

Stay Home and Prosper

How micro-lending can help the poor in their own countries

Book Review by Brenda Walker

The idea of immigration to America as a way for the poor to improve their lives remains a powerful icon. Many liberals in particular remain mesmerized by this sentimental bit of patriotic mythology, bathed in a fuzzy glow radiating from Ellis Island. They seem little dissuaded by unkind reality, namely the many current, visible symptoms of American overpopulation — such as sprawl, resource shortages, school overcrowding and pavement everywhere. Immigration romantics instead focus on the emotional appeal of the Land of Opportunity, where hard work and a little luck will lead to success.

Liberal advocacy for continued high levels of immigration springs at least partially from a misplaced missionary urge to rescue, presumably based on the arrogant and racist supposition that those backward societies can never improve themselves. The huddled masses must instead be saved by relocation to the obviously superior America, which offers an array of services and opportunities that could never exist in countries run by darker peoples, according to the evident assumptions.

Immigration can make susceptible Americans feel exceptional and generous while fulfilling the still-vibrant bootstraps myth of Horatio Alger, immigrant version. In an earlier century, Europeans bore the White Man's Burden to "civilize" the benighted cultures under their colonial control; now a version of this twisted and dubious responsibility has been morphed into the Nation of Immigrants myth, implying that endless millions must be welcomed. Of course, the elitist psychological underpinnings of the immigration-as-rescue scenario are

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never examined by the people who accuse immigration restrictionists of being racist.

Clearly the rescuer has a more powerful position compared to the one being rescued. But what if there were an effective self-help strategy that proved the poor did not need to be rescued through immigration and avoided all of its negative social effects? What if the poor could successfully uplift themselves in their own societies using the hard-scrabble skills they already possess? What if women were successfully empowered with financial responsibility in societies in which they had formerly been little more than slaves?

What if the key were not charity, but capital?

The Grameen Bank

The success story of microloans has been described by many accounts in the print media and in a memorable segment on *Sixty Minutes* in 1990. In

Banker to the Poor the inventor of microloans, Muhammad Yunus, tells his account of how a small loan from his own pocket to a painfully poor Bangladeshi woman grew into a program and philosophy that has expanded and been adapted around the world in a diversity of societies from Southeast Asia to Chicago. Mr. Yunus is a native of Bangladesh who studied in the U.S. under a Fulbright scholarship and received a Ph.D. in economics from Vanderbilt University.

It started simply enough when Prof. Yunus returned to Bangladesh after his education in America. He was troubled by the crushing destitution all around him and how little his academic economic theories seemed to grapple with poverty. He determined that he would learn more about the poor by actually observing their conditions and talking with them. He met a young woman in a nearby village who made stools out of bamboo. She was so poor that she had to borrow money daily from gouging money lenders simply to purchase her materials. As a

Banker to the Poor

by Muhammad Yunus

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result of the exorbitant rate of interest, she made barely enough money to survive even though she worked long hours at making stools. Yunus realized that a few dollars in credit would vastly improve the woman's life by enabling her to make a fair return on her labors by escaping the usury of the local money lenders. He loaned her the money and then discovered that there were around 40 other women in the village in the same financial position. He loaned them a total of \$27. At that

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point, the idea began to grow from an out-of-pocket loan to a small lending institution, later called the Grameen Bank. ("Grameen" means village or rural.)

Today, there are two million borrowers worldwide, and the repayment rate is above 98 percent. The program has shown remarkable flexibility in how it has been successfully adapted across cultures. Nearly all of the borrowers are women (96 percent). For a time, Grameen tried to divide the loans up evenly between men and women, but the women were found to deal more responsibly with the debt and to share the benefits throughout the family. A woman might use her loan to purchase a simple handcart to start a delivery business, or perhaps buy a cow or a goat. In addition, there are some general guidelines, including a group structure for local borrowers.

Members of a village loan association are required to meet regularly, and no one in the group can get an additional loan until everyone has paid back the previous one, so there is a powerful incentive for solidarity and support. The loan system is structured to be a part of the community and to prevent failure, with small repayments scheduled often, in some cases daily. Strategies like these help everyone to keep current. Regular contact means no one is left alone to get behind in payments because problems are handled early, before they become difficult.

The camaraderie and communication encourage the women that they can indeed accomplish this new endeavor.

In Bangladesh, the standard pledge which borrowers must make is socially revolutionary. The women must promise to limit the size of their families, grow vegetables, drink only clean water and not take part in any dowry practices (which are the source of much violence against women in the society). "Women's empowerment" is a phrase that has been overused, but in this case the term is entirely appropriate — in becoming a valued wage-earner in the family, a woman's social standing and control over her fate are increased.

