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DEBTOR'S EMPOWERMENT:
MUHAMMAD YUNUS AND THE RHETORIC OF MICROFINANCE

A Thesis

Presented to

The Faculty of Social Sciences

University of Denver

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

by

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ABSTRACT

This thesis analyzes the rhetoric of Muhammad Yunus as an articulation of a new governing logic, one that reconstitutes the concept of poverty and binds the poor to the apparatus of global capitalism through a new logic of micro-enterprise. Working within a Foucauldian critical framework informed by the rhetorical scholarship of Ronald W. Greene and Joshua Hanan, the argument proceeds by first paying careful attention to Yunus' work as constitutive of a new grid of intelligibility through which to view the poor and then demonstrating the application of this reformed discourse on "creditworthiness" in articulating a novel regime of commensuration. This line of reasoning culminates in an examination of the role Yunus' reconstitution of the poor through the logic of micro-enterprise played in implementing an increasingly neoliberal policy framework in apparatuses of international development such as the United States Agency for International Development (USAID).

TABLE OF CONTENTS

Introduction.....	1
Chapter One: A Topological Approach to Criticism	9
Chapter Two: Banker to the Poor	24
Chapter Three: Popularizing the Bootstrap Solution	44
Conclusion	65
References.....	74

INTRODUCTION

Through the course of the last decade, something of a sea change in mainstream thinking on economic development was coming to a head. Signaled by the publication of popular treatises on the issue with titles like *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*¹ and *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*², a growing contingent of economists and experts among the development elite were beginning to advocate for a shift in strategy regarding the global response to poverty. In perfectly neoliberal fashion, advocates of this stripe proffered a vision of economic development and poverty alleviation based not on state-based policy intervention but rather on private, profit oriented enterprise. Central to this shift, microfinance, the provision of small, collateral free loans to impoverished individuals, emerged as a galvanizing example of a new, enterprise oriented development strategy.

As one commentator put it, by the early 2000's, microfinance had cemented its place as "the highest-profile and most generously financed poverty reduction and 'bottom

¹ Hernando DeSoto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000)

² C.K. Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (Philadelphia: Wharton School Publishing, 2001)

up' development policy of all"³. Indeed, by 2005, microcredit had expanded to the point of reaching 92 million distinct clients, almost 73% of which suffered from destitute poverty⁴. Through this meteoric expansion, microfinance became the paradigmatic development innovation of the era, and accordingly, its progenitor, Dr. Muhammad Yunus of the Grameen Bank of Bangladesh, became something of an icon for poverty eradication. In 2006, he would accept the Nobel Peace Prize on behalf of his bank. During his Nobel Lecture at the time, he remarked:

I firmly believe that we can create a poverty-free world if we collectively believe in it. In a poverty-free world, the only place you would be able to see poverty is in the poverty museums. When school children take a tour of the poverty museums, they would be horrified to see the misery and indignity that some human beings had to go through⁵

While perhaps hyperbolic, the notion of a poverty museum reveals the immense promise microcredit and other enterprise based, or, as Yunus calls them, "Social Business"⁶ oriented, development strategies hold for their adherents.

On the heels of official recognition by the Nobel Committee, adoption of microfinance only quickened. In 2007, Goldman Sachs held a conference in combination with the Women's World Banking Organization entitled "Microfinance and Capital Markets: A Global Exchange", the expressed purpose of which was "creating linkages

³ Milford Bateman, "The Role of Microfinance in Contemporary Rural Development Finance Policy and Practice: Imposing Neoliberalism as 'Best Practice,'" *Journal of Agrarian Change*. 12, no. 4 (2012): 587

⁴ Majia Holmer Nadesan. "Enterprising Narratives and the Global Financialization of Microlending." *Women and Language* 33, no. 2 (2010): 12

⁵ Muhammad Yunus, "Nobel Lecture", *nobelprize.org*, Accessed March 18, 2014, www.nobelprize.org/nobel_prizes/peace/laureates/2006/yunus-lecture-en.html, 7

⁶ *Ibid.*, 6

between MFIs [microfinance institutions] and international debt and equity investors”⁷. In facilitating this conference, Goldman Sachs positioned itself on the forefront of a group of large, for-profit investment banks whose interest in the swelling business of microfinance was growing. From these early moves, microfinancial assets were steadily folded into the standard array of investment opportunities available through the largest brokerages. By 2009, over 100 investment firms were actively trading in microfinancial securities⁸. At the close of the decade, it was clear that the for-profit banking sector was well on its way toward incorporating the logic of microfinance.

On the opposite side of the spectrum, a similar increase in interest regarding the promise of microfinance amongst public officials drove the United Nations to declare an international “Year of Microcredit”⁹ in 2005 and, in 2006, host its own “Global Microcredit Summit”¹⁰. Continuing this trend of official uptake of the philosophy, in a 2008 report to the General Secretary, an official assessment of microcredit and the eradication of poverty concludes that the “establishment of a framework for promoting the development of inclusive financial institutions” is necessary to the continued success

⁷ “WWB and Goldman Sachs Host Global Capital Markets Even in New York City, Jan. 16-17”, *womensworldbanking.org*, Accessed April 20, 2014, http://www.womensworldbanking.org/news/news-news/content_wwb-goldman-sachs-host-global-capital-markets-event-new-york-city-jan-16-17/

⁸ Nadesan, 22

⁹ “International Year of Microcredit 2005”, *Year of Microcredit 2005*, Accessed April 20, 2014, <http://www.yearofmicrocredit.org/>

¹⁰ “Role of Microcredit and Microfinance in the Eradication of Poverty”, *The United Nations General Assembly*, Accessed April 20, 2014, <http://www.un.org/esa/socdev/documents/resolutions/2008/microfinance.pdf>

of the strategy¹¹. As evidenced by these moves, microcredit held, by the end of the decade, an established pride of place in the core policy tools under consideration amongst the global development elite.

This abridged history highlights the remarkable speed with which microfinance was formally up taken as a dominant paradigm in economic development across multiple registers of governance. What began as an innovation in non-profit development work quickly spread to the point of formal adoption by the United Nations, its affiliated international governing organizations, and even the for-profit financial sectors of the Western world. This trend is all the more remarkable because this frenzy to adopt the philosophy of microfinance continued in spite of a growing body of evidence suggesting that its core thesis, the eradication of poverty through the provision of loanable funds, is, at best, questionable. With a rising awareness of this body of literature, the United Kingdom commissioned a formal survey of the evidence regarding the effectiveness of microfinance as a tool of development. The 2011 Duvendack report concluded the following: “The current enthusiasm [for microfinance] is built on ... foundations of sand”¹². Commenting on the report, Milford Bateman suggests that the case for microfinance “has been made not so much with regard to the economics (of poverty reduction and development), but with regard to the *politics* of microfinance”¹³. Based on this characterization, the case of microfinance poses a number of important questions for

¹¹ Ibid.

¹² Quoted in Bateman, “The Role of Microfinance in Contemporary Rural Development Finance Policy and Practice”, 594

¹³ Ibid., 594

rhetorical inquiry. Rising to prominence through a concerted political campaign across multiple intuitions, microfinance represents a basic case study in processes by which a particular discourse is taken up within a given power structure and transforms its capacity to govern. In other words, microfinance provides a lens through which to view the internal politics of the apparatuses of international economic development policy. Two lines of inquiry come to the fore: functional and political.

First, in a functional line of inquiry, considering the rise of microfinance requires careful attention to the processes by which the discourse on microfinance breaks with the logic of what came before. Put differently, one must consider: what constitutes a politics of microfinance? More specifically, how does the logic of microfinance differentiate itself in the portrayal of poverty and prescriptive means of addressing it? These questions beg a consideration of how the poor are constituted within the logic of microfinance as a target population for a very particular form of development. Indeed, in Yunus' own account, the politics of microfinance can be differentiated based on their representation of the poor. In an essay in the 2008 edition of *The Global Urban Development Magazine*, he writes:

They [policymakers and businesses leaders] cannot see the poor as independent actors. They worry about the health, the education, and the jobs of the poor. They cannot see that the poor people can be actors themselves. The poor can be self-employed entrepreneurs and create jobs for others.¹⁴

Although it may seem only a subtle change, this shift in representation, from the poor as the consumers of social services to the poor as economic actors primed, if only given the

¹⁴ Muhammad Yunus, "Creating a World without Poverty: Social Business and the Future of Capitalism", *Global Urban Development*, 4, no. 2 (2008): 22

chance, to pull themselves up by their bootstraps, is fundamental to the sudden expansion of financial capitalism to an impoverished population once thought irreparably separate from the formal credit system.

This characterization leads into the second, political, line of inquiry. How did microfinancial discourse spread from Yunus' work in rural Bangladesh to become a global paradigm of development? Although this may seem a largely historical question, it too has deep implications for rhetorical inquiry. Consider this small example. In 2005, the *Economist*, in an appropriately titled article, "Giants and Minnows: Big Banks are Discovering the Market for Poor Customers", noted the following:

So-called 'bottom of the pyramid' strategies are currently in vogue among the world's leading companies in many industries. The idea is that big business has so far ignored a huge number of people who have very little money but nevertheless represent a potentially lucrative market. The big banks have noticed, but they are moving slowly and with great caution.¹⁵

The terms "discovery", "ignore", and "notice" in the *Economist's* description point to the rhetorical structure of the political conflicts through which microfinance was adopted. Each suggests that, through the course of the last decade, a new market, largely untapped and consisting of billions of impoverished people around the world, became suddenly visible to the world's largest financial intuitions. By this token, the spread of microfinance hinges on the problems of representation and constitution. Its politics flow from a new way of seeing the poor, and consideration of its uptake begs a consideration of microfinance as a rhetorical construct.

¹⁵ Ibid., 22

In an attempt to answer these questions, this thesis analyzes the rhetoric of Muhammad Yunus as an articulation of a new governing logic, one that reconstitutes the concept of poverty and binds the poor to the apparatus of global capitalism through a new logic of micro-enterprise. In the first chapter, I outline a theoretical lens for critiquing the discourse of microfinance. This approach is based on Ronald Walter Greene's insight that "a materialist rhetoric marks how governing intuitions represent, mobilize and regulate a population in order to judge their way of life"¹⁶. As such, I adopt a critical frame in this analysis that concentrates on the confluence of rhetorical forms and their prescriptive relationship to intuitional forms and material practices. In the second chapter, I turn this critical lens on the work of Muhammad Yunus and Grameen bank. In particular, I focus on his rhetorical vision of social business as new form of capitalism and its specific manifestation in the Grameen Generalized System (GGS) of banking implemented in Bangladesh after 2001. In the third chapter, I consider the micro-political processes by which Yunus' articulation of the logic of micro-enterprise spread to galvanize an ever wider governing apparatus. In particular, I consider microfinance in the context of USAID's shift away from modernization programs as the chief policy tool for international rural development. Finally, in the conclusion, I evaluate three discursive effects of microfinance. First, I argue that the logic of microenterprise appropriates local systems of value and denominates them within financial capitalism. Second, I argue that the institutional uptake of microfinance mobilizes the logic of self-responsibility in order to neutralize the possibility of political dissent. Finally, I argue that the rhetoric of

¹⁶ Ronald W. Greene, "Another Materialist Rhetoric", *Critical Studies in Mass Communication*, 15 (1998): 27

microfinance territorializes the social responsibility of industrialized people in market logic of investment.

CHAPTER ONE: A TOPOLOGICAL APPROACH TO CRITICISM

Were an economist or political scientist to pick up this piece, odds are it would seem strange to her that a rhetorical scholar is setting out to study the complex process by which a new technique of finance became standard fare in international development policy. In comparison to, say, a criticism of Yunus' Nobel Lecture or an analysis of its reception in the global press, these broader, political questions may seem mismatched to this disciplinary perspective. Indeed, an attempt to study microfinance from the perspective of rhetoric presents an initial conceptual problem; it would be difficult to confine these questions to a purely discursive analysis. While certainly consisting of some discursive elements, the global practice of microfinance implicates a number of legal, institutional, and technological factors. For most rhetorical critics, an attempt to locate this whole complex of practices within a discursive construct poses a significant problem. Through adopting this omnipresent vision of discourse, the object domain available to rhetorical inquiry would simultaneously become infinite and lose its uniqueness vis-à-vis other disciplinary perspectives. Rather than fall prey to this sort of conceptual thinness, the approach advocated here maintains some distinction between the logic of microfinance, a discursive construct, and its practice. Locating analysis in the complex interaction between these two not strictly separate conceptual categories opens up the possibility of an analysis which answers the question: what insight regarding the

advent of microfinance can rhetoric provide that political science (or sociology, or economics, or any other of a number of disciplines) cannot?

