

SPECIAL FEATURE

From Neoliberal Dreams to Precarity: Micro-Entrepreneurs and Family Debt in Kyrgyzstan

Elmira Satybaldieva  and Balihar Sanghera 

University of Kent, Canterbury, United Kingdom of Great Britain and Northern Ireland and University of Kent, Canterbury, United Kingdom of Great Britain and Northern Ireland
Email: b.s.sanghera@kent.ac.uk

Abstract

This article argues that precarity partly arises from the growth of household debt in the age of rentier capitalism. It examines the mechanisms of neoliberal finance and its debt-based economic growth model in shaping precarious work and life in Kyrgyzstan. The unequal social relationship between lenders and borrowers generates considerable economic dis-possession, appropriation, precarity, and harm. For debt-ridden micro-entrepreneurs, some of the pressures and consequences of debt are acutely felt within their family context, where members struggle to negotiate and ameliorate the impact. By drawing on three case studies of a small farmer, a bakery owner, and a petty trader turned petty producer, the article examines how usurious interest loans plunged them and their families into distress, insecurity, fear, loss, and powerlessness. The first-person accounts of these micro-entrepreneurs-cum-borrowers explain how debt was produced and experienced, and how it was inseparable from the country's rentier capitalist transformation. The study also draws on twenty-nine semi-structured interviews with financial institutions and thirty-three semi-structured interviews with borrowers conducted in Kyrgyzstan.

Introduction

This article examines how the growth of entrepreneurial debt¹ has contributed to precarity in Kyrgyzstan. Neoliberal finance has promoted a debt-based economic growth model under the guise of empowerment to alleviate poverty and stimulate economic development.² But international financial institutions have burdened poor and vulnerable households with usurious loans, generating considerable rent extraction, precarity, distress, and harm. Familial obligations often mean that managing debt becomes a negotiated and contested collective responsibility.³ Remarkably, little has been written on the relationship between lenders and borrowers in post-Soviet Central Asia, and the damaging effects of debt on the family, the economy, and society. This article aims to address this gap, and interrogate how debt, precarity, and rentierism are intertwined in general, and more specifically in Kyrgyzstan.

© The Author(s), 2023. Published by Cambridge University Press. This is an Open Access article, distributed under the terms of the Creative Commons Attribution licence (<https://creativecommons.org/licenses/by/4.0/>), which permits unrestricted re-use, distribution, and reproduction in any medium, provided the original work is properly cited.

Private and personal indebtedness is a historically unique situation.⁴ Household debt, consisting of entrepreneurial, strategic, and distress loans, has risen in the context of declining and volatile real wages, deindustrialization, unemployment, and marketization of basic goods, including education, health and housing. Neoliberalism has justified and normalized high levels of credit and interest. Credit is viewed as empowering borrowers' goals and aspirations, and improving their economic and social situation.⁵ Borrowers are often framed as having market freedom, equality, and choice.⁶

But in practice, credit is characterized by a transformation of social power. The credit market is "not simply as a sphere of opportunity, freedom and choice, but as a compulsion, a necessity, a social discipline, capable of subjecting all human activities and relationships to its requirements."⁷ The growth of debt contributes to inequality, and intensifies economic insecurity, especially among working-class, poor, and vulnerable groups.⁸ Most borrowers are "living on the edge of unsustainable debt," knowing that one accident, illness, or mistake could unleash a spiral leading to economic, social, and personal problems.⁹

Kyrgyzstan offers an intriguing case of the social processes of debt and precarity. First, in Central Asia, as in many parts of the Global South, international donors and investors framed credit as an effective way to combat poverty, empower women, and stimulate entrepreneurial activity.¹⁰ This reflected a neoliberal strategy of debt-based growth, which recast marginalized groups as a high-yielding investment opportunity. The neoliberal commodification of money afforded financiers¹¹ the capacity to laden most of the population with high-interest debt, and then siphon off a share of their income as their just reward, leaving a trail of dispossession and destruction behind them.¹²

Standing¹³ explicitly connects precarity to finance in the form of unsustainable debt that enriches lenders by impoverishing borrowers. Finance plays a critical role in contemporary capitalism, enabling lenders to extract income through interest by virtue of having property rights over money.¹⁴

Second, while micro-entrepreneurship is usually promoted and celebrated for demonstrating individual entrepreneurial flair, skills, and work ethic, microbusinesses are embedded in wider social processes.¹⁵ The family context within which microbusinesses are often located is important for understanding how unpaid family labor and resources can contribute to their survival, and for assessing whether they make enough to satisfy their household needs. Family relations and assets are instrumentalized and exploited for business interests. Such social embedding can soften the experience of self-exploitation and others' exploitative practices. But such relations are also fraught with difficulties, sometimes becoming dysfunctional, as family members negotiate and contest their responsibilities in the context of limited resources and competing needs.¹⁶ This paper highlights how families can partly absorb the financial and emotional costs of usurious debt, though at great costs to their well-being.

This article has four sections. The first section provides a theoretical discussion that links neoliberal finance, debt, and micro-entrepreneurship to economic and social precarity. In section second, a brief historical account is offered on Kyrgyzstan's neoliberal transformation, with a particular focus on the

commodification of money. In the third section, three case studies examine how usurious interest rates plunged micro-entrepreneurs-cum-borrowers into economic despair and insecurity. Their first-person accounts of their indebtedness explore how precarity was produced and experienced. Finally, some concluding remarks will be offered.

Neoliberal finance, debt, and family relations

Precarity is often associated with various forms of labor-related insecurity, so workers lack protection against dismissal, accidents, and illness at work, and do not have adequate income, skills, and representation.¹⁷ It tends to involve features of standard and nonstandard employment. Herod and Lambert¹⁸ define precarity in terms of workers' poor earnings, low social wage (including access to healthcare, pensions, and other aspects of social safety net), weak regulatory protection, and little control over their working conditions.

But more recently, critical studies in the Global South¹⁹ examine how precarity is linked to neoliberalism, micro-entrepreneurship, and finance. For instance, Prentice²⁰ argues that the precaritization of Trinidad's garment sector workers was linked to the neoliberal promotion of micro-entrepreneurship, which was accomplished in two stages. First, the state-owned garment sector was privatized. Trade barriers were dismantled, and a system of self-employment was instituted. Second, international lenders promoted and financed microenterprises, elevating self-employment and entrepreneurialism over factory-based industrial employment. Self-employment was framed as liberating and empowering, whereby workers-cum-micro-entrepreneurs, especially women, were "free" to author their own destinies.

But the neoliberal celebration of the "free market" system and individual entrepreneurship can obscure forms of exploitative dependency between capitalists and petty capital, between financial elites and the petty business class, and between owners of microbusinesses and their family members.²¹ Often at the bottom of the supply chain or operating in marginalized economic spaces, micro-entrepreneurs can struggle to secure contracts or sales, and produce enough income in highly competitive markets. Moreover, in taking out entrepreneurial loans to boost income, micro-entrepreneurs usually borrow at usurious interest rates, entitling lenders to siphon off a significant part of their surplus value. Furthermore, struggling micro-entrepreneurs often instrumentalize and exploit family resources through unpaid family labor, collateralized household property, appropriation of family income, and reduced domestic consumption to manage their debt and stay solvent.

