

Requirements Prior to Lecture:

Watch TED videos for [Lifesaver Clean Water Project](#) and [Iqbal Quadir](#).

It is important to recognize that I will not be covering even a majority of the options available for those interested in non-medicinal methods of delivering humanitarian aid. While there will certainly be examples of what I believe are excellent means of eliciting true change with minimal amounts of corruption and bureaucracy, most of what I hope to communicate will be ideas and concepts towards achieving the goal of alleviating poverty and suffering through means independent of the health sciences; this is the true definition of this lecture.

I think that the allotted time, although woefully inadequate in the face of such an important topic, will be sufficient to define these concepts and, hopefully, change how each of you think about methods of improving the lives of those who are dealt circumstances that are as pernicious and virulent as the diseases and disruptions of health discussed before and after this lecture.

Yes, we have already had talks regarding the definition of the poor and the means by which true poverty is created, but I feel it necessary to quickly state how I have defined the poor so that confusion is minimized when considering why I believe the methods chosen to combat poverty are necessary and potentially effective.

Poverty—as seen in the developing world—is a multifactorial problem centered on structural abuses (term taken from Dr. Paul Farmer in *Pathologies of Power*). The lack of clean water, food, education, transportation, shelter, sewage, access to healthcare, and mass communication place those wanting to excel—and more than able to—far behind those who have such privileges. These strict divisions between haves and have-nots create an ever-expanding gap in prosperity, and it is a lack of prosperity that determines the overall wealth of a nation.

Let us not confuse the two concepts of wealth and prosperity. Prosperity is not simply affluence; it is not concentrated wealth that can widen rich vs. poor gaps and potentiate the ill effects of poverty. Prosperity is an overall enhancement of a nation's economic status. Individual wealth does not necessarily rise as sharply, but, instead, it grows more equally and broadly. Effectively, this is the burgeoning middle class in the developing country. It is the seventeenth-century Dutch merchant class, the widened middle strata of the United States and Western Europe of the twentieth century, and it is the expanding bourgeoisie of China and India of the twenty-first century ([Gap Minder](#)). Access to such prosperity requires the crucial list mentioned previously in the definition of poverty, and the globalization shaking the economic foundations of the nation-state can act to cease or perpetuate poverty in the stagnant countries. Let me explain:

An increasingly small world from globalization allows a dispersal of economic opportunity, but this opportunity is awarded to those who are equipped to accept the responsibility. One can imagine how difficult importation and exportation can be without proper infrastructure, and one can be equally confounded with the prospect of overseas communication without the aid of reliable mass communication. Put even more simply, finding enough hours strictly meant for work in an area that is lacking clean water and quick access to food is challenge enough. If half of the day is spent fetching water, preparing meals, and performing necessary daily chores, then what time is left for industry and growth?

These are the challenges that I hope to address in this very short amount of time. I hope to provide two overarching methods of combating poverty and providing the potential for prosperity spread across two lectures. They are the themes of **empowerment** and **charity**. Both can be great ways to alleviate the suffering of those not able to tear away from the bestial trials of everyday life and achieve something greater than merely living, but both are not perfect. There are faults found within each, and there are faults found within the humans that chose one or a mixture of both methods. The capacity for corruption, laziness, hate, prejudice, persecution, and purposeful stagnation match the

aptitude for true human compassion, and it would be naïve to assume the existence of a panacea; someone far more clever and driven would have found it by now.

So, without further bantering I will begin the meat of this lecture. If there are questions at any time, please, do not hesitate to ask. I would rather foster a dynamic discussion than merely soapbox for the entire period.

I have put forth the two archetypes of humanitarian aid, but they may not be so clearly defined. Empowerment should be considered the method of placing the means for prosperity in the hands of those who need/want it. This very much satisfies the alleged Chinese proverb of teaching a man to fish versus merely giving. Obviously, the latter very much fits the concept of charity, and while it is the lesser of the two in the proverb, there are situations in which charity is preferable to empowerment.

Though I will present both during this lecture, it will probably be obvious my preference for empowerment methods. This is a personal decision because there is no true objective truth to reference. I acknowledge charity's role for disasters and donations of equipment necessary for empowerment to proceed (investment, essentially), but I also readily acquiesce its part in collapsing agricultural economies through food dumping (with the best of intentions even) or simply attempting to right structural, societal, and cultural wrongs through monetary inundation without the necessary foresight and oversight to ensure proper execution. There are limits to both, and I hope to provide criticism for both. I also would hope to establish the need to mix and match methods within each branch for maximal efficacy.

