Part II: Foundations for Researching Fractured Lives

"How to tell a shattered story? By slowly becoming everybody. No. By solely becoming everything"
– *Arundathi Roy (2017)*

"If *money* is the bond binding me to *human* life, binding society to me, connecting me with nature and man, is not money the bond of all *bonds?* Can it not dissolve and bind all ties? Is it not, therefore, also the universal *agent of separation?*"
– *Karl Marx (1988)*

"We surrender our life-strength, and all we have to show for it afterwards is a little money. We have always insisted that the process 'life in exchange for money' is irreversible. Money engenders no new life. Life arises only from life. We must act to reappropriate our lives."
– *Maria Mies (2014)*

Chapter 4
Coming to Terms with A Historical and Materialist Reality

This research attempts to investigate the fractured lives of subaltern class indebtedness in India. It aims to broaden the critical political economy literature on financial inclusion to understand how and why microfinance could proliferate rapidly in recent decades. On the one hand, I intend to reframe the debates on microfinance by looking at the labour-debt nexus: how an increasing share of borrowers becomes indebted not as entrepreneurs but as precarious workers. On the other hand, I want to extend the historical scope for understanding the governance of access to credit for working-class households in the modern era, paying specific attention to the process of British colonialism and its aftermath on the subcontinent. Both dimensions are crucial to understanding the chasm between benevolent rhetoric and structural violence of financial inclusion.

The task at hand is far from straightforward. It is an endeavour that draws on extensive theoretical reflection, historical and empirical field research. The following chapters develop the methodological foundations for investigating fractured lives in five steps. Following Johnna Montgomerie, I understand methodology as "the interface between ontology (how the world is), epistemology (how the world can be known), substantive theory (how the world is understood) and method (how the world is examined)" (Montgomerie 2017, 4). I will first discuss the ontological and epistemological premises of this research. Then I will detail how chronic household indebtedness can be understood as a gendered and racialised form of class rule, drawing on Marx's conceptualisation of money and finance, social reproduction feminism, and contemporary debates on racial capitalism. The final chapter of this part reconstructs the concrete research process and how the notion of regimes of re/productive finance is a valuable frame to understand the historical and spatial broadening of financial inclusion analysis.

To make sense of the philosophy of science that underpins this research, I suggest engaging with the epigraph from Arundathi Roy. The question of how to tell a shattered story is foundational to understanding fractured lives. 'By slowly

becoming everybody' could be understood as a metaphor for a research strategy that engages seriously with the worldviews and lived realities of different people. For example, whether the story of the modern world economy is narrated as one of universal progress, rationality and wealth or as contradictory and uneven development marked by colonial violence, extinction, and dispossession, has far-reaching implications. As such, slowly becoming everybody may correspond to the postcolonial criticism which intervenes "in those ideological discourses of modernity that attempt to give a hegemonic normality to the uneven development and the differential, often disadvantaged, histories of nations, races, communities, peoples" (Bhabha 1994, 171).[1] By resurrecting marginalised knowledge, practices, and worldviews, slowly becoming everybody may be understood as a metaphor for the struggle for "epistemic justice" (Santos 2014).

Arundathi Roy considers this perspective, but she rejects it and opts for an alternative. By 'solely becoming everything', she consciously emphasises the relationality of social life. How else can we think that the one telling a story becomes solely everything? With her simple yet complex statement, Roy suggests that all parts of the shattered story already embody the other parts and that this web of relations forms the whole. Only if one already is *potentially* everything, only if the two are internally related and constitute one another, does this option make any sense. For the philosophy of (social) science, then, the most promising way of telling a shattered story lies in understanding *everything* as conditioned relationality. This claim is not limited to understanding the present exclusively through contemporary conditions. As Gurminder Bhambra remarks, "[i]n misidentifying the past as unconnected, there is no way in which they can address the inequalities of the present as consequent of shared historical processes" (Bhambra 2014, 145).

This brings us to a methodological problem. How can a shattered story be told without narrating it as an additive collection of fragments or treating the fragments as mere reflections of a grand narrative? In what follows, I will argue that Critical Realism and Marx's philosophy of internal relations are a fruitful foundation for telling the shattered story of India's indebted subaltern classes. This does not deny the relevance of postcolonial critiques against Eurocentric knowledge production and the silencing of (post-)colonial violence. Instead, I suggest incorporating these into a historical materialist perspective to avoid a critical methodological problem which will be discussed in the following section.

