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Solidarity Economy Versus Neoliberalism? Microcredit in Rural Bangladesh*

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Abstract: Solidarity economy theory has challenged the ideology and agenda of neoliberalism since the 1980s. However, are the two theories always opposed? For example, microcredit is often assessed positively as a practice of solidarity economy because it targets beneficiaries who are generally excluded or marginalised from a traditional financial infrastructure and enhances solidarity and reciprocity between people. However, other researchers have criticised it as an instrument for promoting and sustaining neoliberal politico-economic restructuring. This paper examines whether microcredit is part of solidarity economy or neoliberalism, using concrete examples of microcredit operations in rural Bangladesh. The following two questions will be addressed, as the tenets and effects of microcredit are judged, as supporting solidarity economy or neoliberalism. (i) Are microcredit services largely provided to economically or/and socially disadvantaged people? (ii) What relationships are built in local society, including microfinance institutions, through microcredit? This paper addresses these questions in field-based micro-level case studies and field data. In this examination, the paper will demonstrate and discuss articulation of the solidarity economy and neoliberalism, as well as how the effects of microcredit can be enhanced as a part of the solidarity economy instead of being an item on the neoliberal agenda.

Key words: solidarity economy; neoliberalism; microcredit; social relationships; rural Bangladesh
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1. Introduction

Solidarity economy theory has challenged the ideology and agenda of neoliberalism since the 1980s. Solidarity economy is a set of economic activities within reciprocal relationships among people that are not necessarily convertible into money in the market, together with the movements that are working to build macroeconomic systems composed of such economic activities. The solidarity economy's origins can be traced to 19th-century Western Europe, but the idea has developed differently in different parts of the world, including the Third World. However, today, its definition, ideology and roles appear quite complex, in part because researchers and activists have addressed them in various ways. The theory must be more sophisticated so it can feed back into its practice and actions through critically examining various conceptions of the solidarity economy and its current state of practice.

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The solidarity economy's opposition to neoliberalism is widely taken for granted, but this normative assumption fails to accommodate reality. For example, the idea of microcredit has been claimed for both. Some advocates of solidarity economy interpret microcredit as a solidarity economy practice (this group will be referred to as the solidarity economy group). However, there are others who claim microcredit is based on neoliberal ideas, calling it an instrument for promoting and sustaining neoliberal politico-economic restructuring (this group will be called the neoliberalism group). This contradiction stems partly from different perspectives of solidarity economy. Some aspects of the solidarity economy appear quite near neoliberalism. Few studies have examined the relationship between solidarity economy and neoliberalism using the same method. One such study is Raffaelli (2016); it is the only study that has, by focusing on the case of an Argentinean worker cooperative, explored the tension inherent in the concept of solidarity economy, cautioning that its potential may be understood narrowly in the sense of hegemonic neoliberal discourse. However, she found that more research would be needed to determine whether it was an isolated phenomenon.

This paper demonstrates the articulation of solidarity economy and neoliberalism by exploring microcredit operations and their impact on the relationship between institutions and individuals in rural Bangladesh, where microcredit has been part of the financial landscape for over 30 years. First, I will investigate which tenets and effects of microcredit support the idea of solidarity economy and which support neoliberalism by collecting contrasting understandings of microcredit from previous studies. Second, I will use concrete examples to investigate the same question. This examination will also be founded on the results of previous studies of microcredit in field-based micro-level case studies in anthropology, human geography and sociology, as well as my study (Sugie, 2019). Sugie (2019) is based on semi-structured interviews with 408 households and participant observation conducted in some villages of Tangail district from 2011 to 2017.[1] Finally, I will explore the relationship between the solidarity economy and neoliberalism and then the subsequent implications for microcredit practice.

This paper focuses on the provision of microcredit, noting the effects and presence of other financial services, such as saving and insurance, where necessary. Microcredit is defined as lending small amounts to the poor without collateral.[2] These loans are provided by microfinance institutes (MFIs), specifically Grameen Bank or non-profit non-governmental organisations (NGOs) in this study.[3] Microfinance provision has increased in recent years; this includes not only microcredit but also financial services involving few transactions or minimum balances. Nevertheless, microcredit has persistently been the centre of microfinance.

