to the issue of microfinance, and together they create the microfinance discourse. The collection of data is, in this case, based on a reading of the current research on microfinance, which will enable me to put it together into a metaanalysis of the microfinance discourse. Such a broad analysis enables one to engage in a generalization, which would be impossible with a very particular and focused form of analysis.

The goal of this paper is to analyze the rules of formations i.e. "the conditions to which the elements of this division [or dispersion] (objects, mode of statement, concepts, thematic choices) are subjected (...). The rules of formation are conditions of existence (but also of coexistence, maintenance, modification, and disappearance) in a given discursive division" (Foucault, 2002). This abstract definition is explained in more concrete terms as the rules of formation are divided into the formation of objects, enunciative modalities, concepts, and strategies. Due to space restraints, this analysis focuses only on the formation of objects and enunciative modalities. These are further specified below.

Foucault asks how is it possible that certain objects appear as objects. "Is it possible to lay down the rule to which their appearance was subject?" (Foucault, 2002). His analysis is concerned with two main aspects. The first is the objects and the second is the relations between them. First, he wants to map "the surfaces of their emergence" (ibid.), he wants to show where they can emerge as certain objects. Further, Foucault wants to describe "the authorities of delimitation" (Foucault, 2002). He also analyzes "the grids of specifications" (ibid.). These grids are the systems that divide, contrast, relate, regroup, and classify objects of the discourse. Who are the authorities that delimit the objects as objects. Foucault also asks, "Who is speaking?" (Foucault, 2002) as he deals with the issue of enunciative modalities. "Who... is accorded the right to use this sort of language (langage)? ... What is the status of the individuals who — alone — have the right, sanctioned by law or tradition, juridically defined

or spontaneously accepted, to proffer such a discourse?" (Foucault, 2002). He also asks what is his/her "institutional site"? It is the institutional site "from which this discourse derives its legitimate source" (ibid.). Foucault also focuses on the library or the documentary field, which includes "the mass of statistical information" (ibid.: 57). Finally the question of the subject becomes crucial as well. Is it the subject interrogated, listened to or observed? S/he can be the "the emitter and receiver of observations, case-histories, statistical data, general theoretical propositions, projects, and decisions" (ibid.: 58). All these questions used by Foucault are in one way or another employed in the meta-analysis of the microfinance discourse.

In what follows, after briefly analyzing the urgent need for the emergence of the microfinance discourse, I focus on the formation of objects in the microfinance discourse and after that on the formation of enunciative modalities of the microfinance discourse. The conclusion summarizes the main elements of the discourse.

3 RESULTS AND DISCUSSION

3.1 The urgent need for the emergence of the microfinance discourse

Just as with the emergence of other development apparatuses, in the case of microfinance, there also existed needs that led to its creation. Powerful actors needed something like microfinance to emerge without this being an original intention of anyone. Enabling factors that allowed the microfinance apparatus to form were also non-negligible. I will briefly present those as well.

But first, it is necessary to realize that microfinance has a much longer history than the one beginning with Yunus giving "the first" microloan to Sufia Bugum in Jobra, Bangladesh, in 1976. Not only do we know about five thousand years of a history of debt that at times demonstrated striking similarities with its current version (Graeber, 2011), but there are positive examples of microlending in the past – e.g. the Irish Loan Fund in the 18th century (Hollis – Sweetman, 1997).

The form of microfinance varies throughout history. "[T]he uniqueness of a given program of credit at a given moment can best be defined by the context within which it evolved and is embedded" (Fernando, 2006a). Fernando therefore speaks of a "credit regime" (ibid.) as an analytical category. The current regime is in accordance with the main tenets of its context – the neoliberal form of capitalism – as it prevails in Bangladesh and elsewhere. This will be explained further in the text, for now, suffice it to say that the neoliberal context is at the roots of the urgent capitalist need that requires a regime of credit in accordance with this context. Microfinance's "rise to mainstream prominence as a development strategy (...) coincides with the recent resurgence of neoliberal economic ideology" (Rankin, 2006).

Fernando thus explains the (re-)emergence of microcredit in its current form by pointing at the need for capitalism to expand (Fernando, 2006a). Since capital is not an entirely homogenizing force (Fernando, 2006a) and allows for highly diverse and fluid social relations to exist, microfinance can emerge as one particular way to discipline and manage labor and extract surplus from it. Simply put, microfinance offers yet another sector into which capital can invest its surplus to extract even more surplus that will be reinvested again.

