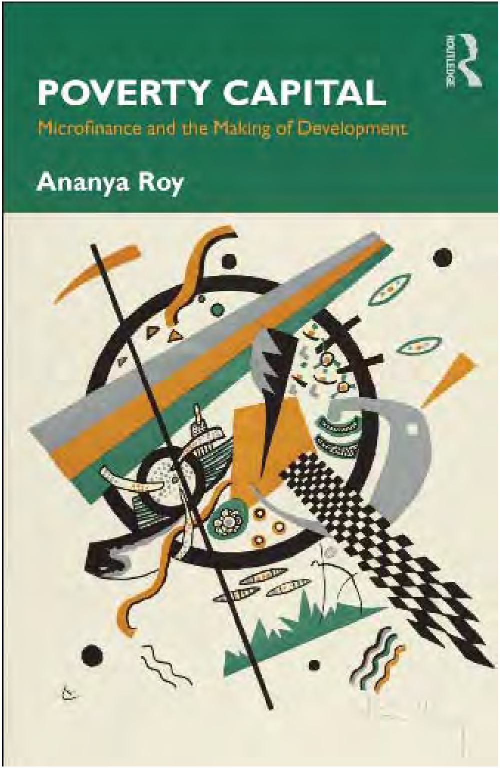

Figure 1.1 Felicita, microcredit client of Banrural Grameen Guatemala and Whole Planet Foundation (photograph courtesy of Alexander Crane).

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FOR MY STUDENTS AT BERKELEY—
WHO TEACH ME THROUGH THEIR PASSION AND SHARP WIT

Poverty Capital

Microfinance and the Making of Development

Ananya Roy

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Contents

Preface

This book has been in the making for several years. Its origins lie in my persistent interest in issues of poverty and inequality. Although my previous research has been concerned with those living under conditions of extreme poverty, this book is different. It studies those who manage poverty, that is, the poverty experts who produce knowledge about poverty and who set the agenda of poverty alleviation. I came to such a project because I wanted to learn more about how international development works. In particular, I wanted to understand how powerful institutions, such as the World Bank, control "capital," or circuits of profit, speculation, and accumulation, and "truth," or the circuits of knowledge production. It was not enough, I felt, to understand poverty at the ground zero of lived experience. It was also essential to make sense of this management of poverty.

The study of poverty is marked by the ethics of distance—of lives that are studied but remain distant from the privileged researcher. The study of power is also fraught with ethical issues, in this case the ethics of intimacy—of complicities and entanglements that are part of the world of development institutions and part of the world of academia. They are intimately about *my* world. Not surprisingly, the production of this book—from 2004 to 2009—is entangled with other projects. During this time, I found myself involved in an effort at the University of California, Berkeley, to establish a new research center and undergraduate curriculum focused on global poverty. As the education director of the fledgling Blum Center for Developing Economies, I came to teach what quickly became one of the campus's largest courses—Global Poverty: Hopes and Challenges in the New

Millennium. In short time, I became an intimate part of the very circuits of truth (and capital) that I sought to investigate and critique. Even so, one thing was clear: the students in my classes, this "millennial" generation, had an intimate relationship with global poverty. It was their issue; it defined their place-in-the-world. In many ways, this project has been an effort to make sense of what I believe will be a key theme in their world: "poverty capital."

I had expected this book to be about Washington DC and the institutions therein that make development. Yet, I quickly realized that the making of development was also taking place in the global South, in sites such as Bangladesh. The Grameen Bank, established in Bangladesh, is now a worldwide phenomenon, hailed as the pioneer of a successful model of poverty alleviation: microfinance. I went to Bangladesh deeply cynical about microfinance, but I came away inspired. Over many summers and winters, I learned an unanticipated set of lessons about this model of development—one that is often packaged and sold as a magical formula of microfinance but that is in fact a quite different logic of human development and social protection.

My initial foray into the world of poverty experts in Washington DC also led me to the Middle East. The post-9/11 world of development was filled with the talk not only of poverty but also of terror. I had to follow the talk, and the money. I chose two sites in the Middle East—Egypt and Lebanon—the former because it is saturated with American money and ideas and the latter because its most prominent development institution is the much feared Shiite militia, Hezbollah. Each of these sites—Bangladesh, Egypt, and Lebanon—led me back to Washington DC, for it remains a central node in the making of development. To indicate this power, I have left the chapter on Washington DC unmarked by location. After all, Washington DC is a global order, one that is not bound by territorial borders and boundaries. All other sites are marked and named.

This book was always about microfinance. Unlike many other development scholars and practitioners, I have no particular professional relationship with the field of microfinance. I had to quickly become fluent in the elaborate and sprawling microfinance debates, even while knowing that I had no intention of becoming a microfinance expert. But the book is also about something more than microfinance. Microfinance is a paradigmatic example of a new moment of development, one characterized by an interest in poverty alleviation and focused on ideas of self-help and empowerment. Microfinance is simply everywhere. It is both the celebrity cause and the ordinary citizen's development tool of choice. Microfinance is also an important frontier of capital investment. The financial crisis of 2008–2009 brought this into sharper view. As Wall Street banks collapsed, so the resilience of microfinance (and thus of the poor) became the topic of much discussion and hope. Thus, microfinance is a window into poverty "truth"—or the accepted knowledge about how poverty and poverty alleviation work—and poverty "capital"—or the types of finance that underpin poverty management and poverty alleviation.

Microfinance is about debt. Academic research also accrues its own debts: both abstract and intimate. This book has been made possible because of the generosity of many different people in many different parts of the world. Amidst busy schedules, development professionals were willing to spare an hour or two to talk to me. Some were willing to do so many times over, patiently answering my repetitive questions. Others shared contacts, made introductions, or let me into a meeting. Organizations made available their archival material, allowed me to attend conferences and workshops, and opened up their libraries. It is impossible for me to list all such opportunities and to adequately register my thanks. But a few debts must be mentioned.

Organizations such as PRODUCT (RED), Whole Planet Foundation, CARE USA and CARE Canada, the Microfinance Investment Support Facility of Afghanistan, and the United Nations Development Programme (UNDP) gave me permission to reprint some of their images and graphs in this book. BRAC, the Research and Evaluation Division, headed by the inimitable Imran Matin, gave me access to its impressive collection of research reports and more generally to the ethos of BRAC. UNDP Egypt facilitated my attendance of the launch of Egypt's National Strategy for Microfinance. I was able to participate in the 2005 Boulder Institute at a discounted rate. At the American University of Beirut, Mona Harb and Mona Fawaz shared their published and unpublished work. At the Grameen Bank, from the very beginning, Muhammad Yunus welcomed me with open arms, greeting me with warmth each time I met him in the global circles of microfinance.

It was the milieu of ideas at the University of California, Berkeley, that nourished the making of this book. This includes the work of many colleagues and friends: Raka Ray, Aihwa Ong, Isha Ray, Mia Fuller, Teresa Caldeira, James Holston, Robert Reich, Richard Walker, Alain de Janvry, Loic Wacquant, Paul Rabinow, Michael Watts, Gillian Hart, Charis Thompson, Ingrid Seyer-Ochi, Peter Evans, Minoo Moallem, Michael Burawoy, Paula Goldman, Saba Mahmood, Annalee Saxenian, and Percy Hintzen.

Also at Berkeley, various departments provided a home for my research and teaching: the Department of City and Regional Planning, International and Area Studies, and the Blum Center for Developing Economies. John Lie insisted that I serve as Associate Dean of International and Area Studies and Shankar Sastry similarly insisted that I take on the role of Education Director of the Blum Center for Developing Economies. The research and writing of this book coincided with these interesting portfolios. It was an insane routine, especially as I juggled teaching, advising, administration, and a book that was always on my mind. But it was also an entanglement that forced me to constantly consider the public and pedagogical relevance of this book. For that I owe John Lie and Shankar Sastry special thanks.

I had the opportunity to rehearse the arguments presented in this book through talks at different venues and I am grateful to have had these opportunities. These include the University of Washington, Seattle (Geography); University of Minnesota (Global Studies); University of Toronto (Geography and Planning/ International Studies); University of California, Irvine (Social Ecology); University of Vermont (Baruch Presidential Lectures); Stanford University (Aurora Forum); Federal University of Rio (IPPUR); and Arizona State University (Architecture and Planning). Some of the ideas presented in this book were previewed in three essays: "In her name" for *Wages of Empire* edited by Amalia Cabezas, Ellen Reese, and Marguerite Waller; "Poverty truths" for *Planning Ideas and Planning Practices* edited by Patsy Healey and Robert Upton; and "Millennial woman" for the *International Handbook of Gender and Poverty* edited by Sylvia Chant.

The scaffolding of this book relies on the work of many scholars. Their research, and friendship, has made possible this analysis of poverty capital. This includes Katharyne Mitchell, Matthew Sparke, Derek Gregory, Oren Yiftachel, Katharine Rankin, Kanishka Goonewardena, Michael Goldman, Pablo Bose, Neil Smith, Manuel Castells, and Janice Perlman.

Various grants provided the funding for this book. UC Berkeley's Committee on Research, the Hellman Faculty Award, and the Prytanean

Faculty Award provided crucial seed funding. A generous National Science Foundation Grant (Geography and Regional Science Program) made it possible to conduct the multi-year and multi-sited research that was necessary to tell the story of poverty management.

My graduate and undergraduate students have played a prominent role in the making of this book. Two outstanding undergraduate students—Lisa Molinaro and Robin Finley—served as research assistants in the early stages of the project. Several graduate students provided research assistance, including Ryan Centner and Gautam Bhan. Pietro Calogero's dissertation helped me understand the terrain of imperialism in Afghanistan. In Beirut, Hiba Bou Akar was an important research guide, sharing with me her ongoing work on Hezbollah. Liz Lee enthusiastically scavenged for the artifacts of millennial development, such as the Benetton microfinance campaign. Sylvia Nam worked on the project for several years, carefully assembling a history of the World Bank and of the circulation of microfinance ideas (complete with her brilliant and caustic analysis).

At Routledge, the conceptualization and production of the book was shepherded first by Dave McBride and then by Steve Rutter and Leah Babb-Rosenfeld. Susan Mannon provided valuable editing advice. I thank Steve for pushing for a book that would be read beyond the halls of academia.

The itinerant nature of this research project was made bearable by family and friends in different parts of the world, especially in Bangladesh, India, Egypt, and Lebanon. My parents, in Kolkata, India, made peace with the long duration of the project as I cut visits short to make yet another research trip to Bangladesh.

At home here in Berkeley, Nezar AlSayyad was also patient—especially when, year after year, I scheduled research trips during every summer, winter, and spring break. As the piles of research material mushroomed all around our house, he heard a familiar refrain: "I'll clean up the mess when the book is over." I guess it is time for me to deliver on that promise. In ordinary and extraordinary ways, Nezar makes possible the work I do.

Two people in particular must be acknowledged. From the very first day that I met him, Syed Hashemi became an important part of this book. His incisive analysis and humor enlivened my "fieldwork." He allowed me to see development through a quite different lens. Stephanie Kim, my graduate student, was there at the very start of this book. She accompanied me on research trips to Washington DC and New York, shared in my interest in

the politics of development, and wrote a solid Master's thesis on microfinance in Vietnam. Stephanie is not here to see this book come to completion and this is a tragedy. She, like many of my students, had a stake in millennial development and its political possibilities. This book is for her and them.

Ananya Roy
Berkeley
June 29, 2009

Chapter 1

Small Worlds

The Democratization of Capital and Development

> Microfinance is one of the most important economic phenomena since the advent of capitalism and Adam Smith.
>
> (Vinod Khosla, Silicon Valley venture capitalist, 2004[1])

An Encounter in a Grocery Store and in a Classroom

It was the end of a long day at work. I had just finished shopping for groceries at Whole Foods Market in Berkeley, my cart piled high with striped heirloom tomatoes, lush eggplants, and round Asian pears. Then I saw Felicita. She was smiling, a broad grin that was confident, and she bore in her hands a garment with vibrant embroidery. Felicita was the "microentrepreneur" featured that month at Whole Foods Market, her smiling face beaming at us from donation flyers (see Figure 1.1). As I paid for my groceries, I had the option of adding $1 or $5 to my bill for use by the Whole Planet Foundation to "empower the poor through microcredit." But the flyer also told a story: of how Felicita, who lives in Guatemala, "runs an embroidery business and sells her products in the local marketplace." Curious to learn more I came home and browsed the "photo-story" of Felicita on the Whole Planet Foundation website: "Before receiving a microloan, she lacked the capital to buy enough raw materials to make more than a few blouses a week. Now, she has doubled her monthly production, enabling her to buy school supplies for her children" (http://www.wholeplanetfoundation.org/partners/microentrepreneurs, accessed July 28, 2008).

Felicita is one of many microentrepreneurs supported by the Whole Planet Foundation and one of millions of women worldwide who today are recipients of microfinance loans given out by a proliferation of organizations. Microfinance, the provision of financial services to the poor, is a highly popular poverty alleviation tool, widely discussed and applied. This broader term, "finance" subsumes within it more specific practices such as the granting of credit in the form of tiny loans, or microcredit.

Figure 1.1 Felicita, microcredit client of Banrural Grameen Guatemala and Whole Planet Foundation (photograph courtesy of Alexander Crane).

Felicita is also an example of the "visible" poor, her struggles and successes rendered familiar through the methods of development and philanthropy that are now all around us, even in our grocery stores. This is a "small world"—or as the Whole Planet Foundation puts it, a "global community"—one where the alleviation of poverty is inserted into everyday acts of consumption. Our choices empower, and we are in turn empowered. It is through such forms of intimacy that we make and remake ourselves as world citizens.

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Grameen Guatemala which provides loans to microentrepreneurs such as Felicita. This institutional ecology—a microfinance organization in Guatemala established as an outpost of a microfinance network centered in Bangladesh and financed by a foundation headquartered in Austin, Texas—is also an example of the new "small world" of development.