Despite attempts to justify and depoliticize high-interest loans in terms of individual choice, freedom, and enterprise, entrepreneurial debt is embedded in social relations that are unequal, parasitic, and exploitative.²² Debt relations are inflected by class and gender, leading to precarious and potentially dysfunctional situations. The neoliberal regime of private property legitimizes and enforces lenders' class interests.²³ Their right to interest means that borrowers who fail to repay can lose their business and family property. Moreover, family relations are highly gendered and asymmetrical, enabling some household members (usually males) to shape

who has access to what and who consumes what.²⁴ But competing bids for domestic resources can make microbusinesses fragile and prone to break-up.²⁵

Neoliberalism has enabled international financiers to extract rent through interest from most of the global population without contributing to economic production or reducing poverty.²⁶ Bateman and Chang²⁷ argue, “Microfinance today is about making large sums of money for the *providers* of microfinance, not resolving the poverty situation of the poor *recipients* of microfinance” (original emphasis). It is a strategy of economic dispossession, devised and funded by Western development agencies, multinational banks, and private investment banks under the guise of economic development. Financial rent-seeking behavior has been legalized, justified, and normalized as how the “free market” system operates.²⁸

Microfinance is usually linked to neoliberalism because the former celebrates self-help and individual entrepreneurship. Neoliberal policymakers assume that for-profit lenders can issue microcredit to the poor, who can then generate sufficient income to escape poverty. While entrepreneurial loans can result in temporary short-run benefits for a small minority of microenterprises, the model of microfinance is seriously flawed. Bateman and Chang²⁹ argue that microfinance is “a powerful institutional and political barrier” to sustainable economic and social development that “locks people in a poverty trap.”

Microfinance tends to deindustrialize and infantilize an economy by largely funding simple and unsophisticated microenterprises, rather than businesses that use innovative and sophisticated technologies.³⁰ This results in a primitive economic structure that is dependent on importing high-value products. Microfinance can also produce family insecurity and distress. As microfinance usually funds microenterprises that operate in sectors with low barriers to entry and profit margins, they struggle to survive and prosper in an intensely competitive environment. Given the nature of their economic marginality, microenterprises have little choice but to claim domestic resources to survive, or otherwise risk bankruptcy.³¹

The pressures to repay loans and the impact on family life can be immense, especially for poor and vulnerable groups. For instance, Ghosh³² examines how Andhra Pradesh and Tamil Nadu, two states in India, saw a rise in over-indebtedness and debt-related suicides among farmers. In Cambodia, young parents often migrated to pay off household debts, shifting the responsibility of childcare to their grandparents and other relatives.³³ The pattern has been similar in Kyrgyzstan. By 2017, it was estimated that over seven hundred thousand citizens, or 27.4 percent of the economically active population, were labor migrants, of which the majority were in Russia.³⁴ Reeves³⁵ reveals that the country’s remittances have been used to pay off debts, start a business, purchase livestock and land, and pay for household expenses. In the context of lengthy migration abroad, parental absence, and kinship care, intergenerational caregiving and familial relationships can become fraught with neglect, distress, anxiety, and guilt.³⁶

Several critical scholars problematize rent extraction based on the price of money; i.e., interest. Unconstrained by state regulation, lenders can charge usurious rates because of their monopoly-like powers.³⁷ Pettifor³⁸ argues that “the rate of interest on credit charged for economic activity is fundamental to the health and stability of an economy, because *the level of employment and activity in an economy depends*

critically on the rate of interest" (original emphasis). Rates that are too high not only stifle real productive enterprise, they ultimately create indebtedness, distress, and bankruptcy.

Moreover, interest rate reflects conflicting class interests between producers and financiers.³⁹ High rates of interest favor finance over industry. Neoliberalism has promoted the short-term interests of financiers and rentiers over the long-term economic development and well-being of producers, workers, and households. Hudson⁴⁰ explains that neoliberal finance has transformed the basic capitalist dynamic of M-C-M¹ (capitalists invest money into the production of commodities to generate profit and consequently more money) into a rentier system of M-M¹ (rentiers make money purely from money without undertaking any productive investment), where capital is accumulated purely financially without creating commodities through interest and capital gains.

The financialization of the economy does not merely weaken the productive capacity of the economy, but harms the fabric of family life as the pressures and consequences of debt are partly borne by household members. The growth of microbusinesses, fuelled by entrepreneurial loans, has not created a vibrant and innovative entrepreneurial class, but a fragile mass of petty producers, traders, and service providers. Their domestic context is a double-edged sword. While the link to the domestic sphere can ensure business survival and make ends meet as part of the household strategy, it can also be dysfunctional as family cohesion, loyalty, and support can quickly unravel as members struggle to balance family responsibilities, commitments, and goals.⁴¹

Kyrgyzstan's Neoliberal Transformation Toward Precarity

During the Soviet period, usury was prohibited. Money was embedded in the planned economy, which made a vital moral economic distinction between earned and unearned income. Sources of unearned, or "non-labor," income (*netrudovoi dohod*), such as rent, interest, and speculative gains, were largely condemned and criminalized.⁴² The banking system was highly centralized and fully controlled by a single state-owned Gosbank,⁴³ which aimed to fulfil the government's economic plans. The Soviet banks financed interest-free credit to state-owned enterprises, and industrialization occurred without foreign loans.⁴⁴

Pelkmans and Umetbaeva⁴⁵ note that "the features of the planned economy, in combination with the ubiquity of wage labor and the encompassing nature of welfare provisions meant that during Soviet times ordinary citizens had little need for financial services." Moreover, the need for credit was limited, because of lack of consumption opportunities. Often, scarce goods were accessed through *blat* (personal networks and informal contacts) rather than bought with money.⁴⁶

When post-Soviet countries gained independence in 1991, most of the population was free of commercial debt.⁴⁷ Lacking finance for much-needed investment and spending, Central Asian states were forced to attract foreign capital by opening up and liberalizing their markets. Unearned income was decriminalized and destigmatized, and interest, rent, and capital gains became legitimate sources of income. Many low-income countries have been discouraged or prohibited from regulating their financial markets, in particular from controlling private credit and capital flows.⁴⁸

The liberalization and deregulation of the banking sector aimed to increase market competition, consumer choice and investment opportunities in Central Asia.⁴⁹ The number of retail banks, microfinance institutions (MFIs), and pawnshops increased in the region. Credit rapidly expanded, particularly for the purposes of petty business, real estate, agriculture, and consumption. In order to increase their market share and profitability, banks, and MFIs offered loans to sub-prime borrowers under the guise of empowerment and development.

Global and regional financiers instituted lax regulations on interest rates and debt collection, ensuring investors achieved high returns on equity. In 2002, the Kyrgyzstani government deregulated the financial system by allowing MFIs to determine their own size of loans, interest, penalty, and commission rates, and operate with very minimum capital and licensing requirements.⁵⁰ International donors and investors mandated MFIs to become fully commercialized.⁵¹ In our interview with Maxim, a director of an association of microfinance companies in Kyrgyzstan, he remarked that finance “operated with very few restrictions.” Some MFIs charged interest rates as high as 180 percent.⁵² By 2018, Kyrgyzstan had one of the highest real interest rates in the world.

A considerable amount of foreign aid and capital was channeled to establish and expand Kyrgyzstan’s microfinance sector. The four dominant MFIs were FINCA, Kompanion, Bai Tushum, and Mol Bulak. These MFIs received significant funding from international donors and investors, in particular the United States Agency for International Development (USAID). The country division of FINCA launched its microcredit operations in 1995 with a seven-year grant from USAID.⁵³ In 1996, Mercy Corps, a US NGO, received a USAID grant to launch a microfinance programme to support entrepreneurial women in rural areas. It started four regional microlending organisations, which later were reorganised to become Kompanion.⁵⁴ In 2000, Bai Tushum, a small local NGO, was partnered with a US NGO, which received a USAID grant to expand micro-lending in rural areas. These MFIs became fully-fledged commercial banks by 2016, and continue to have a significant share of the microlending market.⁵⁵

Kyrgyzstan’s banking sector also attracted considerable foreign capital. During 2002–2007, the banking sector expanded strongly, with an average annual asset growth and loan growth of 22 percent and 57 percent, respectively.⁵⁶ The total banking assets increased from 7.9 billion soms in 2002 to 178 billion soms in 2015.⁵⁷ In 2017, out of twenty-five commercial banks, seventeen banks had foreign owners, of these fourteen had foreign shareholdings of more than 50 percent.⁵⁸ By 2017, the share of foreign currency-denominated loans to loan portfolio in the banking sector was 41.6 percent.

