


The rise and fall of microfinance – a genealogical approach

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Issue

A group of women in colorful saris and headscarves, some holding yellow documents, standing outdoors. The background is slightly blurred, showing what appears to be a rural or semi-urban setting.

- 40 years spectacular growth of provision of microfinance (MF) to the ‘unbankable’ poor
- grown into a globally networked movement
- yet also increasingly controversial
- will it be able to help the poor in the future?

Academic and non-academic impact assessments are inconclusive on whether delivering financial services to the poor actually reduces poverty (Roodman, 2012)



Line of argument

- social movements evolve/perform through *consensual ideas* and *circulating practices* ('discourse' > order)
- in a setting where each activity is *unique, creative* (sometimes destructive), *nodal* ... (> 'rhizome')
- social movements are hence always 'becoming', affirming and contesting consensus, creating, diffusing and burying practices
- in the form of networked 'sites' (power-geometry)
- this can be traced *genealogically*

Genealogy

- drawing on the work by Foucault, Nietzsche, Deleuze.
- the past continues to be alive and vital, capable of inspiring new creations
- ordering 'trees' within a chaotic 'rhizomatic' world

Genealogy: constitution of an 'ordered' MF

.... looks at the chaotic, multiple and chance emergence of the present. it looks to the past in order to unhinge the present ... (Colebrook)

.... aims at understanding and developing the virtualities of the present ... (Gaffney)

.... ascertain why and how some subjugated knowledges have been repressed and/or brought into a role subordinate to a dominant discourse ... [of 'truth'/'science'] (Walsh)

Rhizome: multiple and 'becoming' MF

- rhizome is an “antigenealogy .. .a short-term memory operates by variation, expansion, conquest, capture, offshoots” (Deleuze & Guattari)
- rhizome is “[b]ecoming... not a classificatory or genealogical tree” (Deleuze & Guattari)
- such becoming can be blind ('genetic') or deliberate ('will to power') (De Haan)

Topology: MF as a spatialized network

- spatial networks of sites ('MFI's), links, geometries
- each site is a multiplicity – embedded in the network as a whole, and its whole history
- network (inter)actions can be creative (affirmative) as well as consolidating/destructive (reactive)
- network is a (chaotic) 'rhizome' partially bound by 'trees' (orders)

Genealogy as a method (Parr)

- *Effects* of genealogical moments should be separated from *causes*
 - *due to creativity, multiplicity, chance ...*
- Outwardly similar phenomena may have entirely different meanings - in *time* and *space*
 - *due to virtualities*
- Identifying 'creative' and 'reactive' forces
 - *due to affirmative vs. negative 'genetic elements'/'will to power'*



MICROFINANCE: DEATH TRAP?

IBNLive.com

CNN
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The 'present' of microfinance

standardization

social goals

financial goals



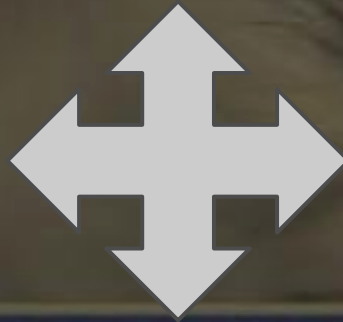
flexibility

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Five genealogical moments

- A selection of main constitutive or driving events
- More in the final paper
- Dimensions:
 - site (+agent)
 - cause: event/drive
 - effect: interpretive/practical
 - force: (re)shaping networks (power-geometry)
 - vector 

Moment 1: conception of microcredit

site: Economics Department of the Chittagong University
(headed by Muhammed Yunus)

cause: famine, disillusion with mainstream economic
theory (1974)

effect: offering poor people tiny loans for self-
employment

force: creation of Grameen Bank (1983); MF spreading to
137 countries (1997)

MUHAMMAD YUNUS
PREMIO NOBEL DE LA PAZ 2006

RECLAIMING OUR DEMOCRACY

Moment 2: from 'grassroots' to 'mainstream'

site: Los Angeles, Sam Harris (RESULTS)

cause: LA World Hunger Event (1980), meeting Yunus

effect: Yunus to US, viral through a CBS documentary

force: creation of a global network (Microcredit Summit Campaign)

Sam Daley Harris - RESULTS founder

Moment 3: from 'microcredit' to 'microfinance'

site: banking, IMF, World Bank

cause: drive for absorbing MF in mainstream credit system

effect: inclusions of savings and insurance

force: 'Washington consensus', emergence of (reactive) calculative logics, financial-technical practices (WB-CGAP established in 1995)



THE WORLD BANK

Edited by Joanna Ledgerwood
with Julie Earne and Candace Nelson

The New
Microfinance
Handbook



A Financial Market System Perspective



THE WORLD BANK

Edited by Joanna Ledgerwood
with Julie Earne and Candace Nelson

Moment 4: resisting microfinance

site: Nicaragua, one small village spreading to the whole country, Omar Gonzalez Vilchez (mayor of Jalapa)

cause: MF turning into shark operations accessible through cash points

effect: massive default, revolt, repayment stalling (2009)

force: (reactive) 'No Pago' contained by global MF arguing 'peasant uprising instrumentalized by corrupt politicians'



¿CUAL
ES LA
CONSIGNA?!