Microfinance thus brings the informal sector into the formal sector through microfinance institutions. The informal sector has been largely ignored by financial institutions and had to turn to moneylenders. The recognition of this sector grew with the dismantling of the state since the 1980s required a different strategy than to enlarge the absorptive capacity of the formal sector. The rise of informal sector called for a different relation with the formal sector than that of a labor pool. Microfinance was the answer. In fact, "[t]he very survival of the

formal sector now hinges on the market's friendly activities towards the informal sector" (Fernando, 2006a).

But there are other important needs to which microcredit was a reply. Unsurprisingly, after decades of failure, the development discourse needed a new approach that would allow it to point to yet another missing link in the "development" endeavor. Microcredit discourse explained that the lack of access to credit was behind the previous failures and that through credit, people would pull themselves out of misery with their until then unused entrepreneurial capacities.

The development failures of the past were then attributed to their connection to the state and NGOs providing microcredit were supposed to overcome state limitations (Fernando, 2006a). By privileging NGOs, microcredit was well adapted to the new wave of non-state actors as well as to the demise of the state since the 1980s that accelerated after 1989.

By focusing on the people and their capacity to help themselves out of poverty, microcredit was also an answer to the popular protests against the structural adjustment programs (SAPs) (Weber, 2006). The crisis of legitimacy of these policies was followed by an adjustment with a human face and microfinance fit well with its capacity to reconcile neoliberal policies and popular expectation, at least at the rhetorical level, and at the same time legitimized the policy by making poverty reduction its core objective (Weber, 2006).

The choice to lend money to women proved right not only in relation to their malleability to discipline, but also in relation to the mainstreaming of gender in development. Microfinance could thus claim that its focus truly is the poorest of the poor – the women (Fernando, 2006b). The mainstreaming of gender was an important aspect of microfinance and its success owes a lot to the focus on women.

Finally, microcredit enabled the consolidation of the assumption that "development" can be achieved within the confines of neoliberal capitalism, rather than alternatives to it (Fernando, 2006b). With the end of the Cold War, there was a need for a clear capitalist strategy that would create a connection between capitalism and the social situation in the global South. Microcredit seemed to be the perfect instrument.

This is connected to the never-ending need to reinvest profits. Bankers found yet another sphere for their surplus and subsequent collection of further profits. Not only microfinance solidified "development" as reasonable within the capitalist system, but for many, microfinance was and still is just as important part of this system as e.g. the housing industry or the derivatives. (A large part of) microfinance is capitalism.

3.2 Formation of objects in the microfinance discourse

The main objects as well as subjects of the microfinance discourse are the women. This was a clear choice due to their submissiveness. Unlike men, who were the main targets in the 1970s, constructed as "small farmers" (Rankin, 2001), women became "the primary target of the microcredit program because of their sociocultural vulnerability" (Rahman, 1999).

In relation to the formation of objects, Foucault writes about the "surfaces of ... emergence" (Foucault, 2002), i.e. places where objects can emerge as certain objects. How do women appear as objects at these surfaces of emergence? The surface is to be found within economics as the authority of delimitation (Foucault, 2002) rather than within anthropology. Even if both coexist in the discourse, economics dominate it. Due to critical analyses of the social impact of microfinance, the policymakers have decided to simply change the term of reference that "both avoids engaging with the social impact and implications and allows for a privileging analysis of the success of microfinance in terms of *institutional* success" (Weber, 2006). It is within economics that the social factors can be discarded and replaced with pure financial

indicators. The object – the poor women – gets lost in the financial statistical proxies that are supposed to be measured instead of the social objectives that microfinance sets to achieve.

This is not to say that other parts of lives do not get to be noted by researchers, microfinance field officers and, most importantly, fellow borrowers. Quite the contrary, the lives of the women and their families are watched very closely. But the information that emerges at the surfaces of emergence are those that are of interest to the bankers and those that can prove the success of microfinance.