To answer this question, one needs a conceptual framework that simultaneously resists the temptation to collapse all social effects into a discursive frame and provides a clear means of understanding the interaction between the rhetorical processes of discourse formation and the complex array of material practices that organize social life. The later works of French philosopher Michel Foucault provide just such a framework. Extending on Louis Althusser's work on overdetermination, Foucault posits that the act of governing in contemporary, neo-liberal societies happens in and through an array of *dispositifs*. Translated in English language scholarship as "apparatus", the *dispositif* represents a cobbled together cluster of practices, institutions (state and non-state alike), discourses, and other social constructs directed towards the management of a particular social problem. For instance, microfinance can be approached as a complex apparatus consisting of a variety of elements, some discursive, others not, working in interactive concert to articulate a set of economic development policy solutions. In order to map this multivariate process of interaction, Foucault schematizes his analysis of the governing apparatus into three aspects: an ensemble of heterogeneous elements, a system of correlations, and an exigent process of genesis.

First, Foucault stresses an analysis of government not bound to the state. In his view, state based power, instantiated in sites like the school or prison, is mutually productive with other forms of power caught up in private institutions like the church. From this perspective, a governing apparatus is a complex system of social organization

and control irreducible to the structure of state power. In general terms, Foucault defines the breadth of the apparatus in writing:

What I'm trying to pick out with this term is, firstly, a thoroughly heterogeneously ensemble consisting of discourses, institutions, architectural forms, regulatory decisions, laws, administrative measures, scientific statements, philosophic, moral, and philanthropic propositions – in short, the said as much as the unsaid. Such are the elements of the apparatus.¹⁷

The range of elements mentioned here provides an initial means of appreciating the complexity of the micro-financial apparatus. Just from the seemingly straightforward history provided in the introduction, the advent of the microfinance industry implicates a varied ensemble of institutions and practices ranging from Yunus' rhetoric on the nature of poverty to corporate interests and the semi-sovereign policy propositions of the United Nations General Assembly. Foucault's framework provides a means of capturing these various levels of interaction as constituent components of a larger formation.

The turn of phrase “thoroughly heterogeneous ensemble” marks Foucault's vision of the governing apparatus as resistant to structuralist definition. Foucault's approach retains the distinctness of the constituent elements by refusing to collapse them as manifestations of a larger homogenizing super structure. Instead, this characterization of government envisions the apparatus as an interactive and often contradictory problem space¹⁸. This refusal to theorize an inherent logic to underpin the function of a governing apparatus presents a small problem. The range of possible elements for consideration in

¹⁷ Michel Foucault, “The Confessions of the Flesh”, in *Power/Knowledge: Selected Interviews and Other Writings 1972-1977*, ed. Collin Gordon (New York: Vintage Books, 1980), 194

¹⁸ Stephen J. Collier, “Topologies of Power: Foucault's Analysis of Political Government beyond ‘Governmentality’”, *Theory Culture Society*, 26, no. 78 (2009): 80

an archeological task, such as the political question motivating this thesis, has no theoretical limitation. Towards resolving this problem, the rhetorical theorist Ronald W. Greene makes explicit an underlying typology of the elements implicated in Foucault's apparatus.

First, Greene usefully notes that government requires, as its most basic function, a regulatory relationship with a particular population. Greene puts it this way:

Government is never simply targeted at a population but rather moves through a population, inventing that population as an object of/for judgment. A governing apparatus regulates a population by encouraging them to adopt a new set of habits and behaviors. Thus a population emerges as both the subject and the object of change¹⁹.

In this analysis, an apparatus and a population, such as microfinance and the poor, are not strictly defined in relation to each other as subject and object. Rather, as two sides of the same coin, both are mutually constitutive. The congregation could not exist without the church any more than the church could function as such without its congregation.

Second, the process of mutual constitution by which a population emerges is structured through particular discourse strategies. Greene calls this the "publicity-effect"²⁰ of rhetoric. He writes: "A discourse strategy exists as a norm for evaluating the welfare of a population. A governing apparatus uses these norms to identify/construct problems in the 'habits, manners, and morals' of a population."²¹ In other words, the behaviors that government seeks to alter must first be made visible and placed in relation

¹⁹ Ronald W. Greene, *Malthusian Worlds: US Leadership and the Governing of the Population Crisis* (Boulder: Westview Press, 1999): 5

²⁰ Greene, "Another Materialist Rhetoric", 31

²¹ Greene, *Malthusian Worlds*, 6

to a judgment of the public welfare in order to become rearticulated as objects of social change. This process describes the emergence of population in relation to a governing apparatus and makes lucid the former's ability to function as both subject and object. Greene quotes Foucault: "He who is subjected to a field of visibility, and who knows it, assumes responsibility for the constraints of power; he makes them play spontaneously upon himself; he inscribes in himself the power relation which he simultaneously plays both roles."²² Based on this insight, the population itself is a rhetorical construct contingent upon this field of visibility. The publicity effect makes possible the amalgamation of individuals under a particular trait of similarity which, in turn, marks them as members of a population. Awareness of such is, for Foucault, the process by which the individual is taken up and transformed through a governing apparatus to become the "principle of his own subjugation"²³.

This basic system for understanding the emergence of a population suggests that rhetoric has a primary function in constitution of a governing apparatus. Greene continues: "rhetorical practices can challenge the norms of decision making privileged by a governing apparatus by deploying alternative discourse strategies, but they can also contribute to the continuation of a governing apparatus."²⁴ In this analysis, the coherence of a governing apparatus is contingent upon the rhetorical processes by which the dominant discourse strategy is produced. The way that these rhetorical practices link up

²² Greene, "Another Materialist Rhetoric", 31

²³ Ibid.

²⁴ Greene, *Malthusian Worlds*, 7

or disassemble the constituent technologies and institutions to an apparatus is determinative, for Greene, of the “production of a will to govern”²⁵.

Accordingly, these elements, technologies and institutions, represent the third and fourth categories in Greene’s typology, respectively. For Greene, “a technology is a practical logic that allows a particular type of work to be done.”²⁶ Rhetoric, as a practical logic that governs the production and spread of discourse, exists as one of these technologies, but in line with Foucault’s concern with the “said as much as the unsaid”, the term encompasses an ensemble of non-discursive types of work. Birth control, for instance, represents the culmination of a complex biochemical ensemble of technologies capable of performing a particular sort of work, preventing pregnancy. In this sense, the pill itself should be considered as conceptually distinct from the discourse strategies that contributed to its creation. Technologies represent the raw means by which institutions and populations interact. Greene defines institutions as “agents responsible for managing an institution.”²⁷ The broadness of this definition allows it to encompass the variety of state and non-state actors toward which Foucault gestures in his definition of a governing apparatus. The family, school, corporation, and state legislature are, in this schema, similarly positioned as institutions capable of representing and intervening in the lives of a population.

²⁵ Ibid., 8

²⁶ Ibid.

²⁷ Ibid.

With this basic typology at the critic's disposal, the range of elements implicated as raw materials in the concept of a governing apparatus is reduced to a manageable field for analysis; with this in mind, one can return to Foucault's analysis as it moves beyond a simple listing of the elements necessary to government to consider their combination in a coherent system. Foucault locates the term apparatus less in the ensemble of elements than in the process of their connection. He writes: "the apparatus itself is the system of relations that can be established between these elements. ... What I am trying to identify in this apparatus is precisely the nature of the connection that can exist between these heterogeneous elements."²⁸ Based on this description, consideration of a governing apparatus begs the question of what binds the complex of practices together. Put another way, imagine the set of practices identified above as the "thoroughly heterogeneously ensemble" as points in some multidimensional space. The shape bound by these points represents the constituent elements of the apparatus, but the apparatus itself cannot be described by a static spatial metaphor. By locating the analytic focus on the interaction between these points, the governing apparatus describes the process by which movements in the relative position of points alter and transform the shape. Foucault continues: "In short, between these elements, whether discursive or non-discursive, there is a sort of interplay of shifts of position and modifications of function which can also vary widely."²⁹ In his use of the spatial metaphor, Foucault focuses critical attention on the interplay between position and function within the apparatus. This shift suggests that the

²⁸ Foucault, "Confessions of the Flesh", 194

²⁹ Ibid., 195

apparatus is defined by the subtle distortions in shape and drag on other points the movement of one would generate.

Borrowing from a similar mathematical metaphor, Stephen J. Collier terms this sort of analysis in Foucault's thinking a "topology of power". He writes:

What we are dealing with – what is the 'most important thing' – are patterns of correlation among different forms of power, or to use a term that appears frequently in *Security, Territory, Population*, among different 'technologies of power'. One technology of power may provide guiding norms and an orienting telos. But it does not saturate all power relations. Rather, it suggests a configurational principle that determines how heterogeneous elements – techniques, institutional arrangements, material forms and other technologies of power – are taken up and recombined. This configuration of elements, and the principle through which they are related to each other is what Foucault calls a 'system of correlation'. It would be preferable, perhaps, to call it a topology of power.³⁰

Collier's reading makes explicit Foucault's tendency, in the passages above, to situate analysis of a governing apparatus within the interaction between elements rather than the elements themselves. This move requires understanding a particular apparatus as a function of the logic by which it is configured. Here, Collier usefully builds upon Foucault's analysis by explicitly considering the basic preconditions necessary to a technology functioning as a "configurational principle"; it must be able to provide norms of conduct and a guiding telos. But in this analysis, he is careful to avoid collapsing the whole system into these configurational principles. Instead he leaves open the possibility of tension within the power-structure which undergrids an apparatus. No single principle saturates all power relations. Rather, in this view, power is multiple and productive, not emanating from any single source.

³⁰ Collier, "Topologies of Power", 89

By this token, an apparatus is a constantly changing thing, taking new shape through the reconfiguration and recombination of existing elements to suit a contingent set of power relations and contexts. It is in this discussion of configurational principles that one can locate Greene's analysis of discursive strategies. He isolates rhetorical and discursive strategies as a special case of governing technology because they provide the basic means of judgment necessary to articulating a *telos* and norms of government. He writes:

Rhetorical practices function as a technology of deliberation by distributing discourses, institutions, and populations onto a field of action. In so doing, rhetoric allows for a governing apparatus to make judgments about what it should govern, how it should govern, as well as offering mechanisms for evaluating the success or failure of governing.³¹

Greene's version of the spatial metaphor visualizes the process of configuration in Collier's analysis. In any given apparatus, a particular topology emerges through an often controversial process of deliberation whereby multiple power relations and interests are combined into a contingent set of evaluative norms. Importantly, this approach does not imagine rhetoric as constitutive of all other technologies within a given field of action. Instead it positions rhetoric as a "binding" force that distributes and recombines other technologies towards a particular governing task and *telos*. Greene denotes this *telos* as the "public welfare" towards which government intervenes.

Foucault's third and final aspect of the apparatus hinges upon this conception of the public welfare. In order to describe the processes by which a new apparatus comes to recombine the elements of another, Foucault invites what he calls "strategic" analysis. He

³¹ Greene, "Another Materialist Rhetoric", 22

writes: “I understand by the term ‘apparatus’ a sort of – shall we say – formation which has as its major junction at a given historical moment that of respond to an urgent need. The apparatus thus has a dominant strategic formation.”³² The introduction of strategy as a major component in considering the genesis of a governing apparatus serves a twofold function for Foucault. First, it affirms the fact that a governing apparatus is always already historically embedded. That is to say, the existing technologies of the day, although possibly capable of permitting a near infinite number of combinations, represent a real limitation to the functioning of the government. As such, the prospect of articulating a configurational principle appropriate to the moment requires a measure of strategy. Second, strategy presumes an exigency. Foucault positions the governing apparatus as a responsive and reactive mechanism attempting to regulate and control deviation from a perceived norm. In other words, the introduction of “urgent need” in this analysis places all the more emphasis on the vision of public welfare presumed in the discourse strategies of a given apparatus. It is through deviation from this vision that public problems are identified such that a governing apparatus might be strategically articulated in response.