2. Contrasting Understandings of Microcredit

2.1 Neoliberalism and Solidarity Economy

This section briefly discusses neoliberalism and the solidarity economy, summarising the tenets and effects of microcredit with regard to their orientation to either solidarity economy or neoliberalism. The concrete research questions at issue will also be stated.

Harvey found that neoliberalism is, in the first instance, a theory of political and economic practices based on the idea that human well-being can ideally be advanced through individual entrepreneurial freedom and skill

[1] See Sugie (2019) for the details and concrete data contents.
[2] The amount is from around USD 35-240.
[3] However, most of the previous studies cited in this paper do not specify the types of MFIs they refer to. In addition, in citing the sentences from the studies using the term "NGOs", the term will not be changed to "MFIs" in this paper.

within an institutional framework, which is characterised by strong private property rights, free markets and free trade (Harvey, 2007). The neoliberal state uses its power to impose or invent market systems by developing privatisation and deregulation, combined with competition and cuts in government expenditure to the public and welfare sectors. The overarching principle that each individual is responsible and accountable for his or her own actions and well-being extends to welfare, education, health care and even pensions (Harvey, 2007, p. 65).

Neoliberalism ideology and policy has dominated Third World development schemes since the establishment of the Washington Consensus in the 1980s, and it has marginalised knowledge and economic systems in beneficiary countries (Escobar, 2011). The neoliberalisation process has undermined the social relationships and cultural practices necessary for popular political action and social life (Matsuda, 2009).

Solidarity economy is conceptualised and practised as an alternative to, or counter for, capitalism since the 19th century or for neoliberalism and social exclusion since the 1980s (Nakagawa, 2009; Laville, 2012; Nishikawa, 2007). Its practice is to resolve disparity and inequality through making marginalised and excluded people in a liberal market economy more independent and empowered (Nishikawa, 2007, p. 234). The theory is grounded in the work of Karl Polanyi, who sought the restoration of substantive economics to resist the dominance of formal economics as modernisation progressed (Polanyi, 2001; Laville, 2012). Substantive economics indicates economic activities that are not undertaken for money, in a system of mutual help and reciprocity, while formal economics indicates economic activities in the context of market principles and wage systems. Although the solidarity economy is ideally distinctive from the state (redistribution) or corporate (market) economies, its actual activities require markets (e.g., selling goods and service) and redistribution (e.g., subsidies from the state). Thus, they form part of a mixture within a pluralistic economy: reciprocity, redistribution and markets (Laville, 2012; Nakagawa, 2009, p. 605). However, personal relationships, developed through exchanges, must be of greater significance than goods, services and profits. Thus, solidarity economy is in clear opposition to market utilitarianism. Solidarity economy has increasingly flourished in Western European countries such as France, Portugal and Spain as well as the Latin American countries Brazil and Mexico. These countries have established public systems related to solidarity, including governmental organisations and particular legal frameworks. Today, movements for a solidarity economy are growing in Asian countries as well (Jayasooria, 2013; Quiñones, 2015).

There is no consensus on whether solidarity economy plays a supplemental role, or is a true alternative, to conventional capitalism or contributes to developing a new capitalism. The view of solidarity economy as a driver of new capitalism resembles the concept of social business, as developed by Muhammad Yunus, the founder of Grameen Bank, who is credited with inventing microcredit. Social business, in this concept, enables organisations working to resolve social problems to achieve financial sustainability by acquiring profit, which can attract new capital (Yunus, 2009). This view indicates that a version of microcredit implicated in social business can form part of a solidarity economy. However, Laville, who defines solidarity economy as an alternative to capitalism, regards the idea of social business, as conceptualised by Yunus, as a moralised capitalism or an instrument of civil society for capitalism, not as part of solidarity economy (Laville ,2013). Perspectives on microcredit depend on how it is defined and the understanding of its role in solidarity economy.

