



# 'Selling Our Own Skin:' Social dispossession through microcredit in rural Bangladesh



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## ABSTRACT

In this paper, I articulate a notion of 'social dispossession,' an optic that extends current theorizing on agrarian dispossession into the realm of social reproduction, by examining the testimonies of microcredit borrowers in rural Bangladesh. In recent years, research on microcredit has highlighted new forms of subject-making employed by microcredit and other NGO entrepreneurship development programs. These developments have received insufficient attention in scholarship on agrarian change, both globally and in specific places. I correct this by arguing that microcredit drives social dispossession through three specific mechanisms: the confiscation of assets necessary to social reproduction (as well as to production); the construction of debt relations within a community which reshape what reproduction can look like; and the re-configuration of women's social status and subjectivities in relation to their communities.

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## 1. Introduction

Recent years have seen the growth and intensification of debate among development practitioners and academics about the impacts and efficacy of microcredit in the Global South (Banerjee et al., 2010a, 2010b; Federici, 2014; Gine et al., 2010; Hulme and Arun, 2009; Karim, 2008; Karlan and Zinman, 2011; Mader, 2015; Sanyal, 2014). Perhaps nowhere are these debates more present than in Bangladesh, the home of Muhammad Yunus and the Grameen Bank, winners of the 2006 Nobel Peace Prize for creating a microcredit model that has been replicated around the world. A growing trend in the popular, policy, and academic literatures on microcredit is the analysis of financial prospects of microfinance institutions (MFIs) – specifically, how to make microfinance more profitable for lenders (Christen et al., 2003; Cull et al., 2009; de Mel et al., 2007; Hermes et al., 2011; Kar and Swain, 2014; Louis et al., 2013).

In this paper, I argue that this discursive framing is indicative of the nature of microcredit as a tool for and expression of the development of capitalism in rural Bangladesh. In contrast to critiques of microcredit that examine predatory lending practices and attribute abuses of microcredit borrowers to institutional failures of particular MFIs or differences in microcredit models (Banerjee et al., 2010a; Hulme and Arun, 2011), I draw on testimonies of microcredit borrowers and argue these abuses are endemic to the very

nature of microcredit itself as a tool for the reproduction of capitalist social relations. Instead of seeing these abuses as exception or failure, I center my analysis on understanding what these programs do accomplish, and what the relationship is between these accomplishments, the production of new subjects and forms of subjectivity, and the development project. Specifically, I argue that microcredit generates what I call *social dispossession* through three mechanisms: (i) the confiscation of assets necessary to social reproduction (as well as to production); (ii) the construction of debt relations within a community which reshape what reproduction can look like; and (iii) the re-configuration of women's social status and subjectivities in relation to their communities.

This social dispossession supports the expansion of capitalism in rural communities in Bangladesh today. While microcredit is clearly not the only driver of development and agrarian change in rural Bangladesh, its extension into virtually every village in the country, usually through multiple different programs and agencies, reaching more than two thirds of the country's population (Khandker and Sammad, 2014), suggests that it is a primary driver of development intervention and the extension of debt into rural communities. I define social dispossession as *the coercive expropriation of means of social reproduction (either social or material) toward the reproduction of capitalist social relations.*<sup>1</sup> My

<sup>1</sup> Social dispossession is related to but differentiated from primitive accumulation through its focus on social reproduction (whereas the latter is concerned with the separation of producers from the means of production).

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delineation of the concept of social dispossession builds on key analyses of other scholars who have examined microcredit in relation to Harvey's theory of accumulation by dispossession (Bateman, 2010; Elyachar, 2005; Harvey, 2004, 2005; Karim, 2011; Keating et al., 2010).<sup>2</sup> These analyses have drawn attention to the urgency of recognizing dispossession both in relation to production and social reproduction toward uniting the progressive social movements of the twenty-first century (Glassman, 2006; Harvey, 2004, 2007; McMichael, 2005, 2008; Negi and Auerbach, 2009). Understanding microcredit via the concept of social dispossession lends conceptual clarity to an investigation of contemporary development practice in Bangladesh and its interventions in rural communities today.

This exploration of microcredit is concerned with its contemporary role in what Gillian Hart refers to as “big D” Development, a postwar international project of planned intervention at multiple scales in the decolonizing societies of the so-called “third world” (Cowen and Shenton, 1995; Hart, 2010; McMichael, 2004). Through the field of critical development studies, scholars have critiqued the material and discursive attempts to impose a Western teleology of progress through such interventions (Escobar, 1994; Sachs, 1992), while also understanding development as a series of multiple, nonlinear but interconnected paths of socio-spatial change (Hart, 2006; Ludden, 1992; Rist, 1997). Others have examined particular development interventions as apparatuses of governance, examining not what they claim or fail to do, but as historically specific social institutions with concrete outcomes (Ferguson, 1990; Li, 2007; Mosse, 2005). It is to this latter body of work that this piece makes a particular contribution. While the focus here is on microcredit, it is but one of many forms of development interventions which result in social dispossession in rural Bangladesh and elsewhere (cf. Paprocki and Cons, 2014).