Most important, Grameen Guatemala, and indeed all Whole Planet Foundation partners, adhere to what may be understood as a Grameen model of micro-finance. Founded by Muhammad Yunus in 1983, the Grameen Bank pioneered a simple model of credit whereby small groups of poor women are able to secure small loans at reasonable rates of interest. The model is meant to serve as an alternative to both formal systems of banking that demand collateral and exclude the poor and informal systems of finance that prey on the poor. Premised on the idea that the poor are inherently entrepreneurial, the Grameen Bank bets on the generation of income and the smooth repayment of such loans. After all, as one treatise on the Grameen Bank puts it in its title, "the poor always pay back" (Dowla and Barua 2006). Women are seen as particularly important conduits of microfinance loans with an altruistic propensity to utilize income for social development, such as the schooling of children, improved household nutrition, or investment in a home. Implemented widely in Bangladesh, the Grameen Bank model is today a global phenomenon. Actively promoted by the Grameen Bank itself, for example through organizations such as the Grameen Trust, Grameen-style microfinance is ubiquitous—connecting the grocery stores of North America to the remote villages of Guatemala. It bears the powerful promise of a model that works, one that can deliver poverty alleviation and the empowerment of women. In recognition of such efforts, Muhammad Yunus and the Grameen Bank were awarded the 2006 Nobel Peace Prize. The Prize committee credited them with the creation of "economic and social development from below." "Lasting peace," the committee noted, "cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means" (Mjøs 2006).

Microfinance, as it reaches poor women such as Felicita, is an example of the democratization of capital. It seeks to transform hitherto exclusionary systems of finance into those that include the poor. In addition, it facilitates flows of philanthropy and investment—from foundations in the prosperous global North to organizations that serve the poor in the global South. But such capital flows also include a vast array of microtransactions: from the consumer at the Whole Foods Market check-out line who makes a $1 donation to the young volunteer who records stories of microentrepreneurs. This is the democratization of development, a widespread ownership of the ideas and practices of development that defies centralized edifices such as the World Bank or even the Grameen Bank. It makes the world small.

I was to be reminded of such small worlds as I completed the writing of this book. When I first encountered Felicita's "photo-story" in that Whole Foods Market in Berkeley, I was already immersed in the study of the globalization of microfinance. Her story was a reminder of a larger story that had become the focus of my research: how a model of poverty alleviation with roots in Bangladesh came to be widely adopted, promoted, and even criticized and challenged. A year later, I returned to the image of Felicita, wanting to reproduce it here, in this book, to narrate a brief account of the reaches of microfinance. I submitted my request to the Whole Planet Foundation, expecting to navigate a tedious maze of permissions and copyrights. It is commonplace for such requests to remain unanswered: organizations have more important issues at hand; often they do not own their images and must identify and seek permission from the photographer. But this time I heard back in a matter of days, from a young man, Alexander Crane, who wrote explaining that he had served as an intern at Grameen Guatemala and that the photograph of Felicita that had caught my eye was taken by him. Alex was no stranger to me. He was enrolled in a class that I was to teach at the University of California, Berkeley, titled "Global Poverty: Challenges and Hopes in the New Millennium." While I had not yet met him, he was one of the hundreds of "millennials" I encounter in this classroom, a generation of world citizens eager to tackle the urgent problem of persistent poverty, brimming with enthusiasm as they spend their summers in Guatemala to Ghana, often convinced by what Alex, in his email to me, called the "transformative power of microfinance." For a riveting moment, Felicita, Alex, and I were bound together in a "small world," a cluster of coincidence and serendipity amidst the millions of women microentrepreneurs who receive loans and the thousands who are photographed by yet thousands of young volunteers and interns.

This book is about such "small worlds." That phrase makes reference to a series of striking compositions produced by early twentieth-century artist, Wassily Kandinsky. *Small Worlds IV* is the cover of this book. I am drawn to the drama of Kandinsky's "small worlds," its complex vectors of movement, its colliding and colluding worlds. For me, the painting evokes the drama that is at work in microfinance and in the making of development. While Felicita's story is of crucial importance, that is not the one I have chosen to tell in this book. Instead, I outline the larger story of the democratization of capital and the democratization of development. Like the drama of Kandinsky's painting, these are intense and furious struggles. Two in particular are central to this book.

First, the globalization of microfinance has generated great interest in microfinance as an "asset class," or as a circuit of investment. While the Grameen Bank promises to alleviate poverty and empower women through a non-profit model of financial services, new models of microfinance institute strict norms of financial sustainability and emphasize profits rather than human development. This, as one famous text puts it, is the "microfinance revolution" (Robinson 2001). It bears a new promise: that the "bottom billion"—the world's poorest—will serve as a "frontier market," opening up new horizons of capital accumulation. Microfinance then is no longer the sole domain of non-profit organizations such as the Grameen Bank; it is the domain equally of commercial banks, investment vehicles, and money markets.

The remaking of microfinance is part of a broader transformation of capitalism itself, what Bill Gates (2008) labels "creative capitalism." This kinder and gentler capitalism seeks to aggressively mine the "fortune at the bottom of the pyramid," but in doing so it also hopes to eradicate "poverty through profits" (Prahalad 2004). It is in this sense that it is possible to think about "poverty capital" and to conceptualize microfinance as a chip or microprocessor in such formations of capital. The complex question at hand, one that animates quite a bit of this book, is whether "poverty capital," and specifically microfinance, will ensure financial inclusion, on fair and just terms, for the world's poor. Can microfinance, as an asset class, sought after by Wall Street investors, maintain this social purpose? Or will it fuel financial speculation, predatory capitalism, and ever-expanding debt?

Second, microfinance is one of those rare development ideas that originated in the global South and was taken up by powerful development institutions in the global North. Pioneered in Bangladesh, by the mid-1990s microfinance had become a development panacea, a globally favored practice of poverty alleviation. This reverse flow of ideas and practices—from the Grameen Bank of Bangladesh to the World Bank—suggests a democratization of development. Yet, as the microfinance revolution has sought to promote "poverty capital" so it has sought to remake paradigms of knowledge. Today, microfinance expertise is produced by the World Bank as much as it is by the Grameen Bank. Indeed, it is the World Bank that controls the portals of knowledge, establishing the norms, metrics, rankings, and best practices of microfinance. World Bank training workshops, texts, and reports disseminate such authoritative knowledge, investing some experts with the authority to be microfinance experts and denying others legitimacy and significance. In short, what is at work is a "Washington consensus on poverty."

In this book, I reveal the workings of the Washington consensus on poverty. But I also demonstrate how such forms of power come to be challenged and contested, how a lively battle of ideas continues in the field of microfinance. While I start at the power nodes of development aid and policy, I eventually journey to the margins of such geographies of power, examining how development institutions in the global South, as varied as the Grameen Bank and BRAC in Bangladesh and Hezbollah in Lebanon, continue to forge a different model of microfinance. Whether or not such ideas have traction, whether or not they represent an original and indigenous version of microfinance, and whether or not they are able to provide robust alternatives to dominant paradigms, are all issues that I tackle in this book.

I believe that such questions—concerned with the democratization of capital and the democratization of development—are important. They speak to the lives of poor women such as Felicita for these lives are now entangled, for better or for worse, with the making of "poverty capital." But they also speak to the hopes and aspirations of "millennials" such as Alex Crane. These lives too are entangled, for better or for worse, with the remaking of development. Will such conjunctures and collisions produce a new set of "small worlds," those that are worth inhabiting and defending? This chapter tells the story of millennial development and its millennials. In doing so, it identifies some of the key issues at stake in the democratization of capital and development: how poverty becomes visible; how markets work or fail; and how development attempts to tackle the uneven geographies of the contemporary world.

MILLENNIAL DEVELOPMENT

The turn of the century has been marked by the emergence of a remarkable global conscience: an awareness of world poverty and the articulation of the will to end poverty. The stark fact that of a world population of 6.7 billion people, 1.4 billion live under the unimaginable conditions of earning less than $1.25 a day, is now common sense (World Bank, PovertyNet, 2008 figures).

Of course, there is nothing new about poverty. The issue is how and why at particular historical moments, poverty becomes sharply visible and serves as a lightning rod for social action and change. This occasional transformation of poverty into a "public" issue has taken place at different times and in different forms. At moments of political conservatism, poverty has been framed as a problem of delinquent behavior requiring moral discipline and the imposition of social order. Such was the case in the 1980s as conservative political regimes on both sides of the Atlantic promoted the stereotype of the dependent and undeserving poor, those dependent on welfare and unwilling to work, victims not of structural forces but rather of their own laziness and lack of responsibility.

SMALL WORLDS

At other times in history, poverty has been interpreted as a problem of the national economy and its management. This was the case just after World War II, when a multilateral or multinational system of development—the Bretton Woods order—was established, with the World Bank and the International Monetary Fund (IMF) at its helm. This system sought to "modernize" national economies. It was premised on the idea that development was a ladder with stages of economic growth; some countries were at the top and others had to quickly catch up.

What is unusual about the present historical moment is that poverty has become visible as a global issue. The focus has shifted from the modernization of national economies to the alleviation of the poverty of the "bottom billion," the 1.4 billion people such as Felicita living under the threshold of the international poverty line. There is also a rapid globalization of the responses to poverty—from the global campaigns that are being waged to "make poverty history," to the global dissemination of poverty-alleviation "best practices," to the radical critiques that link poverty to the global economy and thus insist that "another world is possible" and necessary. In short, a new global order, what I call "millennial development," is taking shape.

Millennial development is the confluence of various forces. To begin, there is a remaking of development as a "kinder and gentler" process, one that is as concerned with human development as previous eras were concerned with economic growth. In the 1990s, the World Bank made the alleviation of poverty its top priority. In 2000, the member states of the United Nations (UN) adopted the Millennium Development Goals, an ambitious set of human development goals that were to be achieved through global cooperation by 2015.

As development institutions consider anew the goal of human development, they have developed a new set of development metrics, or development indicators. Instead of focusing on rates of economic growth, there is now the widespread use and tracking of an international poverty line, which binds the world's impoverished in one simple statistic and creates a sense of a common fate. In addition, the Millennium Development Goals have generated an imperative to measure and map progress toward poverty eradication. In the foreword to the 2003 Human Development Report, Mark Malloch Brown, then UNDP administrator, presents the Millennium Development Goals as "a development manifesto for ordinary citizens around the world: timebound, measurable, pocket-book issues they can immediately understand." He continues that "with adequate data, the Goals seek to hold their governments and wider international community accountable for their achievement" (UNDP 2003a: vi). Maternal mortality, primary education, health, and housing are all now crucial ingredients of development, not simply gross national product.

Poverty data is one thing; data on inequality is another. One of the most dramatic diagrams in the 2005 Human Development Report is that illustrating the "champagne glass effect," which shows that the world's richest 500 individuals have a combined income greater than the poorest 416 million (UNDP 2005: 36). In fact, the champagne glass is more like a wide-mouthed funnel, with wealth, income, and consumption disappearing at the bottom (see Figure 1.2).

A focus on inequality is radical because it implies that millennial development cannot simply be about saving the poor; it must also tackle

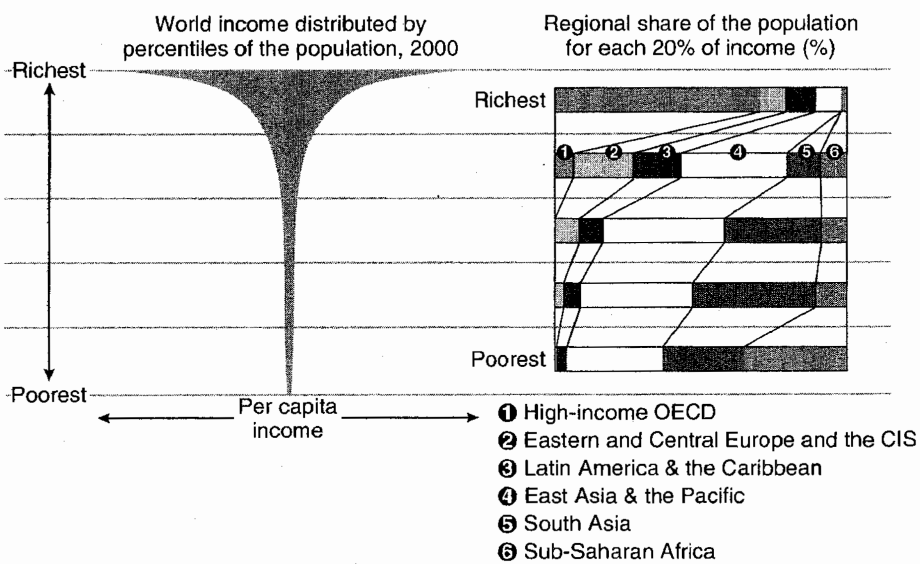

Figure 1.2 Where the money is (UNDP 2005).

the more difficult questions of the distribution of wealth, privilege, and power. There is no simple $1 donation for this, no month-long service learning trip, no church volunteer group. Such a task requires confronting the very ways in which international development functions. Thus, in the frameworks of millennial development, there is a metric of inequality that has gained prominence: the flow of aid from the global North to the global South. Figure 1.3, which appears in the 2005 Human Development Report of the UN, is appropriately subtitled "wealth is growing faster than aid." It shows that while per capita income has been increasing in key donor countries, such as those in North America and Western Europe, overseas development assistance (ODA) per capita has been on the decline.

The United States, while the largest donor of ODA in absolute terms, turns out to be quite stingy, disbursing only 0.22 percent of its gross national income in ODA in 2005, a far cry from the Millennium Development Goal of 0.7 percent (UNDP 2007: 289). When the structure of this assistance is analyzed—to take into account debt relief or contracts to US consultants and companies—the flow of aid from North to South is even more attenuated, more fickle. And such aid is drowned by something else: the substantial agricultural subsidies that Northern countries provide

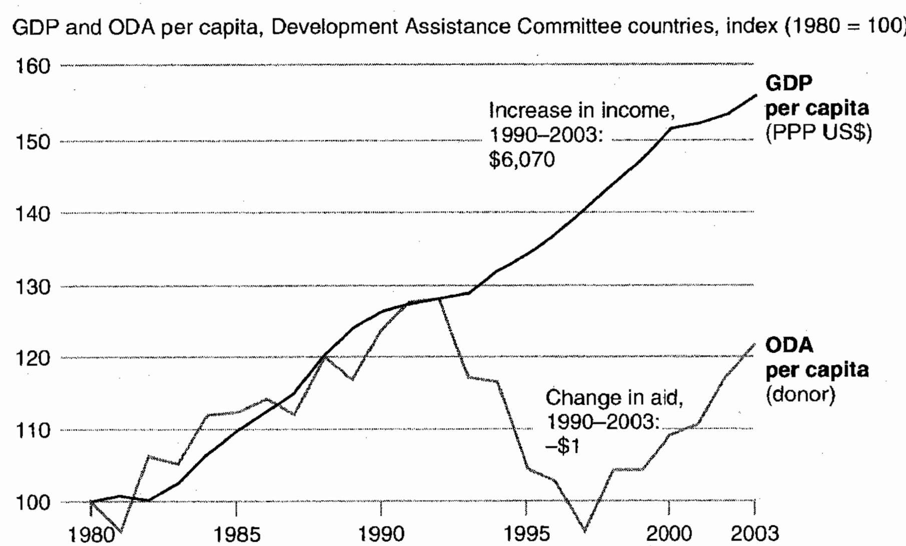

Figure 1.3 Richer but less generous: wealth is growing faster than aid (UNDP 2005).

to their own farmers (see Figure 1.4) and that greatly imperil the ability of farmers in the global South to command a fair price for agricultural products in national and global markets.