LA MISMA DEL POPULISMO
DE LOS 80'S...

¡NO PAGO!

CLIENTES DE MICROFINANCIERAS

M. G. G.
1997

A group of women in Bangladesh, some holding yellow envelopes, likely related to microcredit. The image is darkened to serve as a background for the text.

Moment 5: debunking; reviving microcredit

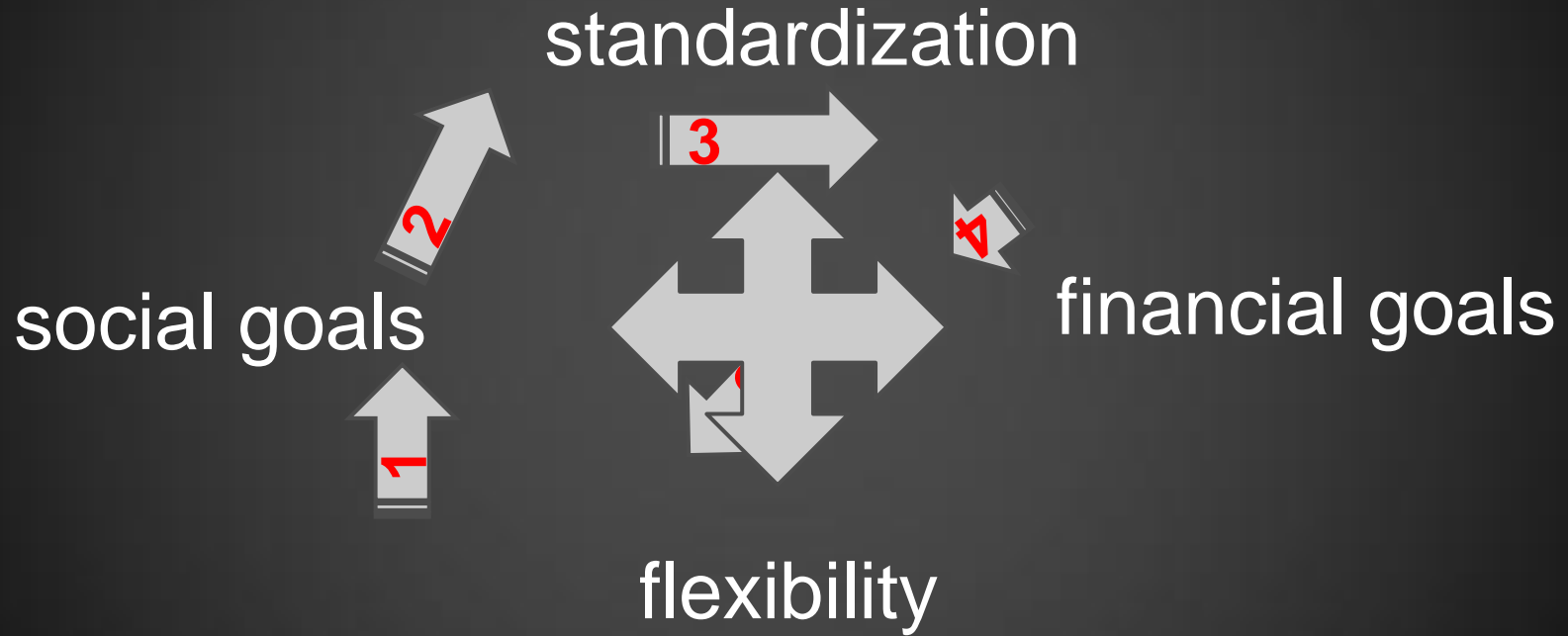
site: Bangladesh, ASA (ao); critical observers (Bateman, Roy)

cause: observation that 'microfinance destroys local economies and pushes more people into poverty'

effect: focus on social goals and community practices

force: 'Bangladesh consensus', (affirmative) grassroots practices

Moments' vectors



Concluding remarks

- Microfinance is at a critical juncture running the risk of fragmentation (towards 'shark' and 'charity' positions)
- It may thus lose its capacity of innovatively balancing social vs. financial demands, and being multiple-unitary
- 'Old' concerns/capacities are scattered but alive
- A key problem seem to be that the political dimension of microfinance (organizing the poor) is underrepresented in all of the vectors (and stories).