Foucault contends that the evolution of governing apparatuses can be traced to this strategic process of repositioning vis-à-vis a shifting set of objectives. Describing the process, he writes:

There is a first moment which is the prevalent influence of a strategic objective. Next the apparatus as such is constituted and enabled to continue in existence insofar as it is the site of a double process. On the one hand, there is a process of functional overdetermination, because each effect – positive or negative,

³² Foucault, “Confessions of the Flesh”, 195

intentional or unintentional – enters into resonance of contradiction with the others and thereby calls for a re-adjustment or a re-working of the heterogeneous elements that surface at various points. On the other hand, there is a perpetual process of strategic elaboration.³³

In general terms, this passage can be broken down to three procedures. First, Foucault notes that the genesis of government lay in the influence of a strategic objective. This objective is articulated to a particular set of public problems in need of restitution. In other words, the publicity effect, through which aspects of social life become objects of social change, is a prerequisite to the formation of a governing apparatus. Second, Foucault is quick to temper the possibility of real novelty in the creation of a new apparatus. Through a process he calls functional overdetermination, Foucault notes that each new “effect” taken into account in the process of configuration enters into a tensive network of others. Accordingly, the genesis of a new apparatus represents some continuity with the past, its elements being a recombination and redeployment of older configurations which, considering that the new configurational principle never fully saturates all power relations, continue to have vestigial effects. Finally, for Foucault, this process of strategic elaboration is never complete. The process is iterative and perpetual, reflecting the shifting exigencies and discourse strategies at hand.

Through centering the consideration of strategy, this image of the genesis and evolution of governing apparatuses hinges upon the discourse production of individual rhetors. As Greene’s analysis reveals, the discourse strategies through which strategic objectives emerge represent a process of deliberation structured through rhetorical acts. At this point, then, it is important to note that Foucault stops short of advocating a strict

³³ Ibid.

historical determinism. While bounding his analysis within functional overdetermination, his vision of strategy still suggests that rhetors possess a degree of agency. Along this line, Collier writes:

Foucault understood thinking not as an “anonymous, discursive thing” but as a ‘dynamic and heterogeneous process’ of critical reflection and intervention. In this view, thinking is not bound by a knowledge-power regime; it should not be analyzed, as Foucault argued in a late interview, as a ‘formal system that has reference only to itself’ Rather, it is an activity that involves ‘a degree of constraint as well as a degree of freedom’, that makes possible a certain critical distance from existing ways of understanding and acting.³⁴

In effect, Collier’s reading of Foucault suggests that, in the process of thinking, a rhetor can achieve a sort of critical distance from the discursive structures of the moment. This degree of freedom is always at least partially constrained, but it does suggest that individuals might be able to distance themselves from the prevalent systems of thought in the moment and think innovative solutions to present exigent issues. In turn, the expression and contestation of these thoughts provide Foucault a means of understanding the evolution of governing apparatuses through a series of micro-shifts in the dominant discursive strategies. By leaving open a degree of agential freedom, Foucault maintains the possibility of difference and discontinuity.

Borrowing from the parlance of cultural studies, articulation provides one means of conceptualizing this production of difference. Lawrence Grossberg defines the term in writing:

Articulation is the construction of one set of relations out of another; it often involves delinking or disarticulating connections in order to link or rearticulate others. Articulation is a continuous struggle to reposition practices within a

³⁴ Collier, “Topologies of Power”, 96

shifting field of forces. To redefine the possibilities of life by redefining the field of relations – the context – within which a practice is located.³⁵

In this analysis, the context within which a governing apparatus emerges is not a stable or fixed parameter. Instead, it is a rhetorically constituted field of relations. In this view, then, the field of action onto which the populations, institutions, discourse strategies, and technologies are distributed in order to engage a governing apparatus is itself nothing more than a field of irreducible difference only made intelligible through the disarticulation of past connections and formation of new ones. This constant struggle is mediated in and through rhetoric such that the critical distance illuminated in Collier's reading is a necessary prerequisite to government itself. Without it the strategic imagination necessary to redefining the possibilities of life would be unthinkable.

With articulation as the final piece, a relatively complete vision of rhetoric's role in the emergence and evolution of a governing apparatus is clear. To provide some summary of this relationship to the larger structure of government, Greene maps his theory of rhetorical materialism onto the governing apparatus through what he calls the double articulation. He writes:

In the case of a governing apparatus we can index the materiality of rhetorical practices as a double articulation: First, rhetorical practices contribute to the articulation of a governing apparatus by pulling together and distributing the elements and technologies required for making judgments about public welfare. Second, we can investigate how a governing apparatus attaches itself to its own historical conjecture in an attempt to program reality.³⁶

³⁵ Lawrence Grossberg, *We Gotta Get Out of this Place* (New York: Routledge, 1992): 54

³⁶ Greene, "Another Materialist Rhetoric", 35

From this insight, there are at least three critical tasks to consider in the case of microfinance. First, articulation positions the elements of a governing apparatus in relation to a particular vision of public welfare. This description begs the two fold question of which public is “visible” within the articulated logic and what is imagined as its welfare. Insofar as these images emerge in response to the “publicity effect” of particular discursive strategies, they ought to be subject to critique. In particular, it is important to consider the range of constitutive effects these discourse strategies may have on the subjectivity of the target population in the course of transforming it into the principle of its own subjugation. Second, articulation describes the contingent rhetorical process through which a particular view of public welfare is deployed in evaluation of present conditions. In other words, the critic must make explicit the connections between rhetorical forms and the material practices by which an apparatus evaluates the present state of a governed population. Uncovering the structure of this evaluative logic allows the critic to comment on the topology of power at work in a particular apparatus. Finally, the second moment of articulation, which historicizes the governing apparatus in its attempt to program reality, asks the critic to make explicit the prescriptive system that mediates an apparatus’ relationship to the governed population and makes available certain technologies to police that population. In other words, the critic must uncover the discursive strategies through which an apparatus contextualizes itself and its efforts. This analysis centers critical attention on where an apparatus disarticulates and delinks its components from their moorings in what came before as well how it maintains historical continuity.

It is worth noting that ascribing this sort of pervasive material force to rhetoric significantly alters the analytic task of the critic. Greene continues: “The logic of articulation begins the transformation of rhetorical studies from an interpretive project into a geographical project committed to mapping the multidimensional effectivity of reading, writing, and speaking”³⁷. According to this logic, the critic ought not to be particularly interested in a hermeneutic process of uncovering whatever truths lie in micro-financial rhetoric. A governmental critic is equally not concerned with an instrumental approach which attempts to diagram how a rhetor like Yunus goes about convincing his audience. Rather, the approach to rhetoric advocated here considers micro-financial speeches and articles a fragmented representation of a larger discourse on economic development and poverty alleviation. Interested in uncovering the underlying “geography” of this discourse, this criticism hopes to elucidate the relative positions of various governing intuitions, including the state, non-profits, and private businesses, and the ways that the poor are bound to each within the logic of micro-enterprise. Towards this end, the next chapter adopts this topographic frame of criticism to analyze the genesis of microfinance in its contemporary form through the rhetoric of Muhammad Yunus.

³⁷ Ibid.

CHAPTER TWO: BANKER TO THE POOR

Shortly after accepting his Nobel Prize, Muhammad Yunus published his second book, *Creating a World Without Poverty: Social Business and the Future of Capitalism*, outlining his theory of social business. Within the text, he claims that the basic philosophy espoused in the work of Grameen represents a new system of economic production, one governed by the rigorous competition of contemporary capitalism but motivated by a reformed social awareness. As the title suggests, he positions this new “social” model of business as a final panacea for the problem of poverty. This future evolution of capitalism to serve the impoverished is, for Yunus, predicated on recognizing and reforming the present inequities of capitalist production. In the introduction of the book, he writes:

What is wrong? In a world where the ideology of free enterprise has no real challenger, why have free markets failed so many people? As some nations march toward ever greater prosperity, why has so much of the world been left behind? The reason is simple. Unfettered markets in their current form are not meant to solve social problems and instead may actually exacerbate poverty, disease, pollution, corruption, crime, and inequality.³⁸

Reading this passage one might conclude, based on his rather explicit critique of contemporary capitalism, that Yunus is a radical, advocating for a fundamental shift away from the ideology of free enterprise. A Marxist historical determinism follows almost naturally from Yunus’ writing. The paradoxes of exacerbated poverty, disease, and

³⁸ Yunus, “Creating a World without Poverty,” 17

pollution would cause capitalism to crumble under its own weight, ushering in a new future of economic relations.

It is almost puzzling, then, that the very next sentence reads:

I support the idea of globalization—that free markets should expand beyond national borders, allowing trade among nations and a continuing flow of capital, and with governments wooing international companies by offering them business facilities, operating conveniences, and tax and regulatory advantages.³⁹

Yunus is quick to remind his readers that he does not support a radical departure from the capitalist system. Rather, based on this affirmation, he is explicitly a devotee of the free-enterprise ideology he critiques in the preceding passage.

To square these two seemingly contradictory stances, one must carefully attend to his rhetoric. Yunus does not critique the essence of free-enterprise or free trade. Rather, he is concerned only with “unfettered markets in their current form”. From the outset, then, Yunus’ vision of social business is predicated on a delineation between the free market as an idealized form and its particular material manifestations. He continues: “Globalization, as a general business principle, can bring more benefits to the poor than any alternative. But without proper oversight and guidelines, globalization has the potential to be highly destructive.”⁴⁰ Based on this qualification, his vision of social business ought to be read as an attempt to articulate a new set of guidelines by which entrepreneurs, investors, and governments can manage the process the globalization.

This image of Yunus’ core thesis at the height of his career does much to contextualize his earlier work with microfinance. In almost every sense of the word, his

³⁹ Ibid.

⁴⁰ Ibid.

basic motivation is idealist. His vision of the end of poverty is more than a simple flourish; it is a real and orienting *telos* driving an attempt to articulate a new regime of production and development. In much the same way Greene uses the term, this *telos* renders a guiding image of public welfare such that the value framework upon which microfinance is constructed is most clearly articulated in these writings on social business. Because it was published well after Grameen was established, these works can be approached as a reflection on Yunus' career that crystalizes his basic philosophy. They distill the basic logic of microfinance and, by that token, offer real insight into the processes by which a microfinancial apparatus functions.

The genesis of microfinance is significantly clearer from the perspective of the more mature Yunus for two reasons. First, these later reflections represent his thesis after "working out the kinks" in the early years of Grameen. The fact that *Creating a World without Poverty* was published in 2007 suggests that the bulk of the text was written during or on reflection after the 2001 introduction of "Grameen Bank II", a microfinance methodology informed by Grameen's experience since its conception in 1976⁴¹. Second, this work may be considered more indicative of Yunus' thoughts on Grameen as a model for replication elsewhere. Quickly after the book's publication, the social entrepreneurship organization Ashoka republished the introduction on a variety of platforms, suggesting Yunus' intention to quickly disseminate this later representation of

⁴¹ Muhammad Yunus, "Grameen Bank II", *The Grameen Foundation*, Accessed March 18, 2014, http://www.grameen-info.org/index.php?option=com_content&task=view&id=30&Itemid=7642.php?option=com_content&task=view&id=30&pop=1&page=0&Itemid=764, 1

his views amongst a particular development oriented audience⁴². Taken together, these two observations warrant analysis of the social business framework laid out in *Creating a World without Poverty* as indicative of the reasoning that motivates microfinance in its most well developed and mature formation.

Based on this conclusion, the critical task in approaching Yunus' rhetoric begins with locating, within *Creating a World without Poverty*, a general statement of the value system that galvanizes his depiction of welfare. In a more traditional rhetorical parlance, this touchstone of Yunus' articulation should be identifiable within what Burke calls a "representative anecdote". Rhetorical critics Foss and Domenici define this rhetorical trope in writing:

[A] representative anecdote must be sufficiently broad or representative enough to cover the conditions it contains but also sufficiently simple 'in that it is broadly a reduction of the subject matter'. A representative anecdote is 'a summation, containing implicitly what the system that is developed from it contains explicitly'⁴³.

In this analysis, a representative anecdote performs two rhetorical functions. First, the metaphor is sufficiently broad that it encompasses and galvanizes the rhetorical system in the remainder of the piece. Second, the metaphor itself implicitly contains the basic reasoning which the remainder of the rhetoric labors to make explicit and persuasive.

