Empowerment Money: The World Bank, Non-Governmental Organizations, and the Value of Culture in Egypt

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With the antiglobalization protests in Washington, D.C., in April 2000, the term *globalization* took a new turn on its slippery discursive slope. First surfacing on the pages of the financial and business press in the 1970s, globalization developed into the catchword of a highly successful neoliberal agenda that asserted the inevitable refiguring of state regulatory regimes to increase the profitability of global financial capital.1 From these origins in the world of business and finance, the term spread throughout academia, including the fields of anthropology and cultural studies.2 But with the rise of the antiglobalization movement...
and, in particular, the highly successful protests in Seattle and Washington, D.C., the term *globalization* achieved a different kind of status. It became not only the keyword of the broadest protest movement at the turn of the millennium but, additionally, a signifier of all that was good and all that is bad in the postcommunist era.

In the discussion that emerged in the press immediately following the Washington protests, globalization became a metaphor for *development* as well. In fact, development itself often appeared to be the focus of these discussions rather than any set of conditions usually designated as globalization. By the end of April 2000, development as critiqued by anthropologists and others since the 1980s had evidently been given a discursive burial. No one wanted to defend development anymore—not even the World Bank.

3. The debate on development is vast. The form of development critiqued by antiglobalization protestors and many others is clearly not Amartya Sen’s definition of development as freedom from want, insecurity, social exclusion, and political and social repression (*Development As Freedom* [New York: Knopf, 1998]). Rather, it refers to development as the key term in a new conceptual framework for intervention in the post–World War II era, through which the “underdeveloped world” could be actively changed for the better. As readers will know, the debate about “development” is linked to the debate about becoming “modern.” For two important definitions of development and the development era, see Frederick Cooper and Randall Packard, eds., *International Development and the Social Sciences: Essays on the History and Politics of Knowledge* (Berkeley: University of California Press, 1997), and Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge As Power* (London: Zed Books, 1992).

Indeed, the president of the World Bank, James Wolfensohn, defended his policies against the antiglobalization protestors by insisting that he, too, was against development. “We,” he said, “are way ahead of the protestors.” To prove his point, he cited charts to illustrate the decline of development lending for large projects at the bank and the parallel rise of so-called microloans, that is, very small loans to individuals selling goods in the marketplace, often in the Third World. What are we to think when the president of the World Bank attempts to prove himself more radical about development than the radicals? Or when he espouses the critique of development as the foundational tenet of a new development policy? And how, in all this, do microloans function as the inverse of development?

Developing Antidevelopment; Economizing the People

According to Andrea Durbin, director of Friends of the Earth USA, “the rhetoric of the [World Bank] has changed in the last five years. . . . But the practice hasn’t.” Durbin is both right and wrong. Voices against the old orthodoxy can still be fired or pressured to quit. Enforcement of structural adjustment policies (SAPs) does not seem, on the surface of things, to have changed much. But inside the doors of the World Bank, the people that many would like to empower have been the subject of intense scrutiny—and development support—for some years now. Since the 1980s, the World Bank has been doing a lot to seek out and empower the people whom critics see as its victims.

Readers might be surprised to learn the extent to which development institutions, particularly in their search to empower, have embraced antidevelopment as their praxis. This new tendency can be observed in training programs linked to microlending schemes funded by the World Bank and other development agen-


6. Newspapers reported Wolfensohn arriving at weekend staff meetings, just before the protests hit Washington, D.C., “brandishing charts showing that big power projects, once 25 percent of the World Bank’s lending, now account for just 2 percent, and that spending on nutrition, education, and ‘microloans’ to small businesses, many run by women in the Third World, has skyrocketed.” David Singer, “World Bank Defends Itself to Critics,” International Herald Tribune, 17 April 2000, 18.


cies. For example, the training programs I attended in Cairo in 1995, organized by USAID for “community NGO leaders,” taught only respect for the hidden entrepreneurial qualities of the Third World poor—especially women. An exercise on financial management described the dilemmas of a woman in Peru (the organizers didn’t have time, they apologetically explained, to make up new worksheets with Arabic names put in) whose husband had been downsized from a public sector job. Thus he was now free, like the proletariat of old, to join his wife in her more entrepreneurial project of selling food on the street. The only one to be developed here was the husband, who clung to the notion that he was better off in a salaried job with the state. To sum up a lesson we learned that day, practices once dismissed as “backward” and situations once seen as transitional have become the vanguard of entrepreneurial savvy in the global age.