2.2 Contrasting Views of Microcredit

Some solidarity economy advocates, who have not studied microcredit empirically, and some microcredit researchers locate it within the idea of solidarity economy or solidarity finance (Bucolo, 2012; Fraisse, 2012;

Gutberlet, 2009; Juan, 2013; Ikemoto & Matsui, 2015). This group views microcredit as having the following characteristics: (1) it targets beneficiaries who are generally excluded or marginalised from a traditional financial infrastructure, such as women and the landless and (2) it enhances solidarity and reciprocity between those who use an MFI's services. Within this group, Gutberlet (2009) considers the solidarity economy to be a new development of capitalism and Matsui and Tsuboi (2015) conceptualise solidarity as a supplementary feature of markets.

However, there are several reasons to view microcredit as a tool of neoliberalism at both the macro and micro levels. Regarding the macro-level reasons, first, microcredit permits privatisation of social welfare services which could have been or were once provided by the state. Since the late 1980s, MFIs' goals include maximizing profits in pursuit of organisational financial sustainability (Weber, 2004; Jurik, 2006; Bateman, 2010). Second, microcredit is considered instrumental in managing the social risk that accompanies financial sector liberalisation, based on the assumption that it helps reduce poverty and absorb surplus labour in the informal sector (Weber, 2004; Fernando, 2006). Here, the informal sector is reconceived as a new frontier of capital accumulation and production (Cons & Paprocki, 2010). Considering the micro-level reasons, first, the concept of microcredit is based on the belief that poverty is caused by financial exclusion; thus, access to markets will bring economic success (Rankin & Shakya, 2007; Bateman, 2010; Taylor, 2012). This idea reinforces the individualisation of collective responsibility for social welfare and attributes economic failures to individual responsibility (Jurik, 2006). Second, the work of microcredit appropriates local social relations and customs and results in unanticipated neoliberal subjects who might undermine solidarity following the market principles of discipline, efficiency and competitiveness (Karim, 2008). These two reasons, as presented by neoliberalism proponents at the micro level, are contradictory and also contradict the second point made by solidarity economy advocates.

The following two questions guide the investigation of these points: (1) Are microcredit services really targeted to economically or/and socially disadvantaged people? and (2) What kinds of relationships does local society establish through microcredit? Concretely, does microcredit generate or deepen reciprocal relationships between people, or does it damage them? Does microcredit contribute to a solidarity that challenges existing power structures, or does it appropriate or strengthen such structures and encourage their smooth operation? The group advocating a solidarity economy focuses largely on the relationships among local members. However, MFIs, MFI employees, members and non-members, should be considered as well.

3. Microcredit Operations and Their Impact on Social Relations

3.1 Demographic Targets of Microcredit

Although there have been many quantitative and qualitative studies of this subject, no consensus has been reached among researchers or practitioners on the questions of financial efficiency in opposition to outreach or mission drift (Cull et al., 2007; Bateman, 2010; Hermes et al., 2011; Mersland & Strøm, 2010). However, many case studies have explored outreach failures. The criticism that microcredit rarely reaches the poorest has been commonly heard since the 1990s (Ebdon, 1995; Zaman, 1996; Hashemi, 1997). As a result, programmes specifically designed to reach those in extreme poverty, such as the Struggling Member Program, which provides interest-free loans with flexibly scheduled repayment plans to beggars, have been instituted. Nevertheless, the dropout and exclusion of the poorest can still be observed in such programmes (Datta, 2004; Sugie, 2019). In most loan programmes, it is difficult to meet loan criteria, particularly for members whose households are composed solely of the elderly, women and/or unemployed people with wasteful habits. In fact, when such individuals run into difficulties repaying, little help is available from relatives or neighbours. No MFIs extend loans to members with overdue repayments or lower repayment capacities and poor, elderly widows in particular find themselves outside the preferred groups (Sugie, 2019). Furthermore, some MFIs even withdraw their services from poor villages because too many villagers are in default or at risk of defaulting (Karim, 2008; Sugie, 2019). By contrast, in some cases, the poor can become indebted as a result of cross-borrowing (Chaudhury & Matin, 2002; Guérin et al., 2014).