One candidate for this broad articulation of Yunus' system of reasoning is his metaphoric representation of the global economy as a highway. First introduced in his

⁴² See the Muhammad Yunus, "Creating a World without Poverty: Social Business and the Future of Capitalism", *Global Urban Development*, 4.2 (2008): 16-41

⁴³ Karen A. Foss and Kathy L. Domenici. "Haunting Argentina: Synecdoche in the Protests of the Mothers of the Plaza de Mayo." *Quarterly Journal of Speech* 87. 3 (2001): 242

Nobel Lecture⁴⁴, this metaphor serves as the organizing trope of his writing in the introduction to *Creating a World without Poverty*. Therein, he writes:

Global trade is like a hundred-lane highway, criss-crossing the world. If it is a free for all highway, with no stoplights, speed limits, size restrictions, or even lane markers, its surface will be taken over by the giant trucks from the world's most powerful economies. Small vehicles – a farmer's pickup truck or Bangladesh's bullock carts and human-powered rickshaws – will be forced off the highway.⁴⁵

To substantiate this metaphor's function as a representative anecdote, it is useful to consider its antecedent "broadness" through an additional rhetorical trope. Wit describes the process by which a single metaphor focuses multiple representations into a cohesive conveyed image. Eubanks and Schaffer provide a brief definition of the process:

[T]he overlapping of two 'information packets' resembles what 17th and 18th century rhetoric called *acutezze*, which is usually translated into English as 'wit'. Vico and other baroque theorists describe *acutezze* as the focusing of two or more lines of thought on a single point⁴⁶.

The highway metaphor performs this focusing of thought by collating representations of multiple facets of globalized economics into a single image. First, the metaphor depicts global trade as a motor way. This depiction positions economic producers, whether they be large corporations or entire economies, as different modes of conveyance. With this image in mind, economic production and trade are necessarily instrumentalized as morally neutral tools. In turn, this depiction focuses a particular depiction of poverty. When the capitalist structures of global trade are instruments without inherent class or

⁴⁴ Yunus, "Nobel Lecture", 6

⁴⁵ Yunus, "Creating a World without Poverty", 17

⁴⁶ Philip Eubanks and John D. Schaeffer, "A dialogue between traditional and cognitive rhetoric: Readings of figuration in George W. Bush's "axis of evil" address." *Rhetoric Society Quarterly* 34, no. 2 (2004): 66

geographic implications, the metaphor focuses an image of poverty as an issue of access to capitalism. The notion of the impoverished “being forced off” the highway suggests that poverty is an issue of access to the capitalist market rather than a byproduct of its construction. There is no mention of whose land the highway was constructed upon or the displaced masses necessary to maintaining the capitalist highway and easement.

Based only on this brief analysis, an implicit vision of the central public problem towards which Yunus directs his rhetoric, poverty, can be seen operating within the highway metaphor. This broad combination of depictions within this metaphor contributes to its ability to contain Yunus’ articulation as a representative anecdote. Eubanks and Schaffer continue: “The Aristotelian-baroque model [of wit] features simultaneity. The figure compresses several predications that the hearers must tease out”⁴⁷. Broadly speaking, this process of “teasing out” the implications of Yunus’ representative anecdote reveals within its metaphoric depiction the necessary components of a system of practical reasoning. Considering the analysis above, Greene suggests three components of practical reasoning which ought to be teased from this metaphor in order analyze its capacity to articulate a governing logic: a stable vision of public welfare, criteria for judgment, and stable historical placement.

First, an idea of public welfare begs a twofold question. It requires the critic to consider which public is made visible on a particular field of practical reasoning and what state is imagined as its welfare. With regards to the former concern, the highway

⁴⁷ Ibid., 67

metaphor is revealing. Yunus is explicitly concerned with those who are forced off the highway in the status quo. He continues:

Business cannot be mandated to fix problems: it needs an incentive to want to do so. Traffic rules can make a place for small cars and trucks and even rickshaws on the on the global economic highway, but what about the millions who do not own even a modest vehicle?⁴⁸

This second iteration of the highway metaphor isolates a very particular population as the focus of Yunus' efforts: the poorest of the poor. This category of the impoverished represents the segment of the population completely unable to engage in the capitalist marketplace. No amount of government intervention and regulation of the economy, here represented as "traffic rules", can allow them access to the market because they lack the basic implements, "a modest vehicle", of production. Yunus makes this statement of objective in explicit terms as the first stipulation of his "Credit Delivery System", an early statement of Grameen's banking methodology. Therein, he writes:

1. There is an exclusive focus on the poorest of the poor
Exclusivity is ensured by:
 - i) Establishing clearly the eligibility for selection of targeted clientele and adopting practical measure to screen out those who do not meet them
 - ii) In delivering credit, priority has been increasingly assigned to women
 - iii) The delivery system is geared to meet the diverse socio-economic development needs of the poor⁴⁹

⁴⁸ Yunus, "Creating a World without Poverty", 19

⁴⁹ Muhammad Yunus, "Credit Delivery System", *The Grameen Foundation*, Accessed March 18, 2014, http://www.grameen-info.org/index.php?option=com_content&task=view&id=24&Itemid=127,1

According to this first provision, Grameen is explicitly concerned only with those individuals currently “ignored” by the existing financial markets. Those who already have reliable access to the capital necessary to micro-enterprise should be screened out at the onset. This requirement dovetails nicely with the second; Grameen is increasingly interested in lending to women. Again, women are more likely to face structural impediments in shifting their productive labor from the informal to the formal economy.

The final provision in this passage points to the vision of public welfare in Yunus’ micro-entrepreneurial model. Returning to the highway metaphor, the transit system Yunus describes is markedly devoid of public options. The role of government is imagined as the provision of “traffic rules” that allow access on the highway to even the most modest of rickshaws, but it explicitly cannot provide access to those without their own vehicles. The ideal state implied within this description of the poorest people is one in which they have their own means of transportation. Following the logic of the analogy, the ideal of public welfare invoked within the highway metaphor is one wherein even the poorest of the poor have access to means of production necessary to lift themselves from poverty. These productive capacities are the “diverse socio-economic development needs” referenced in Yunus’ rhetoric. In an article entitled “Breaking the Vicious Cycle of Poverty through Microcredit”, available in the methodology section of the Grameen website, he makes this implicit claim explicit:

The assumption is that if individual borrowers are given access to credit, they will be able to identify and engage in viable income generating activities - simple

processing such as paddy husking, limemaking, manufacturing such as pottery, weaving, and garment sewing, storage and marketing and transport services.⁵⁰

This explicit treatment adds a few aspects to the image. First, it makes clear the implication in the highway metaphor that the sort of economic empowerment sought after in microfinance is individual and atomized. Second, it focuses on credit as the primary barrier to entry preventing the poor from entering the formal economy. Third, based on the previous two observations, it elides any structural impediments to economic opportunity beyond access to credit. This image of public welfare bases itself on a depiction of the poor as savvy, entrepreneurs in waiting, already imbued with the knowledge, skills, and physical capacities to enter the market as cost-competitive, albeit small scale, producers if only given the chance. Though it is interestingly posed as only an assumption, this vision, of women engaged in micro-enterprise bootstrapping themselves out of poverty, pervades the entire project of microfinance as the guiding conception of public welfare.

This credit oriented vision of public welfare invites consideration of the second element of Yunus' field of practical reasoning: criteria for evaluation. At this point, it is clear that Yunus' primary evaluative concern regarding poverty is access to credit. A critical interest in Yunus' practical reasoning, however, cannot be satisfied with this relatively straightforward identification of Yunus' implied *telos*. Rather, following Greene, "it would be useful to think practical reasoning in Foucauldian terms, as human technologies"; quoting Nikolas Rose, he provides some clarity to what is meant in this

⁵⁰ Muhammad Yunus, "Breaking the Vicious Cycle of Poverty Through Microcredit", *The Grameen Foundation*, Accessed March 18, 2014, http://www.grameen-info.org/index.php?option=com_content&task=view&id=25&Itemid=128, 1

passage: “Human technologies involve the calculated organization of human forces and capacities, together with other forces – natural, biological, and mechanical – and artifacts – machines, weapons – into functioning networks of power.”⁵¹ As noted in the first chapter, Greene locates rhetoric as a technology of deliberation, a process that mediates this calculation as a “technique that makes meaning possible”⁵². By locating as his central problem the lack of access to credit amongst the poor, Yunus bemoans the present calculation of their capacities that fails to properly envision them as worthy clientele for financial opportunity. In other words, he seeks to intervene in the deliberative technology of “creditworthiness” as a means of evaluating the poor.

Yunus makes this intention clear in his rhetoric recalling Grameen’s founding. For instance, in his Nobel Lecture, he explains his initial inspiration for Grameen. According to the narrative, while working in 1974 as a lecturer in a small Bangladeshi village, “I was shocked to discover a woman in the village, borrowing less than a dollar from the money-lender, on the condition that he would have the exclusive right to buy all she produces at the price he decides. This, to me, was a way of recruiting slave labor.”⁵³ Revolted by these predatory lending practices in the informal market for loanable funds, Yunus sought relief for the victims. In the immediate, he identified 42 “victims” of the local money lender and took over their collective \$27 in debt. He was surprised by the enthusiasm of the community at this small gesture and the speed at which his loans were

⁵¹ Greene, “Another Materialist Rhetoric”, 30 (quoting Nikolas Rose)

⁵² Ibid

⁵³ Yunus, “Nobel Lecture”, 1

repayed once they were placed under fair terms. Indeed, the experience inspired him to work towards integrating these poor women into the formal banking system. He continues:

The first thing I did was to try to persuade the bank located in the campus to lend money to the poor. But that did not work. The bank said that the poor were not creditworthy. After all my efforts, over several months, failed I offered to become a guarantor for the loans to the poor. I was stunned by the result. The poor paid back their loans, on time, every time! But still I kept confronting difficulties in expanding the program through the existing banks. That was when I decided to create a separate bank for the poor.⁵⁴

This narrative of Grameen's founding and the inspiration for microcredit makes clear the basic structure of Yunus' goals. His project is very explicitly an attempt to fold the poor into the structure of the formal financial system and, by extension, the highway of global trade. In this regard, Yunus locates the deliberative technology of "creditworthiness" as the primary impediment. He notes an incongruity between the bank's portrayal of the poor as un-creditworthy and his experience of the poor consistently making their payments on time. Grameen, the eventual outcome of his idea to found a "separate bank for the poor", is designed to intervene within this gap. Grameen, then, can be read as an attempt to rearticulate the rhetoric of creditworthiness such that it can properly calculate the capacities of the poor.

Before turning to the final element of Yunus' practical reasoning, attachment to a historical conjecture, some summary is useful as context. Through analysis of the first two aspects of Yunus' articulation, it is clear that he identifies a particular population (the poorest of the poor), imagines for them a specific vision of public welfare (improved productivity through micro-enterprise), and positions his work as an intervention into the

⁵⁴ Ibid., 2

human technologies that insulate the poor from the opportunities afforded in formal banking (creditworthiness). These observations beg a relatively straightforward question. If Grameen is a technological innovation aimed at the integration of the poor into financial capitalism through these moves, what is the relationship between Yunus' imagined capitalism and its present iteration? Towards this question, a topological criticism of Yunus' rhetoric requires explicit consideration of his attempts to historicize microenterprise within contemporary capitalism.

Beginning with the highway metaphor, microenterprise's connection to the historical conjecture of global capitalism might be summarized as reformist. Yunus' critique does not identify inherent problems with the processes of globalization; rather, in selecting the transit metaphor, he positions the capitalist structures that underlie globalization as analogous to basic infrastructure. Based on this analogy, one can "tease out" a vision of Yunus critique that avoids consideration of the inherent structures of the capitalist marketplace in favor of critiquing particular practices that currently deny access to the poor.

Returning to *Creating a World without Poverty*, Yunus describes his vision of a reformed capitalism in writing:

Mainstream free-market theory postulates that you are contributing to the society and the world in the best possible manner if you just concentrate on getting the most for yourself. When believers in this theory see gloomy news on television, they should begin to wonder whether the pursuit of profit is a cure-all, but they usually dismiss their doubts, blaming all the bad things in the world on "market failures." They have trained their minds to believe that well-functioning markets simply cannot produce unpleasant results.⁵⁵

⁵⁵ Yunus, "Creating a World without Poverty", 26

Yunus' is critical of this vision of mainstream market theory. He is weary of the processes by which adherents to this market ideology rationalize news which questions the benevolence of profit seeking as mere market failure. This line of reasoning bases criticism in the processes by which free market adherents have "trained their minds". Yunus calls this problem the "conceptualization failure"⁵⁶ of contemporary capitalism.

He continues:

Our economic theory has created a one-dimensional world peopled by those who devote themselves to the game of free-market competition, in which victory is measured purely by profit. And since we are persuaded by the theory that the pursuit of profit is the best way to bring happiness to humankind, we enthusiastically imitate the theory, striving to transform ourselves into one-dimensional human beings. ... Yet the reality is very different from the theory. People are not one-dimensional entities; they are excitingly multi-dimensional. Their emotions, beliefs, priorities, and behavior patterns can best be compared to the millions of shades we can produce from the three primary colors.⁵⁷

The conceptualization problem of contemporary free-market theory can be summarized as its enshrinement of a one dimensional being, homo economus, as the purely self-interested and rational prescriptive model of humanity. Yunus is concerned about the mimetic spiral linking this prescriptive vision to individual material practices. The processes of global capitalist expansion that continue to marginalize the poor are the result of business leaders "emphatically imitating" this theory. In place of these practices, Yunus' positions his project, social business, as an affirmation of human multi-dimensionality.