While the 2001 World Trade Organization (WTO) conference in Doha, Qatar, called for the elimination of such subsidies, they continue to exist, much to the dismay of global South countries. The 2003 Human Development Report of the UN vividly depicts the scale of such subsidies (see Figure 1.4). In this report, Malloch Brown passionately argues that "long term initiatives to halve hunger and poverty will fail without fundamental restructuring of the global trade system—particularly in agriculture." He insists that "policy, not charity is what rich countries can do to meet the Millennium Development Goals" (UNDP 2003a: vi).

Millennial development entails a reform of structures of aid and trade. It also involves the formation of a parallel apparatus of development. Global philanthropic foundations, global justice campaigns, and global non-governmental organizations are leading the fight against poverty, the largest of them commanding resources, power, and influence that far exceed the scope of most nation-states. They are led by iconic figures—Bill and Melinda Gates, Bill Clinton, Bono—global personalities who have become flashpoints for millennial development. These celebrities, and their campaigns, make poverty visible and create a sense of urgency around poverty alleviation. From setting an agenda around poverty (as does the Gates Foundation) to strategically influencing the development agenda of advanced, industrial countries (as does Bono), these figureheads have become decisive actors in the new global order of millennial development.

Many of these organizations and campaigns seek to actively involve ordinary men and women in the struggle against global poverty. The concerts of the rock band U2 have the feel of a Global Studies 101 classroom, with an electronic scroll ticking out the Universal Declaration of Human Rights. Bono is blindfolded and wrapped in an American flag as he laments the human degradation caused by war, poverty, and deprivation. The audience wears white wristbands, for they have pledged to "make poverty history." They are the "everyday Americans" of the One Campaign, a grassroots campaign co-founded by Bono to help eradicate global poverty. They have faith in Bono's (in Sachs 2005: xvii) argument that "[w]e could be the first generation to outlaw the kind of extreme, stupid poverty that sees a child die of hunger in a world of plenty."

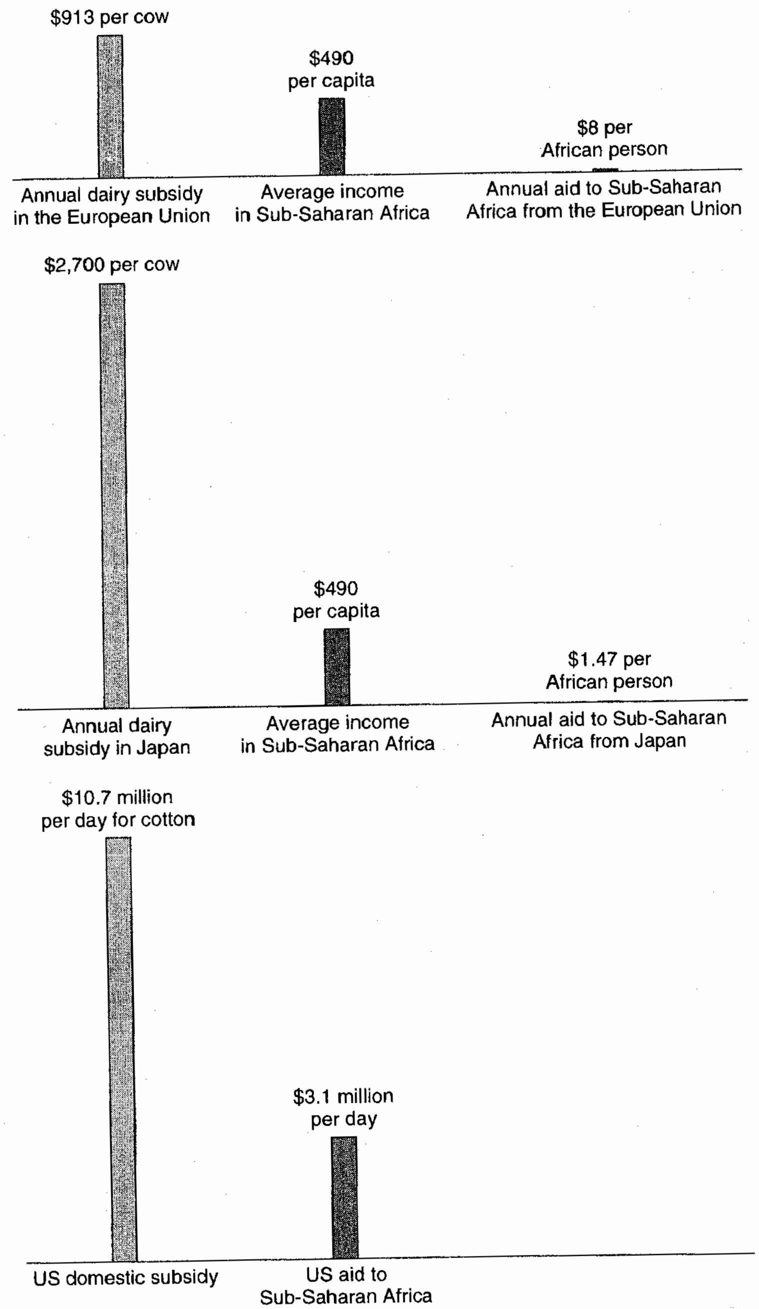

Figure 1.4 Cows and cotton receive more aid than people, 2000 (UNDP 2003a).

Such political mobilization across the ideological spectrum—from evangelical Christians to global liberals—is a hallmark of millennial development. In this way, poverty has become a public issue, with responsibility for its alleviation dispersed among a broad swath of global citizens, especially citizens of the global North. The awareness of poverty defines the West's place in the world. Thus, an account of then World Bank president James Wolfensohn's fight against poverty begins in the following way: "We live in an age when millions of people die because they were born in the wrong place: one section of humanity enjoys $2 lattes and disposable cameras; the other section lives on $2 a day and appears itself to be disposable" (Mallaby 2004: 1). This global conscience is not abstract; rather it has permeated everyday life: the young American school girl who works tirelessly to raise money for anti-malaria bed nets for African families, dollars converted into lives saved, an equation made possible through selfless volunteerism.

Millennial development relies greatly on the modern, Western self who is not only aware of poverty's devastation but is also empowered to act upon it in responsible ways. (PRODUCT) RED is a good example of this virtuous cycle. The message is simple: "Red is not a charity. It is a business model. You buy products. The companies buy pills. Poor people take the pills and live" (http://www.joinred.com, accessed August 15, 2008) (see Figure 1.5). This connection between a consumer buying a Gap t-shirt or a Motorola razor phone at one end and an HIV-AIDS-infected African body receiving medicine at the other end is mediated by the Global Fund, which provides financial support to various development programs. Here too a metrics is essential, this one that establishes "sound performance" and "tangible, measurable results" in "lifesaving work" (http://www.joinred.com/Learn/HowRedWorks/GlobalFund.aspx, accessed August 15, 2008).

But lest we forget, millennial development has another powerful force: global social movements. These movements, through visible and often fierce protest, have served as a catalyst for the new global order. Thus, in 1994, as the institutions established at Bretton Woods—the World Bank and IMF—celebrated their half-century mark, so critics gathered in loud protest, insisting that 50 years was enough and demanding "reparations" for the damages wrought by development (Danaher 1995). The protests and gatherings continued—in Seattle in 1999 against the WTO and the global system of trade, in the annual World Social Forum meetings to insist upon

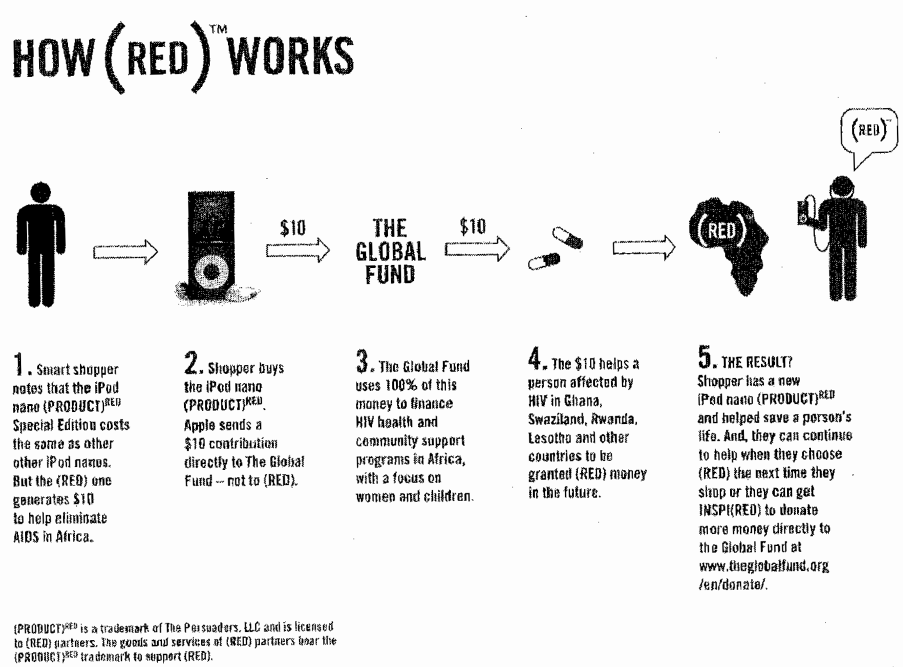

Figure 1.5 How (RED) works (courtesy of (RED)).

an alternative to the free-market global economy, outside the G8 meetings to call for a "jubilee" or debt relief for the world's poorest and most indebted countries.

These global social movements are aimed at creating what Global Exchange calls "a people's globalization," predicated on a "democratization of the global economy" (http://www.globalexchange.org, accessed August 15, 2008). The organization Focus on the Global South, headquartered in Bangkok, phrases this in a slightly different way: as a "transformation of the global economy from one centred around the needs of transnational corporations to one that focuses on the needs of people, communities and nations and in which the capacities of local and national economies are strengthened" (http://focusweb.org/who-we-are.html, accessed August 15, 2008). With this in mind, Walden Bello (2007: 210), founder of Focus on the Global South and well-known international activist, argues that the globalist project is in crisis, with the "loss of legitimacy of the key multilateral institutions that serve as the political canopy of corporate-driven globalization." He argues that the "critical factor" has been resistance:

> Action is a condition for the emergence of truth. What I mean to say is that for over a decade before Seattle, the United Nations Development Program and other agencies had been publishing data showing the negative impact of structural adjustment programs, neoliberal reforms, and corporate-driven globalization. However, these remained lifeless statistics that were largely ignored by the media, the academy, and policymakers that held on to faith-based assumptions about the beneficial impact of these measures and processes. Seattle, by bringing the message of the protestors so forcefully to world attention, turned abstract statistics into brutal facts . . . It is doubtful if people like the Nobel Prize-winner Joseph Stiglitz or the star economist Jeffrey Sachs or financier George Soros would have detached themselves from the mainstream and begun to criticize corporate-driven globalization so forcefully had Seattle not occurred.
>
> (Bello 2007: 215)

In this book, I take a closer look at the complex ensemble of often contradictory forces and ideas that is millennial development. I examine the key ideas, voices, and policies that have become the hallmark of this moment. Instead of asking: What is poverty? and How is it alleviated? I ask a different set of questions, those that I believe are fundamental. Specifically, I ask: What are the dominant ideas about poverty and poverty alleviation? Are there alternative ideas and if so, how may we learn about and from them? Do the dominant and alternative ideas break with previous models of development? In other words, this is a book about the politics of knowledge at a time of millennial development. It is premised on the argument that certain world views and knowledge paradigms have more purchase than others among poverty experts. This in turn has crucial implications for the allocation of resources and opportunity. As Subcomandante Marcos (2000), leader of the Zapatista movement, declared from Chiapas, Mexico: "ideas are also weapons."

From the End of History to the End of Poverty

In *The End of History and the Last Man*, an essay originally published in 1989 and then published as a book in 1992, Francis Fukuyama argued that humanity had reached the end of history:

SMALL WORLDS

> What we may be witnessing is not just the end of the Cold War . . . but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government.
>
> (Fukuyama 1989: 4)

Fukuyama (1992: xiii) also argued that "liberal principles in economics—the 'free market' have spread," producing "unprecedented levels of material prosperity" around the world. For Fukuyama, free-market capitalism and liberal democracy were not simply a reality; they were ideals that could not be improved upon.

Although Fukuyama himself was to later cast doubt on the "end of history" thesis, at the time of its initial articulation the paradigm signified the heady confidence of the gurus of free-market globalization. It was this audacious revival of "liberal principles in economics," or "neoliberalism," that lay at the heart of the "Washington consensus," a term coined by John Williamson in 1989. Williamson (2004: 7) himself rejects the "perversion of the term" as a "synonym for neoliberalism or market fundamentalism." But the Washington consensus came to be seen as a set of rigid strictures that mandated privatization, deregulation, and liberalization. In a manner similar to Fukuyama, Williamson (2000: 261) notes that in 1989 there was "an unusually wide measure of agreement that several rather basic ideas of good economics were not only desirable but of key importance in the current policy agenda." In short, both the content and the form of the Washington consensus were incontrovertible truths. When and how was this unshakeable certainty about free markets transformed into an awareness of global suffering? How did the debate shift from the "end of history" to the "end of poverty"?

In 1994, two years after Fukuyama's book was published, Jacques Derrida, the legendary French philosopher, published *Specters of Marx*. Writing against Fukuyama, Derrida (1994: 106) draws attention to an "obvious macroscopic fact," that "never before, in absolute figures, have so many men, women and children been subjugated, starved or exterminated on the earth." In short, the euphoria of the free market was giving way to the specter of poverty.

In Washington DC, James Wolfensohn as president of the World Bank declared a post-Washington consensus. In a key speech, titled "The Other

Crisis," delivered to the annual meeting of World Bank Governors in 1998, Wolfensohn argued that while the world was fixated on a financial crisis—at that time the East Asian financial crisis—it had failed to notice that another crisis was looming: poverty (Pender 2001: 402). Soon Joseph Stiglitz, chief economist of the World Bank from 1996 to 2000, emerged as the key interlocutor of such a "post-Washington consensus consensus." Rejecting the "market fundamentalism" of the Washington consensus, Stiglitz made the case for new types of development interventions that relied on the role of the state. Equally significant, he argued that the ideas of this new, emerging consensus could no longer be based in Washington DC and that instead "developing countries must take ownership of them" (Stiglitz 1998: 33). Thus, the "end of history" came to an end. Naomi Klein (2001) writes of a moment of celebration at the first annual World Social Forum in Porto Alegre, Brazil, that great gathering of global social movements: "Many people said that they felt history being made in that room. What I felt was something more intangible: the end of The End of History."