In the context of uneven development, rural underemployment, poorly paid urban jobs, and the commodification of basic goods and services, most people in Kyrgyzstan saw credit as a way of securing a better future or making ends meet. Loans offered them an opportunity to become self-employed, establish a microbusiness, enlarge family landholding and livestock, and pay for life necessities. The neoliberal economic reforms had resulted in unemployment, migration, and de-unionization, informalization, individualization, and de-feminization of the workforce in the decades following the country’s independence. For instance, by the end of the Soviet period,

Kyrgyzstan's light industry sector employed over one hundred thousand people, of which fewer than ten thousand people remained by 1995.⁵⁹ Poverty and unemployment triggered internal and external migration.

Large parts of the workforce were no longer unionized, so lacked adequate representation and collective bargaining powers. Moreover, Musabaeva and Verhulp⁶⁰ explain, "[T]rade unions are not sufficiently independent of the employers and therefore unable to enter into fair and real negotiations with employers." The informal economy has exacerbated workers' powerlessness, lacking legal protection from arbitrary dismissal, gender-based discrimination and violence, and poor working conditions and pay. Tilekeyev et al.⁶¹ note that trade, construction, transport, and processing industries have large levels of informality, and about 72 percent of the workforce was informally employed, mostly in the sphere of microbusinesses and self-employment.

In 2018, 75 percent of the working population was categorized as self-employed, which included farmers, migrant workers, entrepreneurs, and informal sector workers.⁶² This staggeringly high figure has contributed to a precarious existence, in which many people are trapped in poverty and volatile real income.⁶³ The neoliberal transformation has had a damaging impact on women's economic opportunities. Whereas in 1991, about 82 percent of women were employed in the formal sector, by 2007, the employment rate almost halved to about 42 percent.⁶⁴ Moreover, women suffered a significant reduction of support by state-funded services and provisions, such as day-care centers, kindergartens, extended maternity leave, and access to basic health care.

The Precarity of Micro-entrepreneurs: Three Case Studies

The three case studies present first-person accounts of micro-entrepreneurs-cum-borrowers. They explain how precarity was produced and experienced. They did not only bore the external costs and risks beyond their control (such as currency fluctuations, cross-border restrictions, and political instability), they borrowed money at usurious rates that caused them and their families considerable anxiety, insecurity, and loss.

Case 1: Nurbek and his small farming cooperative

Kyrgyzstan's agricultural production has been dominated by micro- and small enterprises.⁶⁵ Nurbek was one of the many small farmers in Naryn and was registered as an individual entrepreneur, who paid monthly patent fees. In 2009, he participated in a World Bank-funded program, which claimed to upgrade sheep farming skills and provide access to subsidized credit. The program, which lasted over three years, was implemented by the Agrobusiness Center, one of the private service providers funded by the World Bank.

Cheap credit was Nurbek's primary motivation for his participation. He endured three years of training in the hope of getting a loan. He was not interested in the educational aspects of the program, because he believed that his practical experience and knowledge of farming surpassed any information communicated in the donor-funded program. His skepticism was not entirely unfounded. Chong and Velez's⁶⁶

study assessed the impact of USAID-funded business management training programs in Kyrgyzstan, and found that most of them did not translate into higher sales or profits. In their study, program participants stressed that access to affordable credit was the biggest challenge that they faced in managing and growing their business, and they expected the program to offer cheap finance.

A survey of Kyrgyzstan's farmers highlighted a severe shortage of affordable agricultural loans.⁶⁷ Commercial loans, usually designed for petty traders, were too costly for small-scale farmers. While the government offered subsidized loans for farmers, the amount was insufficient to meet their needs. Only sixty million USD was disbursed between 2010 and 2016.⁶⁸ There was a long waiting list to access state loans, which were usually offered at 10 percent interest, well below the usual market rates of 25–40 percent.

In 2012, after completing his training, Nurbek and six other farmers, who also participated in the program, formed a cooperative organization, and borrowed KGS 1,400,000 (\$22,000 USD) to purchase 150 sheep for breeding. The interest rate was 16 percent, but they had expected it to be 10 percent. When they queried it, they were told that the program offered the loan consisting of 30 percent grant and 70 percent investment. Furthermore, the World Bank disbursed the loans through Bai Tushum Bank, which charged 4 percent for its intermediary services, so increasing the cost of borrowing. As a private commercial bank, Bai Tushum acted in the interests of its shareholders. It seized the opportunity to make money, despite the negative impact on agriculture.

Nurbek became more disappointed on learning the loan's short repayment schedule, which was out of step with the longer sheep breeding cycle. Repayments were to be made immediately despite the long production process. He explained that the program loan was deceptive, but accepted the terms because of lack of options:

In the end, this was not a subsidized loan! None of them [the World Bank and Bai Tushum] took any risks. We received KGS 1,400,000, and after 16 days Bai Tushum asked us to make the first payment. How were we supposed to meet this payment plan? We only took out a loan, and they are demanding payments right from the beginning. In cattle breeding, at least a 12-month wait is expected. But they told us that this was not a loan with a grace period. They should have told us this at the start! . . . We accepted this because we had no other choice. We felt cheated!

It is rather common for the World Bank to frame its lending as social or subsidized credit. But when pressed to explain the obvious discrepancy between its social framing and its commercial lending model, a senior manager at International Finance Corporation (IFC), a member of the World Bank Group, defensively retorted, "IFC is not a charity. It's investment banking, so of course, we've to make a profit." As Bateman and Chang⁶⁹ note, lending is about making money for lenders, not addressing borrowers' poverty or economic needs. It is a deliberate strategy of economic dispossession under the guise of economic development.

In the first year, Nurbek and his co-farmers struggled to make monthly payments, but used various sources of family income, such as their potato harvest and their

children's remittances, to repay their loan. In so doing, the financial system entangled and extracted income from other family members. It is not uncommon for migrants to help repay family debts. Debt drags the entire family unit into precarity, as members experience distress and anxiety over repayments. Family security, or lack of, becomes dependent on policies and markets in other spaces over which they have no control.⁷⁰ Small-scale farming production is usually embedded in household relations, allowing petty farmers to claim domestic resources to support their business.⁷¹ Male heads tend to justify and obligate other members to meet their needs on the basis of family cohesion, loyalty and well-being. Though the process of securing support and consent is negotiated and contested, especially as children mature into adulthood.⁷²

For four years, Nurbek and the co-farmers made repayments despite having no profit from their venture. Nurbek complained, "All these years we didn't see any profit, we only fed the banks. We couldn't support our families, and we didn't improve our economic condition nor realize our plans." Nurbek and his partners were angry that their painstaking and arduous efforts were not improving their lives, but rather benefiting the banks. Their families bore some of the painful consequences, as family income was diverted to support the business and domestic consumption was reduced. Exasperated, Nurbek's partner Duishen explained that they just wanted to close the loan, and the cooperative paid off KGS 980,000 of the initial loan.

Nurbek's and Duishen's frustration and desperation pointed to debt as an unfair and unequal relationship. Sayer⁷³ notes that debt allows lenders to be parasitic on borrowers' labor for repayments. While lenders can justify high interest as a reward for taking risks, it is the micro-entrepreneurs-cum-borrowers and their families who bear the business risks and face the consequences of failure. Lenders contribute little or nothing to business growth and development, but by virtue of having property rights and control over money, they are entitled to interest.

In the fifth year, the price of sheep plummeted. The country's economic downturn had depressed the demand for livestock. Nurbek and his partners were not able to export sheep to Russia or Kazakhstan, because Kyrgyzstan did not meet stringent hygiene and safety standards. Unable to sell or export sheep, the farming cooperative missed its loan repayment, and Nurbek asked his regional Bai Tushum branch for a credit holiday:

Now the prices are too low, we're not in control of them. We're unable to make payments. They told us that they would help us to take our products to the international market. That did not happen. . . . We missed our payment by 27 days, and they charged us KGS 420,000 as a penalty. All we asked for was a respite. We asked the bank to give us time and not to charge us a penalty. Why are they not taking this into account?

