

Antipode

A Radical Journal of Geography

Caroline Shenaz Hossein, *Politicized Microfinance: Money, Power, and Violence in the Black Americas*, Toronto: University of Toronto Press, 2016. ISBN: 9781442648203 (cloth); ISBN: 9781442616240 (paper); ISBN: 9781442616608 (ebook)

Microfinance is in trouble. Microfinance has, of course, long had plenty of critics (e.g. Johnson and Rogaly 1997; Rankin 2001), but criticisms have mushroomed in this decade (e.g. Bateman 2010; Roodman 2012; Roy 2010; Sinclair 2012)—including a number of articles in *Antipode* (Maclean 2013; Young 2010). This rising tide of criticism has been spurred by a series of crises—most notably a spate of suicides by heavily indebted farmers in Andhra Pradesh—and more generally by creeping concerns about commercialization, corruption, exploitative interest rates, and abusive collection practices. Even the organizations that were very much at the forefront of the “microfinance revolution”—notably the World Bank and USAID—have retreated from the concept, increasingly dealing in euphemisms like “financial inclusion” rather than “microfinance” *per se*.

Caroline Shenaz Hossein’s *Politicized Microfinance* offers an important intervention into these debates. Microfinance in and of itself, she suggests, is not really the problem. Hossein suggests that many critics have often been too quick to denounce the “neoliberal” tendencies of microfinance without paying much attention to the actual practice of microcredit operations, especially where Africans and the African diaspora are concerned.

Drawing on theorizing in feminist, black liberation, and “diverse economies” literatures, Hossein points to the importance of what she calls “politicized” forms of microfinance in the Caribbean. As she notes, “microfinance’s advocates and its critics tell a generic story of commercialization, while failing to examine intersectional identities and the people who run these programs” (p.xii). Hossein seeks to draw out the significance of these experiences by

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advancing the concept of “politicized microfinance”. Politicized microfinance comes in two variants: “one that is clientelistic and oppressive ... and one that is consciously aware (often through lived experience) of the oppressions endured by people of African descent” (p.12). Microfinance can be a mechanism for reproducing hierarchical clientelist relationships, a material manifestation of racialized and gendered stereotypes, or a mechanism for forming alternative economies and community solidarities. Hossein insists that it is really only through the lived experience of the poor that we can tell what kind of “politicized microfinance” we’re looking at.

The bulk of the book draws on extensive fieldwork in five countries (Jamaica, Haiti, Trinidad and Tobago, Grenada, and Guyana), including nearly 500 interviews, primarily with informal street vendors. She documents a diversity of ways in which microfinance can become “politicized”. The contrast between Jamaica and Trinidad and Tobago on the one hand and Haiti on the other forms the core of her argument, with complementary examples drawn from Grenada and Guyana. In the former two cases (Jamaica and Trinidad and Tobago), Hossein finds patterns of lending that have been deeply distorted by the racialized and gendered imaginaries through which loan officers view their borrowers and by the entanglement of state-subsidized microfinance schemes with party politics. Her research in Haiti, by contrast, highlights the emancipatory potential of other forms of politicization—especially the potential of community rooted microfinance schemes, even though microfinance practitioners have often had to operate at considerable personal risk.

Hossein’s careful attention to the lived experience of poor people in the Caribbean underpins her most interesting and important contributions. Among other things, she traces the ways in which party politics and patronage influence the distribution of credit in Jamaica and Trinidad and Tobago; the informal reliance of Jamaican micro-lenders on organized crime to