An antidevelopment development strategy instituted and funded by international organizations (IOs) like the World Bank, such as the programs that I studied in Cairo between 1993 and 1996, aims at developing an object referred to as the informal economy (or microenterprise). The informal economy is a term that signifies a social space in which objects, services, and money are exchanged according to rules of the game other than those sanctioned by the state. Whether intentionally or not, a development program directed toward the informal economy expands the social space over which the state is not sovereign. Such a development approach thus accords well with neoliberal ideology in that it advocates a diminution of the state and its disengagement from the terrain of economic activity. In other words, a procommunity development program characteristic of those who are likely to be antiglobalization is consistent with neoliberalism. Yet, in Egypt, these development programs have become important sources of finance for the very entity such efforts were originally intended to bypass when the third-world state was deemed corrupt, incorrigible, and generally hostile to the functioning of the free market.

I will return to this point in a moment. First, however, I want to look at some of the assumptions underlying the strategy of providing microloans as an alternative form of development. Behind the broad support for microlending stands the supposition that devolving development down to “the people” is not only a good thing but also a moral imperative. A development strategy built around the needs of the people, and based on communities and small enterprises, is believed to be a palliative to the ills that globalization-as-development has wrought. Microlending is intended to support the people and the community as opposed to large-project lending, which, in turn, aims (it would seem) to support the state as antipeople and anticommunity.
Empowerment Money

In much social science writing, “the people” or “the poor” are residual categories indicating the blind spots of prior theories. As appellations indicating where these theories fell silent, they are by definition vague and can thus be easily translated into other terms or frameworks. In the postcommunist era of market triumphalism, an imperialism of economy dominates our thinking.9 And in the same buildings where neoliberal economic agendas were worked out as development programs, the people and the community were later embraced in the guise of the informal economy. In the places where non-governmental organizations (NGOs) meet, converse, and change funding proposals for dollars-in-banks, “the people” acquired an economic tint. Translated into the language of economy, the people became identified with the informal economy as those who, without any help from the state, make their own way and depend on themselves or their communities to survive. Infused with microloans via NGOs, moreover, those survival methods are thus seen as a means of empowering the people.

The notion of “the people” is not in this case attached to the nation-state or even to the nation. Rather, it is a localized concept indicating those who live together in a particular community (another term that bears deconstruction).10 NGOs are commonly accepted as the legitimate representatives of such communities. If the state has been seen as the site of development, then the NGO has more recently been accepted as the organizational representative of the community.

NGOs have been a particularly effective form of development technology in the past twenty years. On the level of politics they are often taken to collectively represent “civil society.”11 On the level of economy, NGOs are often taken to rep-


resent the informal economy. In turn, NGOs distribute microloans farmed out by IOs and development agencies while additionally supervising the collection of interest payments for banks. Although it might seem odd to speak of market-rate bank interest in the same breath as empowerment, such is the praxis of microlending: only market-rate interest builds sustainable NGOs, and only market-rate interest allows clients self-respect.\textsuperscript{12}

The banks in Egypt that are lucky enough to turn large grants into microloans bolster their balance sheets.\textsuperscript{13} Some banks that got into the microlending business because of its benefits to their bank capital and profits founded separate departments that functioned, in the words of one banker, “like an NGO.” Money that comes into the country looking like charity—that is, like long-term, low-interest grants—gets translated, via the banking system, into something that looks like economic activity—that is, loans at market-rate interest. Even before any enterprises are established, the economy appears to have grown. And NGOs that theoretically tap the vaunted trust and mutual respect of social networks can then become a low-cost instrument through which interest payments are collected and bank profits can be made.

This potential was nicely illustrated when the Grameen Bank of Bangladesh, the grandfather of the microlending phenomenon, signed a contract with the multinational agricultural firm Monsanto (which has been at the center of debates about genetically engineered foods). Monsanto wanted to use the microloan credit networks of Grameen Bank in Bangladesh to distribute its seeds, collect payments, and discipline those farmers who tried to store their seeds for reproduction rather than buying Monsanto’s genetically engineered, self-destructing variety. As this incident made clear, NGOs and their microlending networks based on community trust can become “low-cost Pinkertons” that enforce financial discipline just as SAPs have done on a macro scale.\textsuperscript{14} And all this transpires even as microloans are typically accepted as an instrument empowering the people.

\textsuperscript{12} Statements about market-rate interest generating sustainability, self-respect, and empowerment are commonplace in this perspective. For one elaboration of this view, see Robert Peck Christen, Elisabeth Ryne, and Robert C. Vogel, \textit{Maximizing the Outreach of Microenterprise Finance: An Analysis of Successful Microfinance Programs}, USAID Program and Operation Report, no. 10 (Washington, D.C.: USAID and the Center for Development Information and Evaluation [CDIE], 1995).

\textsuperscript{13} This statement is based on interviews Essam Fawzi and I conducted with bankers at two large banks in Egypt, one public sector and one private sector. One former banker who had become a consultant stated that, without the low-interest grants given the banks to farm out as microloans, one major bank would be in the red. In other words, transfers for microinformality helped sustain the image of a profitable banking sector in Egypt in the 1990s.