Traditionally, the poorest, who are excluded from the benefits of formal financial institutions and had to depend on informal moneylenders, are microcredit targets as Muhammad Yunus' ideal (Yunus, 1998). The Microcredit Summit has been held every year since 1997; its goal is to bring microcredit to the world's poorest families. However, lately, MFIs have targeted the non-poor. The largest four MFIs in Bangladesh — the Association for Social Advancement (ASA), BRAC, the Basic Unit for Resources and Opportunities of Bangladesh (BURO) and Grameen Bank — constituted two-thirds of the microcredit supply over the past decade. In this group, the Small Enterprise Loans portfolio, which offers larger amounts per contract than basic personal loans and individual savings, particularly Grameen Pension Saving, have grown considerably since 2007-2008, when the number of borrowers plateaued and microcredit lending slowed (Chen & Rutherford, 2013). BRAC stopped providing small loans needed by the poorest, citing the high cost of this loan programme. In short, MFIs' target demographic shifted to the non-poor, who were conducting relatively larger business (La Torre, 2006). Therefore, MFIs have changed their strategy to ensure financial sustainability. Some researchers have recognised that, while microcredit is efficient and beneficial for the better-off poor, it is not for the extremely poor (Hulme & Mosley, 1996; Robinson, 2001; Khandker, 2003). This general expansion of microcredit services to the non-poor is generally perceived as diversification of microcredit and its beneficiaries, rather than being criticised as "mission drift" (Cull et al., 2007).

3.2 Social Relationships Through Microcredit

3.2.1 Between MFIs

Ebdon (1995) criticised the growing competition among NGOs, exhibiting negative consequences at an early date. After the microfinance crisis that unfolded in various parts of the world, it became obvious that competitive member recruitment and borrowing at multiple institutions could lead to undesirable results, such as over-indebtedness and a crisis of repayment in the target population.[4] The government of Bangladesh established its Microcredit Regulatory Authority (MRA) in 2006 to bring transparency and accountability to the microcredit industry and to promote and foster sustainable development in it. Even so, Bangladesh still lacks a formal system for adjusting MFI operations, either at the regional or the organisational level.[5] At an informal discussion forum attended by senior managers of the four largest MFIs in Bangladesh, the representatives of ASA — hoping to avoid undesirable results — argued that territory should be divided and reciprocal branches closed in over-served areas (Chen & Rutherford, 2013, p. 10). However, the other three MFIs reacted tepidly, and the pre-existing rivalry dampened any potential collective response (Chen & Rutherford, 2013).

Additionally, fierce competition for customers and for larger amounts of outstanding and overdue loans exists,

[4] Microfinance crisis is a series of incidents related to the negative aspects of microfinance since the 1990s such as the debtors' revolt against MFIs in Bolivia and a suicide wave from over-indebtedness with MFIs in India. About its details, see Sinclair (2012).

[5] If MRA had not discarded the idea that MFIs would need MRA permission for each new MFI branch, a region-based adjustment system of MFIs' operation might have been established.

not only among MFIs but also among local branches, officers and fieldworkers within each MFI. Sugie (2019) found that between USD 24,000 and USD 30,000 assigned to each local branch as a monthly target for outstanding loans and high repayment rates were expected. Local officers concentrate their efforts on achieving their goals, because good performance enables them to receive promotions and salary raises.[6] Thus at MFIs, local branches and officers compete to acquire new members and provide new loans for their own profits.