⁵⁶ Ibid.

⁵⁷ Ibid., 27

At this point, it may seem, in contrast to the intonation of the highway metaphor, that Yunus is proposing a fundamental break with the conceptual structure of capitalism. Quickly after offering this critique, however, he neutralizes this possibility. In line with the image of basic infrastructure, Yunus proposes merely using the structures of capitalism in a different fashion, one that affirms the multiple dimensions of human life.

He continues:

To make the structure of capitalism complete, we need to introduce another kind of business—one that recognizes the multidimensional nature of human beings. If we describe our existing companies as profit-maximizing businesses (PMBs), the new kind of business might be called social business. Entrepreneurs will set up social businesses not to achieve limited personal gain but to pursue specific social goals.⁵⁸

In this passage, social business is posed as an extension and completion, rather than replacement, of capitalism. Social businesses function much like PMBs. They are expected to recover their operating costs through sale of goods and services to the poor⁵⁹, compete for market share with other social businesses and PMBs⁶⁰, and even internally generate the surplus revenue necessary for expansion⁶¹. In terms of financial structure, then, social businesses operate as non-loss, non-dividend entities that must recover, with interest, the seed money of investors but do not pay dividends out of surplus revenue. All such revenue is reinvested towards expansion of the social business venture. To put it in

⁵⁸ Ibid.

⁵⁹ Ibid., 28

⁶⁰ Ibid., 31

⁶¹ Ibid., 29

the most succinct terms, a social business is an extension of the capitalist “management principles”⁶² of PMBs in accordance with a “social-benefit principle”⁶³.

In this sense, the processes by which Yunus positions his project vis-à-vis the historical conjecture of contemporary capitalism is revealing. To use Greene’s vocabulary, the social business model seeks to program reality in accordance with the management principles of capitalism. Yunus is uninterested in altering the received wisdom of free market prosperity. Rather, he is interested in applying the insights of free market practice to a number of problems and dynamics currently positioned as outside capitalist economics. With this relatively complete schematic of Yunus’ field of practical reasoning, the topological framework begs a consideration of how this discursive construct articulates a material governing apparatus. In other words, the analysis to this point is incomplete. To understand the entire topology of power implicated in Yunus work, one must turn critical attention to the distribution of these raw elements onto a field of action.

This new task can be satisfied in consideration of the design of “Grameen II”, the internal name for the bank’s operating methodologies after adopting the revised “Grameen Generalized System” in 2001. As its most basic intervention into the lives of the poor, this system is premised on two fundamental loan types, basic and flexible. Each is positioned in relation to what, in reference to the analysis at the beginning of this chapter, is called the micro-credit highway. As a measure of progress towards its vision

⁶² Ibid., 28

⁶³ Ibid., 29

of social welfare, the bank's purpose is to help its clients move down the highway. Yunus writes:

I have been describing the basic loan as the "Grameen micro-credit highway". As long as the borrower keeps her schedule, she moves forward uninterrupted with ease and comfort on the micro-credit highway. She can pick up speed according to the rules of the highway. If she drives well she can shift to higher and higher gear. In other words, on the Grameen highway, a borrower can routinely upgrade her loan size at each cycle of loan. This is done on the basis of predetermined rules. She knows ahead of time how much enhancement in loan size is coming, and can plan her activities accordingly.⁶⁴

The basic premise of the Grameen Generalized System is to enroll borrowers in a scheme of increasing loan amounts, allowing them to "shift gears" into larger and larger enterprises. Based on Yunus' conception of public welfare, this process of slow reinvestment into the productive capacities of micro-entrepreneurs is the basic means of empowerment and individual poverty alleviation.

In another sense, progress down the highway, wherein borrowers are authorized to upgrade their loan amounts and terms, can be conceptually correlated to increasing creditworthiness. By this logic, the basic and flexible loans, as the means of shuttling down the highway, can be read as technologic innovations designed to recognize and improve the creditworthiness of borrowers. The basic loan is designed as the primary system of lending by which borrowers make progress along the highway. Borrowers with a basic loan improve their creditworthiness in an expansionary loop. By demonstrating their ability to repay the present loan amount, they qualify themselves for larger loans in an iterative process. This process of expanding access to credit is buttressed by two

⁶⁴ Muhammad Yunus, "Grameen Bank II", *The Grameen Foundation*, Accessed March 18, 2014, http://www.grameen.com/index2.php?option=com_content&task=view&id=30&pop=1&page=0&Itemid=764, 1

disciplinary processes which encourage repayment. The first occurs upon entrance to the Grameen microcredit highway and the second occurs through the flexible loan as a detour from it.

The first disciplinary innovation Grameen II implements to ensure the creditworthiness of its poor debtors occurs before the first loans are dispersed. Given that the poor lack collateral to guarantee equity on a loan, microlending must envision a base level of creditworthiness applicable to even the most destitute. Grameen II intervenes at this level by transforming reputation and social connections into implements of collateral.

Yunus writes:

The Grameen Bank is based on the voluntary formation of small groups of five people to provide mutual, morally binding group guarantees in lieu of the collateral required by conventional banks. At first only two members of a group are allowed to apply for a loan. Depending on their performance in repayment the next two borrowers can then apply and, subsequently, the fifth member as well.⁶⁵

Although Grameen does not go so far as to disperse loans with a formal sort of group liability, the idea of a “morally binding” compact does imply that the groups ought to use the expectation of repayment as a shaming mechanism. This effect is compounded by the fact that the other members of the group have a financial incentive to encourage repayment. If initial loans are paid, the remaining members of the group have access to loans themselves. In other words, they have a monetary payoff associated with goading their fellows into good financial practice. Framing repayment as a moral duty to one’s peers, then, transforms one’s social standing and dignity into a sort of social capital with real financial value.

⁶⁵ Yunus, “Breaking the Vicious Cycle of Poverty through Microcredit”, 1

The second process by which the Grameen II's lending system disciplines borrowers towards its prescriptive vision of creditworthiness occurs once maintenance on a loan becomes too burdensome. In the event that a borrower is unable to make regular payments on a loan, the basic loan's conditions are altered using a flexible loan template. Invoking the microcredit highway metaphor again, Yunus continues:

If a borrower faces engine trouble (business slow-down or failure, sickness, family problems, accidents, thefts, natural disaster, etc.) and cannot keep up with the highway speed, she has to quit the highway and take an exit on to a detour called a "flexible loan" or "flexi-loan". This detour will allow her a slower speed consistent with her situation. Now she can reduce the installment size that she can afford to pay, by extending the loan period. Taking a detour, however, does not in any way imply that she has changed the objective of her journey. She still proceeds with the same objective, but only through a winding narrow road for a while.⁶⁶

Interestingly, the parenthetical clause in this section is the only section in the "Grameen II" piece that mentions the possibility of other impediments to successful micro-entrepreneurship other than access to credit. All of the contingencies within the parenthesis, however, seem like highly probable outcomes of failure for a poor woman attempting to operate a productive micro-enterprise independently. That said, it would seem that Yunus' use of the transit metaphor significantly softens much of his message in this passage. A narrow and winding detour at slower speeds does offer the borrower a significant amount of relief when unable to keep up with the pace of the highway, but it also suggests a much longer path to prosperity. In actuality, this detour forces the borrower backwards. Yunus is more explicit in a later passage: "One big disincentive for a borrower to take the flexi-loan detour is that the moment she exits from the basic loan

⁶⁶ Yunus, "Grameen II", 3

highway, her loan ceiling, that she has built over years, gets wiped out.”⁶⁷ In other words, the flexi-loan detour functions as a major disciplinary implement. Regardless of the success of their business, borrowers have a significant financial incentive to pay installments on their loans and avoid restructuring. Losing access to credit in this sort of detour is analogous, in the case of Grameen’s novel articulation of credit, to bankruptcy in the contemporary credit apparatus.

Taking together these disciplinary technologies⁶⁸ operate within Yunus’ logic of microenterprise to constitute a new means of determining and actualizing creditworthiness among the poor. Yunus boasts throughout his work of loan recovery rates routinely over 95%⁶⁹, signaling the effectiveness of his system in identifying and capitalizing upon a potentiality of the poor overlooked in traditional credit practices. In other words, the success of the Grameen Generalized System is itself a sort of publicity effect, one that signals the existence of this debt carrying potential and centers it as an object for governmental intervention. It would not be much of an overstatement to note that the effects of recasting the poor in and through this creditworthiness calculation warranted a significant shift in the global policy response to poverty. The next section moves from a functional description of microfinance to consider the political processes through which this assemblage of technologies spread. In analyzing this process of

⁶⁷ Ibid.

⁶⁸ In Foucault’s schema, these loan techniques might be considered technologies of power “which determine the conduct of individuals and submit them to certain ends or domination”. See Greene, “Another Materialist Rhetoric”, 30.

⁶⁹ Yunus, “Grameen Bank at a Glance”, *The Grameen Foundation*, Accessed March 18, 2014, http://www.grameen-info.org/index.php?option=com_content&task=view&id=26&Itemid=175, 1

chaining out, focus must shift away from Yunus' original articulation to consider the whole array of micropolitical processes by which the logic of microfinance was taken up and transformed.

CHAPTER THREE: POPULARIZING THE BOOTSTRAP SOLUTION

Yunus' new methodology for determining and disciplining creditworthiness amongst the poor did not remain isolated to Grameen's work in Bangladesh for long. Indeed, as early as 1980, the United States Agency for International Development (USAID) began sponsoring the development of microfinance institutions in Latin America. By tracing their basic seed funding and technical assistance grants, it can be argued that FINCA in Bolivia, Genesis in Guatemala, and Calpia in El Salvador, three of the largest early microfinance institutions (MFIs), were each conceived thanks to an early and aggressive adoption, within USAID, of the logic of microfinance⁷⁰. Dale Adams, a development economist who worked with USAID through the Ohio State University at the time, locates these early microcredit projects at the forefront of "AID's contribution to forming a new paradigm" for economic development; further, he credits the agency's success in collecting "applications of this new paradigm" and fostering the education of "a substantial number of individual supporters of the new paradigm" for its uptake as standard development policy during this period⁷¹. Through this process of direct financial support and human capital accumulation, this paradigm shift in the early 1980's policy framework within USAID, provides an illustrative case study of the earliest and, in many

⁷⁰ Dale Adams, "The Birth of a New Paradigm in Rural Finance" (Contracted under AID-OAA-TO-10-00017, USAID's Legacy in Agricultural Development, Washington DC, 2011): 8

⁷¹ *Ibid.*, 4

ways, most influential institutional processes through which the logic of microfinance was taken up and integrated into the larger apparatuses of international development aid.

To explicate this paradigm shift and microfinance's role in it, it is useful to turn to the institutional history of USAID. In early 2011, the organization commissioned a series of reports tracing its legacy in agricultural development. In the hopes of centralizing institutionalized knowledge from "a wide sample of former and current USAID staff and contracting and cooperating partners"⁷², these reports are a very revealing account of the various strands of economic rhetoric deployed in USAID's history. The introduction to one of these reports, entitled "USAID's Key Achievements in Rural Enterprise Development", contains a particularly telling overview of the changes in the agency's self-styled mission. The authors write:

USAID has long pondered the following questions: How best to contribute to structural economic transformation to lift developing countries' poorest out of poverty? How best to support increases in rural productivity to catalyze the transition to higher skilled, more productive employment in industrial and service sectors? How best should US assistance provide meaningful opportunities to generate wealth for small farmers and rural enterprises around the world? How best to connect the world's rural poor to markets? And how might USAID harness the power of markets and the resources of the buyers and multinational corporations that motor them on behalf of its clients, the rural poor?⁷³

This progression is perhaps the most explicit tracing of the institutional paradigm shift implicated in microfinance's rise to prominence. The passage opens with a very basic summary of USAID's chartered purpose, to extend US strategic and humanitarian interests in the alleviation of global poverty. Through the course of passage, this basic

⁷² "USAID's Key Achievements in Rural Enterprise Development" (Contracted under AID-OAA-TO-10-00017, USAID's Legacy in Agricultural Development, Washington DC, 2011): 5

⁷³ Ibid., 6

goal transforms reflecting the “rise of the private sector paradigm”⁷⁴. First, it becomes associated with the enhancement of productivity and shifting the structural makeup of developing economies towards “higher skilled” production. Then, in the third question, these macroeconomic concerns are displaced with a micro focus on the ability of individual entrepreneurs to generate wealth. The fourth question explicitly links the goal of poverty reduction to process of globalization, and the fifth renders the meaning here clear. Within the new paradigm, USAID pictures one of its goals as forging conduits between the poor and multinational corporate interests.