The bank manager refused to restructure the loan or cancel the penalty. Such concessions would have allowed Nurbek and his partners to maintain their production capacity and sell part of their livestock later at a better price. Instead, the manager threatened to repossess the cooperative's assets, including barns and one of the members' houses. Desperate to prevent an escalation of debt, Nurbek and Duishen traveled

to Bai Tushum's headquarters in Bishkek to negotiate for a restructured loan. But senior bank managers showed little sympathy for their plight. Instead, they were pressed to make repayments, otherwise their collateral would be seized and sold.

The farmers' desperate and failed attempt to negotiate with the bank highlighted an inherent conflict of class interests between producers and financiers, or as Mazzucato⁷⁴ notes, between makers and takers of wealth. Neoliberal finance has promoted financiers' short-term interests of extracting income over producers' goals of creating wealth.⁷⁵ The dominance of finance in the economy has had deleterious effects on the nation's productive capacity and development as well as on family well-being and security.

While in Bishkek, Nurbek, and Duishen met members of an antidebt movement. They were advised to write a complaint letter to the central bank, and take Bai Tushum to court for refusing to restructure the loan. Although Nurbek began court proceedings against Bai Tushum, he felt anxious and uncertain. He recalled that the regional bank manager was confident that the court case would be dismissed, and that the central bank had little power over the bank:

The Bai Tushum manager in Naryn told us, 'We're not subject to the regulation of the National Bank [central bank], so we won't listen to them.' And then I asked, 'If you don't listen to our National Bank, then in whose interest are you working for here? Are you working for American banks?' What is that supposed to mean?

Nurbek started to understand the nature of the country's financial architecture. It became clear to him that the financial market was working against his sectoral and national interests, and was largely serving global financial elites. International financial institutions had instituted neoliberal banking and microfinance reforms in Kyrgyzstan to ensure that global and domestic financiers would achieve high returns on equity at the expense of local despair and destruction—a financial infrastructure that has been replicated in many parts of the world.⁷⁶

The neoliberal commodification of money had damaging effects in Kyrgyzstan. In taking out usurious entrepreneurial loans, many farmers, like Nurbek, were plunged into distress and insecurity, struggling to make repayments, diverting household income to parasitic banks, and diminishing their productive capacity and family well-being. Moreover, by weakening agriculture and livestock production, the financial architecture of the economy had exacerbated food insecurity at a national level. Indebted and fragmented farmers were unable to achieve significant productivity growth or economies of scale. Lacking enough time and space to develop their productive investment and capacity, many farmers and their families operated at a subsistence level. One of the leaders of the antidebt movement explained:

Let's call a spade a spade! The policy of these banks, which were set up by the US, can be called nothing other than a deliberate strategy of exploitation of the rural population of Kyrgyzstan. If these organizations genuinely wanted poverty reduction, their loans would have been long-term and at low interest rate, so that realistic loan repayment would have been possible.

She articulated a widely shared criticism that debt had enriched the financial elites, who, despite their rhetoric, cared little or nothing for people's well-being. Bateman and Chang⁷⁷ also examine how finance often weakened or bankrupted many small-scale farming operations in Croatia and Bosnia. Rentier capitalism had indebted and entrapped households, who were then obligated and forced to make payments to their financial overlords, a process Hudson⁷⁸ called "neo-feudalism." Pettifor⁷⁹ argues that we are living through a disastrous era in which most financiers have virtually no direct relationship to the real economy's production of goods and services.

Case 2: Cholpon and her small bakery

After being a homemaker for many years, Cholpon decided to open a bakery in 2007. After considerable thought and deliberation, she risked all her family savings into the business, "I used 10,000 USD of our family savings on buying equipment. Also I spent KGS 200,000 [4,000 USD] on renovating and adapting the space into a bakery." She invested her family savings into the venture after finding a cheap rental unit, "It was in the center, close to a children's hospital. But it needed a lot of renovation." Microbusinesses are embedded in wider social processes, in particular their location within family relations is crucial for starting up.⁸⁰

Cholpon had spotted a market for tin bread (*formovoi khleb*) as many private bakeries in Osh produced flat bread (*lepushki*). But she quickly realized that distribution was difficult. As bread becomes stale very quickly, it must be sold swiftly without much waste. Cholpon tried to secure large orders from hospitals and schools. Although she achieved some success, she encountered delays in invoice payments, resulting in cash flow problems:

I participated and won several tenders that gave me large orders for hospitals and schools. I also tried working with retail supermarkets. Financing was a big problem with all the orders. It was never on time. All organizations delayed their payments. It took at least three months to receive payments from state institutions.

The cash flow problems affected her ability to pay her workers and suppliers on time. Cholpon negotiated with her suppliers to sell flour on credit (*pod realizatsiyu*). She was desperate for liquidity, having no savings to manage temporary financial shortfalls, or expand production. After years of refusing to borrow money at high interest, in 2014, she took out a loan from AKB Kyrgyzstan Bank of KGS 1 million (\$20,000 USD) with monthly payments of KGS 64,000.

As Sayer⁸¹ notes, credit is useful and necessary to cover temporary gaps between businesses' expenditure and revenues, so oiling the wheels of production and commerce. Moreover, credit can be good in situations where people have little savings and reserves to bring forward consumption and long-term investments.⁸² It is interest, not credit, that is the moral economic problem. The benefits of credit are diminished by interest charges. Interest is "rent on money" that merely adds to costs. It is a deadweight loss that diminishes economic competitiveness. Moreover, it is a form of unjust enrichment, because lenders extract income without contributing to production or wealth creation.⁸³

The excessive interest motivated Cholpon to search for cheaper credit. She met an old acquaintance, who worked for FINCA Bank. She was assured that FINCA would issue a \$20,000 USD loan at a lower interest, because it would be a dollar-denominated loan. Cholpon recounted that the loan was issued very quickly without much scrutiny:

They didn't ask for a business plan. They only cared about evaluating my apartment. Then they issued the money in one day. They also took my equipment as collateral, in addition to my three-bedroom apartment which was located in the center. My apartment alone exceeds the value of the loan. But they took everything. . . I should have never signed that contract!

FINCA issued Cholpon a risky dollar-denominated loan under unfavorable terms. But desperate for liquidity and believing that the business risk was low, she agreed. Her family apartment was collateralized to support the business, risking eviction and homelessness in case of loan default. A short time afterward, her repayments were enlarged by 30 percent, because the national currency depreciated against the US dollar. Her debt became unsustainable, as her surplus value was largely siphoned off by higher repayments.

Standing⁸⁴ describes how most borrowers are "living on the edge of unsustainable debt," because one mishap or any market volatility can result in immense insecurity and loss. By contrast, lenders face minimal business risks, because they can repossess valuable assets in case of default, and governments can be relied on to bail them out in case of financial difficulties. Whereas borrowers' risks and losses are individualized, or rather privatized and absorbed within the domestic sphere, lenders are safeguarded against losses by pro-finance property rights and public policy.⁸⁵

Not surprisingly, Cholpon struggled with her loan repayments, and was unable to repay for five months, as she explained:

Then dollar went up. I didn't realize that dollar would go up so quickly. At the time, the dollar rate was 62 soms. . . On paper, the loan was at 22%, but it became 48% with various penalties and commissions. When they issued the loan, they withheld 10% as their commission. So, as a result, I struggled to make payments on time. They told me that I had to pay off 30,000 USD plus interest.