Something for Everyone

Microlending is a strategy that ought to be welcomed by all political persuasions. Conservatives should appreciate that microloans take little or no government involvement and become self-supporting in a very short time; it is a bank, after all. Liberals like a program that actually improves the lot of the hardcore poor. Feminists appreciate the women's empowerment in cultures where women have been subjugated by customs like purdah for centuries. For environmentalists, the emphasis on small-scale development is a welcome change from the large, often ecologically destructive engineering projects that the World Bank has long promoted.

In addition, the organizational structure promotes local democratic involvement. Women involved in microloans often vote and run for public office themselves in higher percentages. In countries like Bangladesh, this civic involvement is a far cry from the lives of their mothers, who may never have left their home compounds in their lifetimes.

What is most revolutionary about Prof. Yunus' ideas is his attitude toward the poor. He regards their survival in very difficult circumstances as proof that they are smart enough to do better, if only they were given a little working capital. He rejects the idea of many do-gooder organizations that the poor must be remade by some specialized job training — supplied by those same organizations, naturally. Not that the poor don't need basic assistance, since some cannot read or use numbers well enough to keep track of their simple bookkeeping. But the emphasis is on getting the process going forward. It is the embodiment of the maxim about Teach a Person to Fish and there will be a lifetime of food.

Prof. Yunus truly believes that poverty is not a necessary part of society and has commented that poverty should be allowed to exist “only in museums.” He says rather offhandedly, “In Bangladesh, there is no reason why people should remain poor.” It is a remarkable statement about one of the world’s economic basket cases, yet it shows his total belief that appropriate programs like microlending can transform a society. The author has a rare, realistic optimism about bettering the human condition through intelligent self-help. In his visionary economics, Prof. Yunus has moved beyond the patronizing attitude of the educated toward the unlettered. He resists the colonial position of “we know what’s good for you” and keeps the institutional intrusion minimal.

His revolutionary thinking has made Prof. Yunus a target for many. Bangladeshi leftists accused him of conspiring to plant capitalism among the masses and thereby sap their energy to throw off the chains of oppression. Muslim clerics denounced him for undermining culture and religion, particularly by his message of empowerment for women. Government officials regarded him as a troublemaker who was invading their turf. But in the end, the solid record of success has quieted those voices.

Think Globally

Immigration enthusiasts who are fired by the missionary impulse to save the downtrodden of the world are using a fly swatter against an elephant. There are literally billions of poor on this planet who might theoretically be better off in the United States — but such an overload would swamp and sink the lifeboat. The sensible, humanitarian thing is to help the poor where they live. Microlending is also enormously cheaper: the Office of Migration and Refugee Services of the Catholic Church states that it costs “only” \$2000 to resettle an individual in the United States — an amount that could supply loans for an entire village in Bangladesh.

Another advantage to people remaining in their home countries is avoiding the culture shock which inevitably follows emigration from the Third World to the First. It is very stressful on families to relocate to a significantly different culture. The mature adults generally cling to the old customs as much as possible while the young children easily soak up the new ways like little sponges. Unhappy generation gaps often occur, particularly when those generations speak different

languages. Young people are pressured to follow traditional practices that may have little meaning for them. They may join gangs of other young people in similar circumstances — kids caught between two cultures without feeling completely part of either. Violence and other forms of family dysfunction can be another result. How much better to foster a successful economic program that causes none of these problems.

The assumption of American immigration enthusiasts that everyone on the planet deeply yearns to live in the United States is an arrogant and dangerous conceit. Everyone does desire adequate food, housing and other necessities of life in a safe environment that includes personal and political freedom as well as cultural continuity. Prof. Yunus has addressed these basic needs by creating an effective strategy that can help more people for less money and with minimal social stresses.

Microloans gives immigration restrictionists an answer when they are accused of wanting to pull up the drawbridge. They can instead offer a positive message by pointing out that microlending is superior to immigration in every respect when improving the lives of the poor is the objective. It costs less per person helped, is kinder to the earth, improves the social standing of women, causes minimal family conflict and strengthens local democracy. The program is known by legislators, but the connection has not been made that microloans are a better alternative to immigration, which is now having many destructive consequences in the United States. It is hard to make limitation sound positive even when it truly is the greater good. But microlending does indeed offer an upbeat story of empowerment and success. In addition to saying they are “against” mass immigration, reformers can say they are “for” effective self-help in the form of microlending. “Stay home and build a better life” should be the message. •

[*Online reference: The Grameen Bank online contains general information and news about microlending around the world: <http://www.grameen-info.org/>.]*