3.2.2 Between MFIs, Fieldworkers and Members

According to Matsui and Tsuboi (2015), who support the solidarity economy interpretation of microcredit, the key mechanism of Grameen Bank and other microcredit providers is the trust that exists between the organisation and its members. However, many researchers have indicated that the relationship between MFIs and their members is fundamentally loan-based; for example, bank officers and fieldworkers are not concerned with any loan or membership overlap so long as repayment and instalments are collected punctually; people are classified into creditworthy and not creditworthy by inquiries into their source of income and repayment ability (Fernando, 2006; Rahman, 1999; Devine, 2003; Kabeer, 2003; Karim, 2008; Rutherford, 2010; Sugie, 2019). While the relationship between the staff of a social mobilisation NGO, specifically Nijera Kori,[7] and its members was cooperative, which improves constructing solidarity within groups, the relationship between the staff of credit-based NGOs and their members was more hierarchical (Kabeer, 2003). In extreme cases, MFI staff has threatened members who were at risk of defaulting with police action or property seizure (Montgomery, 1996; Rahman, 1999; Cons & Paprocki, 2010). In fact, protesting microcredit malpractice was a specific category in Nijera Kori's documentation of collective action by its groups (Kabeer, 2003, pp. 29-30).

Some studies have described changes in the relationships between MFIs and members (e.g., Hulme & Mosley, 1996; Rahman, 1999; Ahmad, 2002; Dowla, 2006; Kabeer et al., 2010). For example, Devine (2003) notes in the following manner:

Earlier NGOs made an effort to establish sustainable relations with their members; the earlier concept of sustainability then was a broader notion that rested more on social and political considerations (articulated in loyalty and allegiance) than financial ones. However, since the late 1980s, the emphasis has shifted away from reciprocity and the relationship of allegiance between the NGO and its members to a more limited notion of financial sustainability of the NGOs (Devine, 2003, p. 236).

NGOs which initially emphasised political empowerment and social mobilisation have followed broader trends in the microcredit industry and increasingly pursued organisational growth. Social mobilisation work and other human or social development programmes have been replaced with microcredit initiatives, a change that some researchers call "microcredit minimalism" (Fernando, 1997; Kabeer & Matin, 2005; Weber, 2004; Kabeer et al., 2010). NGOs have introduced strict credit regimes, emphasising self and group discipline over loyalty and focus more on the individual borrower than on the group in solidarity; the social and moral content of the NGO-member relationship has been extracted (Devine, 2003, pp. 236-237). However, the essence of the moral order that is so vital to the poor's livelihoods is not money but the quality of the relationship that can be established with providers of goods and services (Devine, 2003, p. 238; Ahmad, 2002). It is ironic that traditional

6. In particular, according to a fieldworker of ASA, if fieldworkers could not achieve their target, they were warned and punished and even fired with three times warning. However, in case of Grameen Bank its target is the number of new members in a month and its promotion goes by seniority.

7 Nijera Kori is a Bangladeshi NGO that is against microcredit scheme. About its potential, see also Cons and Paprocki, *Contested Credit Landscapes*, pp. 650-651.

moneylenders were more flexible and responsive to the needs of the poor than MFIs (Fernando, 1997; Cons & Paprocki, 2010).

A loan-based relationship has also been observed between MFIs and fieldworkers who are stretched too thin, with an unstable contract of employment (Rahman, 1999, p. 117; Ahmad, 2002; Dowla, 2006; Sugie, 2019). For example, Sugie found that fieldworkers in each MFI were responsible for too many members (200-300) to monitor how the loans were used. Furthermore, they could not come close to achieving their monthly goals if they were to limit loan origination by strictly monitoring the actual use of existing loans (Sugie, 2019). Moreover, according to Ahmad (2002), not only do fieldworkers face significant pressure from their workloads, but they also must choose between their bosses and the customers. To summarise, the relationship between MFIs, fieldworkers and members depends on the loan transaction itself rather than credit or trust; in other words, the transaction determines the relationship among all players.

3.2.3 Between Members and Their Relatives and Neighbours

Although most studies judge the relationship between MFIs and their members to be a negative one, the relationship between members and non-members has been characterised in both positive and negative lights. For example, among those who believe microcredit supports solidarity economy, Ikemoto and Matsui (2015) emphasised the mutual help that existed among members as a result of microcredit, noting that female members of the small group help each other, rather than watching over people and pressuring them to repay debt. Karim (2008), a proponent of the neoliberal interpretation of microcredit, observed that the appropriation of the existing custom of mutual surveillance of women by NGOs resulted in credit-related strife among members. This included taking away possessions of the defaulting women or the capital that they had built thanks to loans; such actions were routine and undermined the solidarity of local social groups (Cons & Paprocki, 2010).

