

Reconsidering Neoliberal Solutions to Poverty from an Anthropological Perspective

Using the Bottom-of-Pyramid (BOP) Approach and Micro-Credit as Examples

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ABSTRACT

With the emergence and spread of precarity not only of the working class, the instability, and unsustainability of the existing structures underpinned by neoliberalism in most regions of the world have been critiqued a lot. However, in addition to labor practices, the impact of other forms of development supported by neoliberalism (such as neoliberal anti-poverty initiatives) has received scant attention. Through literature review, this paper will take the microcredit programs of Grameen Bank in Bangladesh and the bottom-of-pyramid (BOP) approach launched by Avon Cosmetics in South Africa as concrete examples to illustrate that although neoliberal development projects at the micro-level provide alternative possibilities for poverty reduction, the emergence of these projects has left real profound problems and virtually controlled the marginalized people, and it even helps to maintain the current systems full of inequality.

Keywords: Neoliberalism, Anti-poverty, Development practices, Anthropological perspective.

1. INTRODUCTION

Since the late 1970s, neoliberalism has penetrated into almost all spheres of social lives, and its influence is still very important. Here, the popularity of anti-poverty practices at the micro level is the result of the guidance of developmental philosophy underpinned by neoliberalism. While considering poverty reduction, the anti-poverty initiatives at the micro level of neoliberalism have been welcomed by international development organizations and neoliberal countries, as well as corporations and non-governmental organizations (NGOs). Based on relevant ethnographies of microcredit programs of the Grameen Bank in Bangladesh and the BOP approach launched by Avon Cosmetics in South Africa, this paper will demonstrate the micro-level application of the core elements of neoliberalism and the adverse effects of such projects on poverty reduction. This paper will be mainly divided into three parts: First, the understanding of neoliberalism from the perspective of anthropology, the historical background of poverty reduction and development practice; Second, how the development projects mentioned above will reflect the core characteristics of neoliberalism; Finally, the third

part will analyze the counter effect of such projects to the livelihood of target groups and ultimately poverty reduction.

2. NEOLIBERALISM AND NEOLIBERAL SOLUTIONS TO POVERTY

2.1. Definition of Neoliberalism

Basically, the prosperity of neoliberalism is accompanied by a specific history characterized by deregulation and privatisation of the economy [1]. Neoliberalism encourages the distribution and allocation of all products and services through self-regulating market, including those previously provided by the government. Yet the meaning of neoliberalism goes far beyond pure economic practices. The term “neoliberalism” has pretty rich connotations and its understanding varies from school to school, so there is no unified definition [2].

Neoclassical and neo-Marxist scholars represented by David Harvey put the self-regulating market and the state in the zero-sum position, which means that the

reservation role of the state only provides an institutional framework in which the market can operate normally without any restrictions [3]. Foucault's theory on governmentality also influenced some scholars' understanding of neoliberalism. Governmentality scholars argue that neoliberalism works as a "generalised normativity", which governs the target populations and promotes self-governing of the governed through technologies of subjectivity and subjection [2][4]. Mainly based on Wacquant's theory, this article will develop in the continuum from neoclassical theories to governmentality scholars and integrate these two poles (the former is too narrow and the latter is too broad) [4].

Wacquant pointed out that one of the most prominent features of neoliberalism is its core institutional arrangement, that is "the articulation of state, market, and citizenship that harnesses the first to impose the stamp of the second onto the third" [4]. In other words, neoliberalism is not merely an economic project, though the market is seen as a panacea. The reorganization and redeployment of the state is the core element of neoliberalism, not its dismantlement [4]. Wacquant also partially supports the view of the governmentality school that there is "a set of rules, conducts, and procedures that aim to achieve selected goals through the supervision of targeted populations" in neoliberal practices [5]. More importantly, he argues that as neoliberalism combines the "restrictive 'workfare' with expansive 'prisonfare'", there will be "a Centaur-state that displays opposite visages at the two ends of the class structure" [4][6].

2.2. Neoliberal Anti-poverty Projects

The spread of neoliberalism has led to the paradigm shift of development practice. The development practices based on neoliberalism go far beyond the diminution of traditional factories and the transformation of capital-labor relations. It also involves a series of new social life arrangements, from agrarian transition to the commodification of intimacy [7][8]. This part of this paper focuses on the analysis of the neoliberal anti-poverty initiatives, which is a representative neoliberal development project.

Initially, micro-level development programs (ones directly empowering the poor) were launched to establish a "social safety net" to temporarily alleviate the collateral damage caused by structural adjustment programs (SAPs) in many nation-states in the Global South [9]. The rise of the anti-globalization has accompanied this process, as indigenous people and communities were regarded as victims of large-scale top-down development projects. However, the focus of many international development institutions (such as the World Bank) has gradually shifted from provisioning large-scale state projects aimed at modernizing developing countries to launching development programs at the micro-level [9].