Microcredit functions as a device for the systematic ordering or “enframing” (Mitchell, 1988) of daily life and practices of social reproduction, resulting in the creation of certain kinds of subjects through the creating and intensification of capitalist social relations (Li, 2007). By examining the testimonies of borrowers as embedded constituents of complex local dynamics of production and social reproduction, I am critical of the fundamental assumptions made about these borrowers and their lives and livelihood strategies by the microcredit programs that aspire to transform them.<sup>3</sup> This critique is derived from the testimonies of borrowers themselves, who focus less on the material impacts of microcredit than they do on its impacts on social reproduction and subject formation.

In order to understand the process by which microcredit reconfigures lives, social relations, and subjectivities in rural Bangladesh, I expand Farshad Araghi's conception of depeasantization (Araghi, 1995) through a feminist political economy approach to social reproduction. This framework offers the opportunity to understand modes of dispossession taking place beyond the realm of commodity production, including what Shelley Feldman and Charles Geisler refer to as *in situ displacement*: modes of dispossession through which people are displaced without being physically removed from their homes and communities (Feldman and Geisler, 2012). By “social reproduction,” I refer to the work conducted outside of

the strict sphere of commodity production, meaning both biological and physical labor that reproduces individuals, families, and communities.<sup>4</sup> Feminist scholars of social reproduction examine the historical separation under capitalism of production from consumption and reproduction, positing that this separation causes the under-valuation of women's labor in the home. I conceptualize social reproduction as inclusive of both household labor as well as what Julia Elyachar refers to as “phatic labor,” the work to produce and reproduce social infrastructure, means of communication, and markers of value in a community upon which the creation of economic value ultimately rests (Elyachar, 2010).

This focus on social reproduction and the concept of social dispossession is an inducement to understanding microcredit through a feminist agrarian political economy. Analysis of social reproduction has long been a critical tool for feminist political economists. It is highlighted particularly in studies of paid and unpaid gendered household labor and other care work (Mitchell et al., 2003). However, attention to social reproduction does more than help us to better understand the domestic sphere, it illuminates the ways in which production and markets are socially embedded, and how diffuse the dynamics of dispossession are in relation to both. I suggest that social dispossession is a critical dynamic in contemporary agrarian transformation. Microcredit not only operates through a governmentality which shapes the social relations through which production is carried out; it also re-shapes the very conditions of social reproduction which themselves make production possible.

Specifically, I explore these transformations through a concrete examination of microcredit lending in Arampur,<sup>5</sup> a village in rural Northern Bangladesh. By identifying the role of microcredit in social dispossession in rural Bangladesh, we can better understand how the internal logics of development interventions are intertwined with the expansion of capitalism in rural Bangladesh and how particular microcredit interventions are fundamental to the implementation of more general processes of global capitalist development (McMichael, 2005). I highlight particular modes of dispossession in a specific context in order to shed light on the reproduction of capitalist social relations more broadly. I suggest that the use of borrower testimonies to understand these global processes both provides a perspective on the conditions of rural livelihoods in a particular place, as well as illustrates the dynamics of actually existing capitalism from a marginalized standpoint.

My analysis builds on and contributes to a robust and growing critical literature on microcredit and its impacts on the lives of its borrowers and their communities (Bateman, 2010, 2012; Bateman and Maclean, forthcoming; Cons and Paprocki, 2010; Elyachar, 2005; Federici, 2014; Fernando, 1997, 2006; Karim, 2008, 2011; Maclean, 2013; Rahman, 1999; Rankin, 2001; Roy, 2010; Taylor, 2011, 2012). These studies have explored the ways in which microcredit disciplines borrowers and engenders neoliberal subjectivities in the Global South. Research from Bangladesh reveals that over-saturation of microcredit services has led to cyclical debt, borrowing for consumption needs, and the entrenchment of clientelism and patriarchal power relations in rural communities (Cons and Paprocki, 2010; Fernando, 1997; Karim, 2011; Rahman, 1999).

This study extends these critical perspectives on microcredit by suggesting an additional dimension of the impacts of microcredit programs. While some have recognized the role of microcredit in accumulation by dispossession, much of the critical literature on

<sup>2</sup> Harvey's concept of accumulation by dispossession has brought renewed attention to Marx's theory of primitive accumulation (specifically its dynamics under neoliberal capitalism), and has been the source of considerable debate (Adnan, 2015; Ashman and Callinicos, 2006; Brenner, 2006; De Angelis, 2007; Fine, 2006; Glassman, 2006; Hall, 2012; Levien, 2011, 2013; Webber, 2008; Wood, 2006). It is not the goal of this essay to mediate these debates, but to highlight social dispossession as one aspect of what Adnan refers to as the “diverse repertoire” of primitive accumulation (Adnan, 2015).

<sup>3</sup> On disparities between idealized notions of poverty and rural life held by development agencies and MFIs versus experiences of recipients themselves, see also (Cons and Paprocki, 2010).

<sup>4</sup> I draw on the broad tradition of feminist studies of social reproduction, with specific reference to Bakker and Gill (2003), Caffentzis (2002), Dalla Costa and Dalla Costa (1999), Dalla Costa and James (1972), Federici (2004, 2012), Ferguson (1999) and Mies (1986).

<sup>5</sup> The name of the village has been changed to protect the identities of respondents.

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