1 Postcolonial and Decolonial scholarship are internally heterogeneous and differently applied across regions and disciplines. However, they are used interchangeably in this section because the argument refers to basic ontological and epistemological assumptions and general tendencies which underpin most research in these fields (Bhambra 2014, 117ff.).

The Case for A Realist and Stratified Ontology

Most postcolonial approaches are grounded in poststructuralist/postmodern philosophy of science, eschewing the grand modern narratives of Enlightenment, evolutionism, and utilitarianism, which have been instrumental in European colonial and imperial rule (Bhabha 1994; Mignolo 2002; Ziai 2016). Deconstructing modern discourses is the central task for much of this scholarship. From this perspective, Marxist political economy is inappropriate to account for the shattered story of a (post-)colonial world economy. It is criticised for being Eurocentric and historicist, leaving no room for the agency of colonised and marginalised populations, silencing their diverse histories and livelihoods (Chakrabarty 2000; Grosfoguel 2007). For instance, the eminent postcolonial writer Homi K. Bhabha maintains that "[t]he great connective narratives of capitalism and class drive the engines of social reproduction, but do not, in themselves, provide a foundational frame for those modes of cultural identification and political effect that form around issues of sexuality, race, feminism, the lifeworld of refugees or migrants, or the deathly social destiny of AIDS" (Bhabha 1994, 6). However, treating questions of feminism, racism or migration primarily as cultural problems detached from questions of class or political economy more broadly precludes a relational understanding.

Moreover, the deconstruction of modern discourses is frequently paralleled by a reconstruction of a new grand narrative. Many postcolonial writings summarise the complexity of colonialism, imperialism, capitalism, modernity, Enlightenment and Development all together under a civilisational encounter between the 'West' and the 'Rest' without dissecting the internal relations, contradictions, and contestations within this new grand narrative, and without locating specific configurations of political economy within a historical trajectory (Dirlik 1999; Lazarus 2011; Virdee 2019). This tendency is rooted in a methodological problem. In primarily scrutinising the politics of knowledge (epistemology), social reality (ontology) turns into a derivative condition. As Sabelo Ndlovu-Gatsheni puts it, the inquiry of the "epistemicides", "linguicides", and "culturecides" of "cognitive empire" require a method which acknowledges "the primacy of epistemology as a creator of ontology" (Ndlovu-Gatsheni 2020).

From a critical realist standpoint, the major underlying problem here seems to be what Roy Bhaskar calls "epistemic fallacy" (Bhaskar 2008, 5), the collapse of ontology into epistemology. If the social is understood exclusively or primarily as discursive, it risks turning social reality into a mere thought object or linguistic practice (Bannerji 2020, 10). The ontological level becomes a simple representation of our epistemologies, leading to an unspecified or flat ontology. In contrast to such a flat ontology or flat epistemology that underpins positivist research, critical realists

suggest a stratified ontology consisting of different levels (observable, actual, real) with distinct properties, and a reflexive epistemology to investigate the world.[2]

Critical realists distinguish between the transitive and intransitive dimensions of knowledge to highlight that the world as it exists should not be conflated with how we experience it (Sayer 2000, 10). While there are empirically observable phenomena which we can sensually grasp (domain of the observable), there are also events which shape the social world regardless of our perception (domain of the actual) and underlying mechanisms which cannot be grasped in any sensuous way, but which nonetheless maintain, challenge, and transform the appearances on the previous two levels (Bhaskar 2008; Sayer 1992). Importantly, each layer of reality has distinct properties and powers which are related to one another but nonetheless irreducible:

> "Emergent properties are relational, arising out of combination (e.g. the division of labour from which high productivity emerges), where the latter is capable of reacting back on the former (e.g. producing monotonous work), has its own causal powers (e.g. differential wealth of nations), which are causally irreducible to the powers of its components (individual workers). This signals the stratified nature of social reality where different strata possess different emergent properties and powers" (Archer 1995, 9)

What follows is that "knowledge follows existence, in logic and in time" (Bhaskar 2008, 29). This is not only a philosophical debate. After all, science is inherently explanatory and not simply descriptive; explanation "is achieved by reference to enduring mechanisms" (Bhaskar 2008, 177). If these mechanisms are merely a discursive product (of our minds) without having independent properties and powers, explanations risk becoming either arbitrary or self-referential. At the same time, critical realism suggests that knowledge production is far from neutral, straightforward, or absolute. Knowledge is inherently social and produced by human activity, and yet it is irreducible to the acts of humans (Bhaskar 2008, 178). Rather than being 'constructed' from scratch, already existing knowledge is constantly reproduced or transformed (Sayer 1992, 41).

