

From the Inside



# CREATING A WORLD WITHOUT POVERTY

*Social Business and  
the Future of Capitalism*

ubuntu

# Microcredit



- Overview: very small loans given to individuals, the unemployed, poor entrepreneurs and others in poverty
- Often given to those who have no collateral and do not qualify for regular credit
- Allows for those in extreme poverty to take just what they need and pay back reasonable rates
- Subfield of "*Microfinance*"

# Microfinance



- The whole range of financial services aimed at those in poverty, including loans, savings, transfers, et cetera
- Consultative Group to Assist Poor People (CGAP) – 33 public and private agencies for providing financial services to the poor
- Cf. other lending systems aimed at the poor

# How it Works



- Grameen Bank, Bangladesh, began in the late 70s with microcredit in rural areas
- Helped poor entrepreneurs develop small businesses to maintain a decent living
- Since many villagers' debts were very small, a small loan could be enough to grant them independence to find new work or start their own business, e.g. basket weaving or farming
- No discrimination against women

# Muhammad Yunus



- Born 28/June/2940 – Chittagong, British India
- Department of economics at Dhaka University: BA 1960, MA 1961
- Offered Fullbright scholarship in 1965
- Vanderbilt University: PhD 1971
- 1969-1972: Middle Tennessee U Assistant Prof
- 1975: Gram Sarkar
- 1972: Head of Economics Department, Chittagong University

# Banker to the Poor



- In 1976, Yunus visited local villages around the university
- \$27 – the sum total of the villagers' debts
- Women, debtors, the illiterate could not qualify for credit from other banks
- "They have every reason to pay you back..."  
(Yunus, 2003, p. 54)

# Yunus & Grameen



- "Credit is a human right"
- Targeted the poor, particularly women
- In 2006, 97% borrowers were women
- Sought to encourage self-employment and self-sufficiency
- Borrowers join a group of borrowers
- Loans can be in continuous sequence, paid back in installments
- 99% payback rate

# Social Business



- A business designed to supply products to society as a service, though earns revenue, taking profit *solely* to expand as necessary to supply more to society / lower classes
- Grameen Bank → Grameen Telecom
- Grameen Kaylan – 33 health clinics (2007), with .5 million insured, 1.5 million women receive home-care services, .25 million consultations per year
- Grameen Family of Companies (2008, p. 78)

# Creating a world without poverty



- The book provides ideas for eradicating abject poverty as it is today
- Groupe Danone
- Grameen I → Grameen II (Yunus, 2008, p 64)

# Capitalism



- "Global trade is like a hundred-lane highway criss-crossing the world. If it is a free-for-all highway, with no stoplights, speed limits, size restrictions, or even lane markers, its surface will be taken over by the giant trucks from the world's most powerful economies." (Yunus, 2008, p. 5)

# Global Economy



- Fair Trade vs. Free Trade
- World Institute for Development Economics Research at United Nations University: the 50 million richest persons (top 1%) earn as much income as bottom 57% (over 3 billion) (Yunus, 2008, p. 208)

# What's Next

## Some Theories



- Our economic "crisis" - David C. Korten
- "The Power of IT"
- What if we keep the current system?

# Information



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