In order to understand the shift from the "end of history" to the "end of poverty" it is necessary to understand two key vectors. The first is the devastation engendered by the market-oriented development policies of the 1980s. Unleashing severe protests against such policies, the crisis also set into motion a new political and academic discourse of "market failure." The second is the emergence of a compelling geographical imagination about sites of poverty, notably Africa. Most often imagined as a "heart of darkness," Africa was now seen as a continent wronged by bad development policy, a place that can be fixed through the right interventions. Since 9/11, the Middle East too has been imagined as an "other" geography—a "hot spot" where the rage of the Arab Street has to be somehow tackled and remedied if the home geographies of America and the West were to remain safe and secure.

From Markets to Market Failure

As Fukuyama was writing and defending his "end of history" thesis, a crisis of economy and legitimacy was brewing in many parts of the world. A decade of harsh structural adjustment policies had wrought havoc in many parts of the world such that by the 1990s new policies had to be crafted in order to address growing poverty, unemployment, and indebtedness. Although it was not until the Argentina crisis of 2001–2002 that the IMF was to finally

admit the failure of its monetary policies, the World Bank had much earlier distanced itself from the crude structural adjustment paradigm. As global social movements launched protests against the World Bank and IMF, so the World Bank, led by James Wolfensohn, sought to remain one step ahead of protestors (Elyachar 2002). World Bank insiders such as Joseph Stiglitz placed the blame on the IMF, insisting that it had worsened rather than improved the economies of the developing world (Stiglitz 2000a, 2002).

Stiglitz's critique may have proved to be too radical, and in a "showdown" he eventually left the World Bank (Wade 2001). But his twofold criticism of the IMF circulated widely. First, he painted the IMF as a neocolonial institution in which the economic sovereignty of Third World nations was compromised. The IMF, Stiglitz noted, "does not report directly to either the citizens who finance it or those whose lives it affects" (Stiglitz 2002: 12). Second, Stiglitz (2002) argued that the IMF was an instrument of "market fundamentalism," unable to recognize or respond to market failures. Poverty was an instance of market failure, demonstrating the inability of markets to provide collective goods. The Washington consensus, by promoting a free-market ideology was thus unable to successfully promote development. For Stiglitz, the Washington consensus was strongly contradicted by the East Asian case, where strong, developmental states had secured both economic growth and improvements in human development. This contrast between market fundamentalism and developmental states is a key feature of Stiglitz's articulation of a consensus that was to replace the neoliberal Washington consensus. The new order was meant to be a reformed and enlightened globalization with better rules for "global collective action."

If the Washington consensus was associated with the free-market ideologies of Ronald Reagan and Margaret Thatcher, then the post-Washington consensus was consonant with a new political regime, the Third Way philosophy of Bill Clinton and Tony Blair. Clinton (2006), in a speech in London, reflected on the Third Way:

> No one has yet found anything approaching the free market that is as an efficient allocator of goods, services, capital and opportunity. But, the free market left alone . . . will not take account of human needs, not equally distribute human opportunity, will not empower people . . . unless there is a

> role for government to create the conditions, the systems and the tools people need to make the most of their own lives, and to build up their communities.

Clinton's speech seeks to reconcile an ancient tension that lies at the very heart of liberalism: the faith in liberty and free enterprise and the desire for some forms of regulation. In *The Wealth of Nations* (1776), Adam Smith famously espouses a theory of the free market. But Smith is also the author of another key text, *The Theory of Moral Sentiments* (1759), in which he expresses the need for a caring, providing society. Almost a century later, in *On Liberty* (1859), John Stuart Mill also argued for the freedom of the economy. But, like Smith, he also made the case for "public control," for "restraint" such that harm to workers, consumers, and society could be prevented. These ethics of care and restraint, what may be understood as an "ethical economics" (Peet 2003: 10), were lost during the neoliberal policies of the late twentieth century. They are being revived at a time of millennial development.

In his famous thesis of the "double movement" of capitalism, the economic historian Karl Polanyi (1944: 3) argues that the movement to "disembed" the economy from society and create the "stark utopia" of the "self regulating market"—which is essentially what neoliberal policies attempted to do—also generates efforts to recapture and re-embed the economy within social and political control. The "double movement" is thus the tension between "market society" and "society with markets," between a system dominated by market exchange and one where reciprocity and redistribution are possible. It is a struggle that is evident in much of twentieth-century development and within millennial development itself.

In *The End of Poverty*, a text that is iconic of millennial development, Jeffrey Sachs (2005) issues a call for Keynesian interventions in poor countries, thus making the case for an "embedded" liberalism. Persistent poverty, for Sachs, is the visible manifestation of market failure, one that can only be combated through investment in human development infrastructure. Writing against Sachs, William Easterly (2006) in *The White Man's Burden*, argues that the problem with poverty is state failure rather than market failure. Dismissing Sachs as a "Planner" with a "Big Western Plan," Easterly (2006: 60) argues that "free markets work." Such debates also mark the field of microfinance. Vinod Khosla (2004), Silicon Valley venture capitalist, states that microfinance is "the most important economic

phenomena after capitalism and Adam Smith" (http://www.gsb.stanford.edu/news/headlines/2004globalconf_khosla_speech.shtml, accessed August 5, 2005). But which version of Adam Smith and liberal philosophy should we reference? Is microfinance a free-market strategy that seeks to harness the microenterprises of the poor? Or is it a response to market failure, an instance of an "embedded liberalism" that is concerned with "social interest" and relationships of reciprocity and redistribution?

Africa Works

If millennial development involves a debate about whether markets work or fail, then it also involves an imagination about places that work or fail. Africa tops the list. In the 1980s, under conditions of structural adjustment, the continent was viewed as the heart of darkness, burdened by corrupt states and failing markets. Today Africa is imagined as a place that was wronged by development and globalization and that must be helped. One of Wolfensohn's first acts as president of the World Bank was to visit Africa (Mallaby 2004: 89). Africa, once understood only in the language of crisis, is now being remade as a "place-in-the-world" (Ferguson 2006: 6).

Take, for example, the July 2007 issue of *Vanity Fair*, which was dedicated to Africa. Guest edited by Bono, the issue sought to present Africa as a "mesmerizing, entrepreneurial, dynamic continent" rather than as a "hopeless deathbed of war, disease, and corruption" (Bono 2007: 32). We are introduced to Africa not so much via Africans as through American celebrities who care about Africa: Oprah, George Clooney, Madonna, Bill Gates, each photographed in stunning fashion by Annie Leibovitz. Particularly striking is the idea, which ran through the issue: that we are all Africans. DNA samples taken from the editors and celebrities chart "individual ancestral paths from their starting point in East Africa." The editor comments: "It is quite moving to see that every person on the planet is linked to this African tribe, and that, as the saying goes, we are all African" (Carter 2007: 28).

The Africa issue of *Vanity Fair* features Jeffrey Sachs and his "millennium villages," which are meant to provide a concentrated dose of development intervention in rural Africa. Sachs's argument about the "end of poverty" is also an argument about places that work or fail. In a recreation of the ideas of development economist Walt Rostow, Sachs envisions development as a ladder with countries at different rungs. Africa, imagined at the bottom of the ladder, has to be given the opportunity to "gain a foothold" (Sachs 2005: 73).

But it is important to note that another geography lurks in the shadows of this remaking of Africa. In the *Vanity Fair* issue, Sachs is presented as "visionary economist, savior of Bolivia, Poland, and other struggling nations, adviser to the U.N. and movie stars" (Munk 2007: 140). That brief and breathless reference to Bolivia and Poland is significant, for Sachs was involved in reconstructing these economies in his capacity as IMF economist. As Naomi Klein (2007: 150) notes, his "shock therapy" for Bolivia "deepened poverty" and "eliminated . . . hundreds of thousands of full-time jobs with pensions," replacing them "with precarious ones with no protections at all." This is the older geography of brutal neoliberalism and market discipline. Millennial development seeks to mitigate the consequences of shock therapy in new zones of experiments such as Africa.

Yet, the geographies shaped by neoliberalism are celebrated as places of progress rather than of devastation. In the world of microfinance, structurally adjusted Latin America, particularly Bolivia, is often presented as a best-practice model, its territories well primed for aggressive privatization and commercialization. Indeed, Latin America, with its history of shock therapy, is seen as the advanced contrast to a more primitive South Asia, especially Bangladesh, home to the Grameen Bank model of microfinance. Thus, the preface to a book on profit-making microfinance declares that Latin America is "a generation ahead of other regions with respect to the development of the microfinance sector" (Jansen 2002: vii).

Microfinance has become a key strategy to lift Africa out of poverty. It makes possible the envisioning of Africa as a frontier of investment and capital accumulation. Thus, a recent CNBC special argues that the current economic crisis may present an unprecedented opportunity to invest "in one of the world's most dangerous places." There is, of course, the interest in Africa's oil, gold, and diamonds. But there is also interest in the micro-enterprises of poor women underwritten by microfinance (http://www.cnbc.com/id/30959351, accessed June 21, 2009). Thus a recent Benetton "global communication campaign" featuring Senegalese singer, Youssou N'Dour, highlights and celebrates a microfinance program in Senegal supported by Benetton. N'Dour proudly states that "Africa doesn't want charity" but rather microfinance (Benetton 2008). His declaration echoes a new set of "African" voices, such as George Ayittey (2004) and Dambisa

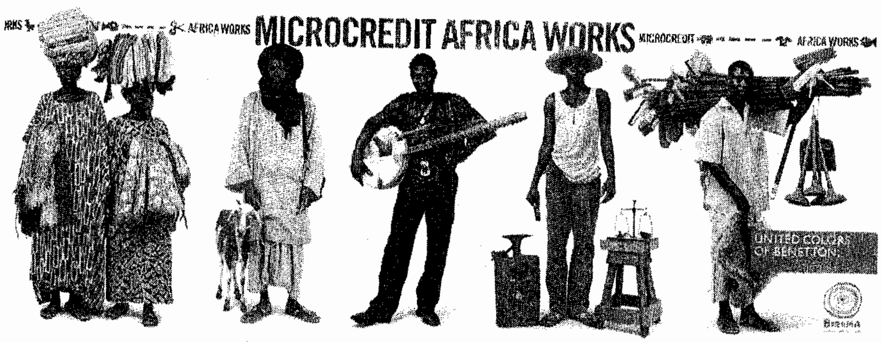

Figure 1.6 "Africa Works," United Colors of Benetton (http://www.benetton.com/africaworks-press/en/index.html, accessed January 20, 2009).

Moyo (2009) that seek to set Africa "free"—free from Western aid and state bureaucracies. The Benetton campaign's striking images promise economic freedom, transforming figures of African poverty into microentrepreneurs. They are the new "united colors of Benetton," Africa reconfigured as global chic. They embody the truth that is the Benetton campaign slogan: "Africa Works" (see Figure 1.6).

While Africa draws the celebrities—Brangelina to Namibia, Madonna to Malawi—another geography arouses imperial anxiety: the Middle East. Since 9/11, a wide range of voices across the political spectrum has called for a recognition of the links between poverty and violence; in other words that the "war on terror" must also be a war on poverty. An essay titled "Governance hotspots," written a few days after 9/11 argues: "September 11, 2001 brings to the fore, with perhaps greater urgency than other events, the need for global governance . . . to help reduce poverty and misery, and hence rage, in the global South" (Sassen 2002: 106). The Middle East has been the epicenter of these post-9/11 debates. Globalization enthusiast, Thomas Friedman (2002), has argued that technology-driven globalization, such as the kind in India, can create great prosperity and thus produce "a young generation more interested in joining the world system than blowing it up." Such a theme is prominent also in Sachs's calls for an end to poverty: "To fight terrorism, we will need to fight poverty and deprivation as well. A purely military approach to terrorism is doomed to fail" (Sachs 2005: 215).

Thinking about the Middle East complicates the narrative of millennial development. Although this is a time marked by the call for a reformed and enlightened globalization, it is also a time of imperial war, notably in Iraq and Afghanistan. While there is the body count of universal poverty lines—1 billion, 2 billion—there is also the body count of military and civilian deaths in these frontiers of imperialism. The simultaneity of war and development presents a challenge. Is the end of poverty the conscientious counterpoint to empire? After all, during nineteenth-century colonialism the colonies were governed not only through military force but also through development. The will to improve, this mission of civilization, a white man's burden, was central to the colonial mandate. Is the end of poverty a revival of this theme of colonial welfare? Francis Fukuyama is not only the author of *The End of History*; until his recent change of heart, he was also one of the key intellectuals of "The Project for the New American Century." Launched in the 1990s, the Project, which included Paul Wolfowitz and Dick Cheney among others, argued that the time had come for an American empire that would spread the values of liberal democracy and free-market capitalism. The wars in Iraq and Afghanistan, waged after 9/11, are often justified in the name of these values. This too is a millennial imagination. It is not surprising then that Afghanistan, which after 9/11 has been incorporated into the geographical imagination of the Middle East, is the site of vigorous development activities such as microfinance as well as war strategies and terrorist hunts.

MICROFINANCE AND THE FRONTIERS OF MILLENNIAL DEVELOPMENT

The world of millennial development has many different agendas and priorities. Of these, microfinance has unusual prominence. In the world of international development, large chunks of budgets do not get allocated to microfinance (infrastructure still rules). It is estimated that even for the largest providers of donor funding for microfinance, the World Bank and the UNDP, the sector accounts for less than 1 percent of annual spending (Rosenberg 2006: 1). Nor is microfinance the largest sector of specialization for international or local non-governmental organizations (NGOs) (many other sectors are common—health, human rights, women). But microfinance is everywhere; it exists in the sub-terrain of almost everything in development. It is the panacea of choice. This ubiquitous idea is lauded and deployed by development institutions and theorists of all stripes and varying ideologies as an important antidote to poverty. Thus, while Sachs

and Easterly disagree in substantial ways on how to understand poverty and alleviate it, their disagreement dissipates when it comes to microfinance, for each advocates it as a noble and efficacious policy. The UN celebrated 2005 as the International Year of Microcredit. More recently, in the wake of the global financial crisis, microfinance is being celebrated as the strategy that may yet save capitalism, providing a way to create new markets out of those that business school guru C.K. Prahalad (2004) famously labeled the "bottom of the pyramid."