\textsuperscript{14} “In North America, Monsanto has hired Pinkertons (private police) to enforce farm contracts and technology licensing agreements. The ‘Monster’ [Monsanto] has gone after farmers threatening
The State of Microenterprise

Yet the word *microenterprise* seems to float innocently above the clamor of the globalization debate, enjoying the immunity attributed to terms with an economic valence. But microenterprise did not arise, Athena-like, from James Wolfensohn’s head after protestors hit the streets of the U.S. capital in April 2000. As with any concept or development tool, it has a history whose trail we must dutifully retread to understand its meaning.

Even the briefest history of microenterprise must go back to the birth of its less-wealthy kin: the informal economy. In the birth of this concept, anthropology played more than a midwife’s role. Anthropologists and others, concerned about the fate of the poor in the Third World, had often expressed admiration for their ability to survive in the face of alienation, deprivation, and marginalization. In Egypt and all across the Third World, even in its internal colonies in the United States, anthropologists studied and analyzed the extraordinary ways in which the poor managed to survive in spite of it all. Students of the poor have often pointed to networks of long-term relationships as central to that survival. Anthropologists had referred to those multileveled networks of relationships as culture. With the cultural turn in the social sciences, however, this culture was soon defined as an economic resource as well.

The value of culture as a way to ensure that the poor took care of themselves, instead of relying on the state, was of more than pure theoretical interest. Admiration for the poor’s ability to survive also became an action program, one promoting and propagating the survival techniques of poverty in which social networks of the poor took a primary place. When development agencies and the
criminal charges wherever they suspect them of trying to save seed. ‘In Bangladesh, the Grameen credit network can do Pinkertons’ work for the company at no cost,’ [Pat] Mooney argues.” Erosion, Technology, and Concentration Group (ETC Group), formerly Rural Advancement Foundation International (RAFI), “Grameen Turns Mean?” Etcgroup.org, formerly RAFI (Web publication at www. etcgroup.org), 7 October 1998. My thanks to Daniel Von Moltke for bringing this article to my attention.


World Bank shifted their focus from a modernization approach to one stressing the alleviation of poverty, informal economy no longer appeared as a stopping ground on the way to modernization. Rather, it could assume an important and valued role in poverty alleviation.\(^\text{17}\) By the early 1990s, key aspects of the practices whereby vast sectors of the urban poor have traditionally sustained themselves had been abstracted and modeled into an antidevelopment development package in programs geared toward the informal economy. Survival techniques in the fieldwork site of the informal economy were studied in Egypt and around the globe by networks of researchers, often funded by institutions such as USAID and the World Bank. The results of this research were then distilled into the essential ingredients of the networking survival tactics implemented by the poor. The fundamental components of community survival techniques could thus be replicated and taught to NGOs and lending officials across the Third Worlds of the globe.

The economic practices through which the poor have reproduced themselves are, of course, also a form of cultural practice. That cultural practice, in turn, has often been condemned as backward and an obstacle to development. In Egypt as elsewhere, such a view was common among colonialists and nationalists alike. But the microloan approach represents an important shift in that it does not aim to make backward groups abandon their cultural practice *en route* to becoming modern. Rather, backward cultural practice is enshrined as a way for the poor to help themselves *and* the economy at the same time. Unlike earlier methods of development, this approach displays no attempt to transform craftspeople in Egypt, for example, into modernized workers or to separate the interwoven institutions of family, workshop, and community. Rather, the integration of economic, social, and cultural practice—the embeddedness of economy in society—that modernization and capitalism were supposed to have severed is seen as a positive attribute to be emulated. Community mechanisms of mutual aid, furthermore, become a security imperative when jobs and social services provided by the state (however meager they might have been) are eliminated under the financial disciplining of global financial capital or SAPs. Yesterday’s backward cultural practice becomes something to be admired and perhaps even taught to recalcitrant, downsized public sector workers and their children.

All this seems to have begun, on the policy level, as a stopgap measure. In the 1980s, SAPs did not yield the results that macroeconomic theorists had predicted, and short-term disequilibrium between the forces of supply and demand began to look like long-term equilibrium. Reformist voices within the World Bank (which acquired great weight with the appointment of Wolfensohn as president) enforcing these programs of financial discipline began to voice doubt about the economic doctrines that they preached. Large-scale unemployment among public sector workers and state employees—as well as increasing levels of poverty among the poor due to the end of state subsidies—were supposed to have been a matter of “temporary suffering” until the private sector kicked in to take up the slack. But when the temporary suffering started to look permanent, new development programs were devised to relieve the suffering of groups negatively affected by structural adjustment. In a number of countries where SAPs were being enforced, the World Bank established Social Funds as the “social safety net” of choice. These experiments have been carried out in the Caribbean, Latin America, and Africa.

