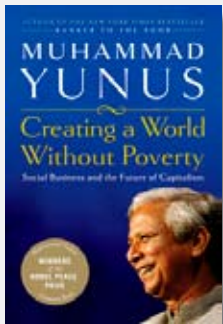


Book Reviews

Creating a World without Poverty: Social Business and the Future of Capitalism, by Muhammad Yunus (*PublicAffairs, New York, 2007*)

—Reviewed by Greg H. Parsons

Editor's Note: This book review formed the basis of Greg Parson's ISFM presentation entitled "Tracking with Current Social-Business Issues: A Limited Scan of Trends."



As the title suggests, this is not a book with a small vision. Quite the opposite, Mohamed Yunus is a

man of vision and passion. Writing as if he was sitting across the table talking with you, Yunus tells several stories within a story in this easy-to-read book.

His story itself is interesting. He describes how he became an economics professor, and then, as happens to many, was impacted by poverty and disaster in his homeland of Bangladesh.

That got him on a path to help those in need, which led to his pioneering work in micro-loans to the poor on a massive scale. To do that, he established Grameen (or Village) Bank when existing banks wouldn't loan to the poor. Based on the premise that the poor have no collateral, banks were unwilling to take on the risk. But it turns out, as Yunus and his team learned, that the poor

actually pay very consistently, and the default rate is extremely low (and usually related to catastrophe).

Of course, the loans are very small; the first ones were \$27. Using carefully developed systems (learned over time through trial and error), Grameen now has more than 2500 branches and has given loans to over seven million poor people (97 percent of whom are women¹) in 78,000 villages in Bangladesh. Loans have helped in constructing 650,000 homes, in which the legal ownership belongs to the women members of Grameen. It has loaned out a total of the equivalent of \$6 billion (U.S.) with a repayment rate of 98.6 percent. Grameen began in 1983, since 1995 it no longer received donations for its operations, and has turned a profit every year except the first year and 1991-2 (pp. 52-53). There are some twenty-five other companies that Grameen started also mentioned in the book. For example, Grameen Phone enabled 300,000 "telephone ladies" to have a business in their neighborhoods providing profitable and affordable phone service. Grameen Phone is the largest cell phone service in Bangladesh.

With that background, Grameen Bank and Yunus received a Nobel Peace Prize in 2006. Yunus' Nobel Prize Lecture is printed in the Epilogue under the title "Poverty Is a Threat to Peace."

All this demonstrates a core issue to Yunus: the poor are poor because they don't have access or control over capital. While there are other reasons he recognizes to various degrees, this premise is at the core of the problem and the solution.

This book takes his idea to another level. He introduces the idea of *social business*.² A social business is funded

and run like a business, but has two key differences:

1. In addition to maximizing profits, a social business is also purposed to "do good."³
2. Instead of paying a return on the investment to those who provided the capital, it reinvests the money into the business.

Yunus notes,

A social business is a business that pays no dividends. It sells products at prices that make it self-sustaining. The owners of the company can get back the amount they've invested in the company over a period of time, but no profit is paid to investors in the form a dividends. Instead, any profit made stays in the business—to finance expansion, to create new products or services, and to do more good for the world. (p. xvi)

People would invest not to help themselves, but to alleviate poverty and/or to solve problems. Odd at first glance, Yunus' idea grows on you as you read on.

He also critiques non-profits in a healthy way. While he recognizes they have their place (such as in relief work), he believes that social businesses are likely to draw more investment than a non-profit could ever do because of the promise of return of the principal coupled with the investors' desire to do good. "Charity," he says, "is rooted in basic human concern of other humans" (p. 9) and charitable organizations are especially helpful in times of emergency. But, because charity relies on a steady stream of money, it never has enough, and when the flow stops, so does the ability to serve. He recognizes the good that "charity" does, but believes that it "cannot be expected to solve the world's social ills." (p. 11) Beyond that charity can cause problems in how it is done.