In this book, I study microfinance in order to study the making of development. As I discussed in my opening story of "small worlds," both the democratization of capital and the democratization of development are implicated in microfinance. Such processes are in turn complicated by the vectors that I outlined earlier: the crisis and opportunity of "market failure," and the geographical imagination of backwardness and marginality about sites such as Africa and the Middle East.

However popular microfinance may be, there is no consensus on how to implement and use microfinance for the purpose of development. Here, I briefly outline three contrasting paradigms of microfinance: Yunus's emphasis on a rights-based, pro-poor approach to microfinance; "creative capitalism" strategies that position the poor as a lucrative market; and sharp critiques of microfinance that reject its impacts on poverty. The three paradigms are about much more than microfinance. They represent struggles within development over issues such as social interest, the regulation of markets, and the nature of capitalism. These are, as I have already argued, key questions in liberalism, shaping the trajectory of economies. They represent the moral dilemmas of the liberal self. The three paradigms reveal what is at stake in millennial development: can poverty be transformed into poverty capital, a frontier of accumulation, speculation, and profit, and if so, will poverty capital serve the interests of the poor?

Credit as a Human Right

Let me start with the foundational idea behind microfinance. Articulated by Muhammad Yunus in the founding of the Grameen Bank, microfinance is premised on the notion that credit is a human right and that it can improve the lives of the poorest. This approach sees microfinance as explicitly distinct from, and even opposed to, commercial banking. Yunus has repeatedly emphasized that microfinance is not banking at the bottom of the socio-economic structure; instead it is about turning banking on its head. In short, it is about remaking capitalism. The idea of "credit as a human right" suggests that microfinance is not simply a development tool but rather an "ethical economics." At a session devoted to microfinance at the 2004 Barcelona Universal Forum of Cultures, Jacques Attali, founder of PlaNet Finance declared that microfinance was key to a "civilized globalization." Similarly, at a microfinance conference held at the Clausen Center for International Business and Policy at my home university—the University of California, Berkeley—John Hatch, founder of Finca International, presented Yunus as the "Gandhi of our times" and microfinance as a force "more powerful than non-violence."

Although Yunus frames his vision of microfinance in the language of human rights, his ideas are in fact concerned with entrepreneurialism rather than redistribution, with opportunity rather than equality. His fierce emphasis on self-reliance creates a model of poverty alleviation that is simultaneously poor-centric and anti-welfare. Thus, Yunus has repeatedly noted that self employment rather than wage employment is the goal of Grameen Bank loans (Bornstein 1996: 331). As he explained at the 2004 microfinance conference at UC Berkeley's Clausen Center: "I say this to the children of Grameen borrowers: Your mother owns a bank. You are different. You must be self-reliant. You must create a job. You must never ask for a job." The theme of self-reliance extends to microfinance institutions as well, with Yunus insisting that the Grameen model is not reliant on either foreign donors or the state. It is not surprising then that when Yunus and the Grameen Bank were awarded the Nobel Peace Prize, Easterly, relieved that the prize did not go to Bono (another "embedded" liberal), celebrated that this was "a victory for the one-step-at-a-time homegrown bottom-up approach" to development (Tierney 2006).

It is a curious combination—of the moral calculus charted by the human rights framework and of the active entrepreneurialism and disciplined self-reliance evoked by the promise of an opportunity society. In an interview (August 2004) that I conducted with him in Bangladesh, Yunus talked about "popular capitalism," which he believed has been overlooked by grand economic theorists. "The market has to be made free for all," he noted. "It is like any other instrument, take for example a knife—one can use it to cut throats or to craft beautiful products. Which will it be?"

The "credit as a human right" framework is often identified with the models of microfinance that are practiced in Bangladesh. But I will later argue in this book that the story of development and poverty alleviation in Bangladesh is more complex. Indeed, "credit as a human right" can be understood to be a "public transcript," obscuring a less visible "hidden transcript" of social protection programs and human development infrastructure. Here, the work of BRAC, which is perhaps the world's largest NGO, is crucial. Like the Grameen Bank, BRAC also uses microfinance as a key instrument of poverty alleviation. However, it embeds microfinance in a vast array of development services. While Yunus, in an interview (August 2004), impatiently noted that "there is no point waiting for the state," Fazle Abed, founder and chairman of BRAC, states that his main goal is to "align government policy to meet the needs and aspirations of the poor" (Covington 2009: 24). Despite their differences, Grameen and BRAC have both manifested what has been recently hailed as "Bangladesh's audacity of hope" (Covington 2009). Chapter 3 of this book tells the story of how development institutions in one of the poorest countries in the world have been able to tackle, to some degree, the challenge of persistent poverty. That story, I argue, contradicts the narrative of a self-reliant opportunity society that has become the "public transcript" of microfinance.

Creative Capitalism

In his Nobel lecture, Yunus (2006a) noted that in order to resolve the problem of crushing poverty, the world has to rethink some of the basic assumptions of free-market ideologies. He called for a new type of entrepreneurship that would be concerned with "social businesses"—those whose bottom line would be about "doing good" (Yunus 2008). At first glance, his speech seems uncannily similar to a host of voices that have called for a market-based approach to poverty. Yet, Yunus has something else in mind. While others place their faith in global capitalism, Yunus recognizes market failures and seeks a development alternative. He finds it in a people's capitalism populated by poor entrepreneurs, facilitated by microfinance.

Standing in contrast to such a view is Bill Gates's (2008: 23) recent espousal of a "creative capitalism":

> It is mainly corporations that have the skills to make technological innovations work for the poor . . . We need a more creative capitalism: an attempt to stretch

> the reach of market forces so that more companies can benefit from doing work that makes more people better off. We need new ways to bring far more people into the system—capitalism—that has done so much good in the world.

Gates is not talking about corporate philanthropy or corporate social responsibility. Nor is he talking about Yunus's "social businesses." Instead, he is arguing that "there are markets all over the world that businesses have missed" and that the poor constitute a particularly important and lucrative market (Gates 2008: 27). It is a bold vision, which expresses a heady confidence in markets—markets that work rather than fail.

But there are challenges in creative capitalism. On the one hand, the "economies of the bottom billion" are imagined as "short of capital," thereby requiring "private capital" (Collier 2007: 87). On the other hand, the bottom billion are imagined as a "billion bootstraps" (Smith and Thurman 2007). How can the entrepreneurial talents, social capital, and sweat equity of the poor be converted into new forms of capital? This is the "mystery of capital" (de Soto 2000). Microfinance, in particular, seems to contain the magic key to unlock the mystery of capital and enable the transformation of the bottom billion into a new frontier of capital accumulation.

The issue at stake is whether creative capitalism requires a new type of microfinance, one more concerned with financial returns than social returns. It is thus that the Consultative Group to Assist the Poor (CGAP), a donor forum based at the World Bank, has sought to construct a global microfinance industry integrated with financial markets. Such an approach breaks with the Grameen model of microfinance and its emphasis on human development. The case for creative capitalism is pithily expressed in a piece titled "Profit and poverty: why it matters" by Michael Chu (2007), an important microfinance interlocutor and investor. Chu argues that only a profit-making industry with high returns can transform the lives of the "bottom billion": "No longer funds-constrained, the number of poor people reached and the volume of capital disbursed has exploded." It is in this way that the markets, rather than market failure, becomes the key theme of microfinance—a seductive promise of economic freedom and opportunity. Supporters of profit-making microfinance also argue that markets ensure accountability. Thus, Pierre Omidyar, founder of eBay and now microfinance enthusiast, insists that "there is a difference between undemanding capital—contributed by donors who expect nothing in return—and demanding capital, which requires transparency of financial reporting and an appropriate reward for risk" (Bruck 2006). "Demanding capital," it is implied, will ultimately serve the poor well.

The battle of ideas is fierce. Carlos Labarthe, one of the two CEOs of Compartamos, a Mexican microfinance institution that makes a healthy profit of $80 million a year by serving about 1 million women at 90 percent interest rates, rejects the idea of credit as a human right: "Well, I don't believe that. Opportunity is a human right, education—but credit is for the one that has an opportunity to make something productive with that. This is in a way creating wealth, more than wiping out of poverty. Not bringing up the destitute" (Bruck 2006). Yunus disagrees. Of Compartamos he states: "Microcredit was created to fight the money lender, not to become the money lender" (*Business Week* 2007).

Microsharks

The contrasting approaches to microfinance outlined here share a common theme: an optimism about microfinance and its ability to mitigate poverty. But as microfinance has emerged as an icon of millennial development so there has been a rallying of criticism about the ineffectiveness of microfinance. Surprisingly, microfinance insiders are skeptics. In an interview (October 2004), a senior CGAP advisor argued that there is little empirical evidence to indicate that microfinance is either sustainable or that it reduces poverty. Arguing that the microfinance machine has been driven by "heartwarming images of poor people," he characterized microfinance as more successful in "pulling on heartstrings" than in actually delivering on poverty alleviation. Indeed, a CGAP report makes this point, albeit in less trenchant terms. Evaluating the microfinance portfolio of the World Bank and UNDP, it concludes that "in both agencies, less than a quarter of the projects that funded microlending were judged successful" (Rosenberg 2006: 1). This evaluation is almost identical to that expressed by Thomas Dichter, a development consultant and critic of microfinance. Dichter argues that poverty lending is bad social policy, a bad development strategy, and bad business. While some borrowers never get off the debt treadmill, others squander their credit on consumer goods. The few lenders who can pay their way, he says, rarely serve the poor (Magolis 2007).

Such skepticism runs deep in the Washington microfinance establishment. A high-ranking USAID staffer in the Microenterprise Office noted in an interview (March 2004) that microfinance is now being billed as a panacea—from terrorism to women's empowerment. How could one intervention deliver on all of this? And did the poor really need microfinance? Did they not need a range of financial services, such as savings and insurance, of which credit may be only a small part? Were not the poorest better served by grants rather than loans? In recognition of the popularity of microfinance, she also asked: will the US Congress be willing to hear that microfinance is not magic, that the emperor has no clothes? In various interviews that I conducted between 2004 and 2008, CGAP senior staff echoed these concerns. Were there not limits to what microfinance could achieve? If microfinance was now also meant to address terrorism, was not the problem US foreign policy rather than poverty? Yet others, for example a staffer in the USAID Women in Development office, lamented in an interview (June 2005) that while microfinance has brought attention to the issue of women's poverty, it has bypassed many other issues related to gender equality and empowerment—from women's participation in global labor forces to the legal rights of women. The lament is echoed by critics of Washington-style development who argue that key structural issues remain unaddressed by microfinance:

> As long as microenterprise development is offered as a substitute for meaningful social development . . . for fundamental changes in the economic policies prescribed by institutions such as the World Bank and the IMF, it will only impede progress toward finding real answers to the very real problem of poverty in the South.
>
> (Scully n.d.)

The skepticism about microfinance that seems to unite the anti-development critics and the Washington DC insiders speak to a broader dilemma of millennial development, one that surfaced during Wolfensohn's leadership of the World Bank. From 1995 to 2005, Wolfensohn sought to direct the Bank's work from infrastructure lending to health and education projects. Yet, in the villages of Bangladesh, World Bankers found themselves confronting poor men and women who wanted bridges and roads, who believed that these projects, rather than microfinance, made their lives better. Some World Bankers came to believe that this disjuncture demonstrated that the Wolfensohn World Bank was shaped by a poverty agenda set

by NGOs, social movements, and campaigns based in the global North, not by the interests of the poor in the global South: "There could be no better illustration of his institution's identification with its northern stakeholders nor of its deafness to rural clients" (Mallaby 2004: 338-339). This raises questions about the democratization of development. If countries in the global South were to own development, would they choose microfinance? Or is the prevalence of microfinance a sign of mandates imposed by the trustees of development, those with the power to set the agenda?

There is the argument that microfinance does no good, but then there is the argument that microfinance does harm. In India, there is a fierce debate about "microsharks," or microfinance institutions that practice what seems to be predatory lending (Pal 2006). Media reports tell stories of women who have committed suicide because of the inability to pay microfinance loans. In neighboring Bangladesh, home of microfinance, critics portray microfinance institutions as similarly exploitative. They argue that the Grameen Bank deploys patriarchal norms to exact repayment of loans by poor women and that such microfinance lending also increases domestic violence against women (Rahman 1999).

While the proponents of creative capitalism see a global political economy of markets that "eradicate poverty through profits," social theorists such as Heloise Weber, Julia Elyachar, and Katharine Rankin argue that microfinance is a mechanism for deepening financial sector liberalization and simultaneously ensuring social legitimacy. A handmaiden of, rather than alternative to, neoliberal globalization and free-market ideologies, microfinance serves as the social safety net for devastating programs of structural adjustment. Microfinance then is a crucial part of a "new global development architecture," one where the poor are disciplined and appeased through "novel experimentations" such as access to credit (Weber 2002). These theorizations provide a different understanding of creative capitalism: as markets that exploit the poor. They also provide a different understanding of the slogan, "credit is a human right": as a discourse of entrepreneurship and empowerment that obscures the structural exploitations of the poor.

Poverty Capital

In this book, I conceptualize microfinance as "poverty capital." This is a story that transcends millennial development, for it is a story about contemporary capitalism itself. Much of the analysis of *fin-de-millénaire* globalization has been concerned with production capital or finance capital. The recent analysis of sociologist Michael Goldman (2005: 67) has drawn attention to "development capital"—the money that runs through the projects of international development institutions such as the World Bank, USAID, and the UN, and that is often mediated by NGOs and consulting firms. Poverty capital is a subset of development capital. As represented by microfinance, it is a subprime frontier where development capital and finance capital merge and collaborate such that new subjects of development are identified and new territories of investment are opened up and consolidated.

I use the term "frontier" deliberately. The global microfinance industry, led by CGAP, evokes a distinctive imagination of frontiers, billing financial services for the poor as a "financial frontier." A blunt articulation of this approach comes from the title of a 2005 microfinance conference held in Chicago: "Expanding the Frontier: Transforming Microfinance into a Global Financial Markets Instrument" (http://www.chicagomicrofinance.com/2005, accessed June 15, 2005). As reported by Elizabeth Littlefield (2007), CEO of CGAP and a director of the World Bank, the microfinance industry is witnessing a "flood of new money from investors and big commercial banks" as well as from the "public commercial-investment agencies, such as the International Finance Corporation." By 2008, there were 104 microfinance funds with total assets under management of $6.5 billion (Reille and Glisovic-Mezieres 2009).