To avoid telling a shattered story as an addition of fragments or treating the fragments as a mere reflection of the main story, the logic of inquiry has to move beyond inductive or deductive reasoning. Critical realists suggest navigating between the foreground, that is, the description of observable phenomena, and the background, i.e. the exploration of possible explanations for such phenomena by suggesting and substantiating specific generative mechanisms. Rather than a straightforward research process, such retroductive analysis is best described as "gentle art", moving

2 For an overview of the basics of critical realism and its implications for social research, see Sayer (1992) and Archer et al. (1998).

back and forth between the empirical (observable phenomena) and theoretical (possible explanations), "making use of both qualitative and quantitative [...] data depending on their 'practical adequacy' for answering particular research questions, while being reflective of the role of the researcher in the process of knowledge production" (Belfrage and Hauf 2017, 255; see also Blaikie and Priest 2017, 175f.). Practising retroductive research is closely related to the complex process of abstraction. Therefore, the following sections will discuss the complexity of abstraction within a philosophy of internal relations, building from Marx's writings.

Marx's Philosophy of Internal Relations

Stuart Hall has claimed that the purpose of (critical) social science is to "undermine the obvious", to neither take common sense pretences nor other scientific explanations for given, but to explain why things that appear to be "just like that" are, in fact, "social and historical processes" (Hall 2021, 127). While a philosophy of external relations operates with discrete entities (things) as the most important unit of analysis, a philosophy of internal relations highlights that all 'things' are nothing but relations and processes, and this relational aspect of social reality is an irreducible minimum from where social research starts (Ollman 2003, 25). The object of the investigation thus becomes "a field of reciprocally-determining transformations" (McNally 2015, 134). The complexity of abstraction is key to understanding this ontological claim and practising research according to it.

When it is claimed that Marx's method was to move from the abstract-simple to the concrete-complex, this process can be easily misunderstood. It could foster the delusion that this is a linear, straightforward process which starts from abstract concepts and deduces claims about concrete societies from there, ending up with what Margret Archer has rightly criticised as "downwards conflation" (Archer 1995, 81). While the mode of presentation of *Capital I*, starting with the commodity as the most abstract-simple concept, seems to affirm a deductive approach, Marx's mode of inquiry is neither deductive nor inductive but retroductive. The point of departure for his materialist method is the "real concrete" (immediate appearance of society), which by way of abstraction is understood and criticised as "thought concrete" (reconstructed appearance) (see Hall 2003, 127; Ollman 2003, 60). Thereby the objective of critique is twofold. On the one hand, it exposes the fallacies and contradictions of existing scientific and common sense explanations. On the other hand, it challenges the social injustices that characterise the object of investigation.

Arguably, the most comprehensive discussion of methodology in Marx's work is to be found in the introduction to *Grundrisse*. In this chapter, he explicitly rejects essentialist and naturalist conceptions of political economy to argue that all abstract categories, like production, distribution, exchange, and consumption, "form the

members of a totality, distinctions within a unity" and "[m]utual interaction takes place between the different moments. This the case with every organic whole" (Marx 1973, 99f.). The whole is thus internally differentiated (we could also say shattered or fractured) and constituted by the dynamic interaction between all these moments. In other words, it is a "complexly structured differentiated totality" (Hall 2003, 127; see also McNally 2015; Ollman 2015). Marx consciously does not treat capital, labour, and value (to name but three important categories) as separate, independent factors. Rather, capital *is* value in motion, labour *becomes* (variable) capital under certain relations of production, labour *takes on* a specific value form, etc. In other words, these are no essentialised categories but relational concepts that are in constant flux and, precisely because of their conditioned relationality, embody different categories in one way or the other. It does so, however, based on a stratified ontology and various levels of abstraction, signalling a different relevance of specific concepts. The purpose of his method, then, is precisely to uncover why this relationality exists in exactly this way, how it is organised and what effects, including contradictions, it produces.