Arguably two of the greatest methods of empowerment, certainly some of the most popular today, are microfinance and social business. Microfinance involves the payment of small loans, anywhere from \$25 to \$500, to the impoverished, typically female. These are provided, ideally, at minimal interest and provide a means for the two-thirds¹ of the world to gain access to credit. Credit that may be used to start businesses, cushion structural upset from tumultuous living conditions, and generally better the lives of so many suffering from crushing economic, social, political, or cultural trauma. There are criticisms, well-founded, too, that are brought against microfinance, and I will address these after discussing social business because, truly, microfinance is just a branch of social business.

Firstly though, what is social business? Coined by Muhammad Yunus, who popularized microfinance as he began his lending in earnest during the mid-nineteen-seventies, in his recently published *Building Social Business*, the term social business refers to an economic endeavor devoid of avarice. Pleasure is derived from "serving humanity", and social business is "built on the selfless part of human nature [where] everything is for the benefit of others and nothing is for the owners."² Ideally, the company is meant to be owned and operated by those it is attempting to serve (Grameen Bank is an excellent example in such an endeavor), and the principle investment should be the only philanthropic donation—or at least until self-sufficiency and a successful business model are achieved. Truly, these investments may only be reclaimed for the exact amount given regardless of inflation. While this ideal is possible (as seen with many of the Grameen projects), Yunus encourages the creation of small social business that treats global poverty microcosmically. In other words, one in the developed world without the resources of a multinational corporation or government can choose a goal (something as simple as helping 10 people get off welfare), create a business model to address said goal, and begin working to achieve what has been proposed. In fact, Yunus believes this to be critical in truly successful social business. That the definition of a particular objective which will prove incremental in the fight against poverty guarantees success more so than attempting the broad and intimidatingly idealistic goal of eradicating poverty in one fell swoop.

Basically, it's easier to get 10 people out of welfare than end a problem that has existed as long as civilization.

Please remember, Yunus does not excoriate the idea of a business for profit, but he merely feels that “our economic theory has been lacking” and social business provides an opportunity to fill the void—especially when nonprofits and non-governmental organizations (NGOs) have failed to do so. Specifically, he refers to an inability of these groups to be self-sustaining, a trait that social business embraces in its acceptance of capitalist principles. Nicholas Kristof and Sheryl Wudunn champion social business as an opportunity to “achieve sustainability” in their book *Half the Sky*. They too put forth the idea of attacking a single problem instead of dealing too greatly with the macroscopic as to be lame, and the benefit of sustainability and ideal of local management and patronage eliminates the conflict faced by charitable endeavors, including medicine: the business is about going out of business.

Building Social Business makes clear the need for traditional for-profit business, but to “solve problems” and achieve social change without curtailment from desire for return on investment, the founding of a new form of business, a strictly humanitarian one, is necessary. Yunus emphasizes that initial investment from philanthropic organizations, which, according to him, had recently donated \$1.1 trillion in the United States alone, can initiate a social business, but it is not necessary. For non-profits, without continual support, these foundations fail. Not only that, but there is an unnecessary (in Yunus’ mind) drive to lobby for increased funding and donations. These are wasted hours that could be spent alleviating suffering and satisfying charters. Social business strives for self-sufficiency and the provision of power to those it serves, while non-profits share the same humanitarian goals but without the theory of autonomy. Though this does not guarantee absence of abuse, self-reliance, in theory, removes much of the conflict of interest between the benefactor and beneficiary.

The recent debacle currently unfolding about Greg Mortenson, started by an initial 60 Minutes story and magnified with the release of Jon Krakauer’s scathing and well-researched exposé, *Three Cups of Deceit*, serves as an acute example of a wayward non-profit cause. The face of the Central Asia Institute (CAI) and author of *Three Cups of Tea* and *Stones for Schools* made the past sixteen years pushing an elaborate farce while accepting millions in donations. These donations were subject to deplorable accounting by Mr. Mortenson, and (\$23 million for 2010) millions were used for chartered travel to various speaking engagements and advertisement in prominent “publications such as *The New Yorker*, *The Atlantic*, *Harper’s*, and *The New York Times*. Additionally, the Pennies for Peace program established by CAI, which allegedly uses “every penny” of every donation “to support schools in Pakistan and Afghanistan”, has charged “many tens of thousands of copies of *Three Cups of Tea* and *Stones into Schools*” at retail price in an attempt to maintain bestseller position and provide additional royalty payments to Mortenson³. I do not deny that such atrocious behavior could not occur in social businesses, but I choose this example to highlight the needless push for advertisement and hype necessary to stimulate donation and maintain growth and stability to an institution that is not self-sustainable. Yes, social business can—and typically does—require an initial investment, but an inability to recoup interest and even encouragement to forfeit return on investment are novel solutions to avoid mission drift like that suffered by CAI at the hands of Greg Mortenson.