This new development practice that emphasizes empowerment tends to regard the market as a solution to poverty, and then apply financial discipline at the micro level, just as SAPs have done at the macro level [9]. More importantly, these projects achieve the goal of empowerment and anti-poverty mainly through the development of the informal economy, which means that "objects, services, and money are exchanged according to rules of the game other than those sanctioned by the state". Therefore, it implies that the development agenda is extended to social space beyond national sovereignty of the state, which matches the neoliberal ideology that advocates the disengagement of the state from economic activities of its citizens [9].

3. MAIN ANALYSIS

The basic belief of microfinance is that the key to poverty reduction is to help the poor poverty reduction so that they can participate in market activities and generate income. Grameen Bank in Bangladesh is regarded as a pioneer in the field of microfinance and has created archetypal microcredit model. It is the non-state agency that provides a small portion of loans to poor women in rural areas to encourage them to run their own small businesses to support their families and even communities. In this way, the economic empowerment and poverty alleviation of target groups are expected to be realized, while bringing profits to banks. Grameen Bank's business expanded quickly around the turn of the 21st century. During this period, its loan recovery rate even reached an amazing 98%, and the data is quite amazing. The founder, Muhammad Yunus, thus won the Nobel Peace Prize. There is another popular anti-poverty initiative, the bottom-of-pyramid (BOP) approach. The BOP approach is devoted to connecting the profit creation of corporations with the satisfaction of the needs of the poor, which is also known as ethical capitalism or "compassionate capitalism" [10]. Avon Cosmetics has launched such program in South Africa since the late 1990s. Needy women in South Africa have been recruited to become "Avon ladies", who were expected to generate incomes and get empowered themselves through the sale of Avon products and have the opportunity to participate in vocational skills training.

3.1. The Collusion of States and Corporations

Such development practices precisely show the decentralization of state control and the commodification of social lives. Poverty reduction no longer relies on state revenue and transfer payments, but on market exchanges and social forces. Responsibility for poverty reduction should be transferred from national states to non-state institutions or other institutions. The company responsible for reducing the poverty of the target group of the project operates like a shadow country when managing the project. However, it is worth noting that

this is not only the devolution of state control, but also the collusion between the state and other sectors of society. Microfinance or BOP programs have replaced traditional large-scale national projects, which means that countries reengineer and redeploy themselves to adapt to market-friendly ways, "govern[ing] for the market" [11]. Together, the states and corporations have created a political and social environment that encourages this neoliberal practices.

3.2. The Manipulation of Culture

Unlike Polanyi's idea of the disembedding of the economy from society economic [12], neoliberalism indeed mobilizes and manipulates "culture", or we can say that it is the "performances of so-called noneconomic features of identity", including but not limited to "gender, race, ethnicity, nationality, religion, sexuality, age, and citizenship status" [13]. As mentioned in 2.1 and 2.2, the neoliberal anti-poverty initiative is not only an economic project, but also an informal economy embedded in social relations and other socialities. The businesses of Grameen Bank and Avon largely make use of social relations and traditional codes of conduct. For instance, Avon's production practice is based on a unique "upline/downline" system, which mainly relies on the participants' personal social networks [10]. Here, long-term relationship network is expressed as social capital in economic discourse, rather than an obstacle to modernization. Meanwhile, the management of "Avon ladies" and control over their performances (such as achieving institutional goals in terms of sales) also relied on the manipulation of social networks, which closely link personal achievements with the sanctions of upline/downline colleagues [10]. In addition, the mobilization and manipulation of cultural factors lead to the behavior of the poor being guided by moral behaviorism. The admirable high rate of recovery on loans of the Grameen Bank was guaranteed by the ethical codes of conduct of local communities and the supervision of close neighborhoods and kinship, which means that women must try their best to avoid loan default, otherwise, they would be stamped with dishonour and shame by their villages. As Karim concluded, "it support[ed] group formation, mandate[ed] group responsibility for individual payments, and enforce[ed] strict fiscal control and peer pressure in loan recoveries"[5].

3.3. The Governmentality of New Subjectivity

New subjectivity has emerged among the beneficiaries of such anti-poverty initiatives. In addition to providing loans, Grameen Bank also cooperated with other corporations to directly implement relevant entrepreneurial projects, such as Grameen Polli Phone program. Basically, the women selected in the project usually have a successful loan payment history. They can

get loans to buy mobile phones and other accessories, and then operate rural telephone kiosks to earn fees. Through these telephone booths, they turn to entrepreneurs and other villagers turn to consumers [5]. "Avon ladies" also shifted to customers and entrepreneurs as they were asked to develop "upline/downline" systems to sell more products and attract more participants (mainly based on existing social networks). More specifically, they primarily sold products to their relatives or friends who were later recruited as the next "Avon lady". In this process, everyone involved in this system is consumers and entrepreneurs.

