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## Fordham University ECON 5808 Calendar Summer 2017 Migration, Finance & Development

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[ECON 5808 2015 Events \(many videos\)](#) [Econ 5808 Calendar 2015](#)

June 2017					
Mon 29	Tue 30	Wed 31	Thu 1	Fri 2	Sat 3
<a href="#">5</a>	<a href="#">6</a>	<a href="#">7</a>	<a href="#">8</a>	<a href="#">9</a>	<a href="#">10</a>
<a href="#">12</a>	<a href="#">13</a>	<a href="#">14</a>	<a href="#">15</a>	<a href="#">16</a>	<a href="#">17</a>
<a href="#">19</a>	<a href="#">20</a>	<a href="#">21</a>	<a href="#">22</a>	<a href="#">23</a>	<a href="#">24</a>
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**June 29<sup>th</sup>:** *Thank you for four wonderful presentations, very well done, all of them, well argued, great topics...*

Presentations, Bailey Sheimo: [The Effect of Gender on Microfinance Lending](#),  
 Kelly Collins [Mass Migration: Economic and Ethical Implications](#),

**June 27<sup>th</sup>** [Presentation Guidelines](#), **today we have** presentations by Justin Herve and Valentinas Rudys  
 Controversies in [Migration & Development](#) (last lecture) [Karlán and Zinman, Expanding Credit Access](#)  
[News NY Times With 3 Words, Supreme Court Opens a World of Uncertainty for Refugees](#)  
**Unskilled immigration:** "Sacrificing everything..." [Fatima Trailer](#) < 2 mins Reviews: [Roger Ebert Variety](#)  
[Todos Sacrifican: Immigrant Organizing and the Meanings of \(Domestic\) Work](#)

**June 22<sup>nd</sup> Lecture:** [GEP 2006 Chapter 2](#) [Slides](#) [Clemens, 2011 Trillion Dollar Bill](#) [blog-entry](#) [podcast](#)  
 Financial Inclusion, or not? [Migration and Development](#) [UNCTAD on financial inclusion](#)  
[Ethics of Microfinance 2012](#) [Is there a Brain Drain?](#) [Tienda and Fuentes 2015](#) [WNYC the World](#)  
[ECON 5808 Endnotes 2015](#) [Econ 5808 Endnotes 2017](#) [Brain Gain Leverage](#) [ASEAN Brain Circulation](#)  
[The California Package](#) (see Poverty rates below) [Povcalnet](#)

**Lecture notes:** Crises [Microfinance in](#) [Immigration reform](#) [IHHA lecture](#) (see main page) [DSA Integration Lecture](#)  
[Mena and Nopales.](#) **Readings: On Africa:** Dambasi Moyo on [Remittances and Microfinance](#) (alternative to Aid) **On migration in China:** [Factory Girls](#), [Chapter 1 with cover](#), [Chapter 10, the Village Remittances question with answer](#)

**Projects so far:** Bailey Sheimo Gender and Microfinance/CCTs (see Queen Maxima's UNGSA and Professor Radhakrishnan's papers and presentations below [Diaspora Entrepreneurs Nopales-MENA](#)  
 Kelly Collins: **Immigration/refugees:** Ethical and Human Rights Perspectives on Immigration  
 Justin Herve: Financial Diaries and Hidden Inequality & Poverty (\$2/day) [NYC Immigrant Financial services Study 2013](#) [U.S. Financial Diaries](#) Valentinas Rudys "Skilled vs. High Skilled Immigration, [Turning Brain Drain to Brain Gain](#) [Obama Proposed Executive Action](#) [Time to drop brain drain refrain](#) Stark, Oded, Christian Helmenstein, & Alexia Prskawetz (1997) "[A brain gain with a brain drain.](#)" *Economics letters* 55:2,227-34. [712 citations](#) [Peri, Shih and Sparber \(2014\)](#)