More particular “grids of specification” again contain both. On the one hand we have here the usual abnormalities identified e.g., by Escobar (1995) that serve as a lack that needs to be rectified (most prominently of course the lack of access to credit). On the other hand, there is a particular methodology that enables particular visibility of the microfinance outcomes.

There are three levels in this methodology – normative, empirical, and analytical (Weber, 2006). “Normatively, there is the association of the notion of empowerment with the taking of credit by ‘the poor’ for investment purposes” (Weber, 2006). It is assumed that the women use the borrowed money for some kind of productive aim. Disregarding here the problematic notion of the term productive and its connection to empowerment as well as the non-participatory character of such an understanding, empirical evidence shows that men often control the loans taken by women and these are usually used for consumption rather than investments (Goetz – Gupta, 1996; Karim, 2011; Rahman, 1999). Thus, at this level the grids of specification connect microfinance to empowerment and portray this as investment.

“Empirically, the evidence mobilised in support of microfinance (...) is selective” (Weber, 2006). Mostly it measures the institutional success of microfinance, e.g. the credit repayment rates. According to Fernando (2006): “The organizational practices are hierarchically structured in response to loan repayment becoming the main determinant of the sustainability and credibility of organizations.” Here again, financial indicator serves as a proxy for social indicators. By focusing on the repayment rates, which reach very high levels (e.g. 98% in the case of Grameen Bank), powerful actors of the microfinance apparatus can claim success in non-financial areas, e.g. the empowerment of women. The empirical finding that repayment of microdebts is achieved due to the intensification of oppression of women (Bateman, 2010; Fernando, 2006; Goetz – Gupta, 1996; Karim, 2011; Rahman, 1999; Rankin, 2001) is excluded from the discourse. The grids of specification allow only certain financial indicators to reach the public.

At the analytical level, the problem of microfinance is that it focuses on the local. Not only the repayment rates but also other indicators remain spatially focused on the local thus foreclosing “the possibility of engaging the impact as well as implications of microfinance schemes as mediated in terms of sets of *social relations* generally, *and* in terms of their constitution within a *global* rather than *local space*” (Fernando, 2006a). The global system of governmentality that emerges with microfinance and NGOs as its integral and necessary parts thus remains outside the discourse that makes it legitimate. By focusing on the local we cannot see wider relations connected to the repayment rates or levels of default or the level of the saturation of the market.

The result of this specific methodological grid that allows the analysis of market imperfections “without sacrificing the fundamental ideological basis and methodological individualism of neoclassical economics” is “the marginalization of class, power, and conflict issues that are central to empowerment” (Fernando, 2006a). These issues are excluded from the discussions about market imperfections and the way these could be improved to work for the poor. Current studies “simply evaluate microcredit as a relationship between the borrowers and the NGOs” (Fernando, 2006b). They do not allow for the global political economy to appear in this relationship, despite the fact that in more systemic discourses, microcredit “mediates between

women borrowers, their household, and the local, national, and international environments that matter to their lives" (Fernando, 2006b).

Not only are there grids of specification that create particular visibilities, but at the same time, the practice of microfinance promotes particular grids. It leads to the commodification of relations and forces of production in response to the need to generate cash to repay loans (Fernando, 2006b). The exchange value gains precedence over the use value and commodification forces people to shop at the market as well. The discourse thus becomes a self-fulfilling prophecy. It selects commodified elements to promote the practice of commodification, which in turn commodifies ever more elements only to prove that indeed the grid of specifications was correct in its choice.

Most of the studies on microfinance are quantitative, measuring quantifiable aspects of peoples' lives in relation to microfinance borrowing (Karim, 2011). This specific grid is biased against ethnographic studies that analyze kin obligations and other social relations.

There is a similarity between the practice of microfinance and the development discourse. Microfinance and the development discourse share a hierarchical structure between the self and the other. This development discourse is inscribed into the microfinance practice. It is entirely absurd to imagine in the industrialized countries of the global North that someone would be offered loans under the condition of forming a group and attending its weekly meetings being fined if s/he did not show up (Harper, 2007). Yet this is the general microfinance practice. Of course, one may object that there are objective reasons such as the lack of collateral. However, the point is that microfinance as a service is not comparable to what the people in the North are used to and it only reflects and reproduces the binary division between "developed" people with "normal" financial services and underdeveloped people with "not normal", microfinancial services.