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ensure the repayment of loans; and the very real material effects of racialized stereotypes of dark-skinned Jamaicans, Afro-Guyanese, and Afro-Trinidadians. Even the hiring practices and spatial distribution of micro-lenders are deeply impacted by intersecting class and racial identities: microlenders' offices are largely located in more affluent neighbourhoods, and staff are on average more educated, affluent, and lighter-skinned than their clients. She highlights the very complex practical impacts of microfinance programmes targeting women borrowers. Hossein shows how gendered discourses about women's empowerment typical of microfinance advocacy—which have been dismantled quite thoroughly by previous critics (e.g. Maclean 2013)—have complex and mixed impacts in the lived experience of poor women. She also makes an admirable effort to incorporate the voices of marginalized Afro-Caribbean people into the text. Hossein's effort to situate microfinance in the longer historical context of the region—particularly the long-running legacies of colonization and enslavement—also enriches the book. It is far too common for critiques of microfinance to situate it as a “neoliberal” development practice; Hossein shows very clearly the complex ways in which microfinance practices intersect with much longer-standing (and deeply racialized and gendered) structures of power.

There are, in my view, a pair of issues on which the book could have been stronger. First, Hossein ultimately seems to hang much of her argument about the relative merits of different forms of “politicized microfinance” on the degree of access to credit granted to racialized communities by different forms of politicized microfinance. “Informal” systems in Haiti grant credit to racialized poor communities at a much higher rate than the elite-dominated systems in Jamaica or Trinidad and Tobago, and informal self-help systems in Jamaica also fill some of the gaps left by commercial microfinance. In Hossein's words, “[i]nformal banks help people to access money from trusted sources and to restore their personal dignity” (p.126). Similarly, “given that millions of people want microfinance and that banks reach only about 300,000

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people ... informal banks are an important part of people's financial lives in Haiti" (p.127). The problem in the other cases is that "commercialized bankers whose personal prejudices are cloaked in neoliberal ideas have fostered a social exclusion that has negatively affected the allocation of microloans" (p.12). This emphasis seems to ultimately take for granted that access to credit in and of itself is the standard by which microfinance should be judged. Given the rather dismal track record of microloans in actually alleviating the poverty of borrowers, however, it seems somewhat problematic to hang so much of the argument on such "inclusions" and "exclusions".

Second, and relatedly, Hossein assigns a good deal of importance to "indigenous" practices as sites of emancipatory politics. Her argument here is essentially that "[d]eveloping alternative banking techniques can be called a political act, in that these groups come together to challenge conventional and individualized forms of banking" (p.5). In itself this is fair enough, but the reader is left without much sense of *how* "indigenous" forms of politicized microcredit might contribute to the construction of alternative economies. She suggests mostly that these forms of practice can "reform microfinance to make it more inclusive" (p.137). There are hints of the broader impacts that indigenous credit might have—Hossein makes reference to women in Haiti who have been able to reject low-paid factory work in favour of developing their own businesses because they had access to cooperative finance (p. 126), and notes that alternative banking "contributes to local organizing and allows people who are normally ignored to feel a part of their community" (p.128)—but these lines of argument aren't really pursued in any great detail.

On both of these points, greater attention to where microcredit (and, relatedly, small-scale entrepreneurship) fit in broader structures of production and reproduction in the Caribbean would have strengthened the book. In a word, *for what purpose(s)* do small and micro businesses in the

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Caribbean need access to credit? What are the major obstacles to poor people's livelihoods besides access to credit and what does (micro)credit do to remove them? What happens to borrowers from community financial institutions in Haiti when they can't repay their loans? The emphasis Hossein places on lived experiences with gendered and racialized access to resources is valuable. But she could have pushed the analysis further with respect to the role that credit could or does play in securing livelihoods for the urban poor.

Politicized Microfinance is, nonetheless, a timely and empirically rich book. It will be of interest to *Antipode* readers interested in microfinance and alternative finance, and in the "social economy" and alternative economies more broadly. Most importantly, Hossein reminds us that, for all that it has been co-opted by the neoliberal mainstream of global development governance, microfinance retains a (potentially emancipatory) streak of solidaristic community practice. Indeed, she is right to insist that Africans and the diaspora (and, I would venture, the poor in many other places) were organizing alternative forms of financial practice long before the "microfinance revolution". The big question for critical political economy, then, is less "for or against microfinance?" and more "for what kind(s) of microfinance?".

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Nick Bernards

Department of Political Studies

Queen's University

bernarna@mcmaster.ca

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