In Egypt, the Social Fund for Development was set up in 1991 as a World Bank project. It received $572 million of funding from a variety of sources, including fifteen donor countries, the European Union, the United Nations Development Project, and the Arab Fund. This money was placed in a new agency, positioned at once inside and outside the state. What does it mean for an agency to be both inside and outside of the state? For all intents and purposes, the Social Fund was an institution established in Egypt by the World Bank. It is organized as a separate agency and financially supported by sources decidedly outside the state budget. In the words of its 1994 annual report, the Social Fund is a “semi-autonomous apex agency, under the chairmanship of the Prime Minister.”

18. For a critique of the impact of fundamentalist macroeconomic theorists in the IMF on Third World countries, and a representative sample of one of the main viewpoints inside the World Bank, see Stiglitz, “The Insider.”


fund’s partial incorporation into the state, however, gave crucial levers of power to the regime. The state could appoint the prime minister as the chairman of its board of directors, choose the managing director, and have a say in the direction of funding distribution—as long as the contribution guidelines of the donor agencies were respected.22

Shortly after its establishment, the Egyptian Social Fund began contributing to microenterprise. With the appointment of Prime Minister Kamal el-Ganzoury following the 1995 parliamentary elections, the new government pledged, as one of its main objectives, to advance crucial increases in three areas: investment and production, opportunities for productive labor, and income for the average Egyptian. Microenterprise seemed tailor-made to meet these goals, and claims regarding its importance became commonplace. One headline even went so far as to declare that “expansion of microenterprises was the goal of economic reform.”23 In other words, the Egyptian state appropriated an agenda that had begun as a way to bypass and overcome the corrupt essence of the Third World state. The informal economy had come full circle. It was being reabsorbed, via microenterprise, into its supposed inverse—the state.

Making the Real of Microinformality

Informal economy and microenterprise are two sides of the same coin. One side appeals to “progressives” who value community, while the other side appeals to those who are “conservative” and individualistic. The new consensus around the notion of social capital brings these two aspects together nicely. Envision a coin with “Spank the Bank!” on one side and “Promote Free Enterprise!” on the other.24 This is the specie of microinformality. To save the reader’s eyes and mental tongue, and to indicate this conceptual unity, I will use this term in much of what follows.

Microinformality is an amorphous object for development funding. It is about people and their cultural practice, not about buildings or formal institutions. The people must therefore be produced to substantiate the reality of the informal economy or the entrepreneurial spirit. In consultants’ reports this can be accom-

22. Donor agencies also chose the target groups of the Social Fund. They included women, new graduates, those laid off from public enterprises, those with low income, and migrant workers forced back to Egypt during the Gulf War.
24. “Spanking the Bank?” was the title of the radio broadcast by Asia Pacific Forum, 19 April 2000, WBAI, Pacifica Radio. I am indebted to Chandana Mathur for this information.
plished by means of photographs with attached testimonies from NGO clients (a term that replaced the word beneficiaries, which was said to be demeaning to the poor). But field trips are the preferred mode for contact with the people, whose status as real is reproduced through visits structured by local intermediaries for foreign donors. The real life that is encountered in these visits is deemed more real and more authentic than the written word. For an anthropologist, the epistemological faith placed in these encounters is fascinating.

A few neighborhoods of Cairo were regular sites for this kind of development tourism in the 1990s. When high officials of lending organizations like the World Bank and the European Economic Community were in town for conferences and meetings, they were brought to visit a few particular neighborhoods on a regular basis. I conducted much of my research in one such locale. Local craftspeople and microentrepreneurs who read the newspapers and followed politics were quite aware of why strangers, who had no interest in buying the goods or services they produced, were visiting so often. With the Social Fund in particular accorded such a high priority by both the World Bank and the Egyptian government, official newspapers were regularly full of reports about the millions of dollars granted to the Social Fund and other such projects each year. The head of an NGO based in this particular neighborhood was direct and articulate about his aspirations:

There’s money out there now. There’s all those banks giving out loans. There’s one group alone [an NGO] that got millions for the improvement of the environment. We need to work on that, to make this a beautiful place. My task as head of the NGO is to organize and develop the people who will be the hand that can take and distribute that money.26

This man, who was the master of a small workshop, was acutely aware of the new value of his neighborhood and its clout in the funding market. He understood that he and his colleagues, some of whom ran workshops on the verge of failure, could work more profitably as native informants, putting themselves on display as bearers of authenticity to foreigner donors.27 He often spoke of his dreams to showcase the “development model” of his community for the admira-

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25. See, for example, “Appendix E: SECP Borrower Profiles,” in Quarterly Report (1 October–31 December), Agricultural Cooperative Development International (ACDI) and the Small Enterprise Credit Program (SECP) (Washington, D.C., 1993).
26. Interview conducted by Essam Fawzi and myself, 31 October 1994, Cairo.
27. Spivak’s discussion of indigenous elites as native informants is quite relevant here. See Spivak, Critique of Postcolonial Reason, 6, 9, 270.
tion of foreign visitors. He wanted to design distinct uniforms for all levels of the workshop hierarchy, set up regular reception committees for the new development tourism, and build a miniature railroad from which the workshops could be viewed at a comfortable distance. The millions of dollars at stake, and the great interest in the neighborhood on the part of foreign donors, gave a logic to his rather surreal visions of a model town.