Based on his vast experience with the poorest, Yunus says,

In general, I am opposed to give-aways and handouts. They take away initiative and responsibility from the people. If people know that things can be received “free,” they tend to spend their energy and skill chasing the “free” things rather than using the same energy and skill to accomplish things on their own. Handouts encourage dependence rather than self-help and self-confidence. (p. 115)

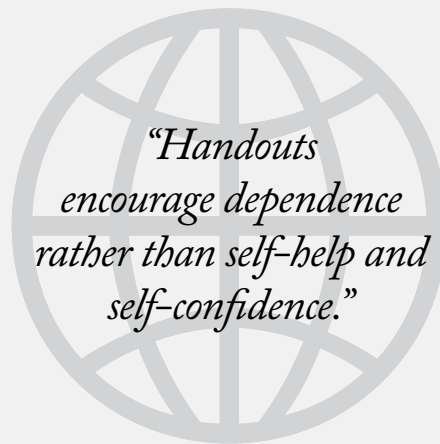
He also mentions the “one-sided power of the relationship” (p. 116) inherent in charity, and the disempowering of people in the process. In both cases he is essentially arguing against using up capital and instead multiplying it and thus creating capital in the lives of those who need it most.

Yunus gives a number of examples of existing social businesses as well as suggestions of what could be done. His major example in the book is that of working with the multinational company Danone, a large French corporation known as Dannon in the United States. Together they’ve pursued a social business in Bangladesh to make available a healthy, well-rounded, yogurt-type drink for the poor and malnourished. Given that the poor can’t pay traditional prices, the partnership worked through many issues, including:

1. Manufacturing close to the markets, in several places in the country, to cut down on shipping costs.
2. Take into account people’s tastes (they like the drink slightly sweet) to be sure that poor children would eat it.

3. Provide a packaging that can be eaten, so there is less waste and more nutrition is included.
4. Make it drinkable so they would not need to include a spoon (cheaper production costs, less waste also).
5. Employ local farmers and product where possible, which also helps the local economy and keeps fluctuation in price down.

The book makes it clear that Danone was very concerned for making



a difference—or doing good—in Bangladesh, and not for their bottom line.

A number of other models are mentioned as well. One major question that Yunus seeks to address is where the capital for social business will come from. He argues that growing discomfort with present-day capitalism is one major factor. Executives and young people “genuinely feel uncomfortable over the fact that their social concerns have been left behind in the crush of daily business” (p. 171). He argues that even a large part of the money currently going to foundations like that of Bill and Melinda Gates would be better used in social business than in many of the ways it is used.⁴ He sees a day when there will be a “Social Dow Jones Index” that will reflect some of

the world’s largest social businesses, (p. 183) as well as “*The Social Wall Street Journal* to report on it” (p. 245).

While there are examples of large-scale social problems with costly solutions being pursued (e.g., eye care hospitals), it remains to be seen how to deal with massive clean-up or garbage problems, for example. Yunus might suggest that the governments could be much more creative in working with local people to help solve their local problems. Of course, governments have to want to address these issues in the first place.

The book doesn’t deal with the core issues related to character. Yunus would argue that, if given a chance, almost every poor person would work hard to get out of their situation. This is one area where he seems to be a bit idealistic. He seems to acknowledge culture and racism, but their impact on many of these issues and models is a much larger factor than the book suggests. The author’s silence on these matters may be due to political reasons within South Asia or Bangladesh specifically.

While the author tends to be somewhat repetitive in his use of his work in micro-loans as illustrations, it is helpful for the reader who is unaware of Yunus’ past accomplishments. He does not address the problems inherent in micro-enterprise/loans which may be solved by social business, namely, the problem of merely circulating money amongst the poor. Yunus’ first book, *Banker to the Poor* (2003 PublicAffairs), with which I am unfamiliar, may deal with this issue.