Research has demonstrated that microcredit led to recognition of the significance of women and amplified their voice in their communities. Women increased their income and assets and microcredit empowered them, although the result was not to alter patriarchal norm. Women continued to engage in work inside of their homestead or used their loans for joint ventures with male family members (Todd, 1996; Dowla, 2006). Naz (2006, p. 142) presented some cases in which female members, united among themselves, stood up to and protested social oppression and violence against women. According to Schuler et al. (1998), through the expansion of their social relations, which had previously been contained within their homes, female members obtained help more easily when they suffered violence.

However, other researchers have insisted that microcredit remains within existing patriarchal, customary and patron-client relationships, adding that microcredit reinforces or reproduces unequal power relations. For example, Goetz and Gupta (1996) found that a significant proportion of women's loans were controlled by male relatives; Rahman (1999) described cases where female members were subjected to violence or abandoned by their husbands because of repayment problems. On the other hand, successive incidents of *fatwabaji* against women and NGOs were reported in the 1990s.[8] Takada (2006) suggests these incidents may have resulted from the perception that microcredit brought women or the poor into spaces where they had not traditionally been allowed access, and NGOs' increased presence threatened the position of existing local holders of power (Karim, 2004).

The author's field data led to the conclusion that microcredit functioned within existing social relations,

[8] *Fatwa* originally means opinions based on the Islamic law and issued by legitimate religious authorities. *Fatwabaji* is a coined word recently used in Bangladesh and it means to convict a person of an un-Islamic deed, without any legal basis, but with sufficiently large binding force in local society and those who give such conviction.

rather than forming any new solidarity, and that it had ambiguous effects on its customers and local society. Some members lent the funds they borrowed from MFIs to their relatives and neighbours in mutual aid, even though it was prohibited by formal MFI rules. However, some customers were forced to take out loans by their male relatives or ran into repayment trouble because of a husband's wasteful use of loan funds. Thus, whether microcredit empowers a given woman or disempowers her and reinforces solidarity or undermines it, depends on the will of the husband, the family background and the social environment. In other words, microcredit alone is unlikely to solve any structural problem that stems from patriarchy, gender or kinship.

Although microcredit's impact is judged and described differently in different contexts and without an unambiguous conclusion, the relationship between members varies depending on the organisation to which they belong and with alterations in the loan system. A series of studies by Naila Kabeer provided evidence that those who work with NGOs which put a significance on social mobilisation, such as Nijera Kori and Saptagram, develop a strong degree of solidarity and are able to escape patriarchal hierarchy through conscientisation in collective action and meetings, while the relationship among the customers of microcredit-centred organisations is similar to a business one.[9] It is common knowledge that, to receive a loan from a microcredit organisation, individuals must form a group of five, as Grameen Bank, who first instituted the system, used group lending to collect repayment through collective responsibility. However, Grameen Bank later abandoned this system, and the five-member groups lost their prominence after ASA introduced an individual lending model that featured a high repayment rate. Taking into account the studies by Goetz and Gupta, and by Rahman and Karim, which were conducted before the system revision, while the work of Naz and of Kabeer and Huq came after it, it can be concluded that the system of collective responsibility imposes mutual surveillance, pressure and tension on the borrowers rather than mutual assistance and solidarity, and it is likely to have a negative impact on social relationships (Goetz & Gupta, 1996; Rahman, 1999; Karim, 2008; Naz, 2006; Kabeer & Huq, 2010). However, weekly group meetings and centre meeting reduced formality, along with the system changes and "microcredit minimalism" described above. Meetings used to be a core of the microcredit programmes and a way to organise and conscientise members. Nowadays, members generally do not gather all at once at a meeting centre; they simply pay their weekly instalments and go home when they like (Sugie, 2019). These changes indicate that major MFIs were not seeking to improve quality of the relationships among the members and solidarity no longer mattered to them.