Such flows of investment seek to capture a key frontier: the poorest financial consumers or the "last billion" (Coleman 2008). CGAP reports that while, as of 2006, 500 million people were served by microfinance, nearly 3 billion could benefit from financial services (World Bank 2006b). Thus, a series of reports by the ING Group, a Dutch-based banking, insurance, and asset management firm, is titled *A Billion to Gain*? With covers graced by smiling, entrepreneurial poor women, these reports make the case for why international banks should become involved in microfinance—that microfinance can become "a niche market with competitive profit rates in ten years" (ING 2008: 48). Yet, the reports also express caution—that "international bank involvement in microfinancing may lead to more over-indebtedness" (ING 2008: 35). The cautionary note indicates that microfinance is a particular sort of global industry, the frontier of what has been billed as a "fourth sector," dominated by socially responsible and development investors (Otero 2008). To harness the energy of this sector, at the 2004 Clausen Center microfinance conference, John Hatch of Finca International proposed a new alliance: between traditional microfinance providers who "control access to the poorest" and commercial banks who "control access to capital." Such alliances lie at the very heart of "poverty capital."

Hatch's vision seeks to establish a direct link between the dispersed millions of impoverished microentrepreneurs in the global South and centralized nodes of financial power in the global North. But the vision also contains a significant tension: that between the financialization of development and the democratization of capital. Can microfinance provide what Stanley Fischer (2003), then Vice-Chairman of Citigroup, asserted a few years ago: "bankers with a profitable business opportunity" and "poor people a stake in the economic future of their countries"? This book tells the story of this strange composition and its inherent struggles.

The globalization of microfinance is also the financialization of development. Under the watchful eye of CGAP, microfinance has been reinscribed as financial services for the poor, a new global industry that can be integrated into financial markets. It is thus that the world's largest banks, from Citigroup to Barclays to JP Morgan, now have a commercial interest in microfinance (Harford 2008). Such financialization requires work. Poverty capital is not only the practice of lending and producing wealth. It is also the practice of producing knowledge. Ways of understanding and explaining the world of microfinance, what I am calling poverty knowledge, go hand in hand with poverty capital. It is here that a metrics of risk assessment and management is forged; it is here that the poor are classified and categorized; and it is here that more generally the business of poverty comes to be "financialized," or transformed into a set of financial benchmarks and indicators. Indeed, by the close of the twentieth century, one benchmark had come to dominate the global microfinance industry: portfolio at risk (PAR), a measure of the outstanding balance of loans that are past due. It is a financial indicator borrowed from the very banking industry that microfinance was supposed to challenge.

Poverty capital is not only financial capital, but also another kind of advantage and distinction. According to the French sociologist Pierre Bourdieu (2005), capital has many different species—organizational, symbolic, cultural, and social. The distribution of such capital exerts a structural effect, conferring power over a system of social relations. Poverty capital is the currency of poverty experts, those who are authorized to produce authoritative knowledge about poverty and its alleviation. This is not simply knowledge; this is the "truth"—the forms of knowledge that come to be understood as certain, legitimate, and undeniably correct. These forms of knowledge, while produced and disseminated by powerful institutions, are also intimate. They are taken up by those who implement development and by those upon whom development is conferred. Indeed, financialization must be understood as "a subjectivity and moral code," "a way to develop the self," "an invitation to live by finance" (Martin 2002: 9, 3).

But the financialization of development involves more than an interest in frontier markets. It also takes place in the language of the democratization of capital. In the centers of development and financial power, such as Washington DC and Wall Street, experts talk with great passion about "breaking down the walls between microfinance and formal finance" (Littlefield and Rosenberg 2004). Yunus talks about humanizing capitalism and how social businesses can create a kinder and gentler globalization. John Hatch imagines a great strategic alliance between (global) finance capital and (local) microfinance NGOs, terming it the "socialization of the world economy." This ethical register may be understood as "neoliberal populism," a phrase that has been previously used by other scholars (Vivian 1995; Gore 2000). Microfinance celebrates the people's economy but it also entails, to borrow a phrase from Marxist geographer David Harvey (2005: 3), an effort to "bring all human action into the domain of the market . . . to value market exchange as an ethic in and of itself." By "neoliberal populism" I thus mean the ways in which microfinance seeks to democratize capital and simultaneously convert the microcapital of the poor into new global financial flows. Will the poor benefit from such integration or will their inclusion take place in highly exploitative and predatory ways? This is a question that animates much of this book.

The democratization of capital also raises a more difficult issue: the democratization of development. In this book, I will argue that the agenda of microfinance is established and controlled in monopolistic fashion by the World Bank and its network of experts. This power is challenged and contested, but also in monopolistic fashion, by a handful of influential institutions in the global South. Yet, the promise of microfinance, of its democratization of capital, is that the idea and practice is more widely owned, that we can all participate in it.

That promise is evident in the intimate transactions of millennial development. The Third World poor woman is no longer a figure at a distance. She is now both visible and accessible. The portals of millennial development make it possible to touch her life, give her a microfinance loan, make a difference. On Kiva.org, for example, users can integrate such conscientious practices with the techno-social rhythms of their daily lives. Kiva "lets you browse loans on Facebook, and show off your loans in your Facebook page." There is Kiva for the iPhone, which "lets you get your Kiva fix from anywhere you bring your phone," and Kiva Tweets, which "automatically posts new loans to your Twitter account daily or weekly" (http://www.kiva.org, accessed April 28, 2009). It is the Third World woman, Millennial Woman, who animates this millennial ethics, anchors a global conscience, and transforms the distance of gender and race into a liberal intimacy with the world's poor.

If the democratization of capital and the democratization of development are key themes of the new millennium, then it is worth asking: Who are the users of this new global democracy? Who is thus empowered? An advertising campaign by the humanitarian organization, CARE, is titled "I am powerful." The magazine advertisements and online videos profile Third World poor women. The montage of women's lives is accompanied by an empowering narrative: "I am a woman, poor but proud, invisible but invisible, a natural resource with unlimited potential. Given a chance, a choice, I will improve my community, contribute to society. I am powerful." But the advertisement's key message, "She has the power to change her world" is predicated on an equally important message, this directed to the users of democratized development: "You have the power to help her do it" (http://www.care.org/getinvolved/iampowerful/intro.asp, accessed June 16, 2009) (see Figure 1.7). What is the relationship between democratized development, which is dispersed among thousands of privileged global citizens, and the centralized and powerful institutions of financialized development? The study of microfinance makes possible an exploration of this pressing question.

CENTRALITIES AND MULTIPLICITIES

This is a book about poverty and yet it is not about the lives of the poor. There are many books that deal with the workings of microfinance, that

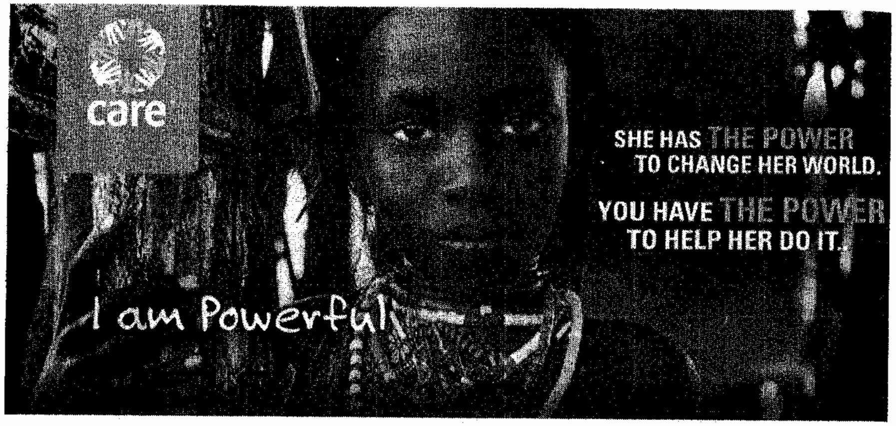

Figure 1.7 "I am Powerful" (image courtesy of CARE USA and CARE Canada).

evaluate the efficacy of programs, and that debate the value of such an approach. Such scholarship is important but it is not the aim of this book. Rather, this analysis seeks to uncover the dynamics of poverty capital and to chart the historical moment that is millennial development. In order to do so it focuses little on the men and women who struggle under conditions of extreme poverty. Instead, it focuses centrally on those who generate the capital and the expertise around poverty eradication. In describing such processes, I use terms such as "centralities" and "multiplicities" to indicate the monopolistic power as well as political openings that are associated with millennial development. Kandinsky's compositions, including *Small Worlds IV*, are ensembles of centralities and multiplicities. I am inspired by them to study microfinance in these ways.

A particularly useful tool for the mapping of centralities and multiplicities is global commodity chain analysis. Common in globalization studies, this methodology traces the production, circulation, and consumption of commodities (Gereffi and Korzeniewicz 1993). For example, one can study the links in the global chain of an everyday commodity such as coffee—from low-paid small coffee producers in the global South to the trade in coffee futures in New York to the handful of multinational corporations that control the coffee market to the high-profit retail outlets that line our streets. In this way, a global commodity chain links the coffee beans produced by impoverished farmers in Ethiopia to the exorbitantly priced cappuccino that we drink each morning. At each stage, the value of

coffee is constructed and managed. In this sense, global commodity chains are also value chains. I borrow the concept of global commodity chains to examine a particular commodity—development, and its circuits of capital and truth.

While the scope of my research and analysis is global, it is also located in specific places, histories, and contexts: Washington DC, Bangladesh, Lebanon, Egypt. At each site, there is the construction and management of development, of its value, of its truths. But together these diverse places also reveal the geography of power and powerlessness, how development is produced on different terms at different places on the map. Here, it is worth paying attention to geographer Matt Sparke (2007: 117): "The Global South is everywhere, but it is also always somewhere, and that somewhere, located at the intersection of entangled political geographies of dispossession and repossession, has to be mapped with persistent geographical responsibility."

To better understand the map of development, I turn to the French philosopher, Michel Foucault (1966: xxiv, xii), who insists on a study of the "space of knowledge," of uncovering the "rules of formation" of such knowledge, and thereby the order of things. The space of knowledge is closely controlled. It is thus that postcolonial theorist, Gayatri Chakravorty Spivak (1999: 191) draws attention to the "problem of the permission to narrate." Who can command and control such permission? In this book, I pay attention to struggles over the permission to narrate and indicate how such contests are inevitably territorialized, making and unmaking a global order. The permission to narrate is also linked to the practice of capital accumulation, to the command and control of surplus value. But such command and control also comes to be challenged and contested by new and alternative frameworks of ethical economics. These are the centralities and multiplicities of millennial development.

Such geographies demand a certain itinerary of research, one that is not limited to a single location but rather spans multiple sites. Over the course of four years, from 2004 to 2008, I conducted over 120 interviews and five life histories with a wide range of actors in the microfinance field, in institutions ranging from the Grameen Bank to CGAP to Deutsche Bank to USAID to Hezbollah, in development agencies, NGOs, foundations, corporations, lobbying groups, universities, social movements, and congressional offices. I selected my interviewees purposively rather than randomly, carefully stratifying my selection to ensure that actors at multiple ranks of each organization—from top personnel to those in the middle ranks to field officers to interns—were interviewed. In some cases, I had the opportunity to conduct interviews several times over the course of a few years and in five cases, such interviews took on the more involved and intense format of a life history.

In Washington DC, Bangladesh, Egypt, and Lebanon, I also collected data and conducted archival research on key microfinance institutions. During this time, I attended major summits and conferences that highlight microfinance, from the 2004 Barcelona Forum to the 2006 Microcredit Summit to the 2005 launch of the Egyptian National Strategy for Microfinance. I participated, as a student, in microfinance training courses, such as the Boulder Institute, the Microenterprise and Development Institute, and the Chalmers Center Christian Microfinance Institute. Keenly aware of the democratization of development, I tracked academic, institutional, as well as popular portals of microfinance, from the Microfinance Gateway to Kiva.org. Indeed, the web was not only a source of important material but also a space of knowledge, one where debates were waged, blogs were maintained, and products were branded. Through such research, I identified three circuits of poverty capital, each of which is constituted through particular centralities and multiplicities.

The first circuit of capital and truth is what I have come to call the "Washington consensus on poverty." I examine how authoritative knowledge about poverty, and especially about microfinance, is produced in the World Bank and other Washington institutions. While it can be argued that the World Bank is increasingly irrelevant to the fate of the global South, with private flows of investment far exceeding ODA, and while its budget allocations in the field of microfinance remain meager, it is nevertheless a "center of calculation" (Falk Moore 2001: 178). In my research, I pay particular attention to how such a centrality is produced and maintained, how from this very particular location a set of "universals"—to borrow Tsing's (2004) term—are generated and disseminated. The World Bank is, in short, the "chief arbiter" of development (Goldman 2005: viii). The Washington consensus on poverty is actively disseminated—through training workshops that circulate best practices and models and data management centers that produce benchmarks and rankings. Yet, in my research, I have sought to reconceptualize this "center of calculation" as fragile, as a terrain of contestation and negotiation, studying how dominant

ideas come to be challenged both within and outside powerful institutions. With this in mind, I conducted life histories with a few key interlocutors within the World Bank, those who presented themselves as "double agents." I also extended my research well beyond the World Bank to study how lobbying groups such as the Microcredit Summit were crafting an alternative axis of power centered in Capitol Hill. Indeed, such contestations were a mark of how a quite distant geography—the NGOs of Bangladesh—were making their presence felt and their voices heard at the very heart of power, in Washington DC.

Second, I studied the margins of millennial development: Bangladesh. One of the poorest countries in the world, Bangladesh marks the limits of the "permission to narrate." Despite its pioneering role, the Bangladesh model of microfinance is today discounted and marginalized by the Washington consensus on poverty. These silences too had to be studied. Yet, my research soon became concerned with how Bangladesh has its own distinct centralities and multiplicities. I began to understand how a unique historical conjuncture of development produced, in Bangladesh, a landscape of active civil society organizations that enjoy relative autonomy from both the state and foreign donors. Their experiments with poverty alleviation generate a set of "poverty truths" that are quite different than those of the Washington consensus on poverty. These truths are not confined to Bangladesh, for in rather strategic fashion, the Bangladeshi NGOs work to globalize their models, practices, and ideas. This too is a global order, one where Dhaka becomes the key node in a global policy chain with sites as diverse as Chiapas, Nigeria, Manila, and Queens, New York.