Cholpon was distraught over her rapidly changing and unmanageable situation. She could not drag her family members into the debt relation, because her children were too young to contribute labor or income to support the business. This highlights the temporal and contingent nature of family support, as contributions are likely to depend on the family cycle and the life course of the individuals.⁸⁶

Unable to draw further on family resources, Cholpon decided to travel to FINCA's Bishkek headquarters and ask for the loan to be rescheduled. At the meeting, the bank officials issued Cholpon a letter that authorized a six-month credit holiday. But when Cholpon returned to Osh, the bank manager refused to accept the letter, because it was not printed on official letterhead, and was not certified by a stamp.

Cholpon felt powerless, vulnerable, and distressed by the level of financial deception and manipulation:

They [FINCA] became very aggressive. They came to my house and told me to vacate it. They told me to accept that I was going to lose everything. When I refused to vacate my house and told them that I would complain, they said: ‘Go ahead and complain to whomever you want. We only recognize the authority of US lenders.’ They keep saying that the National Bank [of Kyrgyz Republic] is powerless against them. . . . I didn’t understand that this was a trap. I never took loans before. I never anticipated this level of fraud.

Rather than being empowered by credit, Cholpon felt entrapped, deceived, and despondent. She decried the financial machinations, and wished she had never signed the contract with the bank. In our study, while financial elites often framed credit as life-enhancing, debt was troubling and problematic for most borrowers. They experienced public shaming by lenders for missing repayments, aggressive and intimidating debt collection tactics, threats of eviction and dispossession, and fraudulent practices of repossession.⁸⁷

As FINCA had been supported and financed by USAID, the World Bank, foreign investment banks, and other financial institutions for almost three decades, the local bank manager rhetorically invoked the authority of “US lenders” to suppress and deflect criticisms, and legitimize and authorize the bank’s practices. Block and Gill⁸⁸ explain that the social forces of the neoliberal “free market” system are dependent on the United States’s global financial hegemony, and they justify economic practices by legal and judicial governance structures that benefit foreign investors over domestic citizens. Between 1995–2012, microcredit was responsible for transferring up to \$125 billion USD from poor communities in the Global South to financial centers in the Global North.⁸⁹ The financial system is a powerful mechanism of unjust enrichment that partly siphons off the surplus value created by the productive class as unearned income for the rentier class.⁹⁰

In the end, Cholpon was unable to continue the business, ceasing to pay her rent, workers, suppliers, and utility bills. Her debt grew at an exponential rate, and she did not know how to close it without incurring more debt. She became demoralized and stressed, because the bank intimidated and bullied her, often calling her to demand payments and making threats. She lost sleep, and her relationship with her husband became strained. The debt had fractured her family life. She had depleted her domestic savings, and her family was unable to bear the weight of mounting debt. At the time of the interview, she was about to lose the apartment, which was used as collateral. In our study, banks and MFIs had evicted elderly and young families over unpaid debt.⁹¹ The legal system did not offer families protection from eviction, favoring the rights of the powerful propertied class and financial elites over people’s social rights. Evicted families had little choice but to stay with relatives or rent cheap accommodation.

The impact of debt on economic and family structures reveals their fragility and vulnerability to usurious practices. Debt has a logic and momentum of its own that is indifferent to family circumstances. Graeber⁹² notes that debt is simple,

cold, and impersonal, “One does not need to calculate the human effects; one need only calculate principal, balances, penalties and rates of interest. If you end up having to abandon your home and wander in other provinces, if your daughter ends up in a mining camp as a prostitute, well that’s unfortunate, but incidental to the creditor.” Debt turns morality into a matter of impersonal arithmetic, and justifies “things that would otherwise seem outrageous and obscene.”⁹³ Pettifor⁹⁴ explains that whereas usury was condemned in the past, it is now largely legitimized, promoted, and normalized in neoliberalized societies. Hudson⁹⁵ contrasts today’s situation to ancient times when periodic debt cancellations were common in order to restore social stability and justice.

Case 3: Adinai’s move from bazaar to apparel production

Some scholars, such as Ozcan, Werner, and Spector,⁹⁶ tend to romanticize and celebrate bazaar entrepreneurship. Werner⁹⁷ claims that the nature of bazaar trade is “imbued with the spirit of the ancient Silk Road.” But in our study, when asked for their motivation for retail trading, most sellers retorted with bitterness “What else is there to do?” Similarly, Karrar⁹⁸ remarks that the “mention of the Silk Road was met [by traders] with a shrug and a blank look,” and that marketplaces are foremost “institutions for survival” in poor and fragile economies.

After leaving her job as a teacher in Karasuu in 2006, Adinai became a market trader at Dordoi Bazaar in Bishkek. She explained, “I had no choice. As a teacher, my salary was KGS 5,000. I have three children and we can’t survive on that.” Whereas Ozcan⁹⁹ celebrates marketplaces “as the incubation zones for businesswomen,” Adinai refused to self-identify as an “entrepreneur.” Her change of occupation was not an entrepreneurial act of empowerment, freedom, and choice, but a desperate attempt to survive and make ends meet. Moreover, Bateman and Chang¹⁰⁰ argue that simple retail operations are not innovative economic activities that will drive economic development. Rather they operate with low barriers to entry and exit, and struggle to prosper in a hypercompetitive environment. The highly competitive market and the immediate and pressing needs of the family militate against petty business’s aspirations of capital accumulation, but this does not stop the neoliberal fantasy about it.¹⁰¹ While at the beginning family resources are required to ensure that the business manages to survive, family needs are the bottom line.

Adinai’s trading experience was defined by lack of capital and low and volatile profit margins. Like most other traders, she had to borrow money to buy goods in China.¹⁰² She took a loan of KGS 100,000 at 26 percent interest from Kompanion, which at the time was an MFI. Because of the high interest rate, she also borrowed from her relatives. Her profit margins were affected by multiple factors beyond her control. The market was intensely competitive and trade was seasonal, with the winter months being a “dead season.”

A large part of Adinai’s surplus value was siphoned off by her lender and landowner as interest and rent for her market container, from which she operated her business.¹⁰³ Adinai’s situation was typical of other market traders. In 2004, out of the approximately 2.2 million economically active citizens in the country, at least 214,000 were officially involved in the trade sector.¹⁰⁴ Whereas market traders

undertook long and arduous hours of competitive, volatile, and risky trading to secure an income, lenders, and landowners operated with relative ease and little effort to appropriate their monthly charges. Marketplaces were lucrative opportunities to extract unearned income that involved the rentier class being parasitic on traders' labor.

Whereas Ozcan¹⁰⁵ celebrates marketplaces "as a communal place," traders in our study criticized the market owners for extracting rent without sympathy for their economic plight. Adinai described how some traders tried to negotiate a rent reduction through their trade union. But their attempts were unsuccessful, because "owners weren't interested," "the trade union isn't effective," and there was "no unity among the traders." Marketplaces are unequal spaces, in which market owners' property rights and power dominate.¹⁰⁶ Moreover, traders' attempts at collective bargaining are often undermined in a hypercompetitive rather than communal environment.

But after Kyrgyzstan joined the Eurasian Economic Union (EEU) in 2015, Dordoi Bazaar saw a dramatic fall in trade. The EEU is a customs union of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan, offering smaller nations economic opportunities to access a large Russian consumer market. Many traders moved into the apparel industry. It is estimated about three thousand apparel workshops exist. Damira, the chairwoman of the Union of Dordoi Traders, described the change:

In the past few years, we've changed dramatically. Many traders have shifted to making goods under our label 'Made in Kyrgyzstan'. They realized that they could sew Turkish-style jackets for less. Local production is five or six times cheaper. . . . But to have production, many of them need cheap loans.