3.3 The formation of enunciative modalities in the microfinance discourse

The enunciative modalities of the microfinance discourse are similar to those of the general development discourse. We encounter the same people "who speak" and the same "institutional sites". But there are some specificities of the microfinance discourse.

Again, NGOs are important places from where the discourse is made. But these are fundamentally contradictory spaces. On the one hand, NGOs seem to be opposed to neoliberalism in their emphasis on community and opposition to the World Bank and IMF, on the other, the notion of civil society and local level organization of citizens that eschews the involvement of state bureaucracies is broadly consistent with the IFIs policies (Brigg, 2001). Therefore "NGOs should not necessarily be read as emancipatory" as they "enable a greater penetration of power into the Third World through the development *dispositif*" (Brigg, 2001). They are part of the neoliberal governmentality that becomes most visible with microfinance. According to Karim, dominant NGOs even function "as a shadow state in the rural economy" (Karim, 2011).

However, here my focus is not on the way they function as vehicles of this governmentality by e.g. using the "economy of shame" (Karim, 2011) to pressure women to repay their debts, but "only" on the way these NGOs create the microfinance discourse, which is merely one part of this governmentality. According to Karim, the leading NGOs in Bangladesh, such as Grameen Bank, BRAC, and Proshika, are "discursive epistemic machines" (Karim, 2011). They have their research wings that together form "a vast knowledge-making machine" (Karim, 2011). These research wings produce newsletters, brochures, journals, reports, research monographs, dissertations, flip charts, posters, and videos (Karim, 2011). But the research produced is not neutral (as it cannot be) but a form of advocacy with clear objectives: "to replicate the program, garner more funds, increase visibility, and satisfy one's sponsors" (Karim, 2011).

Sponsors are crucial to the understanding of the behavior and the discourse of NGOs. Money connects these two actors. International donors thus constitute another institutional site from where the discourse is created. There is a network of development institutes that dominate the microfinance discourse in Bangladesh. Karim mentions Sussex, Manchester, Bath, Copenhagen, and Hague. Donors hire consultants from these institutes and the knowledge produced by them becomes the truth about the microfinance reality in Bangladesh. Local NGOs then create a certain type of discourse to satisfy donors, but "Western aid agencies and their officers were equally invested in the maintenance of these hegemonic scripts of microfinance and women's empowerment" (Karim, 2011). They need successful stories for their governments. A symbiosis between local and international actors is created.

These two levels meet at conferences or workshops and similar events. The dominance of the donor level is reflected for example in the language of these conferences. Even if only one or two people were Western-donor representatives, the language used at the conferences is English. The most important asymmetry is created by the money donated from one actor to another. Karim offers an anecdote similar to experiences of the critics of racism in the development cooperation (White, 2002). A Western anthropologist with a six-month course in anthropology was to be assisted by a local anthropologist with 7 years of experience. The Westerner, however, was from a North American University. The two levels thus act on the one hand together to create "the hegemonic scripts" of microfinance, on the other, the local level is subordinated to the international level through the existing asymmetries of power.

These two sets of actors exclude the object of development discourse – the poor women who are to be empowered. Planning, implementation, and evaluation of credit programs get to be decided at the meetings of the NGOs' top-level management and international donors. "In the final analysis, NGOs are primarily accountable to the international donors" (Fernando, 2006b). They disregard the needs of their "beneficiaries" in order to secure their own existence vis-à-vis the donors.

One should not forget the government agencies that act together with the national NGOs and international donors. They participate in this microfinance governmentality. As Karim shows, however, NGOs are capable of exercising power through donors over the state (Karim, 2011). Even though it may seem that they are the weakest part of the existing governmentality, they are actually quite powerful.

To populate the international site and answer the question "Who speaks?", it is necessary to include the army of NGO researchers, consultants, field officers, government officials, university professors, etc.

At the local level, the research produced by local researchers is very much influenced by their low income. "[W]orking as a consultant on an NGO project is a source of much-needed additional income for middle-class people" (Karim, 2011). The problem is that the rising prices make it difficult for the middle-class to maintain their lifestyle (Karim, 2011). Most of the university professors in Bangladesh come from this income stratum. Also, for the young researchers, in a country with high unemployment, a job with an NGO is a way to secure one's living. Moreover, NGOs are the gates to the seducing international world (Karim, 2011).