Third, acutely aware that my research was unfolding in a post-9/11 global order, I studied an important imperial frontier: the Middle East. Led to this frontier by Washington DC's "war on terror," I came to examine the ways in which the Washington consensus on poverty establishes itself in and through the reconstruction of Afghanistan and in the economic and political crisis of Egypt. Egypt, saturated with American aid and American ideas, was a key site of investigation. But it turns out that microfinance in the Middle East is not simply managed by Washington DC but also increasingly claimed by other institutions with a quite different history of development. This was most starkly revealed in Lebanon, where the Shiite militia, Hezbollah, is the largest and most authoritative provider of microfinance and development services. In imagining a global *umma* and garnering resources from a wealthy Shiite diaspora, Hezbollah too crafts a global order, one with its own circuits of capital and truths.

The study of these three circuits of poverty capital—anchored in Washington DC, Bangladesh, and the Middle East—presented its own challenges. In my earlier work, I have been primarily concerned with those who live under conditions of poverty in the cities of the global South. This research, in contrast, was explicitly about those who manage poverty, or those who control what Spivak (1994) terms the dispensation of bounty. To put it crudely, this was a "studying up" rather than a "studying down," one that brought me face to face not with the oppressed poor but rather with an intimately familiar subject, those professionals who research and manage poverty—people like myself.

Thus, rather than seeking to render the strange "familiar"—which middle-class researchers tend to do when they study the poor, I had to make the familiar "strange," paying attention to the forms of power and privilege that I often take for granted in my everyday life. I encountered "zones of awkward engagement" (Tsing 2004: xi). Sometimes the doors would slam shut because I was from the University of California, Berkeley, an academic institution stereotyped as a place of radical politics. At other times, I would be welcomed, because I was seen as a "brown woman," surely possessing the empathy that would allow me to reject Western imperialism. But in most cases I was awkwardly out of place—a theorist and critic amidst the pragmatic technocracy of Washington DC; an American exploring Bangladesh, Egypt, and Lebanon; a Bengali navigating the anti-Bangladeshi microfinance camp; a non-economist in a world of economists; an atheist seeking to understand the discourses of Christian evangelism and orthodox Islam; a researcher of poverty but one unwilling to study poor women, their suffering, and empowerment, rather seeking to study powerful women who manage poverty. I am convinced that these awkward engagements made it possible for me to see the familiar as "strange."

Millennials and the Politics of Knowledge

Large gifts and investments do not garner much attention in the world of microfinance. From securitization deals engineered by microfinance investment funds to allocations made by the Gates Foundation, the talk is usually in the millions of dollars. But one gift bears closer scrutiny. In 2005, Pierre Omidyar, founder of eBay, and director of the Omidyar Network, a philanthropic investment

firm, gave $100 million to Tufts University. It was an unusual gift, for it stipulated that the money had to be invested in microfinance and disbursed to micro-entrepreneurs around the world. It meant that Tufts would reap rewards from the gift only if the investments were profitable. Four years later, the gift is "fully invested and paying dividends for students and professors here" (Masterson 2009). In fact, in 2008, the Omidyar–Tufts Microfinance Fund earned a 12 percent return, half of which went to Tufts and the other half was reinvested in the fund. Tufts was able to use this return to "support faculty research, start a loan-repayment program for graduates in public services, and provide student aid." The report thus concludes: "While the economic downturn has battered the university's endowment, the microfinance fund's strong performance has put the campus in a position to keep growing." The Tufts president happily states: "It's a wonderful example of what we thought would happen—we would do well by doing good" (Masterson 2009).

It is a compelling win–win story: the university turned philanthropic investment firm; philanthropic investments that yield high financial and social returns; and profitable investments that are immune from the financial crisis. That Tufts has resources to allocate to support faculty and students is compelling for those whose labor takes place in academic institutions and especially for those of us who are in poorly supported public universities. (As I write this, my home university, the University of California, is being drastically defunded.) But this is also a story about how millennial development enters the hallowed world of academia, how it generates new research priorities and curricula, and how, in the unusual case of Tufts, it reconfigures the financial model of the modern university.

Peter Singer (2009) names global poverty as "America's shame." Such a sense is palpable today in American classrooms as a new generation of global citizens flock to service learning opportunities, volunteer abroad experiences, and courses on global poverty. This too constitutes the "space of knowledge" that is millennial development. And it is also a "zone of awkward engagement." As I have conducted the research and analysis for this book, as I have written it, so I have spent time in my Berkeley classroom, watching a new undergraduate course on Global Poverty grow from a handful of students to an auditorium of hundreds. These are the "millennials," the generation that is keen to democratize development. This book is thus inevitably about the intimate act of teaching global poverty in what is also a "center of calculation"—the elite North American university.

In teaching my course at Berkeley I am struck by a contrast. On the one hand, I have students who are brimming with enthusiasm to do good; they want to save

GLOBAL ORDER

The Globalization of Microfinance

In 1995 an unusual development institution arrived on the scene in Washington DC: The Consultative Group to Assist the Poor or CGAP. Initially titled The Consultative Group to Assist the Poor*est*, it was housed in the World Bank. The establishment of CGAP is a testament to the energies of the Wolfensohn World Bank and its formal commitment to a poverty agenda. Wolfensohn's remaking of the World Bank as a kinder and gentler institution harks back to a previous era, the years when Robert McNamara as president of the World Bank sought to implement an agenda of poverty alleviation. Ismail Serageldin, one of the key founders of CGAP, acknowledges that his inspiration for forging a poverty agenda came from his own personal experiences as a young World Banker serving under McNamara (personal communication, December 2005).

From the beginning, CGAP's poverty agenda has been synonymous with the microfinance agenda. This is possibly the case because Serageldin and other founders were influenced by the work of Muhammad Yunus, founder of the Grameen Bank, who served initially on the CGAP Advisory Board. This is also possibly the case because microfinance represents the confluence of various Wolfensohn agendas, notably small enterprise development and gender empowerment. As Wolfensohn (2000: 5) explained:

> Poor people themselves view small business as a critical means of inclusion in economic activity, enabling them to use their savings and labour to earn enough to survive on a daily basis, as well as to grow out of poverty. Microfinance helps the poor to maintain and grow those small businesses and to cope with the fluctuations and crises that dominate their lives.

The Wolfensohn World Bank set out to focus on women and development, conceptualizing women as a final frontier of inclusion (Bergeron 2003a, 2003b). Microfinance, with its emphasis on lending to poor women, was thus crucial. It became, as Scully (2001) notes, Wolfensohn's most common response to the question: "What has the World Bank done for women lately?"

Yet, the CGAP agenda was ultimately to have little to do with either small enterprise development or gender empowerment. Instead, it was to

focus on financial services and the integration of the poor into financial markets—what CGAP calls "inclusive financial systems." CGAP's mission statement reads: "At the core of microfinance is a fundamental belief that access to financial services empowers the poor by reducing their vulnerability and giving them choices" (http://www.cgap.org, accessed June 9, 2008). CGAP also marks a break with the Bangladesh model of microfinance and its emphasis on human development. It calls for a "minimalist" microfinance, one that is concerned solely with access to finance. The prominence of CGAP thus indicates a shift in the center of the microfinance world from Bangladesh—and its famous institutions such as the Grameen Bank and BRAC—to Washington DC, specifically the World Bank.

Also unusual about the establishment of CGAP is its relationship to other donors. CGAP presents itself as "a consortium of 33 public and private funding organizations—bilateral and multilateral development agencies, private foundations, and international financial institutions" (http://www.cgap.org, accessed June 9, 2008). Yet, in many ways CGAP is a World Bank entity, with half of its annual $12 million budget coming from the World Bank (CGAP 2003) and its director serving on the World Bank Board of Directors. In short, CGAP has no legal status independent of the World Bank (CGAP 2003). What CGAP embodies then is not only the poverty agenda of the 1990s, but also the power of what can be understood as the "Washington consensus on poverty." I coin and use this term deliberately, as a counter-point to Stiglitz's (2008) argument about "a post-Washington consensus consensus," a new consensus that declares the end of "market fundamentalism." There may indeed be such a new consensus, focused on poverty. But I argue that it is centered in Washington DC and that it promotes a market-based approach to poverty.

What is at stake here is much more than the control and allocation of budgets; it is the control of knowledge by the World Bank. So it is the case in microfinance. After all, the World Bank reputedly allocates only 1 percent of its budget to microfinance—although this figure is disputed by Elizabeth Littlefield, CEO of CGAP. She argues that taking into account the Bank's policy work in the financial sector and investments by the International Finance Corporation (IFC), the figure is closer to 6 percent, making the World Bank the "world's largest microfinance donor" (Littlefield 2006). But what is crucial is that CGAP presents itself as a "potent convening platform for a wide range of stakeholders to reach consensus on standards and norms" (http://www.cgap.org, accessed June 9, 2008). Although various Northern donors, ranging from USAID to the British Department for International Development (DFID), establish and implement their own poverty policies, it is CGAP that establishes the "performance-based benchmarks" in microfinance (Wolfensohn 2000: 7). It is CGAP's best practices that are taken up by practitioners around the world, its "pink book" the holy grail of microfinance. Thus, it is CGAP that controls how microfinance is understood, or what we know about microfinance. In this sense, CGAP controls the truths about microfinance.

Mohini Malhotra, one of the founders of CGAP, now working elsewhere in the World Bank, notes in an interview (June 2004) that "knowledge management was a CGAP goal from the very beginning." The idea was never to increase aid budgets but instead to shape the ways in which aid is allocated—through performance-based grants that allow CGAP to develop benchmarks and guidelines, through the training of microfinance practitioners, and through the dissemination of key ideas that establish the terms of debate and educated donors. After a while, one could travel to almost any part of the microfinance world, Malhotra notes, and find that practitioners in the field were familiar with CGAP, its principles, and the issues presented in its focus notes. No other microfinance donor can wield such intellectual influence, building "near-universal consensus," its "best practice microfinance becoming standard practice" (Helms 2006). Thus, during an interview (October 2004), one senior CGAP staff noted: "What is measured, is what is managed. We script. We manage. We control."

In a June 2005 interview, Elizabeth Littlefield presented such production of knowledge as a "unique public good." It is a statement that echoes Wolfensohn's insistence that the World Bank has to be a "knowledge bank," producing the public good of development knowledge (Stiglitz 1999). On the one hand, the argument about a "unique public good" suggests a democratization of development knowledge. But on the other hand, such development knowledge is legitimate and authoritative only when endorsed by CGAP and its poverty experts. It must be asked: can there be a consensus on development if it is not generated by Washington DC?

Such issues were sharply evident at a microfinance training workshop (June 2004), in which a Nepalese practitioner confronted the instructor of the course, a CGAP staff member: "What price do we have to pay to use your tools and ideas? Do we have to hire CGAP and World Bank consultants?"

The instructor responded that all CGAP knowledge products were public goods. But the audience, each paying a hefty fee for attending this workshop, was not convinced. After all, they are now consumers of a Washington consensus on poverty.

The Democratization of Capital

At the heart of this "unique public good," or these knowledge products, is the financialization of development. At CGAP, the very concept and practice of microcredit is being transformed. If the Bangladesh model of microfinance, epitomized by the Grameen Bank, seeks to invent and implement systems of service delivery and human development managed by NGOs, then CGAP seeks to construct a global financial industry. What is at stake here is a crucial shift from the idea of development as social services and the improvement of human capital to development as integration into global financial markets. CGAP's (2004a) widely disseminated document, *Key Principles of Microfinance,* endorsed at the 2004 G-8 summit, skillfully crafts a set of market norms for "best-practice" microfinance: from the repudiation of interest rate ceilings and donor subsidies to the emphasis on financial transparency. A new set of indicators and benchmarks now dominate microfinance, measuring financial performance and producing what can be understood as a "new politics of calculation" (Mitchell 2002: 8). In this way, financial norms come to supersede social norms in the making of development.

Led by CGAP, the Washington consensus on poverty emphasizes a more limited role for government - as an "enabler, not direct provider" (CGAP 2004a). CGAP presents the "early pioneer organizations" of microfinance—"the nonprofit socially motivated nongovernmental organizations"—as outmoded and outflanked by "financially sound, professional organizations" that are a "fully integrated part" of "mainstream financial systems" (Littlefield and Rosenberg 2004: 38). In the field of financial services, CGAP thus hopes to promote "institutional diversity" with an important role ascribed to savings and credit cooperatives, commercial banks, community finance institutions, consumer credit companies, and insurance companies. CGAP thereby presents a new institutional model for microfinance: financial institutions. But such an ideology is at odds with the reality that leading microfinance institutions are "nearly twice as profitable as the world's leading commercial banks" (Hashemi 2006) and much more able to withstand financial crisis than commercial banks (Rawe 2003).

These strategies are not unique to CGAP. The USAID's showcase project, the Global Development Alliance (GDA), established by the Bush administration, envisioned a new set of institutional partnerships: between the private for-profit sector and the non-governmental sector, with USAID as a facilitator and mediator. Praising the success of the GDA at the 2006 National Summit of the Initiative for Global Development, then President George W. Bush noted that "some of the best work in fighting poverty is accomplished in partnership with private institutions" (http://georgewbush-whitehouse.archives.gov/news/releases/2006/06/20060615.html, accessed April 24, 2007). The GDA is part of a larger remaking of development, one where overseas development assistance is dwarfed by flows of foreign direct investment. In an interview (June 2005), USAID's GDA director, Dan Runde, noted that "USAID had suddenly become a minority stakeholder in the development business."

Although CGAP hopes to construct "sound and deep market infrastructure," its enterprise is not necessarily the standard neoliberal ideology of free markets and profit-driven capitalism. As CGAP puts forward a set of economic claims about financial markets and their role in development, so it puts forward a set of ethical claims about the "democratization of capital." In its most basic iteration, the democratization of capital means "inclusive financial systems." CGAP prides itself on "breaking down the walls between microfinance and formal finance" (Littlefield and Rosenberg 2004) and thereby including the poor who have been hitherto unserved by financial markets. Thus, Marguerite Robinson, whose "red book," *The Microfinance Revolution* (2001: 25), published by the World Bank Institute, is one of the key texts of the Washington consensus of poverty, presents microfinance as the "reclaiming of finance for society at large—the true democratization of capital." She, like others, argues that state-led development is captured by local elites while development via financial markets is more egalitarian. Particularly compelling is the argument that models of NGO or state-led development impose a myriad of rituals and conditions on the poor whereas financial markets liberate the poor from such forms of supervision and surveillance. The democratization of capital is thus about the economic freedom of the poor, about reconceptualizing the poor as financial consumers. With this in mind, Robinson (2001: 92–93) rejects the

Grameen Bank model of microfinance noting that it "assumes that the poor must be taught to save and that they need to learn financial discipline."