4. Discussion and Conclusion

In this paper, we posed two questions. (i) Are microcredit services largely provided to economically or/and socially disadvantaged people? (ii) What relationships are built in local society, including microfinance institutions, through microcredit? In this section, we briefly review the answers and discuss the relationship between solidarity economy and neoliberalism, as well as how the effects of microcredit could be enhanced as a part of solidarity economy instead of another item remaining on the neoliberalism agenda.

Assessing the first question must begin with the observation that the demographic target for microcredit was initially the poorest stratum of society. Despite two decades of criticism that the poorest are excluded or drop out, this has not been resolved. MFIs (re)produce financial exclusion, which La Torre (2006, p. 4) calls market

[9] Saptagram is a Bangladeshi NGO that challenged to change gender inequality and social structure in Faridpur district (see Kabeer 2003; Kabeer & Huq, 2010; Kabeer et al., 2010).

exclusion, by classifying people as creditworthy or not creditworthy and by accommodating only members of the first group without monitoring the actual use and efficacy of loans. Instead, the target market has been expanded to the non-poor as well to ensure the MFIs' financial efficiency and sustainability. Researchers and practitioners do not perceive or describe this strategic change as "mission drift".

Answering the second question leads to the observation that the four largest MFIs in Bangladesh failed to cooperate with each other to ensure multiple borrowing would not occur, due to their rivalry and competition, putting their own organisational expansion and growth first. No formal system or rule exists mandating that MFIs cooperate with each other or adjust their territory to provide service, despite the existence of the Palli Karma-Sahayak Foundation (PKSF), MRA and the Credit and Development Forum (CDF).[10] This state of microcredit operations in the country supports the first point of neoliberalism at the macro level, as neoliberalism groups point out.

The relationship between MFIs and their members is primarily a loan-based rather than a credit-based one. It is hierarchical, as between creditors and debtors, and is not a sustainable relationship in the broader meaning, in the nonfinancial sense that Devine (2003) argues for; the relationship's characteristics are reflected in the rejection of loan candidates and the regular dropping out from MFIs, as well as the arbitrary withdrawal of services from certain areas. The relationship between MFIs and their members ought to be more moral and ethical. Slogans such as 'responsible finance' are mere lip service in the light of actual microcredit operations (Brix & McKee, 2010). While MFIs impose obligations and the responsibility for loan repayments on their members, they take no responsibility for the welfare or livelihood of the members: the brunt of all consequences of borrowing — including over-indebtedness and loss of credit — lies with the members as individuals. This aspect of current microcredit operations confirms microcredit's status as part of neoliberalism at the micro level, as indicated by the neoliberal group.

Microcredit in Bangladesh follows the logic of the market economy rather than that of reciprocity: the circumstances that generate the money-centred and hierarchical relationship between supply and demand. However, previous studies have shown both positive and negative relationships among MFI members, their relatives and neighbours through microcredit operations; microcredit may deepen reciprocal or good relationships in kinship or local society, but it may also ruin them. The solidarity needed to protest unequal power relations, based on such as class and gender, could be constructed by microcredit, but such relations might also be appropriated or reinforced to ensure smooth microcredit operations. These ambiguous aspects of microcredit demonstrate that the solidarity economy and neoliberalism are two sides of the same coin: when financial efficiency and the profitability of microcredit are the overriding priority, not a means but an end, a neoliberal social process and restructuring is likely to result. However, solidarity itself should be considered be the aim, and not the means of economic achievement. The conditions of the domestic and social environment are fundamental to empowering women. Even studies with a positive evaluation for microcredit conclude that solely providing microcredit cannot effect a change in patriarchal social structure (e.g., Todd, 1996; Dowla, 2006). Despite the macro-level socio-economic development since the latter half of 1980 in Bangladesh, the lower social status of women and domestic violence against them have remained; microcredit could not resolve these problems. Karim (2004) argues that MFIs have replaced the existing authority in local society as patrons for the poor. However,

[10] PKSF was established by the government as an institution designed to wholesale funds to microcredit. CDF is a microcredit industry group in Bangladesh including the four largest MFIs.

their roles as patrons have been limited to the economic sphere and have not empowered marginalized groups to resist the existing authority since MFIs focused only on providing microcredit to individuals. Efforts to alter the social structure that marginalizes women and the poor are necessary for microcredit to work as a tool of solidarity economy for mainstreaming those individuals. MFIs in Bangladesh should bear in mind that solidarity and the social mobilisation of their members have important roles to play in the change or improvement of women's economic and social conditions. Moreover, it is essential that not only marginalized people unite and cooperate with each other but also that MFIs with connections with global authority support them.