The result of these motivations, as Karim suggests, is that researchers are inclined to adopt the methods and world views of their employers (who in turn are inclined to adopt the methods and world views of their donors, Karim, 2011). Therefore in NGO research "the distinctions between the categories scholar, consultant, and NGO employee get blurred" (Karim, 2011). The attempt at neutrality and unbiased perspective is compromised by the requirements of the employer and the donor. Even if many researchers in Bangladesh are skeptical about the research monographs that they produce, they self-censor themselves in order to keep their

job (Karim, 2011). The research they produce is self-referential, "the authors refer to their preexisting work to legitimize the development policy that funds their research" (Karim, 2011). In this circle of citations and legitimizations, the biography of authors is evicted. It is rarely clear whether they are from NGOs or the World Bank, or from universities and who paid for the research. Those who evaluate NGO projects have often worked as freelance consultants for the same NGO in the past (Karim, 2011).

There is thus a very close connection between research and the microfinance policy. Karim even gives five well-known examples of researchers and their monographs sponsored by microfinance institutions that are in a clear conflict of interest (Karim, 2011). But according to her, even if within this group of researchers, there was a range of feelings and motivations, "[t]hey were all well-intentioned people" (Karim, 2011). They were constrained by the conditions prevalent in Bangladesh, but still they were well-intentioned. As Karim studies governmentality, this information really is not important for her research, just as it is not important for Ferguson and his study of a development project in Lesotho (Ferguson, 1994). The current research does not engage in discussing the morality of the actors (with the exception of Heron, 2007), but if field officers see the damage they cause to the poor women and if researchers self-censor themselves, we should question their intentions. It might be inappropriate from my affluent position to judge decisions of people who are worse off than I am, but at least one might say that they are not well-intentioned and then ask, who is to blame? The question of intentions gains prominence in relation to the most powerful actors within the discourse. If those people get to hear critical voices and yet disregard them, it might be fruitful to investigate their intentions and judge them.

Even if the discourse in general expresses a positive attitude towards microfinance, there are counter voices. However, the mechanisms of exclusion work against these voices. It is "the vernacular press [that] is a rich source of the critiques of NGOs and development" (Karim, 2011). These sources are often overlooked by foreign researchers as they do not read Bengali.

Another form of exclusion is related to the way knowledge is being produced in Bangladesh. There it is not necessary to publish a paper to get intellectual recognition, it is sufficient to present it at a conference or another public event (Karim, 2011).

The "growing and robust critique concerning the activities of NGOs" (Karim, 2011) in Bangladesh is produced by two types of local researchers. The first consists of socioeconomically privileged English-language educated researchers (mostly developmental economists) who are former members of the communist or socialist parties of Bangladesh. The second type are researchers "because of lack of employment opportunities" (Karim, 2011). They are the "real raw researchers" (Karim, 2011), who go to the field to gather data. They know quite well about what is going on in the field, but they are being silenced by the discourse and cannot express their more radical observations.

Furthermore, alternative sites of engagement critical towards the microfinance apparatus are emerging, such as citizens' groups and websites, especially blogs. In these clearly lower ranking spaces, critical citizens can express their voices (Karim, 2011). However, it seems to me that this is not an instance of a break in the discourse on microfinance (as the scant critical literature is), but a confirmation of the discursive power. The actors are capable of excluding the critical voices to the position that is not acknowledged as the right type of knowledge, because it does not have a scientific label on it. Any blog can be discarded as non-scientific, without the proper (quantitative) methodology. That does not mean that these sites are not important as sites of resistance, only that one should be careful before rejoicing. Within the microfinance discourse, they do not count as relevant voices, only outside of it or within a discourse with different rules of formation.