To become an apparel producer, Adinai required a large loan. She borrowed money from Kyrgyzstan Bank at 36 percent, using her home as collateral. Typical of most entrepreneurial loans, her credit was short-term that did not accommodate the production cycle. Clothes manufacturing is a more complex and capital-intensive process than market trading, which operates on a simple model of "buying low and selling high." Adinai had to procure equipment and materials, hire labor, and organize production. Although she found the process difficult to manage, her main complaint was that the high-interest loan was threatening her survival:

The interest rate is very, very high! The trade is not stable, so I've missed some payments. I asked the bank to prolong the loan for one year, but they refused. So I took all my gold earrings and rings to a pawnshop to make my monthly repayments. I'm constantly thinking about this loan. . . . Oh, these interest rates are a real menace! We need interest-free loans to support small and medium businesses. We're hungry for work, we want to develop. . . . They [banks] take away our homes. The banks refuse to reschedule loans. We're not even talking about lowering interest rates! . . . We see no help. The government doesn't offer any kind of help at all!

Adinai explained that excessive interest was a heavy burden. Her attempt to become a successful entrepreneur was being hampered by the very financial institutions that

were promoting entrepreneurship. The crushing weight of debt was partly experienced within the domestic sphere, as she was forced to pawn family assets to stay solvent. In our study, micro-entrepreneurs-cum-borrowers viewed credit as enslavement, and lenders as “blood suckers.” Lenders were usually characterized as predators for charging usurious interest, and refusing to lower repayments. While entrepreneurial debt is embedded in the family, it comes to dominate it, causing precarity, misery, and insecurity.

Winter is considered a low season, and many small apparel workshops take a break or scale back their production. A large number of micro-entrepreneurs struggle to stay profitable, and are on the cusp of bankruptcy because of over-indebtedness. The pressure to repay loans can lead to greater labor exploitation and precarity through longer working hours, lower pay, and poorer social protection and benefits. The neoliberal commodification of money and labor can be intertwined, as the workforce becomes increasingly deregulated and unregulated to manage the unsustainable entrepreneurial debt.¹⁰⁷

Microenterprises often have low wages and a high failure rate, plunging both workers and owners into deeper poverty and insecurity.¹⁰⁸ As Pettifor¹⁰⁹ notes, usurious interest rates do not only inhibit the development and growth of productive enterprises, they are responsible for self-exploitation and the exploitation of others. Moreover, female micro-entrepreneurs often face additional challenges and burdens of lacking adequate state-funded childcare support and provisions as well as being responsible for domestic chores. This can contribute to further economic insecurity and marginality. Given the entrenched nature of the gendered division of domestic labor, the process of negotiating family responsibilities to reduce women’s double burden of self-employment and domestic chores is likely to be difficult.¹¹⁰

In our study, local financial elites admitted that their lending did not reduce poverty or increase entrepreneurial development. Maxim, who headed an association of microfinance companies, remarked, “I’m doubtful that microfinance really reduces poverty or generates enterprise. I’m not aware of any evidence domestically or internationally that shows that microfinance has been beneficial for households.” He also added that 70 percent of their borrowers paid back “at the cost sacrificing their food security, education and health, which obviously causes them immense misery.” The domestic embedding of microbusinesses often meant that family members had to sacrifice their health and well-being to pay off usurious loans. Hudson¹¹¹ explains that the neoliberal commodification of money has enabled lenders to extract income and shape economic activities to advance their rentier interests at the cost of burdening the population with debt as well as weakening the productive capacity of the economy.

Conclusion

This article explored how in the three case studies the micro-entrepreneurs-cum-borrowers lived on the edge of unsustainable debt, because of usurious interest rates and short repayment schedules. While credit was useful, high interest diminished the benefits to them. They struggled to pay off the loan, enduring considerable distress, insecurity, and loss. The domestic embedding of microbusinesses inevitably meant that family members were dragged into the debt relationship, and family assets

were collateralized and pawned to secure loans and help make repayments. But family tensions emerged as the weight of debt escalated and came to dominate the domestic sphere. Unable to contain the force of debt, family life became fractured and contentious. Usurious loans undermined both microbusinesses' productive capacity and family well-being. The legal system legitimized and normalized lenders' rights to interest and evict distressed borrowers at the expense of long-term economic and social development.

The article explicitly linked neoliberal finance and micro-entrepreneurship to precarity and rentier capitalism. Although financial and development institutions promoted microfinance and microenterprises as a form of individual empowerment to alleviate poverty and stimulate economic development in emerging and "transition" economies, our study revealed how microbusinesses were embedded in wider social processes that militated against capital growth and success. Microbusinesses struggled to accumulate capital and pay off usurious loans, because they operated in intensely competitive markets, which meant low and volatile profit margins, and were embedded in the domestic context, which meant family needs were the bottom line. Entrepreneurial loans had entrapped micro-entrepreneurs and their families, by escalating charges, depleting domestic resources, threatening eviction, and straining family ties. While development agencies and donors may have fantasized about individuals' empowerment and entrepreneurship, in reality they were petty operations, which suffered from marginality, appropriation, informality, and precarity.

Entrepreneurial debt is an unequal and parasitic relationship. By mere virtue of having private property rights, control and power over credit money, financiers can partly siphon off the surplus value produced by others. Although neoliberal institutions claimed that credit and entrepreneurship would empower and liberate disadvantaged and marginalized groups, our study pointed to how the rentier class was enriched at great cost to the petty business class. The latter felt a sense of powerlessness and injustice at having to undertake arduous labor and bear considerable risks, while lenders received monthly payments, or threatened eviction or repossession if there were delays. The financial system was widely viewed as parasitic.

The article also examined how interest has become a significant form of rent extraction in contemporary capitalism. This has allowed the rentier class to emerge, or rather return, in post-Soviet economies, after their activities had been criminalized and strictly regulated in the planned economy. The neoliberal idea of a "free market" has legitimized, promoted, and normalized the rent-seeking activities of the powerful propertied class. At the behest of international financial institutions, post-Soviet states decriminalized, deregulated, and de-supervised the financial sector, allowing financiers to freely extract income.

Finally, a critical evaluation of usurious loans and rentierism must go beyond the impact of unsustainable debt on precarity. Rent extraction is harmful to a country's economic and political development. First, financial activities are largely unproductive, because they do not contribute to wealth creation. This means that the financialization of the economy places a significant burden on the population to generate enough surplus value for the parasitic rentier class as well as for themselves. But as the share to the former increases, there is less available for productive investment and developing the country's economic and innovative capacity.

Second, rent transfers income from the asset-poor to the asset-rich, resulting in widening economic inequalities. The lack of equality diminishes working-class and poor people's capabilities and freedoms to participate in the public sphere, lacking the resources and abilities to equally and meaningfully articulate, represent, and lobby for their interests and concerns. Rentierism can usher in plutocracy. For real economic and political freedom, no one can have more property rights and power over others.