These were fantastic dreams. In fact, the doors of almost all the places labeled as microenterprises in the area were padlocked shut. The microentrepreneurs themselves were often desperate. They had debt over their heads, banks on their backs demanding interest payments and refusing to release further installments of the entrepreneurs’ loans. Visitors were met with busy scenes inhabited by boys and young men who possessed meager livelihoods and no knowledge of the microphenomenon they were supposed to represent. The idea of making all this into a Disney World display (or that development tourism was something around which to plan a community) is perverse. And yet, the president of the NGO had articulated just what his audience wanted to see: a neat and bounded performance of labor with roles easily identified and the smell of sweat kept at bay. Like the proverbial Shakespearean clown, the NGO president had captured, in his comical remarks, the essence of a tragedy that no one else would articulate.

Others, with no connection to microenterprise or -informality, also found ways to connect themselves to a place where the new social space of microinformality had taken root. Becoming attached to a place that signified microinformality gave one access to money. As both a state and nonstate institution managing vast sums skirting the boundaries of finance capital and gift exchange, the Social Fund was an excellent conduit for such transmutations. Social Fund projects around Cairo, I was told, were often approved even if they violated state regulations. Given the complex regulations governing the opening of businesses in Egypt, some resourceful businesspeople found it useful to reconstitute their investments as microenterprise projects. The point was not the funding; rather, it was the official path around state regulations enabled by IO-structured microinformality.

Other entrepreneurial businesspeople, for example, entered into partnerships with failing youth microenterprises to take advantage of the tax exemptions afforded by the legal status of “youth” (which had been created by IOs, not the state).28

28. Youth microenterprises had been opened up by those who received grants from the Social Fund due to their status as “youth” and as recent college graduates. Being a youth (shabab) was not necessarily related to biological age. Some workshop masters with whom we worked were younger than those who had become “young” by virtue of their Social Fund loans.
When a well-connected businessperson appeared in a poor Cairo neighborhood in the mid-1990s, for example, he clearly wanted to gain access, through the local NGO, to funds sent by IOs and bilateral funders as support for microinformality in order to get his own new investment project up and going. Although he constituted part of what might be called the formal capitalist economy, this businessperson decided to reconstitute his identity to become one of those whom the IOs and NGOs wanted to fund. That, in turn, could only happen if he attached himself to one of the concrete places that symbolized the informal economy to IOs and NGOs.

An effective and expedient way of attaching oneself to a physical space is to gain access to its social networks. However, since most of the microenterprises in the neighborhood had shut down due to unpaid bank debt and unsold commodities, they could not provide the businessperson with a viable network to enter. Indeed, the only social reality for these microenterprises was, in the main, absence. Rather, the masters of successful workshops, who had little direct connection to microinformality, afforded the businessperson the chance to effect his transformation into a microentrepreneur. By taking part in generous, high-speed rhythms of gift exchange with local workshop owners, the entrepreneur established his grounding in a place that could grant him, in turn, access to IOs and NGO funding. The stated objectives of microenterprise lending—to plant the seeds for future and growing economic enterprises—were inverted. A successful businessperson remodeled himself as a microentrepreneur to gain access to funds to empower “the people.”

To Find a Woman Entrepreneur

In the moments where the reality of microinformality is produced, one can observe interaction across the boundaries of social networks, the state, and IOs. If only in a modest fashion, some individuals and groups on the street in Cairo have turned the flows of finance for microinformality into a resource for their own reproduction. Regularized exchanges across the lines of supposedly discrete entities—the state, the informal economy, and IOs—can be observed by following the movement of money and information in particular.

Let us look for a moment at one such chain of exchanges that helped create the conditions for a “successful” program to promote microenterprise as a means of empowering women. During my time in Cairo, a secretary for a private con-

29. I heard many other, similar stories from a wide range of informants. In this particular case I knew all the parties involved.
sulting firm, on contract to IOs and bilateral development agencies, contacted me
as part of her search for female bodies to populate a “Women Microentrepreneur
Meeting.” This meeting was billed as a grassroots learning encounter among women
microentrepreneurs and was to kick off the expansion of a microenterprise lend-
ing program from Upper Egypt to Cairo. This woman’s boss was a higher-level
native informant for a large-scale bilateral development program in Egypt. He
spoke English, was highly educated, and could produce the documentation the
funders needed. He himself, however, needed cultural brokers to produce appro-
priate samples of “women” and “the informal economy.” His secretary was a
more authentic representative of the people that were in demand; supplying
access to them was an integral part of her job.