Furthermore, a change is necessary among MFIs, members and non-members: in particular, there must be a change from a relationship that is based on discipline and competition within a market economy to moral, ethical and reciprocal relationship. For this change to occur, priorities must change in MFI evaluation indicators. There must be a shift away from a concern with the organisations' financial sustainability towards a better-quality relationship among those playing the central roles. MFIs, CDF and other microcredit/finance for a, like the Mix Market, together with most development agencies, still allow quantitative and supply-side indicators to deliver the total evaluation of the MFIs' performance (Karlan & Goldberg, 2007; CGAP and World Bank 2010; Demirgüç-Kunt et al., 2015). These indicators include such statistics as the number of bank account holders or users and the dollar amounts of outstanding and overdue loans. However, some researchers urge a reconsideration of this type of qualitative and demand-side evaluation of MFIs (Ledgerwood, 1999, pp. 49-59; Ledgerwood, 2013, pp. 128-142). Moves consider estimative indicators significance to social performance, such as microcredit's impact on social goals, including the welfare of its members. The consideration is that MFIs have paid insufficient attention to the impact of their work on their social goals and their members' needs, concentrating almost exclusively on fulfilling their obligations to be accountable and improve their financial performance to satisfy their investors. These issues are related to Desai and Imrie's (1998) discussion, which criticises NGOs' irresponsibility.

The absence of real, effective evaluation indicators of MFIs' social performance remains a problem in evaluating the impact of all social enterprises. Tanimoto (2006) gives the essential tenets of social enterprises as social effectiveness, financial efficiency and innovation, pointing out the omnipresent difficulty in evaluating social effectiveness. With regard to the evaluation of social impacts, the evaluation methods of annual reports, published by solidarity economy organisations in France, could be a good jumping-off point. To evaluate an organisation's performance, neighbourhood social solidarity indicators, such as (re)production of humanistic networks and diminishing social and emotional isolation, would be reviewed rather than political or economic achievements, such as the number of people who have obtained a job thanks to their participation in the organisation's activities or the amount that a person has profited from the organisation (Nakagawa, 2009, p. 594). In the case of MFIs in Bangladesh, the evaluation of social performance and the quality of relationship within and/or between MFIs, the members and non-members should be done not by MFIs and the corrupted government but by third parties.

In reference to actual organisational activities, there is a fine line between solidarity economy and neoliberalism, not a direct opposition: the solidarity economy can resist neoliberal ideology and restructuring when reciprocity and cooperation features form the foreground. However, the solidarity economy can approach quite close to neoliberalism if it remains a supplement to the market where the market economy is prioritised. This ambiguous relationship within urban entrepreneurialism plays out in many urban redevelopment policies and projects (Kawaguchi, 2013). This paper argues similarly to existing criticism of neo-communitarianism:

neoliberalism seeks an autonomous active subject and a community that owes the duty of welfare, taking over its responsibility (Rose, 1999).

The practice of solidarity economy and movements articulating neoliberalism could cause market principles to penetrate all aspects of society and embed them still further into the economy, in contrast to its fundamental ideal, unless reciprocity and solidarity are prioritised over market economy success. In the microcredit operational context, the solidarity and relationship among organisations and people cannot be based on loan transactions, or any sort of competition or discipline in market principles, but rather in morality, ethics and reciprocity. The reconstruction or construction of this type of solidarity must be prioritised over MFIs' growth and financial sustainability.

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Declaration of interest statement

The author declares that there are no conflicts of interest associated with this manuscript.

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