Notes

1. G. Standing, *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay* (London, 2016a). He divides household debt into three types: entrepreneurial debt, which arises from borrowing to boost income; strategic debt, which consists of borrowing for personal investment, house purchase, education, and so on; and distress debt, which arises from borrowing to pay for essentials and is more than a person can afford. Although there is a tendency to individualize entrepreneurial debt, it is embedded in family relations.
2. M. Bateman and H. Chang, "Microfinance and the illusion of development: from hubris to nemesis in thirty years," *World Economic Review* 1 (2012). Accessed on 2 May 2017, <https://ssrn.com/abstract=2385482>
3. See also B. Sanghera, M. Ablezova and A. Botoeva, "Everyday morality in families and a critique of social capital: an investigation into moral judgements, responsibilities, and sentiments in Kyrgyzstani households," *Theory and Society* 40, 2 (2011): 167–190.
4. M. Hudson, *Killing the Host: How Financial Parasites and Debt Bondage Destroy the Global Economy* (Petrolia, 2015); M. Mazzucato, *The Value of Everything: Making and Taking in the Global Economy* (London, 2018).
5. M. Bateman, *Why Doesn't Microfinance Work? The Destructive Rise of Local Neoliberalism* (London, 2010).
6. B. Sanghera and E. Satybaldieva, "Selling debt: Interrogating the moral claims of the financial elites in Central Asia," *Capital and Class* 45, 3 (2021a): 347–370.
7. E. Wood, "The uses and abuses of 'civil society,'" *The Socialist Register* 26 (1990): 60–84, 71.
8. A. Sayer, *Why We Can't Afford the Rich* (Bristol, 2015).
9. Standing, *The Corruption of Capitalism*, 137.
10. Sanghera and Satybaldieva, "Selling debt."
11. Financiers are also rentiers. Rentiers are property owners, who obtain rent, or "unearned income," on the mere basis of owning and controlling existing scarce assets that others want and desire, but lack. Rent can take various forms, including land and housing rent, interest ("rent on money"), dividends, capital gains, natural resource rent, and spectrum rent. B. Christophers, *Rentier Capitalism: Who Owns the Economy, and Who Pays for It?* (London, 2020).
12. E. Satybaldieva, "Bad debt: The women's mobilization against the financial industry in Kyrgyzstan," *Journal of Eurasian Studies* 12, 2 (2021): 169–181.
13. Standing, *The Corruption of Capitalism*.
14. M. Hudson, "Finance capitalism versus industrial capitalism: the rentier resurgence and takeover," *Review of Radical Political Economics* 53, 4 (2021): 557–73; Sayer, *Why We Can't Afford the Rich*.
15. B. Sanghera, "Microbusiness, household and class dynamics: the embedding of minority ethnic petty commerce," *Sociological Review* 50, 2 (2002): 241–257.
16. Sanghera et al. "Everyday morality in families."
17. G. Standing, *The Precariat: The New Dangerous Class* (London, 2016b).
18. A. Herod and R. Lambert, eds., "Neoliberalism, precarious work and remaking the geography of global capitalism," in *Neoliberal Capitalism and Precarious Work* (Cheltenham, 2016), 1–36.
19. e.g. N. Green and J. Estes, "Precarious debt: microfinance subjects and intergenerational dependency in Cambodia," *Antipode* 51, 1 (2019): 129–47; R. Prentice, "From dispossessed factory workers to 'micro-entrepreneurs': the precariousness of employment in Trinidad's garment sector," in *Industrial Labor on the Margins of Capitalism: Precarity, Class and the Neoliberal Subject*, eds. Chris Hann and Jonathan Parry (Berghahn, NY, 2018), 289–308; J. Ghosh, "Microfinance and the challenge of financial inclusion for

- development," *Cambridge Journal of Economics* 37, 6 (2013): 1203–19; Bateman and Chang, "Microfinance and the illusion of development"; L. Karim, *Microfinance and its Discontents* (Minneapolis, MN, 2011).
20. Prentice, "From dispossessed factory workers to 'micro-entrepreneurs.'"
 21. C. Ennis, "The gendered complexities of promoting female entrepreneurship in the Gulf," *New Political Economy* 24, 3 (2019): 365–84; Sanghera, "Microbusiness, household and class dynamics."
 22. Hudson, *Killing the Host*; Sayer, *Why We Can't Afford the Rich*.
 23. B. Sanghera and E. Satybaldieva, *Rentier Capitalism and Its Discontents: Power, Morality and Resistance in Central Asia* (Cham 2021b).
 24. N. Folbre, *Who Pays for the Kids? Gender and the Structures of Constraint* (London, 1994).
 25. Sanghera, "Microbusiness, household and class dynamics."
 26. Hudson, "Finance capitalism versus industrial capitalism."
 27. Bateman and Chang, "Microfinance and the illusion of development," 21.
 28. M. Hudson, *The Bubble and Beyond, New Edition* (Dresden, 2014); Mazzucato, *The Value of Everything*.
 29. Bateman and Chang, "Microfinance and the illusion of development," 1–2.
 30. Bateman and Chang, "Microfinance and the illusion of development."
 31. Sanghera, "Microbusiness, household and class dynamics."
 32. Ghosh, "Microfinance."
 33. Green and Estes, "Precarious debt."
 34. United Nations Kyrgyz Republic, "Development of a Comprehensive Long-Term Evidence-Based Migration Policy for the Kyrgyz Republic," Policy Brief, 2019a. Accessed on 17 July 2020, https://kyrgyzstan.un.org/sites/default/files/2019-08/DD2_Migration_ENG.pdf.
 35. M. Reeves, "Black work, green money: remittances, ritual and domestic economies in Southern Kyrgyzstan," *Slavic Review* 71, 1 (2012): 108–34.
 36. B. Sanghera, M. Ablezova and A. Botoeva, "Attachment, emotions and kinship caregiving: an investigation into separation distress and family relatedness in post-Soviet Kyrgyzstani households," *Families, Relationships and Societies* 1, 3 (2012): 379–393.
 37. Sayer, *Why We Can't Afford the Rich*.
 38. A. Pettifor, *The Production of Money: How to Break the Power of Bankers* (London, 2017), 42.
 39. Pettifor, *The Production of Money*; Mazzucato, *The Value of Everything*.
 40. Hudson, "Finance capitalism versus industrial capitalism."
 41. Sanghera, "Microbusiness, household and class dynamics."
 42. The Soviet economic system permitted some private property rights, small interest on savings deposits and limited rental income due to housing shortages. But income from private property was strictly regulated. Embezzlement, currency offences, and market speculation were considered parasitic activities. In 1961, an antiparasitic law was passed that contained the death penalty for important economic crimes. In 1986, the decree on "Combatting Unearned Incomes" criminalized speculative gains, and cast a shadow over inheritance practices, lottery winnings, and other earnings unrelated to a person's work. Work had a specific meaning, and it had to be socially useful. P. Marcuse, "Privatization and its discontents: Property rights in land and housing in the transition in Eastern Europe," in *Cities after socialism: Urban and regional change and conflict in post-socialist societies*, eds. G. Andrusz, M. Harloe, and I. Szelenyi (Oxford, 1996), 119–91.
 43. The first nonstate bank emerged only in the summer of 1988.
 44. K. Hiroshi, "Personal property in the Soviet Union, with particular emphasis on the Khrushchev era: an ideological, political and economic dilemma (II)," *Slavic Studies* 14 (1970): 63–119; P. Maggs, "The security of individually-owned property under Soviet law," *Duke Law Journal* 4 (Autumn 1961): 525–37.
 45. M. Pelkmans and D. Umetbaeva, "Moneylending and moral reasoning on the capitalist frontier in Kyrgyzstan," *Anthropological Quarterly* 91, 3 (2018): 1049–1074, 1053–1054.
 46. A. Ledeneva, *Russia's Economy of Favours: Blat, Networking and Informal Exchange* (Cambridge, 1998).
 47. Hudson, *Killing the Host*.
 48. Pettifor, *The Production of Money*.
 49. Sanghera and Satybaldieva, *Rentier Capitalism and Its Discontents*.
 50. K. Sultakeev, K. Karymshakov, and B. Sulaimanova, "The impact of microfinance on entrepreneurship in Kyrgyzstan," *Acta Oeconomica Pragensia* 26, 2 (2018): 24–40; S. Fries and A. Taci, *Banking reform and*

development in transition economies, European Bank for Reconstruction and Development, Working Paper 71, 2001. Accessed on 9 September 2016, <http://www.ebrd.com/downloads/research/economics/workingpapers/wp0071.pdf>.

51. Bateman, *Why Doesn't Microfinance Work?*

52. M. Sabi, "Supply of Islamic microfinance in Central Asia: the case study of Tajikistan and Kyrgyzstan," *International Journal of Islamic Finance* 7, 2 (2015): 9–27.

53. Yale School of Management, *Microfinance in Kyrgyzstan: Growth and competition*, 2011a. Accessed on 3 October 2016, <https://vol11.cases.yale.edu/kompanion-financial-group/kyrgyzstan/microfinance-kyrgyzstan-growthand-competition>.

54. Yale School of Management, *Mercy Corps and Kompanion*, 2011b. Accessed on 3 October 2016, <https://vol11.cases.yale.edu/kompanion-financial-group/introduction/mercy-corps-and-kompanion>.