Regarding dissent, Karim explains, how it is silenced by the discourse (and by the actors through whom the discourse is expressed). Highly respected leftist theoreticians in Bangladesh

simply do not get to be invited to the seminars “because of their criticism of NGOs and microfinance” (Karim, 2011). I already mentioned that the dissenting voices are silenced within the researchers as they self-censor themselves in order to keep their jobs as consultant for the NGOs that secure an important part of their income. The example of Aminur Rahman’s problems with publishing his book (Rahman, 1999), one of the first critical accounts of microfinance, reveals that there are forces also at the publishing stage of knowledge production that may attempt to prevent critical knowledge from being produced. The findings of his research were taken off the website of the Institution of Development Research Canada “because IDRC officials felt that they might embarrass Canadian aid officials who were supporting microfinance initiatives in Bangladesh” (Karim, 2011). In Bangladesh, the only English-language academic publishing house (University Press Limited) refused to publish it despite the fact that it was previously published by Westview. One may argue that this is a solitary case, but the obvious counterargument is that we do not know how many other authors have been prevented from publishing their critical research due to the obstructive mechanisms working within the microfinance apparatus. Moreover, as I already said, the apparatus silences these critical voices already inside the subjects that could express them.

Another way to silence the critical local voices is by using English as the language at conferences and seminars. The use of English inhibits “many people from engaging in these so-called ‘dialogues’, which thus functioned as monologues” (Karim, 2011). Ordinary people are in this way separated from elite researchers.

Karim offers an example of a conference where the dissent from the public was too loud not to be heard and therefore she concludes that “the discourse of poverty, NGOs, Grameen, and microfinance are not hegemonic discourses. These discourses become hegemonic only in certain urban research spaces” (Karim, 2011). The problem here is the general strength of these urban spaces who are capable of silencing the counter-discourses outside their space of dominance. How far did those dissenting voices get? How did the critical discussion that made it through the controlling mechanisms of the apparatus at the conference appear in publications from the conference, if at all? There is never a full closure of discourse (as I claim in part on theory) and counter-hegemonic discourses are always present in one way or another. The strength of the microfinance apparatus is in its capacity to exclude them.

The microfinance discourse (just like the general development discourse) also works through creation of a library of statistical information. Whereas it bases its success on the high repayment rate, at the same time, it collects information about the habits, behaviors, manners, customs, leisure activities, living conditions, possessions, recreational choices, belief structures, the way people eat, drink, sleep, defecate, work reproduce and entertain themselves (Karim, 2011). The archive thus created can be used to various ends and with various consequences, “both anticipated and unanticipated” (Karim, 2011). The crucial technology for the archive is a computer that organizes, selects and categorizes all the collected information. This intimate knowledge is reorganized to be used as developmental knowledge and subsequently as the basis of the development policy. However, “[t]hese raw data are malleable, and can be interpreted in various ways to bolster one’s ideological position and to claim knowledge about what works in the amelioration of poverty” (Karim, 2011). As I hope is clear from the part on the post-development debate on the use of quantitative indicators, I concur with such a statement made by Karim. On the one hand, these data construct the poor in certain way and allow their management, on the other hand, this management, this conduct of conduct can be beneficial or emancipatory, just as much as it can be detrimental (as it seems to be the case right now). As Foucault reminds us, not everything is bad, but everything is dangerous and the conduct of conduct, e.g. between a

teacher and a student is acceptable and beneficial to the student. One therefore cannot exclude all power relations, but should be careful when evaluating them.

Still, it is questionable, and Karim does not elaborate on this point, whether we need to know some of that information. The fact that "not everything is bad" (Karim, 2011) and that Foucault was interested in the left art of government (Ferguson, 2011) does not mean that we may not wish to stop collecting some of those intimate information and refrain from governing ourselves through them. This is a debate that the microfinance and development apparatuses need to engage in. Maybe we just do not want to know the most intimate information, because there just should not be a public policy regarding certain matters.

Finally, the question of the subject is of great importance in the microfinance discourse. The governmentality here works not only through the objectification of subjects into numbers upon whom policy is to be performed, but also through the subjects themselves. The women change their behavior in accordance with the main tenets of the neoliberal microfinance discourse.

To trace the shift in the form of subjectification, it is necessary to first reproduce what Foucault says in his *Birth of Biopolitics* about the changes within the neoliberal governmentality. Foucault distinguishes German ordoliberalism from American liberalism. "Liberalism in America is a whole way of being and thinking" (Foucault, 2008). Whereas before, people were supposed to trade between themselves and the economic analysis since Adam Smith analyzed the mechanisms of exchange, now the "the worker himself appears as a sort of enterprise for himself" (Foucault, 2008). People are expected to treat themselves with the same economic rationality with which they treat the objects at the market. The theory of human capital enables capital to penetrate the formerly non-economic spheres. For example, a wage in neoliberal governmentality is considered to be "the income of capital" (Foucault, 2008). The capital is the human being itself. *Homo oeconomicus* is not a partner in exchange, but a firm doing business with him- or herself. Spending time with children is not an activity caused by parental love but an investment in their future.