This progression towards ever greater market orientation in economic development reveals the crux of conversation between Yunus’ work and USAID’s. Recall from the last chapter that the logic of microenterprise links poverty alleviation to increases in productivity through a general policy of integrating the poor to the “global highway” of capitalist globalization. These questions take the narrative a step further. Here, large multinational corporations provide the “motor” for this project of economic inclusion. The similarity in metaphor use between Yunus’ work on social business and this USAID internal report are more than likely purely coincidental, but they do provide a useful overview of the role microfinance played in this paradigm shift. In Yunus’ rhetoric, microfinance renders a *telos* of economic development that focuses on individual poor families escaping poverty through their own entrepreneurial prowess. The logic of microenterprise upon which Yunus’ work relies repositions the poor as the agents of their own development and imagines the chief impediment to growth as the

⁷⁴ Ibid., 13

inability to access the marketplace. The difference between this depiction and the one represented in the progression of questions above is one of scale. Whereas Yunus' *telos* consists of empowering individual poor persons through connection to the marketplace, the USAID depiction mobilizes the "motors" of the marketplace to forge connections with the poor. The purpose of this chapter is to track and criticize this process of scaling. Through the paradigm shift at USAID, the logic of microenterprise transformed from individual poor women bootstrapping themselves to better economic positions to depict the extension of corporate interests to poor communities as tantamount to economic development.

In considering this process of chaining out, it is no longer useful to confine criticism to microfinance as an apparatus onto itself; rather, to trace of the uptake of Yunus' articulation in a more global context, microfinance must be understood within a much larger complex of technologies. Herein, the scholarship of rhetorical theorist Joshua Hanan provides a useful intervention into the topological methodology deployed in this study thus far. Hanan provides a means of understanding the relationship between multiple scales of economic governance. To clarify the sort of critical task necessary here, he warns:

Unless rhetorical critics go beyond the immediacy of a particular rhetorical situation and account for the discursive spaces of cultural and institutional production that enable a particular president or policymaker to become a nodal point of economic meaning in the first place, rhetorical criticism will end up obfuscating, rather than clarifying, the radical rhetoricity of economics.⁷⁵

⁷⁵ Joshua Hanan, "From Economic Rhetoric to Economic Imaginaries: A Critical Genealogy of Economic Rhetoric in US Communication Studies" in *Communication and the Economy: History, Value and Agency*. Eds. Joshua Hanan and Mark Hayward. (New York: Peter Lang International, 2013): 73

In a project such as this one, Hanan effectively refocuses analysis on the processes of cultural and institutional production through which an articulation native to a given microsystem, such as retail finance, can become a nodal point anchoring a larger ecosystem of economic discourse. Abiding by this advice, one can approach Yunus' articulation in conversation with the larger discursive shifts taking place at the same time in institutions like USAID. Instead of confining analysis to a textual consideration of how Yunus' might have conjured, through his persuasiveness, a taste for microfinancial methodologies in the agency, Hanan's perspective invites critical consideration of the productive power structures that incrementally motivated this shift.

This analytic focus warrants Hanan's turn to the "radical rhetoricity of economics". In this account, USAID's work founding a market for debt amongst the poor through an array of MFI's must be approached as the governing manifestation of a particular set of power relationships. To use the methodological language introduced earlier, a rhetoricity perspective considers these developments as constitutive products of a rhetorical articulation. In this sense, Hanan's "radical rhetoricity" locates economic rhetoric as constitutive of an economy itself. For him, the market, as a process through which actors produce and trade between one another, does not preexist the discursive structures that condition the circulation and denomination of "commensurate value"⁷⁶. These structures enable a calculation of economic equilibrium wherein a definite, even if momentary, value quotient between two incomparable categories of good is communicable. Concretely, rhetoric makes possible a contingent calculation of the

⁷⁶ Ibid., 69

relative value of a dozen eggs, a book of Shakespeare's sonnets, and a set of new tires. The value of each of these "goods" is only measurable, and therefore understandable, within a particular discursive regime.

In order to render an economy intelligible (and, thereby, governable), these individual contingent calculations must be linked within a particular regime of economic rhetoric. Economic rhetoric standardizes the process of commensuration and renders the economy as a coherent whole. Hanan terms the apparatus which performs this function the economic imaginary. In his definition of the term, he focuses critical attention on the constitutive effects of economic rhetoric. He writes: "As an ontologically fragmented space of value circulation that emerges from within the very materialist problematic of the economy itself, the economic imaginary can only be defined positively as a virtual *potenzia*, or constitutive power"⁷⁷. Based on this description, the concept of an economic imaginary can be defined as a topology. It maps the process by which individual calculations of commensurate value relate to one another and translate value across difference. The economic imaginary constitutes value within a system of general equivalence wherein an ensemble of distinct practices can be mapped onto a single nexus of abstract value production. Thus, Hanan concludes that the only positive definition of the imaginary is constitutive power, the ability to render value. This power describes the process by which an economy emerges as an ongoing determination of equivalency within a field of pure difference. He continues:

No rhetorical articulation of economic value can exist outside the contingency of its own social and intuitional production. I have promoted a model of economic

⁷⁷ Hanan, 69

rhetoric that is instead defined by the very exceptional structure of the category of economics itself. As the material and discursive *praxis* that allows value commensuration to operate as a failed totality of unified identity relations, economic rhetoric can be defined as the conjectural fold that transforms the economic imaginary from an ontology of irreducible difference to an ontic condition of order and arrangement.⁷⁸

Hanan's turn to praxis is the key to understanding this passage. The attempt to create a commensurate regime of value out of irreducible ontological difference always represents a failed totality, but the material and discursive practices of engaging production and trade nonetheless call forth a totalizing economic regime. In real terms, an economy only exists as an assemblage of these ontic manifestations of the economic imaginary

This perspective warrants consideration of Yunus' articulation as positing a novel regime of commensuration and, by that token, rendering new forms of value as objects for government. As an intervention into the deliberative technology of creditworthiness, microfinance can be characterized as a rearticulation of the economic value of debt and savings in impoverished communities. In the terminology of the last chapter, Yunus' work produced a publicity effect; it located a new potentiality and value amongst the poor. The notion of the economic imaginary introduces a critical vocabulary capable of tracking this articulation of value through a chain of commensuration at ever greater scales. Through this process, the logic of microfinance functions as a nodal point anchoring the contemporary economic meaning of poverty writ large.

Importantly, this theoretical perspective begs an analysis of this new regime of commensuration not as an always present, inert possibility but instead a constitutive product of economic rhetoric. In other words, a topological perspective proceeds from the

⁷⁸ Ibid., 88

assumption that the market for microcredit is an institutional creation rather than a discovery. It represents the process by which new calculations of commensurate value within poor communities combined to constitute a new, global marketplace. For instance, when *Forbes* declared in 2008 that “as many as half of the world’s 3 billion poor may be eligible for microloans”⁷⁹, it reported not on a discovery of this property in the world’s poorest communities but on the culmination of a decades long rhetorical process of reconstituting the image of poverty through the new field of visibility evident in Yunus’ work.

With this theoretical extension of the topology perspective in mind, one can cast the paradigm shift which opens this chapter in a new light. In order to analyze the processes by which microfinance became standard fare, cases such as USAID’s “new paradigm” in rural finance should be approached in terms of their rhetorical function in reconstituting poverty as a public problem. Unlike the previous chapter, it is not necessary to consider the entire ensemble of elements implicated in the articulation of this new economic imaginary. A project of that scale is beyond the scope of the argument presented here. Rather, to locate microfinance in this new regime of commensuration, one need only to consider the relatively narrow process by which the problem of poverty was reimagined in and through the logic of microenterprise.

In order to track this discursive shift, it is necessary to make explicit the image of poverty motivating USAID’s rural finance and development policy before the 1980’s. This comparative baseline will provide a means of recognizing discursive shifts in the

⁷⁹ Quoted in Nadesan, 22

agency's approach to poverty. Speaking broadly, the earliest articulations available within the agency's documents evaluate poverty as a structural problem plaguing whole regions and sectors. The first articulation of USAID's orienting visions of public welfare centered upon improving economic development through productivity enhancing structural reforms. Detailing the immediate history culminating in the foundation of USAID, the report finds:

The seeds of USAID were sown well before 1961. In 1947, in the wake of World War II, when President Truman authorized the Marshall Plan to fund post-war reconstruction, the Economic Cooperation Agency was established to oversee its implementation. In his 1949 Inaugural Address President Truman outlined his "program for peace and freedom" emphasizing four major courses of action. The fourth of these was "a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdevelopment areas".⁸⁰

In this version of institutional history, when the Foreign Assistance Act was signed into law by Kennedy in 1961, the experience of postwar reconstruction provided the basic foundation for USAID's policy platform. In particular Truman's words of guidance for the Economic Cooperation Agency provide a surprising level of insight into USAID's early orientation. The phrases "benefits of our scientific advances" and "industrial progress" hint at the Marshall Plan's basic goal, transforming, modernizing, and re-industrializing the war ravaged economies of Western Europe, but they also resonate deeply with the earliest policies of USAID. Both are fundamentally rooted in a policy paradigm of modernization and industrialization. The report details these early efforts in USAID: "In the face of mounting famines (China, Bihar India, Biafra Nigeria, Sahel), support grew for scientific research and technology innovations to raise agricultural

⁸⁰ Ibid., 8

productive of wheat and rice cultivation”⁸¹. This policy of agricultural modernization, termed the “Green Revolution”⁸² amounted to the first large scale initiative undertaken by the new agency.

The question remains; insofar as these efforts are directed towards aiding the impoverished, what sort of poverty motivates this early policy logic of modernization? The answer again traces back to USAID’s roots in the economic rhetoric of the postwar 1940’s. Adams provides some additional context. He writes:

Credit projects came to dominate the Agency for International Development’s early efforts to spur agricultural development, in part, because they were relatively easy to do. These efforts trace back to the programs in the United States during the 1930’s done by the Farm Security Administration and later carried on by the Farmers Home Administration. Most early AID programs were designed and managed by staff with Farmers Home Administration experience.⁸³

Based on this description, convenience and continuity provide organizing tropes through which one can make sense of this history. USAID’s early modernization policies were taken up because the available professionals in the government bureaucracy already had expansive direct experience with poverty mitigation and development through the Marshall Plan and, going even further back, the rural development schemes of the New Deal. This institutional knowledge formed the backbone of the early agency, and as such, one can imagine a direct lineage connecting the economic imaginaries organizing USAID’s work and the Keynesian ones operating in Roosevelt’s economic policy. Herein, one can begin to sketch the basic notions of economic development, welfare, and

⁸¹ Ibid.

⁸² Ibid.

⁸³ Adams 5

even poverty orienting the early AID projects. In line with Keynesian economic thought, these early projects attempted to address poverty and underdevelopment through debt funded fiscal policy, especially that which directed resources towards infrastructure development⁸⁴. Within the development paradigm of this era, poverty is not imagined as a fleeting or cyclical problem. Without comprehensive and structural intervention, an economy may reach equilibrium with significant populations unemployed, underemployed, or otherwise vulnerable to poverty.⁸⁵ In other words, poverty is explicitly a problem that requires state-led intervention into the market.