I got involved when the secretary called, in turn, upon me. Where she had
been my informant, now she wanted me to be hers. She lived in a neighborhood
where I was conducting research and knew that Essam Fawzi and I were study-
ing workshops and microenterprises. Thus we were likely to know the names of
some women she could provide to her boss so that he could supply bodies for the
grassroots meeting. Essam and I, for our part, pondered as to who among the
workshop masters and microentrepreneurs we knew might be able to produce
some certifiable women for the meeting. The men we spoke with were happy to
send their sisters and wives, who were often paper partners of enterprises receiv-
ing Social Fund loans. Meanwhile, the secretary simultaneously pursued addi-
tional avenues of research, using local methods of communication. She called on
a child worker of a neighboring workshop to run with messages to other work-
shops that might have women on hand. For his communicative function as a
transmitter of information between workshop, IO, NGO, and the state, the boy
received a paltry sum. This kind of communications technology might not be rec-
ognized as part of the information age, but it is surely a more common form of
mediating globalization than many would suspect.

At the same time, success in carrying out such missions gives intermediaries
(be they child workers, underpaid secretaries, or even consultants) new resources
to distribute to others along the chain of networks that form their own social
world. In those moments of redistribution, opportunities are created for the acquisi-
tion of power within local networks of exchange. Throughout my fieldwork,
NGO leaders among craftspeople and youth microenterpreneurs thus searched
out meetings, visitors, and conferences in which they could present themselves as
the appropriate representatives of the informal economy or microenterprise.
From Safety Nets to the (Other) New Economy?

Given the upheavals of global financial markets in the past ten years and the rapid political transformations they have sometimes brought in their wake, neither development officials nor their critics seem to still believe that the collateral damage from SAPs is anything other than a permanent part of the landscape in the new millennium. Microloans appear, in part, as one way of regularizing the new realities. At first glance, then, it might then look as if we are back at the welfare state, back in the bad old days when the market was not imbued with healing powers to solve all ills.

Nevertheless, crucial shifts have been effected. In the era when Keynesian economics dominated and the legitimacy of the welfare state remained unquestioned, the state was required to sustain those whom the market could not succor. But now those who cannot make it in the virtual reality of the marketplace are left to a social space declared state-free. All this while the new nonwelfare speaks the language of economy, money, and debt.

The earlier phase of extensive research and funding efforts devoted to the survival strategies of the poor (whether or not described in terms of the informal economy) has more recently been bolstered by the rise of the concept of social capital. This concept is at the core of a new coalition that opposes the “Washington consensus” model of bad state/good market. They are far from a negligible bunch. Ideologically, at least, the heyday of neoliberalism has passed. In fact, according to Ben Fine, the new consensus has “the prospect of an even stronger stranglehold over the development debate than did the Washington consensus.”

If so, it will in no way endanger a program that was equally consistent with neoliberal antistate prejudices. Far from it: supporting the social networks that are now called “social capital” was an aim of microlending from the start. Moreover, with this conceptual transformation, the social networks of the poor can be seen as important ingredients of economic success writ large. What might have

30. The notion of social capital has its intellectual roots in the notion of human capital on the one hand and, on the other, Pierre Bourdieu’s concept of cultural capital. For a critical review of the concept of “social capital” in the bank’s literature in particular, see Fine, “Developmental State,” 1–19, and Ben Fine, Social Capital versus Social Theory: Political Economy and Social Science at the Turn of the Millennium (London: Routledge, 2001). In “The Developmental State,” Fine maintains that the concept of social capital “allows the World Bank to broaden its agenda whilst retaining continuity with most of its practices and prejudices which include the benign neglect of macro-relations of power, preference for favored NGOs and grassroots movements, and decentralized initiatives” (12). My thanks to Fine for sending me chapters of his book before its publication, and to Mara Thomas for informing me of the importance of Fine’s article for my research.

been previously seen as informal economy—that which is external to the state, that which is not the real economy—is now being assimilated into prevailing notions of the economy. And microlending looks like what we think the economy really is. Money is exchanged, interest is collected, enterprises are established, and unemployed women become, at least on paper, entrepreneurs.

This revisionist conceptual consensus was not formed in isolation from policy initiatives such as microlending. While I have not conducted research on this point, shifts in the World Bank’s conceptual apparatus can be linked to the evolution of its lending tools. Microlending was part of the World Bank’s efforts to create “social safety nets” to catch some of the bodies flying after the institution of SAPs. Safety nets were initially established to offset (to use language more true to the original) temporary market disequilibrium after the imposition of SAPs. Such phrasing implies the notion that the market is implicitly pregnant with self-regulating equilibrium, but this language is less common today. Band-Aids invented to repair the damage that SAPs left in their wake have grown into full-size avant-garde clothing put prominently on display. When Wolfensohn defended himself against antiglobalization protestors, for example, he decidedly did not proffer microloans as a temporary measure to fine-tune market equilibrium. With the notion now established that the market is not, after all, infallible, nonmarket initiatives such as microloans have mutated into a hallmark of World Bank policy.