**Table C-3: Poverty Rates in California**

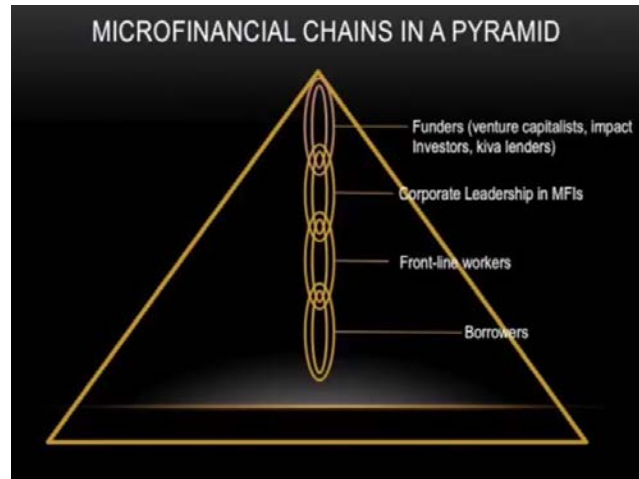
	Total Population		Non-Hispanics		Changes	
	1970	2015	1970	2015	Total	NonH
California	10.7	15.1	9.7	12.8	4.3	3.1
New York	10.5	14.9	9.3	12.6	4.4	3.3
United States	13.3	14.5	12.6			

**Lecture June 20<sup>th</sup> 2017** [World Refugee Day CMS on Central America](#) [Jesuit Refugee Service](#) [Factory Girls Cover](#)

### Gender, Migration and Microfinance Lecture and References

[Queen Maxima UN: why Nigeria needs financial inclusion](#) (3 mins) [Partnership for DFI](#) [Queen Maxima at CGAP](#)

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Tracing (Micro)Financial Chains: From the “Bottom of the Pyramid” to the Top: interesting [lecture on women](#) and microfinance, or see Radhakrishnan, Smitha (2015) "Low Profile” or Entrepreneurial? Gender, Class, and [Cultural Adaptation in the Global Microfinance Industry](#)." World Development 74, 264-74. Women get married and work at home instead of in the factory, see Kabeer, Freedom to Choose” funders like the story, women like work at home, but who is better off...her peer to peer lending... [Princess Maxima on Financial inclusion in Nigeria](#) (and Peru) she is UNGSA special representative for financial inclusion [Nigeria’s need for financial inclusion](#) [Princess Maxima’s speech](#) [Nigeria’s new DBN financed by ADB, KfW, AFI, EIB](#),

**June 27<sup>th</sup> Lecture notes:** [Globalization, Feminized Financial Transfers and Remittances](#) **Readings:**

Armendáriz and Morduch, 2010, Economics of Microfinance, MIT Press [Chapter 7 Gender](#)

De la Briere, Benedicte, Elisabeth Sadoulet, Alain De Janvry, and Sylvie Lambert. "[The roles of destination, gender, and household composition](#) in explaining remittances: an analysis for the Dominican Sierra." Journal of Development Economics 68, no. 2 (2002): 309-328.

Guérin, Isabelle (2011) "[The gender of finance and lessons for microfinance](#)" World Scientific Book Chapter, pp589-612.

Kabeer, Naila. "[Is microfinance a 'magic bullet' for women's empowerment?](#) Analysis of findings from South Asia." Economic and Political weekly (2005): 4709-4718.

Karlan, Dean S.; Zinman, Jonathan (2007) [Expanding credit access: using randomized supply decisions](#) to estimate the impacts, Center discussion paper // Economic Growth Center, No. 956

Radhakrishnan, Smitha (2015) "Low Profile” or Entrepreneurial? Gender, Class, and [Cultural Adaptation in the Global Microfinance Industry](#)." World Development 74, 264-74.

Radhakrishnan, Smitha (2017) Tracing (Micro)Financial Chains: From the “Bottom of the Pyramid” to the Top: interesting Albright Lecture, January 11<sup>th</sup> 2017 Wilson [lecture of video](#) Albright Institute, Wellesley College.