Already, the differences between this “old” paradigm and the “new” one wherein the market is the “motor” of poverty alleviation are coming into stark contrast. The transition between the two mirrors the political processes by which the United States shifted away from Keynesian economic ideology in favor of neoliberal alternatives in the 1970’s. Adams continues:

In the early 1970’s it became increasingly apparent that AID’s small farmer credit programs were not performing as expected. This led the Agency in 1972-73 to undertake an ambitious assessment called the Spring Review of Small Farmer Credit. ... The Review uncovered systemic difficulties in most of these projects, loan recovery was a problem, most of the programs were not sustainable without outside subsidies, and many of the associated subsidies were captured by the non-poor. Equally disturbing, there was little evidence that the credit programs were boosting agricultural production or significantly easing poverty.⁸⁶

⁸⁴ Adams continues: “This collage of efforts was aimed at building rural financial infrastructure based on US examples, and almost uniformly these programs provided loans as concessionary interest rates. These rates were below those charged on commercial loans and often below the rates of inflation in the country, thus resulting in negative real rates of interest.” *Ibid.*, 5

⁸⁵ J.M. Keynes, *The General Theory of Employment, Interest, and Money* (New Delhi: Atlantic Publishers, 2008 [1936]): 229

⁸⁶ Adams, 6

Adams summary of the Report's findings reveal his bias towards the new paradigm. On either side of the term "equally disturbing" he lays out an array of evaluative metrics through which the early AID credit programs were evaluated in the Spring Review. Surprisingly, the ones that he lists first are all fairly explicitly non-issues from the perspective of the Keynesian imaginaries of the old paradigm. Financial sustainability, loan recovery, and chronic reliance on subsidy are all metrics that take on tertiary importance in a regime premised on "concessionary" interest rates and government subsidized modernization programs. Only the latter metrics, poverty alleviation and productivity improvements, are identifiable within the earlier paradigm. In shifting the evaluative criteria through which these programs were made intelligible to policymakers, the Spring Review marks an early manifestation of the shift towards "market orientation" that USAID experienced at the time.

In Adams' account, this shift came to a head during the 1981 Colloquium on Rural Finance in Low Income Countries. Cosponsored by USAID, the World Bank, and the increasingly neoliberal agriculture program at the Ohio State University, the Colloquium brought together seven hundred individuals across the spectrum of rural and agricultural development for a three day conference. Adams writes:

The presenters in the Colloquium argued for a new paradigm for developing rural financial markets and suggested elements that ought to be included in new approaches. These included avoiding subsidized and direct credit, and instead, focusing on developing efficient financial intermediation.⁸⁷

The contrast between the first and second clauses of the second sentence in this passage is subtle but wide ranging. First, the whole of the "old paradigm" regime of infrastructure

⁸⁷ Ibid., 6

development, operationalized in the development of national agriculture banks⁸⁸ and legal reforms modeled after US New Deal examples, is summarized as simply “subsidized and direct credit”. This turn of phrase emphasizes the role of AID in administering the credit services itself but completely obscures the capacity building and modernization functions of these policies. It paints the entire programs as akin to direct bureaucratic management of financial markets. This regime is contrasted against a new prescriptive role for as the financial “intermediary”. As should already be clear, this phrase is somewhat misleading because the agency already largely functioned as an “intermediary” between US interests and the national institutions, such as agricultural banks, in the developing world. A more accurate depiction would be “private market intermediation” wherein USAID shifts its support from national institutions to private credit markets. Adams continues:

In part, the acceptance of the new paradigm was reinforced by changes in development policies during the 1980s. Most donors and numerous countries shifted from central planning to reliance on market forces. Although the old paradigm was compatible with targeting and subsidies involved in central planning, it was inconsistent with a market orientation.⁸⁹

In this second summary of the basic motivations at the Colloquium, the basic structure of the paradigm shift is laid bare. Reflecting the changing political ideologies of major US donors, the policy tools available after the Colloquium ought to shift from a modernization paradigm based on centralized planning to the active support of private markets.

⁸⁸ Ibid., 5

⁸⁹ Ibid., 6

With this relatively complete accounting of the shift in policy orientation, one can begin to glimpse the shifting economic imaginaries at work in the constitution of poverty as a public problem within USAID. Adams' report includes, as a sort of executive summary, a table detailing the main differences between the old paradigm and the new. In this table, the row "Role of Financial Markets" is a particularly telling summary of poverty's role in this shift. In the old paradigm, there are five "roles" listed: boost production, stimulate new technology, offset distortions, help the poor, and implement plans⁹⁰. This array of roles mirrors the basic characterization of poverty as a structural problem common to the New Deal legacy programs in the early work of USAID. In the new paradigm, there is only one "role" listed: it reads: "Do financial intermediation and assist with efficient resource allocation"⁹¹. One change of note that ought to be immediately obvious is that the explicit identification of "help the poor" as a policy goal drops out of consideration. This change does not, however, imply that poverty is no longer an orienting public problem for this new policy platform. Recall that, in the other USAID report, connecting the poor to private markets and international corporations is the "motor" of poverty alleviation.

What this change does imply is a wholesale uptake of the micro-entrepreneurial model of economic development expressed in Yunus' work. In this vein, the authors of the other USAID report explain the "rise of the private sector paradigm" as being rooted in an "appreciation for the rational, sophisticated, risk-averse, and profit-motivated

⁹⁰ Ibid., 7

⁹¹ Ibid.

behaviors of developing country farmers”⁹². This depiction of the poor is deeply reminiscent of the one Yunus conjures. It authorizes the new paradigm to imagine the work of poverty alleviation as a secondary effect of intervention. Policies of financial “intermediation” position the agency to act as a conduit between the poor and the private marketplace. Accordingly, this new policy regime relies upon the system of commensuration implicit in the logic of microenterprise. Under these new guidelines, USAID is positioned to aid the poor only insofar as it can entice private, profit oriented creditors to enter the market.

This assumption of latent value relies upon a depiction of the poor very familiar in Yunus’ work. For instance, the World Bank’s “Effectiveness Guidelines for Microfinance” phrases this picture of economic development thusly: “The poor remain poor because they are powerless. Once empowered, the poor are able to change their lives and overcome seemingly impossible odds.”⁹³ From this perspective, empowerment is explicitly defined in terms of access to the free market, so the underlying assumption, in perfect harmony with Yunus’ analysis of micro-enterprise, is that this connection removes the barriers to entry such that the poor can transform themselves, in a rational, sophisticated, risk-averse, etc., manner into productive entrepreneurs. In place of the structural account of poverty, this rhetoric is able to locate the potential for private credit markets in underdeveloped, destitute communities precisely because it locates poverty at

⁹² “USAID’s Key Achievements”, 9

⁹³ “Good Practice Guidelines for Funders of Microfinance” (Consultive Group to Assist the Poor, Microfinance Assistance Guidelines, Washington DC, 2006): 10

the level of individual persons. The vision of poverty towards which the Colloquium gestured is, at its very root, atomistic.

At this point, the neoliberal paradigm shift in USAID's account of its own history can be characterized on at least two registers. First, the ensemble of policy tools under consideration shifted from those oriented around modernization to private sector intermediation. Second, the orienting economic imaginary around which these policies were prescribed shifted from a structural account of poverty and underdevelopment to an atomistic one.

Although critical attention to this history can isolate key moments of rupture, to characterize this shift as immediate or isolated to these instances would ignore the micro-political processes through which these transitions occurred. Old adherents to the structural paradigm often tended to resist these changes. This was especially the case for those who had graduated to work with the World Bank; as late as the 1990's, many of these old hands were continuing to press the modernization model of development with large scale interventions⁹⁴. In this contested atmosphere, microfinance emerged as the policy reform of choice when new paradigm advocates sought to transform a given country's aid package. Microfinance consistently became the initial, experimental policy through which developing countries, under the guidance of USAID and the World Bank Consultive Group to Assist the Poor (CGAP), began the process of privatizing their rural and agricultural credit systems⁹⁵.

⁹⁴ Adams, 7

⁹⁵ Adams describes this process in some detail. In particular, he traces three individual cases of micro-financial reform leading to either partial or complete privatization of government owned

This trend was largely the case because the system of commensuration at work within microfinance proved a very attractive reform option in times of crisis. Adams writes:

AID's bank reform efforts provide a few guidelines on when and where similar reforms might be carried out. For example, reforms proved easiest where the country was suffering an economic crisis and the government was short of fund to support development banks. This, in turn, forced officials, such as the ministers of finance and agriculture, to seek ways to reduce their funding of these banks.⁹⁶

Microcredit schemes, based on their proven track record of high loan recovery and interest rates, were often, with the help of "enlightened donor support"⁹⁷, implemented as crisis solutions to raise capital and deposits during these fiscal crises. Microcredit's function in these crises makes its role in articulating a new system of commensuration clear. It transforms the process of loaning to the poor from a major, subsidized public liability to an asset. Commenting on this process in a rather frank rhetorical flourish, Adams concludes: "In a real sense, the microfinance industry was erected on the rubble of earlier agricultural programs."⁹⁸ As a summary, this statement captures the basic force of microfinance's role in the neoliberalization of USAID and organizations like it, but the use of passive voice can serve to obscure just who or what initiated the key moments of

development banks. Summarizing this section, he writes: "In the three comprehensive reform cases, the ownership structures of the banks were substantially altered. In two of the cases, Guatemala and Indonesia, the governments maintained an ownership stake, but played a minor role in governance. In the Mongolian case the bank was completely privatized." Ibid., 11

⁹⁶ Ibid., 11

⁹⁷ Ibid.

⁹⁸ Ibid., 8

shift. Perhaps a better summary would be the tools of microfinance constructed the new paradigm on the rubble of the old.

Yunus' original vision of microfinance did not survive this appropriation process unaltered. As adherents of the new paradigm instrumentalized microfinance towards their own ends, the ensemble of technologies which made up Grameen's methodology were in a constant state of flux. Over time, this process of transformation tended towards increasing commercialization and, ultimately, privatization. To a certain extent, this process amounts to a predictable extension of the basic process of commensuration upon which microfinance depends in the first place. Intermediation, as a process of lowering barriers to entry between poor communities and the private marketplace, seems to necessarily imply a temporary timeline for active government intervention. In traditional free market logic, once connectivity to the market is established, the government becomes more a distorting hindrance than positive influence. In the most recent iteration of the CGAP effectiveness guidelines, this trend is reflected in the section on retail banking services. The authors warn:

Ownership and governance (management oversight) are crucial determinants of successful financial service providers ... Public donors generally are not good owners of financial institutions, and they rarely have the appropriate expertise and capacity to provide adequate board oversight.⁹⁹

These guidelines are deeply steeped in a familiar free market ideology. The government has only a limited capacity in the management of value. Public donor institutions necessarily lack the requisite skills to act as direct service providers and, because they are abstracted from direct market pressures, they are unable to adequately manage those who

⁹⁹ "Effectiveness Guidelines", 23

possess such skills. The implication is that the only means of obtaining competent provision of services and oversight is quickly transferring public ownership and oversight to private hands.

Historically, this strong tendency towards commercialization and privatization in the new paradigm sheds some light on the processes by which microfinance spread from a policy in government and non-profit development institutions to appropriation by the for-profit financial sector. Milford Bateman summarizes the rapid expansion caused by this process in writing:

Thanks to the commercialization moves begun in the 1990's and the opportunities created, large amounts of commercial investment began to flood into the microcredit sector. This began to ramp up the supply of microcredit many times over, with the result that by the early 2000's, a growing number of countries and regions had achieved the microfinance industry's 'holy grail' – that is, every single poor person who wished to access a microloan could now pretty easily do so.¹⁰⁰

Bateman is fairly unambiguous in his analysis: the meteoric expansion of microfinance in the past two decades relative to its longer history can be attributed to the process of commercialization. In effect, the pattern is simple. As “intermediaries”, public donors are expected to subsidize, capitalize, and support the early development of new MFI's before quickly seeking independent, private capital to take ownership and management of the venture. In a more theoretical language, intermediation amounts to public donors establishing the necessary ensemble of technologies to microfinance before leaving the management and extraction of value within this new system to commensuration to private hands. The examples of this trend are numerous. In a rather typical case, Compartamos

¹⁰⁰ Milford Bateman, “The Rise and Fall of Muhammad Yunus and the Microcredit Model” *International Development Studies: Working Paper Series*, 1 (2014): 5

Banco in Mexico, one of the largest micro-financiers in North America, held its IPO in 2007, but well before that final divestment by the original donors, the management had acquired significant amounts of equity through Wall-Street style compensation schemes¹⁰¹. Through engaging similar processes throughout the world, USAID, CGAP, and other related institutions have deployed the rhetoric of microfinance in a concerted effort to found a massive new market for credit amongst the world's poorest people under the banner of poverty alleviation. Using microcredit as a self-sustaining solution to fiscal crisis, these institutions transformed state owned and donor supported agricultural banks around the world, slowly either downsizing or converting them wholesale into private, profit oriented corporations.

In and through this deployment of microfinance, the dominant economic imaginary orienting the international politics of economic development has transformed to increasingly atomize its vision of poverty. This shift is far from complete, but the easy availability of microcredit in nearly every country around world suggests its increasing acceptance within conventional economic development wisdom. As the paradigmatic policy marking the departure from structural accounts of poverty, this atomization of poverty in the economic imaginary is amongst the most important and lasting discursive legacies of microcredit. In the concluding chapter, three implications of this shift are taken up in turn. Each will trace some of the consequences this alteration in the economic imaginary within the problematic of constitutive power. By altering the regime of

¹⁰¹ Bateman "How Lending to the Poor Began", 1394

commensuration through which poverty is gauged, microcredit has generated significant effects on the subjectivities of poor and industrialized people alike.