Such ideas are prominent in the "Ohio School" of economics (Hulme and Mosley 1996: 2). Rejecting both the role of the state and of institutions such as the Grameen Bank, the Ohio School economists have maintained faith in informal financial markets. According to them, institutions such as the Grameen Bank impose a heavy burden of opportunity costs (forced savings) and transaction costs (weekly meetings, membership of an organization), which are inequitable and inefficient. Such economists argue that poor women have to expend valuable time at meetings, pledge allegiance to organizations, and manage the finances of village groups. "Do you and I, as women borrowing from a bank, have to do this when we take out a loan from the Bank of America?" asked a USAID consultant of me during one of our interviews (March 2004). "Why do poor women?" she continued. "And how can this pass as women's empowerment? True empowerment is to have choice; to be able to purchase a service without all these conditions and rituals."

In the writings of microfinance experts such as Elisabeth Rhyne, managing director of the Center for Financial Inclusion at Accion International and former director of USAID's microenterprise division, such freedom takes on even deeper normative dimensions. Invoking Nobel Prize-winning economist Amartya Sen's framework of development as freedom, Rhyne (2001: 183) argues that access to finance is the ultimate means of engendering freedom, economic capacity, and social choice. Such ideas are ubiquitous in the world of microfinance. It is thus that in Egypt the director of a microfinance organization stated with great passion during an interview (December 2005) that

> women did not need empowering; they were already empowered. This is about financial services and we must provide the best possible services. You Americans want to talk democracy. Well, this is financial democracy. Don't come here and ask our clients why they are not sending their children to school or how they are spending their money. Let them make their own choices.

But as the idea of development knowledge as a public good is not without contradictions and paradoxes, so the democratization of capital is fraught with ambiguity. The NGO model of microfinance, pioneered by the

Grameen Bank, is centrally concerned with risk. Shaped by the assumption of "good women" and "risky men," this model ensures loan repayment through peer groups, patriarchal discipline, and the presence of a massive NGO in village life. Here risk is managed through gendered and intimate techniques of rule. But the new financial markets envisioned by the Washington consensus on poverty cannot remain embedded in such institutional forms, village groups, and gendered intimacy. In order to achieve global scale, they require new technologies of risk management, those that will create transparent financial markets. This too is the important work of CGAP. Risk scoring models now seek to ascribe risk to different categories of the poor, mimicking the character-based lending that undergirds consumer credit systems. These models rate variables such as age, sex, marital status, and occupation, thereby creating scores that facilitate or limit access to credit. Such systems have, of course, historically redlined the poor, inscribing them as high-risk borrowers. Yet, they are now being deployed to promote the democratization of capital.

The Creation of an Asset Class

As the Washington consensus on poverty rejects the rituals of older forms of microfinance, so it inaugurates its own rituals. One such ritual is the annual announcement of the "Global 100"—a ranked list of the "top performing microfinance institutions throughout the developing world" (http://www.themix.org/publications/2007-mix-global-100-rankings-microfinance-institutions, accessed June 12, 2008). The list is created by the Microfinance Information eXchange (MIX), a virtual microfinance market-place established by CGAP and supported by Citigroup Foundation, Deutsche Bank, the Omidyar Network, Open Society Institute, and the Rockdale Foundation. MIX seeks to link microfinance institutions with investors and donors in "a transparent information market" (http://www.mixmarket.org, accessed October 13, 2008). To do so it creates "heat maps" that provide real-time credit ratings of microfinance institutions. The visualization tool for creating such heat maps is ironically titled "Panopticon" (http://www.panopticon.com, accessed October 13, 2008). A panopticon is the ultimate icon of modern discipline and punishment—the prison designed by nineteenth-century liberal philosopher, Jeremy Bentham, to maximize the power of the prison guard's surveilling gaze and to ensure that prisoners internalize this gaze and take up practices of self-discipline.

The heat maps are the new millennium's panopticon, means to enact financial discipline upon NGOs.

The "Global 100" list ranks microfinance institutions on the basis of outreach, scale, profitability, efficiency, productivity, and portfolio quality. Strikingly absent, of course, are criteria that are explicitly concerned with impacts on poverty. Often released through Wall Street outlets—for example at a Deutsche Bank luncheon in New York city—the Global 100 reinforces the consensus of the CGAP guidelines. It validates and invalidates particular models of microfinance, celebrating financial efficiency and scarcely considering pro-poor innovations. The pioneers of microfinance, Grameen Bank and BRAC, are deemed successful in terms of their scale of outreach—millions of borrowers and depositors—but unsuccessful in terms of efficiency. The Global 100 is a condensed version of the heat map; it directs the heat of global investment funds to what have been designated as the best institutions and the best practices. Other lists have now emerged, such as one started by Forbes in 2007. The Forbes list of 50 "winners" explicitly states that its rankings "attempt to measure financial performance, not the social benefits of any microfinance institutions" (Swibel 2007). Such lists inaugurate what has been called an "asset class," or a circuit of investment, in the world of microfinance.

The lists indicate that the management and mitigation of risk is no longer confined to poor subjects. Equally important is the mapping of risk in relation to a distinctive subject: microfinance NGOs. Conceptualized now as MFIs, microfinance institutions that are financial intermediaries, these organizations must compete for investment funds and must prove their financial worthiness. They too are entrepreneurial subjects, as are the poor to whom they lend. They must in turn be rated, compared, and constantly assessed according to the norms of global financial markets. This in turn requires constant experimentation with different technologies of transparency and visibility. In this sense, visibility is both an ideology and practice of millennial development—the rendering visible of the bottom of the pyramid and its structures of risk and returns. The heat maps and ratings, the new panopticon if you will, are important elements of this system. Standard & Poor, for example, is now launching a global rating of microfinance institutions, a project sponsored by the Inter-American Development Bank. A director at Standard & Poor explains the endeavor thus: "To unlock these sources of capital in both international and domestic the world. They believe they can. On the other hand, I have students who are cynical, those who are able to level sharp critiques of structures of injustice but do not believe that change is possible. I teach in this impossible space between the hubris of benevolence and the paralysis of cynicism. I try to teach the millennials that they must critically reflect upon their eagerness to do good, that the very categories of "donor" or "volunteer" imply privilege, and that in the democratization of development, they will often receive much more than they can ever give. After all, the term voluntarism can be traced to the Latin *voluntas*, which means "will" or "desire." The millennial volunteer seeking to make poverty history is empowered; she is not just a willing subject, but also a willful subject. I seek to remind the millennials of Spivak's (1994) injunction that "responsibility," the driving force of development, cannot suffice. It is necessary to also consider the ethics of "accountability," of being accountable to those who are the recipients of millennial optimism and development largesse. Similarly, I strive to teach the millennials that they can, even in the world's most powerful institutions, even if they have been hitherto denied voice and access, claim the permission to narrate. And I seek to remind them of Jan Pieterse's (2001: 100) brilliant statement that "development is the management of a promise," that development is not only imposed but also desired. That promise, of financial inclusion, of the democratization of capital, of microentrepreneurship, of a better life, of the end of poverty, must be taken seriously. For while these are fictions, like the fictions of finance capital, they have a material reality that is formidable.

This book, like my teaching, is written in the impossible space between the hubris of benevolence and the paralysis of cynicism. It is a space marked by doubleness: by both complicities and subversions, by the familiar and the strange. I write it in the figure that most often strikes a chord with my millennial students, as a double agent, shaped by centralities and multiplicities.

NOTE

1 Vinod Khosla, remarks at the Global Business and Global Poverty Conference, Stanford Graduate School of Business, May 19, 2004 (http://www.gsb.stanford.edu/news/headlines/2004globalconf_khosla_speech.shtml, accessed August 5, 2005).

CHAPTER 2

Global Order

Circuits of Capital and Truth

We live in an ocean of money . . ..

(Muhammad Yunus, founder of the Grameen Bank, 2009[1])

At Lookout Mountain, Microfinance Evangelicals

A few years ago, an event listed on the popular web portal, the Microfinance Gateway, caught my eye. The Chalmers Center for Economic and Community Development at Covenant College, Georgia, USA, was going to hold a training conference on Christian microfinance and microenterprise development. The flagship college of the Presbyterian Churches of America, Covenant College, offers both on-site and online courses for missionaries, churches, and ministries working in the "Two-Thirds World," their term for the global South. Microfinance and microenterprise development, as it turns out, are central elements of such training. Indeed, as noted by Brian Fikkert (2003: 5), the director of the Chalmers Center, many of the important and large "Christian relief and development agencies are operating large-scale microcredit programs (e.g., Food for the Hungry International, Opportunity International, World Concern, World Relief, World Vision International)." Fikkert notes that hundreds of Christians in the industry have gathered regularly for global conferences on Christian microenterprise development.

The Covenant College training conference, with about 100 attendees each year, is meant to provide rigorous training to Christian missionaries in this field. Run by a professional staff, many of them with doctorates in economics from the Ivy Leagues, it is an intriguing combination of the latest academic debates about microfinance and poverty alleviation on the one hand and the mandates of evangelism on the other hand. Eager to learn more I registered and began the journey to the scenic isolation of Lookout Mountain, arriving amidst a flock of the faithful and a flurry of prayers. My secular Indian upbringing had done little to prepare me for coursework on the tenets of Presbyterianism. But I wanted to the world. They believe they can. On the other hand, I have students who are cynical, those who are able to level sharp critiques of structures of injustice but do not believe that change is possible. I teach in this impossible space between the hubris of benevolence and the paralysis of cynicism. I try to teach the millennials that they must critically reflect upon their eagerness to do good, that the very categories of "donor" or "volunteer" imply privilege, and that in the democratization of development, they will often receive much more than they can ever give. After all, the term voluntarism can be traced to the Latin *voluntas*, which means "will" or "desire." The millennial volunteer seeking to make poverty history is empowered; she is not just a willing subject, but also a willful subject. I seek to remind the millennials of Spivak's (1994) injunction that "responsibility," the driving force of development, cannot suffice. It is necessary to also consider the ethics of "accountability," of being accountable to those who are the recipients of millennial optimism and development largesse. Similarly, I strive to teach the millennials that they can, even in the world's most powerful institutions, even if they have been hitherto denied voice and access, claim the permission to narrate. And I seek to remind them of Jan Pieterse's (2001: 100) brilliant statement that "development is the management of a promise," that development is not only imposed but also desired. That promise, of financial inclusion, of the democratization of capital, of microentrepreneurship, of a better life, of the end of poverty, must be taken seriously. For while these are fictions, like the fictions of finance capital, they have a material reality that is formidable.

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At first glance, Christian microfinance seemed familiar. Instructors presented the key principles as the following: relief, rehabilitation, and development, participatory development, and assets and need-based development. But Christian microfinance is also meant to be an instrument of proselytizing, a means of consolidating new frontiers of evangelism. Missionaries at the training conference were working in frontier territories, from Afghanistan to Malaysia. They were drawn to microfinance, and particularly to the solidarity group model, because it seemed a particularly effective way of mitigating poverty and promoting Christianity. Thus Fikkert (2003: 42) writes: "There is enormous power in getting people into groups, and Christians in particular should see groups as opportunities for evangelism and discipleship." Yet, at this conference, missionaries expressed concern about microfinance, especially the emphasis on lending to women. Although the instructors presented the familiar, gendered arguments of microfinance—that "the quickest way to alleviate poverty is financial services for women," the participants asked: "How can we lock out men by defining them as non-performing assets?" They insisted that Christian microfinance has an obligation to be patient with men, to discipline and disciple them.

There were other dilemmas as well. Christian microfinance, as presented at Covenant College, starts with a conceptualization of poverty. It is a deeply contradictory framework, one that seeks to reconcile biblical ideas with structural analysis. Poverty is a result of the Fall, of a separation from God, and of the pollution of all relationships. Poverty is thus marked by dependency and disempowerment, for the poor have lost their sense of being created in God's image. Poverty is not only economic, it is also spiritual and therefore cannot be alleviated solely through material interventions. To work with the poor is to work to restore the relationship of the poor with God. But poverty is also the lack of assets and the lack of income. It reflects Robert Chambers's (1983) concept of the deprivation trap, and it is the analysis presented in the World Bank's *Voices of the Poor* (Narayan and Petesch 2002), both frameworks used in Chalmers classes. Can these contradictions, between the narrative of sin and the narrative of structural vulnerability, be reconciled? Here is Fikkert's (2003: 9) attempt to do so: "Both the Scriptures and empirical evidence indicate that oppression of the poor is often a factor in their poverty. It takes the power of Jesus Christ over sin . . . to remove

the oppressor. His power is the answer, and the poor need to cling to this hope." Such ambivalences are not unique to Christian microfinance. They exist at the very heart of microfinance, in the struggle to reconcile an intervention aimed at the structural causes of poverty with the insistence that the poor must help themselves through entrepreneurship.

But what is perhaps unique to Christian microfinance is a deep anxiety about debt. And it is here that Christian microfinance, in surprising and perhaps unintended fashion, calls into question the premises of millennial development. Central to the Covenant College training is the argument that development can do harm, that burdensome debt and high interest rates can place poor people in systems of bondage, that well-meaning missionaries can indeed hurt entire communities. With this in mind, the Covenant instructors rejected various forms of development. They provided a scathing critique of short-term Christian missions to the Two-Thirds World, dismissing them as "disaster tourism" that "dumped relief supplies" on poor communities. And most important, they rejected the dominant framework of microfinance, arguing that the emphasis on commercialization and financial sustainability was incompatible with their mandate to avoid doing harm. It is thus that a training conference on microfinance ended with the surprising recommendation that Christian evangelicals should eschew microfinance and instead promote church-centered credit and savings associations built around indigenous solidarity groups. In the face of a brave new frontier of poverty capital, the missionaries asserted a Christian truth, rejecting sleek Wall Street models of finance for the seemingly primitive form of rotating savings and credit associations that are present in so many poor communities.

Like these fierce proselytizers, the global microfinance industry has pursued microfinance with evangelical zeal (Rogaly 1996; Woller, Dunford, and Woodworth 1999). Interestingly, and as I will show, this industry has been less inclined than its religious counterpart to express existential doubt about the idea of microfinance. In the global order of microfinance, a handful of authoritative ideas and best practices rule. This is a fundamentalism of sorts, not unlike the "market fundamentalism" critiqued by Stiglitz (1998) in his call for a reform of globalization. Indeed, the global order of microfinance is increasingly committed to market models and strategies, seeking to position microfinance as an asset class, or a circuit of investment, speculation, and profit embedded within the broader workings of finance capital. The moral struggles of Christian microfinance provide a glimpse of the ethical quandaries that lurk in the shadows of this global order. They suggest the need for a thorough interrogation of such market fundamentalisms.