Thusly, social business addresses self-sufficiency and freedom from exaggerated advertisement to elicit continual donations (advertisement is still necessary, of course, but in the modicum required for business). It provides loyalty towards a humanitarian goal instead of to investors, who should expect no interest and are encouraged to donate their investment completely. The goal becomes a social cause instead of individual reward, and mechanisms that allow for delinquency are curbed with self-reliance.

Though social business attempts to remove avarice from the equation, one cannot be naïve to assume abuses will not occur, but including inherent chances for conflict of interest can be dealt with by changing the system from complete reliance on philanthropy to financial autonomy.

Are there any questions regarding social business? This is an extremely biased definition provided by the man who coined the term, but the examples I have provided—as well as the criticism included—should serve enough to provide some measure of evidence for the cause beyond one man’s

grandiose ideas. Are there any questions about any of the examples that I have used or the ideas of social business? If not, then I'll continue with criticism of empowerment.

Obviously, social business seems to be the epitome of empowerment; it provides employment and benefits to those it serves using the charity necessary to establish self-sufficiency. I hope this becomes increasingly evident: that strict use of empowerment or charity is an inappropriate response towards combating structural abuse. It is a balance between these methods in addition to various political and social tools that treat humanitarian issues effectively. There is great complexity, yes, but structural abuses are enormously intricate and demand the abandonment of quixotic beliefs in a single remedy. There simply is not a single method to establish prosperity or abolish destitution.

Clearly, global poverty has not been eradicated since the advent of microfinance and social business, and there are apt criticisms of these tools. These critiques tend to center on inappropriate expectations placed on what should be considered pieces within a repertoire to combat poverty, but they are important to elucidate, nonetheless.

Though research on the efficacy of certain anti-poverty treatments is difficult to perform, the MIT Poverty Action Lab (PAL), which utilizes the scientific approach of randomized controlled trials, in "The miracle of microfinance? Evidence from a randomized evaluation"⁴ and papers published by Dean Karlan of Yale University and Jonathan Zinman of Dartmouth College⁵ present relatively strong attempts at such research. Drake Bennett of The Boston Globe consolidates much of this information as he writes (excuse the drawn out quote, but I feel it is necessary to provide):

"microcredit does not offer a way out of poverty. It helps a few of the more entrepreneurial poor to start up new businesses, and at the margins it may boost the profits of existing microenterprises, but that doesn't translate into gains for the borrowers, as measure by indicators like income, spending, health, or education. In fact, most microcredit clients actually spend their borrowed money not on a business, but on household expenses, on paying off other debts or on a relatively big-ticket item like a TV or a daughter's wedding...studies see no impact on gender roles, and find evidence that if any one group benefits more, it's male entrepreneurs with existing businesses."⁶

These are dramatic criticisms of microfinance, for these directly attack the core principles defined in this lecture and reiterated by champions of microfinance, including Yunus, around the world. Bennett argues, using Karlan and PAL studies, that the danger of misplaced publicity can draw equally misplaced funds and attention for a cause that is seemingly irrelevant for stopping poverty. In other words, "there's a place for microcredit in the campaign to help the world's poor, it's just not a very big one...[and] it's vitally important to know what actually works, and what is simply hype."⁷

The PAL study, co-authored by Abhijit Banerjee, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan, "found a slightly larger impact, though a selective one"⁸. Household spending, used to indicate fiscal stability, was seen not to increase significantly. Still, it was observed that families cut back on spending, suggesting saving, and shifts from purchases of alcohol, tobacco, and gambling,⁹ and Duflo was quoted by Bennett as saying, "I don't see this as a negative finding...[but] if you give people access to a financial instrument, it's like any other instrument. It's useful, but it's not like the miracle drug to end poverty."¹⁰

I believe this is the key when considering the criticisms mounted against microfinance: that microfinance should be seen as a tool used in the alleviation of poverty but not as "the miracle drug". Just as strict use of empowerment or charity should not be considered to defeat poverty, the tools within these archetypes should not be used exclusively. Even Karlan acknowledges microfinance's

purpose in “making it easier for [the poor] to save, or allowing them to buy some form of formal insurance policy against financial shocks.”¹¹