CONCLUSION

Even in the most basic survey of microfinance, one historical fact should be abundantly clear: Yunus' aspiration to connect the poor to globalization through financial inclusion is well on its way to realization. Part of the impetus orienting this paper thus far has been the attempt to question how this market for debt amongst the poor became viable, popular, and, perhaps most interestingly, canonized as a solution to global poverty. In the last chapter, analysis of the earliest adoption of microcredit in USAID crystalizes an answer to these lines of inquiry around microfinance's role in a larger discursive shift between poverty as a structural problem plaguing regions, sectors, and populations to poverty as an individualized, atomistic trait of particular persons.

At its root, this shift relies upon the logic of microenterprise. The depiction of the poor as fully capable of overcoming the structural impediments to economic growth and pulling themselves out of poverty largely unaided is the touchstone of the neoliberal policy regime. It warrants the system of commensuration through which microfinance locates value in the most destitute communities, and at a much larger scale, a process of commensuration whereby all the political, social, and historical aspects of poverty itself are collapsed into an economic calculation. The new economic imaginary rendered in and through its deployment effectively reverses the logic of modernization. Instead of industrial underdevelopment, poor infrastructure, corrupt politics, and an array of other problems posing obstacles to a nation's competitive entry into the global marketplace, all

the constitutive aspects of structural impoverishment are recast as problems solved through improved global access to domestic markets. Indeed, liberalizing domestic markets and engaging in large scale privatization are sought after as the chief policy goals of those interested in “intermediation”.

At the largest possible scale, this process of commensuration reflects a deployment of what Michael Hardt and Antonio Negri term the capitalist axiomatic. In their influential work *Empire*, they write:

Through the social development of capital, the mechanisms of modern sovereignty – the process of coding, overcoding, and recoding, that imposed as transcendent order over a bounded and segmented social terrain – are progressively replaced by an axiomatic: that is, a set of equations and relationships that determines and combines variables and coefficients immediately and equally across various terrains without reference to prior and fixed definitions or terms.¹⁰²

Hardt and Negri imagine contemporary governance functioning through the continual redeployment of capitalist metaphors as axioms in particular situations. The axiomatic describes the process by which the capitalist free marketplace has become the master trope for social organization and governance. In effect, their analysis positions axioms as configurational principles by which topologies of power are distributed around a common *telos*, namely, the maintenance and expansion of the marketplace. For Hardt and Negri, the present, neoliberal configuration of government relies upon “the social development of capital”. In harmony with Hanan’s analysis of economic imaginaries, Hardt and Negri pivot upon this phrase to effectively center their critique on the discursive processes of

¹⁰² Michael Hardt and Antonio Negri. *Empire*. (Cambridge: Harvard University Press, 2000): 326

commensuration whereby the capitalist axiomatic can be said to reference economic value.

In this analysis, the deployment of axiomatic logic “sweeps clear the fixed barriers of precapitalist society”¹⁰³ in favor of an imminent process of value production and market oriented social organization. They continue, “The primary characteristic of such an axiomatic is that relations are prior to their terms”¹⁰⁴. In other words, only once the familiar equations which comprise the capitalist axioms are given particular values do they transform from postulates to propositions. The metaphor of the market is not true in an abstract way; it only becomes true and takes on force as a prescriptive system of social organization as it is deployed within a particular regime of commensuration. Through this calculation of value, discipline is transformed from an external, dictatorial force to one “indistinguishable from our will, immanent to and inseparable from our subjectivity itself”¹⁰⁵. The axiomatic describes the process by which individual will, such as political interests or family bonds, are taken up and recoded within a regime of value to reflect the classic economic form of rational self-interest. Here, Hardt and Negri provide another insight into the biopolitical registers of analysis available from an articulation perspective. Similar to Greene’s analysis of rhetoric’s role in producing the subject as the “principle of his own subjugation” in the first chapter, this analysis of will suggests that a regime of commensuration is not so much imposed on an existing field of relations but is

¹⁰³ Ibid., 327

¹⁰⁴ Ibid., 328

¹⁰⁵ Ibid., 329

instead generative and transformative. Axiomatic logic is thus unencumbered by the striations of the precapitalist social space. Instead, it becomes an ever expanding regenerative mechanism of discipline, constantly recoding the sphere of politics through a value-oriented logic of the market. Through the axiomatic, the process of commensuration becomes so deeply ingrained in politics that it becomes inseparable from subjectivity itself.

This final turn in Hart and Negri's analysis effectively warrants Hanan's attempt to theorize the economic imaginary through the problematic of constitutive power. Because the process of commensuration renders value within relationships of power, the axiomatic can be said to function both epistemologically, dictating how individuals see one another in a value laden framework, and ontologically, altering the application of the instruments of government to control subjectivity. Because the logic of microenterprise operates as a system of commensuration subjecting the poor to a particular field of visibility, it can be summarized according to three such constitutive effects. Each represents a deployment of a capitalist axiom insofar as it levels a portion of the striated social space under a single, economic calculation.

First, the micro-financial intervention into the technology of creditworthiness produces a novel means of recognizing, appropriating, and denominating new forms of potential value amongst the world's poorest. Yunus' approach to the poor demonstrates a means of nearly guaranteeing (over 95% repayment) the recovery of loans with interest to a population of people with no collateral to recover otherwise. In other words, Yunus' articulation of creditworthiness functions to transform non-capitalist forms of value, in

terms of individual social standing, moral dignity, and informal human capital, into a form of financial value with predictable performance on a balance sheet. This effect is the smallest scale representation of microenterprise as a system of commensuration. Hardt and Negri explicitly identify these trends within the process of deploying the capitalist axiom. They write: “Capital brings together all forms of value together on one common plane and links them all through money, their general equivalent. Capital tends to reduce all previously established forms of status, title, and privilege to the level of the cash nexus, that is, to quantitative and commensurable economic terms.”¹⁰⁶ Along these lines, creditworthiness represents a system of judgment whereby individuals can be coded within this cash-oriented system of valuation. It delineates which assets held by which applicants are bankable and which are not. Within a microcredit economy, those once thought unbankable, due to lack of material assets to use as collateral, may become creditworthy if they demonstrate good moral and social standing. In this way, the small lending groups that organize Grameen and other micro-financiers are indicative of a modulation which allows financial capitalism to collapse the delineation between material registers of value, say real estate or other traditional forms of collateral, and more social registers under a single denominator. Microfinance represents an extension of financial capitalism to its margins precisely because it allows this commensuration to occur.

Second, this new regime of commensuration collapses the moral worth of the poor into an economic calculus. The creditor-debtor relationship enabled within this

¹⁰⁶ Ibid., 326

smooth financial space constitutes specific relations of power and, therein, is productive of particular subjectivities. Maurizio Lazzarato, in his study of sovereign debt crises in Europe, identifies the new subject position produced within this relationship as the “indebted man”¹⁰⁷. He writes: “Debt produces a specific “morality”, at once different from and complementary to that of “labor”. The couple “effort-reward” of the ideology of work is doubled by the morality of the promise (to honor one’s debt) and the fault (of having entered into it).”¹⁰⁸ Promise and fault are essential elements of the atomistic account of poverty. They shift the burden of development onto the poor debtor, who, in the event of failure, must remain culpable to the promise of repayment. The micro-entrepreneurial model of development has no room for political or structural causes of failure. If the debtor fails to establish a functioning, cost competitive, and profitable business to lift herself out of poverty, her continuing economic need, and that of her children, is no fault but her own.

This shift in culpability fundamentally absolves industrialized people of any responsibility towards the poor. Lazzarato continues: “The “morality” of debt results in the moralization of the unemployed, the “assisted”, the users of public services, as well as entire populations.”¹⁰⁹ By shifting the culpability for poverty onto the poor themselves, the atomistic account deployed in and through microcredit invokes a moral calculation of just deserts. The creditor –debtor relationship presumes a promise of repayment freely

¹⁰⁷ Maurizio Lazzarato, *The Making of Indebted Man*. trans. Joshua David Jordan (Los Angeles: Semiotext(e), 2011): 30

¹⁰⁸ *Ibid.*, 30

¹⁰⁹ *Ibid.*, 30

given such that the creditor cannot be responsible for the miscalculations of the debtor. The creditor is always entitled to repayment, and the debtor is always obliged to repay or else face swift and just disciplinary retribution. In other words, the creditor can never be held responsible for the position of the debtor. Majia Holmer Nadesan puts it this way:

Microenterprise and microlending subtly appeal to Western audiences and business interests because they erase Western complicity in producing vast impoverishment in the developing world. Simultaneously, these appeals absolve Western audiences of any responsibility for the failure of their governments and corporations to adopt economic and political policies that position the countries of the developing world as global equals.¹¹⁰

Microcredit is appealing to Western audiences because it collapses the moral calculations of what was once charitable giving based on a sense of moral guilt into an economic calculation of investment. Rather than approaching the poor as “global equals”, microcredit allows the charitably minded Westerner to invoke a debtor relationship to the poor. Therein, microcredit always already entangles the poor in a relationship of power with the industrialized world.

In other words, by transferring the mechanism and burden of development onto the poor themselves, microcredit authorizes a strange sort of charitable profiteering. Consider the case of direct microlending schemes like kiva.org or the recently defunct MicroPlace.com. On both websites, charity is explicitly framed in terms of an investment. Under the “how it works” tab, MicroPlace explained its services:

A loan of \$20 can allow a poor woman to start a business and work her way out of poverty. In many counties, organizations function like to make loans to the poor. These organizations need funds to lend to the poor. Your investment helps fund

¹¹⁰ Nadesan, 20

these organizations. And, they are willing to pay you a return for the funds you invest. You can fight poverty and get your money back with interest.¹¹¹

This move, conflating the humanitarian interest in fighting poverty with the economic interest of receiving a return on investment, is the same that warrants USAID's recognition of corporate expansion as the "motor" of its humanitarian efforts. At a fundamental level, the rhetoric of microfinance territorializes the social responsibility of industrialized people in market logic of investment.

Finally, the atomization of poverty mobilizes the logic of self-responsibility in order to neutralize the possibility of political dissent. Lazzarato continues:

The debtor is free but his actions, his behavior, are confined to the limits defined by the debt he has entered into. The same is true as much for the individual as for a population or social group. You are free insofar as you assume the way of life (consumption, work, public spending, taxes etc.) compatible with reimbursement.¹¹²

Again, the reassignment of culpability through the dual systems of promise and fault territorializes the relationship between the developed and developing worlds within a stable creditor-debtor relationship. Any politicized appeals for redistribution, reparation, or even restructuring are recast as violations of the promise. In this way, domination under capital is normalized under the image of the freely given contract such that disciplinary reactions to the failure to repay become automatic, non-political sanctions. The politics of domination and, in the case of Western financial interests "investing" in the poor of the global South, colonization are recast in this light as simple economic contracts.

¹¹¹ Ibid., 16

¹¹² Lazzarato, 31

Through these three discursive effects, a relatively complete image of the system of commensuration at work in and through the global practice of microfinance is complete. Towards a final evaluation of this application the capitalist axiomatic (or, in Yunus' terms, "capitalist management principles") to mitigate the problem of poverty, it is useful to return to the topological methodology used to frame this analysis. There is little doubt that the original aspirations of microfinance are noble. Muhammad Yunus is far from a swindler dealing in half-truths and deception, and no doubt, microfinance has succeeded in helping many poor people afford a better life. In that sense, these discursive consequences of microcredit do not represent a moral condemnation. Rather, they stress the role Yunus' creation played in a much larger shift in the understanding of poverty. The depiction of poverty through an explicitly capitalist axiomatic as a site of investment and, potentially, profit carries no categorical ethical weight. In line with Foucault's approach to genealogy, it would be folly to attach this process to any progressive or moralizing account of history. Instead, the role of the critic should be the attempt to denaturalize the present state of affairs and reveal its contingency upon a complex set of power relations. The atomistic account of poverty is no more rooted in domination than the structural adjustment programs that preceded it and, certainly, no more harmful for the poor in many cases. Instead of moral indignation and condemnation, what cognizance of these discursive effects should produce is some critical distance from the present topology of power and the chance to articulate anew. Microcredit was and is framed by its advocates as a final solution, a panacea to the present problems of globalization. Such absolutism always warrants a skeptical examination.

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