Microinformality was born in a context where the genius for survival of the poor was being set free from the bonds of bankrupt, downsized nation-states. Research on informal economy and microenterprise embodied a distinctive vision of society to come. At the same time, microinformality helped to generate a new social field with both practical and discursive effects. Some of those effects, such as those I have presented above, are probably quite different from those that were intended. And yet it is fair to say that the research of the 1970s and 1980s promoted a vision that has begun to materialize on the ground.

In Manuel Castells’s influential book *End of Millennium*, the rise of a “Fourth World” is theorized as an integral part of global order in the information age. His insight would not be news to those in IOs, NGOs, and development agencies that have seen disenfranchisement as a global security problem for some time. When I started my fieldwork on this issue in 1994, programs to manage the black holes of the new world order were already well in place. Microinformality pro-

32. On “safety nets” and the establishment of Social Funds, see the World Bank, *Egypt, Alleviating Poverty*; and Graham, *Safety Nets*.

motes economic practices conducted outside the space over which the state is sovereign. It developed in tandem with the growing role of IOs and NGOs throughout the world in the provision of services that were once (even if sometimes only in theory) the modern state’s responsibility and a source of its legitimacy. As such, microinformality plays a role in further downsizing the nation-state and creating a populace liberated from the state.

Microinformality as a social field provides resources to all those taking part. That includes those valued as representatives of once backward culture. The people of microinformality are not passive objects of intervention, nor are they a pristine location of the authentic that outsiders are coming to destroy. But when networks of the poor are tapped to streamline interest payments to financial institutions recycling IO, NGO, and bilateral aid funding, something significant is taking place. In an era of downsizing and globalization, when there are no jobs to be had in factories or with the state, social networks can acquire a new security value as a context in which the unemployed keep busy and keep working. And when they are understood to be a form of capital, social networks also have an inherently economic value. Other issues have unfolded as well. Denigrated cultural practice has become, in the postmodern age, a means through which IOs can relate to the objects of their disciplinary measures. This was made quite plain by one trainer for NGOs engaged in microlending. “Culture,” we were taught, was the ideal method to ensure the rapid turnover of loans:

In every culture there is something that works, and the thing is to find out what that is. Is it the headman, the religious leader, community pressure, or the police? Find out what it is, and use it.34

SAPs discipline naughty states. When infused with NGO-mediated finance, social networks can serve as a mechanism for ensuring that the poor discipline themselves. The Grameen Bank–Monsanto episode is only one, particularly dramatic example of this inherent potential. In one way or another, by way of the medium of money and debt, international financial institutions seem to be developing a more direct relation with the vast untapped resources of social capital the poor now are understood to represent. That relation seems to be about mobilizing culture—via finance—as a form of self-discipline. Whether these new modes of discipline imply new forms of accumulation is another question altogether.

The extent to which all this is understood as empowerment is striking. If credit and money are human rights, as is proclaimed in microlending circles, then debt is the way to empower the people. That, anyway, was the way one consultant explained things to me:

Money is empowerment. This is empowerment money. You need to be big, need to think big. Borrowers here can be imprisoned if they don't pay, so why be worried. [We should] help them get in debt. Growth comes with it. In America we get ten offers for credit cards in the mail every day. You pay incredible real interest rates for that credit, something like 40 percent. But the offer is there, so you get the card, and stuff your wallet full of credit cards. You feel good. It should be the same thing here, why not help them get into debt. Do I really care what they use the money for, as long as they pay the loan back?35

Is empowerment, then, a new frontier for capital accumulation? Are the poor the real capitalists?36 Do the survival practices of the poor represent the new emerging market? Such would seem to be the hope of two investment bankers who wrote an editorial in the International Herald Tribune soon after the Washington, D.C., antiglobalization protests. They repeated the idea that it was time, in their words, “to shift the onus of development to people, communities and enterprises.”37 This shift to the people and away from the developmentalist state, they argued, was not only a more just but also a more profitable way of proceeding. Similar aspirations have been espoused in articles and books lauding the potential of dot-com schemes to market certifiably indigenous products over the Internet.38

Will the ambition to mine the new terrain of backward culture for capital accumulation pan out? The answer is not yet apparent. But whatever it may be,

35. Interview I conducted in Cairo, 5 July 1995.
37. Gautam S. Kaji and Percy S. Mistry, “Streamline the International Financial System,” International Herald Tribune, 18 April 2000, 8, referring to the World Bank and its regional partners. The authors were, respectively, former managing director of the World Bank and current chairman of the Centennial Group; and former executive of the World Bank and current chairman of Oxford International. Oxford International is described in the article as “a private investment company operating in emerging markets.”
indebting culture remains significant as a mode of discipline that bypasses usual relations between citizen and state. The Grameen Bank–Monsanto cooperation, after all, entailed the direct mobilization of culture and community—through debt—to enforce compliance with company orders to destroy seeds. No need to pressure the state to pass laws favorable to corporate interests.