Similar tendencies are decipherable within the microfinance discourse. "Through metaphors of individual and society, microcredit influences the way people construct themselves, their conduct and their relations as free individuals" (Seidel and Vidal in Fernando, 2006a). Rather than following other rationalities and motivations, poor women are governed to behave according to economic logic. Brigg sees in microfinance "striking parallels with the production of the liberal subjects as analysed by governmentality scholars" (Brigg, 2001). The discourse produces the version of subjectivity promoted through the Western social sciences, which enables subjects to generate and act upon their selves. This is then the basis for the governmentality through which the microfinance apparatus governs the subjects.

To create this subject however, the subject has to be persuaded to behave as such. Even if the discourse operates with the presumption of the neoliberal rational subject, the demand for a loan has to be created. "[L]ocal people need to be convinced of the need for Grameen involvement" (Brigg, 2001). The new rational subject can then be disciplined through peer pressure within the loan groups of five women. In the first stage, the period of training and self-learning about Grameen rules "serves to enroll subjects into Grameen entrepreneurialism" (Brigg, 2001), and in the second stage, this operation is linked to simultaneous discipline of both individuals and peers (Brigg, 2001).

Thus, as Rankin claims: "microcredit aims to cultivate a subjectivity of rational economic woman that might function efficiently and sustainably in the domain of the market" (Rankin, 2001) and this "promotion of entrepreneurial subjective modalities over other ways of being" (Brigg, 2001) results in deeper integration of the subjects of microfinance programs into the financial and economic markets (Fernando, 2006a), their own self-perception as rational

economic subjects in relation to other women (Karim, 2011)¹ and finally easier functioning of the neoliberal governmentality (Karim, 2011). The outcome is the perpetuation (or worsening) of unequal power relations.

CONCLUSION

The aim of this paper was to analyze selected elements of the microfinance discourse. These included the urgent need for the emergence of the discourse, the formation of objects, and the formation of enunciative modalities.

The main answer to the question, why did the microfinance discourse and (apparatus) emerge as was the (urgent) need for the capital to embed itself at the local level thus connecting the formal with the informal sector. At the same time, it was a response to the failures of the previous “development” attempts as well as the critique of the state and its NGOisation.

Secondly, the meta-analysis focused on the way objects are formed within the discourse. The discourse forms its objects by focusing on the institutional success of microfinance rather than on the social impact. It highlights the repayment rates and disregards ethnographic research, which criticizes the impact of small loans on borrowers. This focus may lead to overlooking that the borrowed money is not used for investment purposes, but to ease everyday needs. In general terms, this can be translated into an omission of other than the basic lender-borrower relation. In other words, the question of why people are poor is not properly answered by the microfinance discourse and the issue of unequal power relations is not paid attention to.

Thirdly, the contribution focused on the way enunciative modalities are formed. The most important actors that speak within the discourse are the NGOs and the donors. The international – donor – level, however, dominates the national level of NGOs. Researchers who depend on their income from NGOs often self-censor themselves. The growing critique is published especially in lower ranking spaces such as blogs and thus confirms the primacy of the positive accounts coming mostly from NGO consultants. The discourse works through the neoliberal subject – a woman entrepreneur responsible for her actions. She is the main subject of the microfinance discourse.

Overall, the microfinance discourse has important effects in terms of power, which makes it an important object for examination. This examination shows in great detail how the discourse operates and why it emerged. Such an analysis can, in the next step, enable attempts to change the discourse.

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¹I should add that women do not behave in a purely rational way as the microfinance model suggests. They adopted this identity if they are successful and especially when they are not constrained by men (Karim, 2011). Rankin's research in Nepal shows that “[t]he subjectivity of rational economic woman when imposed through microcredit programmes (...) proves elusive” (Rankin, 2001). The unequal gender relations prevent microfinance model from succeeding in changing the subjectivity of the subordinated women into purely rational actors.

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