This is one of the great threats of poverty: being unable to draw upon credit or savings in crises so that circumstances that those in the developed world would be able to mitigate become crushingly oppressive and potentially life-threatening in the developing. Microfinance serves as that mitigation for those without much liquidity, and social business ventures to provide readily accessible banking (recall the Grameen banks) would provide a secure method of saving taken for granted in the developed world. Savings accounts that are easily accessible, safe, and cheap are thought to be necessary in the arsenal of tools to escape poverty. Dr. Jake Kendall details this wonderfully and succinctly in his paper, “A Penny Saved: How Do Savings Accounts Help the Poor?” and I hope it enough to merely state this and move on. I have provided references at the end of the lecture to confirm all of my alleged statements. For now, understand that microfinance, with its faults, can be used to provide the buffer against financial trauma, and social business banking can provide the cheap and accessible savings accounts to those normally avoided by for-profit money-lending operations.

There has been movement of many microfinance institutions (MFIs) to provide savings accounts, insurance policies, and larger loans (up to \$10,000) to support industry rather than “petty entrepreneurs”, who, as Karlan, Zinman, Banerjee, and others state, provide much less than a cohesive group working under a single enterprise. These changes are ones that hark back to the introduction of this lecture. What stimulates growth and prosperity of a nation is the development of industry and creation of jobs to support a burgeoning middle class. Without a strong middle class (from the lack of means to support one), the economic feasibility of prosperity lessens greatly, for this is the class that sees increased household spending and stimulation of a capitalist economy. Furthermore, Yunus has already attempted to address the problem of MFIs through his proposal of social business, which is by definition self-sustainable and meant to employ and be administered by those it is meant to serve. Perhaps social business can provide an even stronger tool to combat poverty than MFIs by themselves.

What of charity? Where does it fit in this argument for alleviation of poverty through social business, microfinance, and, next lecture, empowerment of women? There are occasions where charity, the strict donation of goods to provide aid, can more strongly attack poverty, and these are acute instances. In the case of natural disasters, civil war, or other interruptions of infrastructure, however little there may be, and normalcy such that life’s necessities become scarce or unattainable. These necessities are potable water, palatable food, proper shelter, and—as is discussed throughout this elective—health care availability.

One of the magnificent features of charity is its ease of access for many of the lay public. Finding the most suitable organization to donate to is much more approachable than dedicating time abroad away from work or school. Both are necessary tools—just as I have reiterated constantly throughout the lecture—but another consistent theme that I hope I have encouraged is proper research. Use the resources and references available here or through your own means to determine the cause, organization, country, or people most deserving of the money or time you donate. Ignorance can breed inefficaciousness and squandering of funds that should rightly affect someone’s life for the better instead of being lost in the quagmire of administrative fees, corruption, and bureaucracy. As Krakauer’s endeavor to expose Greg Mortenson has made clear, it is sometimes difficult to confirm how money is being spent, and the base traits of humanity can circumvent the best of intentions. This is not a call to avoid charity; it is merely a call to—much like in all other activities—use proper judgment and background research to avoid many, but not all, of the problems illustrated by the Central Asia Institute disappointment.

I’ve made it clear my bias towards empowerment methods, but I acknowledge the complexity of poverty and make a conscious effort to consider a multifaceted approach towards humanitarian aid. I

have included two examples of excellent charitable options for those of us to consider. I have also provided sources for reference, such as [Charity Navigator](#), for further reading, which I suggest whether or not you chose to donate. A more informed public is what we strive for with these lectures, but personal responsibility for knowledge is vital towards truly comprehending a subject.

A specific example that I have chosen to detail is the Lifesaver Bottle and LifeStraw projects. Both are attempting to provide aid towards those without access to clean water. Both represent amazing technological acumen executed in a streamlined and hardy manner for global distribution, and both offer those of the developed world the chance to make direct charitable donations in the form of purchase of these purifiers. I hope that you were able to watch the TED video detailing the Lifesaver Bottle by CEO Michael Pritchard. If you have not, then I urge you to watch it after the lecture. It is only ten minutes long and provides an excellent overview of the product in an entertaining way with a much more charismatic speaker.

The idea that I would like to communicate with these products is the chance to provide a service, water purification, to those indirectly through a direct purchase. They are excellent mechanisms to provide aid to those with contaminated water supplies (whether from natural disaster or improper infrastructure), and they do not create the problems of charitable economic collapse I will subsequently detail and finish this lecture with.

I would like to finish with a specific critique of charity. One of the things that may seem initially confusing is the idea of collapsing a local economy through charitable donation of food; this is known as food dumping, and it can devastate an already precarious developing economy. In essence, highly subsidized foods in developed countries, where mechanized cultivation combined with agronomy allow for high yields to be sold at a reduced price, is given or sold to developing countries. This inundation of cheap food destroys the local farm economy.