Another good example comes from a training workshop for NGO microenterprise lenders in the Middle East. A fellow participant explained to me how things worked in Gaza. All borrowers from the NGO housing collective he worked for signed a contract before getting their loans. The contract stipulated that borrowers who were late with payments more than a specified period of time would be immediately taken to jail by the Palestinian security police.39 The security apparatus of a nonstate, in other words, worked directly for NGOs to ensure that finance originating in IOs was collected for the banks. And, for a time, the image of a functioning Palestinian economy was fostered.

Only a small amount of the finance that is channeled through NGOs as microloans can be called “finance capital,” properly speaking. Even if the World Bank is involved, even if we hear the language of debt and finance, we should not assume that capitalist accumulation is underway. Microinformality seems to be a novel form of fictitious capital that has emerged in face of the security risks of the new global order. Charity with a different face, welfare speaking the language of capital—anything but part of the state budget. Culture is being enshrined, inside of IOs in particular, as a new type of discipline that circumvents the state by way of finance and NGOs. Perhaps this signals the rise of culture as the latest frontier for primitive accumulation.40 But if the cultural practices of the poor are now seen as social capital, then this capital will entail a different kind of accumulation. In the meantime, we should not take anything for granted about the concepts we use in our attempts to make sense of these developments.

Some observers might applaud the idea that microinformality is a sort of mar-

ginalization. For, it has been suggested, marginalization is potentially a site of liberation, a state in which alternative economic practices and unique visions of social reality can be fostered.\textsuperscript{41} Such optimism—usually progressive in its intent, while free market to its core—is likely to be articulated in conjunction with the antidevelopment attitudes I discussed above. Microinformality is the place where antidevelopment has found its development home.

Meanwhile, the IOs charged with devising new forms of governmentality in a world where hundreds of millions are somehow left out of models for global economy and political order, seem to view culture as a free resource that can be tapped to ensure that the poor provide for themselves. Much of the world’s population might be left with only its cultural practice as a means of survival. Therein lies the irony. Can a society organized around the cultural practice of networks sustain itself? Critiques of globalization and development too often read as if it could.\textsuperscript{42}

The championing of networks supposedly well outside of the state may also have unintended impacts inside the state. The anomalies of the Social Fund and the practices of microinformality discussed above are just examples. Increased opportunities for networking external to the formal rules of economy or politics are likely to then generate more charges of corruption, thus reinforcing the whole cycle that fuels antidevelopment once again. But with the state increasingly informalized, networks of survival in the informal economy may not be there to play the role cast for them in the microinformality agenda.\textsuperscript{43}

The vision of social and political life as a world of communities, entrepreneurs, and NGOs is starkest in desolate landscapes like Bosnia, Somalia, or Pales-

\textsuperscript{41} Escobar seems to make such an argument in \textit{Encountering Development}. See, for example, his statement that “disconnection not infrequently presents attractive opportunities from poor people's perspectives” (217). For an important book making a related argument, see Veronika Bennholdt-Thomsen and Maria Mies, \textit{The Subsistence Perspective: Beyond the Globalised Economy} (London: Zed Books, 1999).

\textsuperscript{42} As a critic of globalization and development, I can hardly imply that all critics would maintain such a view. Any movement as broad and successful as the antiglobalization movement has a wide range of perspectives and politics. Some sectors have a hostile attitude toward the state, while others are explicit in their arguments for the need to defend state infrastructure and state services. For recent discussion of related issues in academic writing, see the close of \textit{Critique of Postcolonial Reason}, where Spivak strongly criticizes activists who neglect to defend the state and its social services (379). A critical look at antidevelopment can now also be found among some leading critics of development. See, for example, Ferguson’s concluding remarks in \textit{Expectations of Modernity}.

\textsuperscript{43} On the informalization of the state, see Elyachar, “Egyptian Workshop, Global Enterprise.” Castells, in \textit{End of Millennium}, uses the term “informalization of the state” (98) to characterize the condition of the state in Africa.
tine. In Egypt, the picture is more nuanced. The dense social world on which microinformality was modeled has not disappeared. And the Egyptian regime keeps its hand clamped tightly on the independent movement of NGOs and IOs, absorbing new sources of funds for its reproduction. But the question of what is happening to the state and society in the process remains to be addressed. The path of empowerment through debt and NGOs is a tempting one for many at the turn of the millennium. But even empowerment money has a price.

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