In the microfinance programs or in BOP approaches, needy women were regarded as self-employed, self-responsible, and self-motivated entrepreneurial subjects, following the principles of market competition and rationality. In this sense, they have become "entrepreneur of [her]self, being for [her]self [her] own capital, being for [her]self [her] own producer, being for [her]self the source of [her] earnings" [11]. At the same time, they were also treated as consumers of financial services or cosmetics. A new subjectivity emerged. In order to obtain more disposable income, the poor who were originally treated as the governed have become self-governing as their behaviours were self-regulated and self-supervised, which is based on a series of rules, conducts and procedures operated by NGOs and companies.

4. OVERLOOKED ADVERSE EFFECTS

Neoliberal anti-poverty projects at the micro level challenge the traditional large-scale development projects, reshape the field of development, and bring alternative to empowerment and poverty reduction. These approaches have indeed empowered needy women and changed their lives to some extent. For instance, Amanda, an Avon lady in South Africa, expressed that "she had reason to hope for her future" after joining Avon [10]. Although we recognize and appreciate the potential of neoliberal poverty alleviation projects, it is worth noting that neoliberal micro-level projects have also brought new problems.

4.1. Fictitious Empowerment

Even though Grameen Bank and Avon are regarded as models of social innovation which effectively combine profits with poverty alleviation, they are essentially enterprises pursuing profits in the capitalist market. With the title of empowerment, "Avon ladies" seemed to be fully respected and given the autonomy to own their own business, but in fact, Avon strictly controlled their performances (through the application of "network monitoring") and imposed sanctions, just as described in 3.2. These women did what Avon employees did, but the motivation of the former is themselves, not income or other rewards. It is no exaggeration to say that needy

women were treated as informal laborers who are exploited more subtly. In some extreme cases, women entrepreneurs were even deliberately appointed from top-down by non-governmental organizations to attract more foreign funds[9]. Grameen Bank also gives priority to the recovery of loans, and lacks attention to whether microfinance effectively empowers target groups. According to Karim's research, microcredit or microloans granted in rural communities in Bangladesh has hardly empowered women politically or socially and changed their inferiority status in the gender hierarchy. Sometimes, it was women who were responsible for repaying the loans, but in large families, the actual spenders and allocators of microloans or microcredit are still men. Moreover, with lending, new power relationships of subordination and domination have been formed between women (borrowers/consumers /entrepreneurs) and NGOs or corporations (creditors/providers of products and employment opportunities) [5].

4.2. The De/Politicization of Risks

These anti-poverty projects led to the de/politicization of risks, which means that "the social risks of poverty, illness, and unemployment are displaced onto the individual" [14]. As the needy women become neoliberal subjects who are ideally expected to be self-responsible, self-inventing, and self-disciplined, they are considered to be able to manage the risks previously limited by the formal social security system. Community honor also guides their behavior, which means that these women need to take greater responsibility for the development of the community. Avon ladies, for example, were implicitly required to change their communities through economic uplifts, so as to "fusing [their] entrepreneurial conduct with civic responsibility"[10]. On the one hand, it is the emphasis on individual morality and social responsibility that urges women to work for themselves, their extended families and their communities, and imposes the "obligation to work at precarious jobs" on women [4]. On the other hand, it is unfair to ask the poor to take full responsibility for their poverty alone, because poverty is precisely caused by the disorders and diminution of the traditional arrangement of formal and stable employment, which is called "the normalization of desocialized labour" [6]. The reason behind this is that the neoliberal states have adopt distinctive attitudes and treatments towards people situated in different position of the class structure, which means that the authority "reserves liberalism and its benefits for those at the top while it enforces punitive paternalism upon those at the bottom"[4].

Development projects usually produce unexpected results that do not fully match goals and outcomes. Therefore, whether intentional or not, these projects lead to a shift of attention from the underlying structural

causes of poverty (such as economic recession) to poverty and lead people to conceive poverty as a failure of individual efforts, exacerbating the long-existing stigma of the poor. More seriously, if poverty reduction depends on neoliberal micro-level initiatives in the foreseeable future, the hierarchy system of power relations is likely to be maintained, and the effects of structural powers would be underestimated, thus putting the poor into a more precarious situation.

5. CONCLUSION

Taken together, this article has discussed how neoliberal development projects, such as the microcredit programs in Bangladesh and the BOP initiatives represented by Avon in South Africa, reflected characteristics of neoliberalism and have an adverse impact on development practice. The anthropological perspective here provides a unique and useful way to critically examine these development practices, which are popular and admirable in mainstream discourse. For human beings, it is valuable to pay attention to neoliberal practices in the global south in which the effects of neoliberalism are geographically evident, not only because the neoliberal practices have permeated in these places and become the mainstream, but also because the global south has become new frontiers of capitalism. What happens in the global south is largely likely to become part of the earth's future [15]. Understanding, I believe, would be the starting point for change.

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