55. L. Fitzgeorge-Parker, "Impact banking: Microfinance comes of age in Kyrgyzstan," *Euromoney*, September 19, 2018. Accessed on 6 April 2019, <https://www.euromoney.com/article/b1b0967crm3m/impact-bankingmicrofinance-comes-of-age-in-kyrgyzstan>.

56. Asian Development Bank, *Sector Assessment (Summary): Private Sector and Finance*, Bishkek, Asian Development Bank Report, 2011. Accessed on 28 January 2016, <https://www.adb.org/sites/default/files/linked-documents/41544-082-kgz-ssa.pdf>.

57. National Bank of the Kyrgyz Republic, "The Financial Sector Stability Report of the Kyrgyz Republic," the National Bank of the Kyrgyz Republic, 2016.

58. National Bank of the Kyrgyz Republic, "The Financial Sector Stability Report of the Kyrgyz Republic," the National Bank of the Kyrgyz Republic, 2017; International Finance Corporation, *Islamic banking and finance: Opportunities across micro, small and medium enterprises in the Kyrgyz Republic*, 2016. Accessed on 16 June 2017, <https://openknowledge.worldbank.org/bitstream/handle/10986/25777/110902-WP-Islamic-Banking-KR-Eng-PUBLIC.pdf?sequence=1&isAllowed=y>

59. R. Spector and A. Botoeva, "New shop owners in old buildings: spatial politics of the apparel industry in Kyrgyzstan," *Post-Soviet Affairs* 33, 3 (2017): 235–53.

60. A. Musabaeva and E. Verhulp, "Mission Report on the Social Dialogue in Kyrgyzstan," *University of Amsterdam*, Working Paper, 2009. Accessed on 3 September 2017, https://pure.uva.nl/ws/files/956890/79897_Social_Dialogue_in_Kyrgyzstan.pdf, 13.

61. K. Tilekeyev, B. Tokubek Uulu, and D. Kirbasheva, "The Garment Sector and Youth Employment in Kyrgyzstan: A Value Chain Analysis," *University of Central Asia, Institute of Public Policy and Administration*, Working Paper No. 57, 2020. Accessed on 8 July 2021, <https://ssrn.com/abstract=3802250>.

62. Asian Development Bank, *Kyrgyz Republic: Country Gender Assessment*, Manila: Asian Development Bank, 2019. Accessed on 26 June 2021, <https://dx.doi.org/10.22617/TCS190593-2>.

63. Herod and Lambert, eds., "Neoliberalism."

64. Asian Development Bank, *Kyrgyz Republic: Country Gender Assessment*.

65. K. Tilekeyev, R. Mogilevskii, A. Bolotbekova, and S. Dzhumaeva, "Sheep Meat Production Value Chains in the Kyrgyz Republic and Export Capacity to the EAEU Member States," *University of Central Asia, Institute of Public Policy and Administration*, Working Paper No. 36, 2016. Accessed on 20 August 2018, <https://ssrn.com/abstract=2946728>.

66. A. Chong and I. Velez, "Business training for women entrepreneurs in the Kyrgyz Republic: evidence from a randomised controlled trial," *Journal of Development Effectiveness* 12, 2 (2020): 151–63.

67. United Nations Food and Agriculture Organization, "Smallholders and family farms in Kyrgyzstan," 2019b. Accessed on 5 July 2021, <https://www.fao.org/3/ca9826en/CA9826EN.pdf>.

68. United Nations Food and Agriculture Organization, "Smallholders and family farms in Kyrgyzstan."

69. Bateman and Chang, "Microfinance and the illusion of development."

70. see Green and Estes, "Precarious debt."

71. F. Ellis, *Peasant Economics: Farm Households in Agrarian Development*, 2nd ed. (Cambridge, 1993).

72. Sanghera et al. "Everyday morality in families."

73. Sayer, *Why We Can't Afford the Rich*.

74. Mazzucato, *The Value of Everything*.

75. Hudson, "Finance capitalism versus industrial capitalism."

76. S. Soederberg, *Debtfare states and the poverty industry* (London, 2014); W. Black, "Neo-classical economic theories, methodology and praxis optimize criminogenic environments and produce recurrent, intensifying crises," *Creighton Law Review* 44 (May 2010): 597–645.

77. Bateman and Chang, "Microfinance and the illusion of development."
78. Hudson, "Finance capitalism versus industrial capitalism."
79. Pettifor, *The Production of Money*.
80. Sanghera, "Microbusiness, household and class dynamics."
81. Sayer, *Why We Can't Afford the Rich*.
82. Pettifor, *The Production of Money*.
83. Hudson, *Killing the Host*.
84. Standing, *The Corruption of Capitalism*, 137.
85. It is noteworthy that corporate debt can be socialized through state bailouts, subsidies, and tax reductions, but household debt is largely privatized. Mazzucato, *The Value of Everything*.
86. Sanghera, "Microbusiness, household and class dynamics."
87. Sanghera and Satybaldieva, *Rentier Capitalism and Its Discontents*.
88. F. Block, "Polanyi's double movement and the reconstruction of critical theory," *Revue Interventions Économiques* 38 (2008). Accessed on 10 August 2016, <https://doi.org/10.4000/interventionseconomiques.274>; A. Gill, *Power and Resistance in the New World Order*, 2nd ed. (Basingstoke, 2008).
89. P. Mader, *The Political Economy of Microfinance: Financializing Poverty* (Basingstoke, 2015), 118.
90. Hudson, "Finance capitalism versus industrial capitalism."
91. Sanghera and Satybaldieva, *Rentier Capitalism and Its Discontents*.
92. D. Graeber, *Debt: The First 5000 Years* (New York, 2011), 13–14.
93. Graeber, *Debt*, 14.
94. Pettifor, *The Production of Money*.
95. Hudson, *Killing the Host*.
96. G. Ozcan, "Djamila's journey from kolkhoz to bazaar: female entrepreneurs in Kyrgyzstan," in *Female Entrepreneurship in Transition*, ed. F. Welter (Aldershot, 2006), 93–115; C. Werner, "Feminizing the New Silk Road: Women Traders in Rural Kazakhstan," in *Post-Soviet Women Encountering Transition Nation Building. Economic Survival and Civic Activism*, eds. K. Kuehnast and Nechemias (Washington, DC, 2004), 105–26; R. Spector, *Order at the Bazaar: Power and Trade in Central Asia* (Ithaca, NY, 2017).
97. Werner, "Feminizing the New Silk Road," 106.
98. H. Karrar, "Kyrgyzstan's Dordoi and Kara-Suu Bazaars: mobility, globalization and survival in two Central Asian markets," *Globalizations* 14, 4 (2017): 654.
99. Ozcan, "Djamila's journey," 94.
100. Bateman and Chang, "Microfinance and the illusion of development."
101. Sanghera, "Microbusiness, household and class dynamics."
102. Karrar, "Kyrgyzstan's Dordoi and Kara-Suu Bazaars." He notes that 77 percent of goods at Dordoi Bazaar were purchased in China.
103. Rent for containers varied between \$500–3,000 USD, with central alleys of the marketplace commanding higher rental prices than outside alleys.
104. Sotsial'no-ekonomicheskoye razvitiye Kyrgyzskoy Respubliki. 2000–2004 (Social-economic development of the Kyrgyz Republic, 2000–2004). Bishkek: Natsional'nyy Statisticheskiiy Komitet Kyrgyzskoy Respubliki, 2005, 68–69.
105. Ozcan, "Djamila's journey."
106. H. Karrar, "The bazaar in ruins: rent and fire in Barakholka, Almaty," *Central Asian Survey* 39, 1 (2020): 80–94.
107. Standing, *The Corruption of Capitalism*.
108. Bateman and Chang, "Microfinance and the illusion of development."
109. Pettifor, *The Production of Money*.
110. Folbre, *Who Pays for the Kids?*
111. Hudson, "Finance capitalism versus industrial capitalism."