If there was one central claim that runs like a red thread through Marx's critique of political economy, it is the analytical shortcoming of classical political economy in essentialising and naturalising economic categories, failing to grasp their historical and thus inherently social, contingent and contested character. Marx claims that "all science would be superfluous if the form of appearance of things directly coincided with their essence" (Marx 1981, 956). For instance, the financial inclusion discourse assumes that not having a bank account (a form of appearance) is a crucial problem for the global working poor (essence). However, Marx's method rejects self-sufficient entities to argue that every appearance, like lack of money amongst specific segments of society, is always "the sum of many, prior determinations" (Hall 2003, 115). And scrutinising these relations changes what the essential problem is. In this sense, dialectic is primarily understood as an epistemological strategy. It does not refer to any obscure motor force of history that predicts the ways of the world. Dialectics is a mode of thinking that allows replacing "the common sense notion of 'thing' (as something that has a history and has external connections with other things) with notions of 'process' (which contains its history and possible futures) and 'relation' (which contains as part of what it is its ties with other relations)" (Ollman 2003, 13). While a common-sense perspective suggests that certain economic phenomena, say economic growth, must imply wealth and therefore undermines its opposite (poverty), a materialist dialectic claims that economic growth produces both wealth (capital accumulation) and poverty (immiseration of labour through exploitation/expropriation) *at the same time*, and one cannot conceive of one side without its relation to the other (McNally 2015; Ollman 2015; Selwyn 2017).

Such a view has profound implications for some of the most common concepts in science, including our understanding of causal claims. Rather than assuming "logi-

cal independence and absolute priority" of discrete entities, this form of dialectical thinking suggests that "there can be no cause that is logically prior to or independent of that which it is said to give rise and no determining factor that is itself not affected by that which it is said to determine" (Ollman 2003, 71). The conventional understanding of causation as self-sufficient entities that collide to produce an effect is thus replaced with an analysis of specific mechanisms that emerge from the social structure and express themselves in distinct effects or events dependent on spatiotemporal conditions (Sayer 2000). In this context, different levels of abstraction are key to specific knowledge claims. For instance, the appropriation of surplus labour may be a general characteristic of class rule, but it "can occur in multiple configurations, under a variety of conditions, buoyed by a diverse set of institutions, narratives of justification, and social practices" (Bohrer 2019, 185f.). In other words, the claim that capital exploits labour remains an "empty abstraction" (Marx 1973, 96), an "external determination of lifeless entities" (McNally 2015, 136) if the concrete conditions, that is, the processes and relations that constitute specific labour processes in distinct spatiotemporal settings, are left unexplored.

These processes and relations cannot be deducted from the general level, and they are necessarily diverse in the concrete. They must be reconstructed historically and empirically to turn from the "real concrete" (immediate appearance) to the "thought concrete" (reconstructed appearance) (see Hall 2003, 127; Ollman 2003, 60). In other words, the directly observable must be thought through internally, differentiated through related layers of abstractions, and traced historically backwards to become meaningful beyond its superficial appearance in common sense.

The Irreducibility of Structure and Agency: Tracing History Backwards

Tracing history backwards requires differentiating structure and agency. Following Margret Archer's critical realist approach, I maintain that (a) structure and agency are irreducible to one another; (b) that structure are emergent entities and necessarily pre-date those actions which transform it; (c) and that structural elaboration necessarily post-dates those actions (Archer 1995, 76). To argue that structure and agency possess different properties and powers allows us to investigate their relationship methodologically, explaining why things are the way they are (and not otherwise) (Archer 1995, 64f.). The question of temporality is crucial in this regard because structure and agency operate at different time intervals. Only through time (and space) can we specify *whose* activities acted upon *what* social structure and *which* structural elaboration resulted from this specific conjuncture. What may sound obvious is indeed eschewed by conflationary social sciences. Whether we assume that structure determines agency (downward conflation), that agency determines structure (upward conflation), or that both are co-existent (central

conflation), all approaches preclude a sequential analysis in which structure and agency are profoundly interrelated and yet irreducible to one another (Archer 1995, 163ff.).