My guess is that Yunus would consider the building of capital as the solution for that problem. In part, the theories and practical examples in the

book rely on basic capitalism (albeit turned on its head a bit), which in turn relies on continued growth and consumption. One wonders how long such a system can be sustained by traditional sources of natural resources and energy. The question of limits to economic growth is not addressed except that the book suggests there are no limits, and perhaps he is correct? He does address the issues of imbalance in the use of natural resources, especially in his acceptance address for the Nobel Prize in the Epilogue.

Yunus' book is a must-read for those who want to keep up on issues related to global poverty and justice. There are many examples and models to learn from here, and interested researchers can easily find more articles about Yunus and various Grameen businesses (including several I found searching for his name at www.fastcompany.com)

In application to the global church and mission movement, there are lessons to learn from this book. Yunus' evaluation of "charity" and dependency should cause us to evaluate our efforts in several areas of ministry in addition to any work with the poor. His vision of the future is inspiring, even if needing a bit more balance at times. But people with drive and passion seem to rarely have balance. Perhaps that is why we listen to them.

Endnotes

1. While they started loaning to poor men, they have found that "giving loans to women always brought more benefits to the family" (p. 240).

2. Social business is one type of social entrepreneurship, which Yunus discusses on page 32.

3. Some of this thinking is not new with Yunus. Dennis Bakke, CEO of a

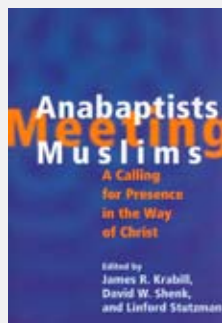
The Anabaptist alternative may promote peace-making that is much needed in Muslim-Christian relations.

large company, wrote the book *Joy at Work* (2005 PVG, Seattle), noting his unique and "lived out" business perspective: "The purpose of business is not to maximize profits for shareholders but to steward our resources to serve the world in an economically sustainable way." (Last page, inside back cover)

4. This is vaguely addressed on page 231, but in addition, I heard Yunus in a radio interview where he made his preferred use of the Gates/Buffett money clear.

Anabaptists Meeting Muslims: A Calling for Presence in the Way of Christ, by James R. Kraybill, David W. Shenk and Linford Stutzman, (Scottsdale, PA: Herald Press, 2005)

—Reviewed by Harley Talman



Yet another book on Islam is added to the long list of Christian post-9/11 publications. Fortunately, this one does make a unique contribution. The title led me to think it represented Anabaptists meeting Muslims at a consultation, whereas it instead presents Anabaptists (primarily North American) learning from other Anabaptists' meetings with Muslims in their various contexts. The chapters are from papers presented at "An Anabaptist Consultation on Islam: the Church Meets the Muslim Community," that convened at Eastern Mennonite University in Harrison, Virginia, Oct. 23-26. The editors equate Anabaptist with Mennonite, but some non-Anabaptists voices like J. Dudley Woodberry and Lamin Sanneh were invited to participate.

The editors grouped the presented papers into four sections: I. The Big Picture, II. Learnings and Vision, III. Issues and Themes, and IV. Observations, Witness and Counsel. Non-Anabaptist readers like myself, may find the first section to be of the most interest. David Shenk's "Three Journeys: Jesus-Constantine-Muhammad" argues that under Constantine, the Western church abandoned the cross-centered ethics of Jesus that the church fathers had adhered to and that had forbidden them to take up arms for the sake of "the kingdom of God." Muhammad's path paralleled the Western church's—both jihad and just war were expressions of political theologies that equated territorial expansion with growth of the kingdom of God, and both continue to dominate Christian and Muslim political theologies to the present. The Anabaptist alternative serves as a prophetic corrective and may promote peace-making that is much needed in Muslim-Christian relations. (This despite the fact that many, like myself, may not be convinced that all Christians should eschew participation in all warfare as contrary to the character of Christ. I would be interested in reading Anabaptist interaction with the fact that Christ will come as conquering king, using military force again).

Woodberry notes many parallels between the "Kingdom of God in Islam and the Gospel." He shows the widest divergence between Christ's choosing the path of the