This is an extremely complicated issue stemming from post-colonial issues mixed with undeveloped countries attempting to compete with fully industrialized economies in a single global market. It is not important that I explain these, but if anyone is interested in the intricacies—or would even enjoy a few more details—then I suggest J.W. Smith's book, *World's Wasted Wealth II*. It is nicely summarized through excerpts on [Global Issues](#) under the subsection, Food Dumping.

What food dumping provides is a stark example as to how a seemingly beneficent act, donating food to those without it, can lead to tremendous ripples of economic turbulence in the recipient country. It heightens the central theme of this lecture: that a mixture of charitable and empowerment methods are required to adequately combat poverty. Smith touches on this by urging that "if the poor and unemployed of the Third World were given access to land, access to industrial tools, and protection from cheap imports, they could plant high-protein/high calorie crops and become self-sufficient in food."¹² It would seem that the much more difficult—and expensive—task of providing the "industrial tools" and the training to use them properly is the charity those of the developed country should concern themselves with in the following paragraphs.

Treating a systemic issue of post-colonial economic and industrial stagnation through empowerment of a people and the establishment of self-sufficiency through charity seems to be an excellent mechanism to break the immobility of an entire country. With problems of food, there is the opportunity to apply the concepts discussed concretely and abstractly in this lecture. Much of this class has seemed out-of-reach for those of us here today. It seems to be the work of major corporations, entire governments, or the massively wealthy, but, please, think of the principles of social business: that anyone is able to start a social business; everyone can choose a small goal and work to accomplish it. A sound business model and desire to help should provide self-sufficiency within the company that can percolate into the market it serves by providing jobs, education, and/or materials. These methods are

difficult and time-consuming, but they seem to be the best ways to actually wrest those countries that are developing into those which are developed.

If there is anything that I hope to accomplish with this class, it is the seeding of ideas. I would ask that everyone think about what they might do to make a small change. It may not have to happen, but I find that the mere process of thinking can draw activity out of many. Keep many of these ideas in mind when you decide to give back. As for next class, it will focus on the plight of women throughout the world and its effects on socioeconomic stability. In essence, empowerment of women is perhaps *the* best way to alleviate poverty.

¹Yunus, Muhammad. *Building Social Business*.

²Ibid.

³Krakauer, Jon. *Three Cups of Deceit: How Greg Mortenson, Humanitarian Hero, Lost His Way*.

⁴Banerjee et. Al. "The miracle of microfinance? Evidence from a randomized evaluation". Poverty Action Lab. October, 2009.

<http://www.povertyactionlab.org/sites/default/files/publications/The%20Miracle%20of%20Microfinance.pdf>.

⁵Reference "Credit Elasticities in Less-Developed Economies: Implications for Microfinance" and "Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila".

⁶Bennett, Drake. "Small change". The Boston Globe. September 20th, 2009.

⁷Ibid.

⁸Ibid.

⁹Banerjee et al.

¹⁰Bennett, Drake.

¹¹Ibid.

¹²Smith, J.W. *The World's Wasted Wealth II*. pp. 63-64.

Examples of Social Business:

- 1) [Grameen Danone](#)- Designed affordable vitamin-fortified yogurt for the malnourished.
- 2) [Grameen Veolia Water](#)- Sells purified water to the poor who cannot afford clean water.
- 3) [BASF Grameen](#)- Produces and markets treated mosquito nets to prevent malaria and other bug-borne diseases.
- 4) [Grameen Phone](#)- Hired local women who would use bought cell phones to sell calls in their villages. REFER TO TED TALK FOR FULL EXPLANATION.
- 5) [Grameen Bank](#)- The original bank established by Yunus for and run by the poor. This bank deals in microloans dealt mostly to women in Bangladesh.

Resources:

[Charity Navigator](#)

[Global Issues](#)

-[Food Dumping](#)

[Grameen Foundation](#)

[LifeSavers Systems](#)

[Wealth and Health of Nations](#) graph that displays the lifespan and income per person in a novel way.

The [60 Minutes](#) story on Greg Mortenson.

This is a fascinating [discussion](#) regarding the idea of profit-driven MFIs.

Another charity involved in multiple projects: [Vestergaard Frandsen](#).

Dr. Jake Kendall's paper, "[A Penny Saved: How Do Savings Accounts Help the Poor?](#)"

My Kiva.org Projects (\$25 to each):

<http://www.kiva.org/lend/237814>

<http://www.kiva.org/lend/238346>