These statements are perfectly compatible with the ontological assumptions discussed above. In contrast to general claims of critiques that historical materialism cannot sufficiently account for the diversity of human agency, a social, stratified and relational ontology highlights the processual, and thus conditional and open-ended, nature of structure and agency, requiring researchers to focus on the reproduction and transformation of specific structures (of thought) and practices in a given historical period (Bakker and Gill 2003, 20). As Marx famously declared in the *Eighteenth Brumaire*, "[m]en [sic!] make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past" (Marx 1937, 8). In this sense, the properties and powers of (social) structures constrain human agency, but they do not determine it. Reciprocally, the agency is always located within social structures, reproducing or transforming the latter. Still, it never creates structures entirely anew (as for example imagined by the liberal invocation of a natural state).[3]

As a consequence, a critical realist epistemology must not only be reflexive (of the conditioned and relational nature of social reality), but it must also be historicist to account for the irreducible and yet interconnected relationship between structure and agency (Bieler and Morton 2018, 48). In this sense, we can think of structure and agency as "abstractions form a single set of historical processes" (Bakker and Gill 2003, 22). It is impossible to precisely predict structural elaboration ex-ante, even if one consciously reflects on a given structure and agent's interests, because there are infinite combinations in which the agency of a multiple subjects come together, producing various potential outcomes. Yet, it is possible to trace the conditions, constraints and interactions of structure and agency backwards ex-post, making sense of the present (structural elaboration) through history (structural conditions and social interactions). Of course, such analysis can never claim absolute truth. Knowledge production remains inherently fallible, amongst other things, because it is always embedded in what it tries to make sense of (Bhaskar 2008; Sayer 1992, 5f.). Moreover, structure and agency are irreducible and fundamentally complex and diverse as embedded forms of consciousness (Bannerji 2020, 8). Therefore, knowledge must always stand the test of critical reflection and debate to prove its ex-

3 Margeret Archer thus argues that society is not simply what we choose to make (of) it, "for generically 'society' is that which nobody wants in exactly the form they find it and yet it resists both individual and collective efforts at transformation – not necessarily by remaining unchanged but altering to become something else which still confirms to no one's ideal" (Archer 1995, 95).

planatory value and context-specific relevance both in the concrete contexts in which it emerges and afterwards.

Against this backdrop, a historical materialist critique of financial inclusion cannot be limited to criticising the predatory aspects of lending money to the poor. Financial *ex*clusion, understood as preventing people from accessing credit, is not a desirable cure for the exploitative dynamics that drive increased indebtedness. Rather, one must identify the processes and relations that explain why and how subaltern working classes in many parts of the world have become so desperately reliant on chronic borrowing to make ends meet, criticising and challenging exactly these dynamics instead of their superficial appearance. The critical aspect of this approach lies in its emphasis on reflexivity, in rejecting to accept the observable appearance (i.e. poor households lack money) as given, without rejecting the real existence of the social fact that an increasing share of the global working class is structurally indebted to sustain their livelihood.[4] The task of critical political economy lies in scrutinising the myriad *presuppositions* that constitute this real condition. In other words, it must trace the present's determinations theoretically, historically, and empirically. That is precisely the main goal of this book.

In sum, determinations are vital to critical research. At the same time, determinism is firmly rejected as a mode of inquiry, both in the form of deducing the concrete from the abstract or suggesting a teleological development. Determinations allow us to mediate between different levels of abstraction, study different parts while at the same time relating them to a broader whole, break up the entrenched binaries of the individual/social, micro/macro, or voluntarism/structuralism through focussing on differentiated, conditioned and relational phenomena in specific spatiotemporal configurations. In this regard, the historical materialist method is "not eurocentric, however, but anti-eurocentric" because it "demands that the specificity of all societies and contexts be apprehended *on their own* terms" (Gruffydd Jones 2012, 225, own emphasis). As such, this rich and diverse research tradition provides a promising starting point for studying the global political economy as a differentiated whole. This is not to deny that there are many internal relations and hidden connections that Marx insufficiently addressed or misread. But the methodological foundations of the paradigm require it to internalise reflexivity and criticism as central modes of self-development. In other words, Marx's critique of political economy remains an "open-ended critique" (Foster 2018), and feminist, anti-racist, postcolonial and ecological internal critiques have greatly enhanced the explanatory power and strategic horizon of historical materialism in recent decades. If anything, this chapter attempts to contribute modestly to precisely this mode of internal criticism and advancement. To this end, the following parts will engage with the theoretical

4 This categorisation builds on the useful distinction from Cox (1981) between problem-solving and critical theory.

substance of the research design, that is, a combination of Marx's conceptualisation of money, finance and class rule, social reproduction feminism and racial finance capitalism, which together allow us to trace the history of financial inclusion in India backwards.