Rosenbaum, Susanna. "Todos Sacrifican: [Immigrant Organizing and the Meanings of \(Domestic\) Work](#)." *Journal of Labor and Society* 19, no. 2 (2016): 187-206.

Sassen, Saskia (2003) "[Strategic instantiations of gendering in the global economy](#)." Chapter 3 Pessar, Patricia ed. Gender and US immigration: Contemporary trends 43-60.

Zúñiga, Víctor, and Rubén Hernández-León, eds. (2005) *New Destinations: Mexican Immigration in the United States*. NY, Russell Sage Foundation, <http://www.jstor.org/stable/10.7758/9781610445702>.

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Andersen, Lykke E., Anna Sophia Doyle, Dorte Verner, and Manfred Wiebelt (2014) Gender, Ethnicity and Climate Change in Mexico: [An analysis of vulnerability and resilience based on household surveys](#) No. 07/2014. Development Research Working Paper Series, INESAD, Bolivia.

Allison J. Petrozziello (2011) [Feminized financial flows: how gender affects remittances in Honduran–US transnational families](#), *Gender & Development*, 19:1, 53-67

**June 15<sup>th</sup> 2017 Project topics:** as it says in the syllabus, we typically do a project presentation in this class. This Summer is a bit rushed and some of you are taking two Summer courses (and we missed a class). Still doing reading and presenting something that interests you is very valuable, and we are a good group. Just in case, I will prepare a written final you can turn in after the 4<sup>th</sup> of July holiday. The project is the best option, you just need a topic. There are many, this migration and development and financial inclusion are very topical right now. For example, new perspectives on diversity and development (economic growth and innovation): Citing a famous study by Harvard's Robert Putnam, Paul Collier, 2013 argues too much diversity (read immigrants) undermines support for the welfare state and reduces trust hampering economic growth. However, in 2012 Amicus Brief (posted on the [SCOTUS blog](#) related to [Fisher v UT Austin](#)) Putnam greatly qualifies and updates his main findings of his famous 2007 "E Pluribus Unum" paper, basically making the economic and social case for immigrant driven diversity his earlier social capital argument seems to undermine. New York, Florida and California (and Texas) have seen diversity "explosions" (see demographer [William H. Frey's 2014 book](#) with that title and the literature it generated, include Tienda and Fuentes, 2015). There are also new studies (an [NBER paper](#)) on the fiscal contribution of U.S. refugee populations confirming the findings of NAS and CBO studies of immigrants generally. Another new NBER paper focuses on the historical contribution of waves of U.S. immigrants ([Migrants and the Making of America](#)... and see part 4 of Ken Burns New York History PBS Documentary). Speaking of mass migration of refugees, we have at least four recent papers revisiting the 1980 Mariel Boatlift when 125,000+ Cuban refugees showed up in Miami over a long Summer (see the migration debate lecture). Is there still a case for microfinance? Yes, there is as explained in Daryl Collin's video, even the privately financed Latin American variety. The case starts with increasing resilience and reducing vulnerability to downward mobility. It helps mainly those in the informal sector, this is why it is so successful where formal finance fails to reach the poor (as in Mexico, BGD, Peru, Bolivia). Africa is just at the stage where microfinance (and MPESA) may make a contribution (see [Dambasi Moyo](#) Chapter 9). And as was the case in Tlaxcala, financial services are just part of what internet access can bring. Access to expensive, small loans may not lift many \$1/day poor out of poverty (though MPESA apparently does) but it may prevent \$2-4/day poor from falling back into poverty (by losing their job for example). Even KIVA can be defended as Kevin Lynch argued in this 2012 Project ([Kevin upgrades KIVA](#)..). Finally, does financial literacy or financial inclusion open doors for women? How do we know. What drives women's empowerment in Latin America, Africa and South Asia (Bangladesh and India)? How are targeted transfers transforming women's lives (in India, Bangladesh and Indonesia, see the JPAL literature summarized in [Esther Duflo's recent Ely Lecture](#) on the [economics of "plumbing"](#) see especially the last five pages on ID cards and electronic transfers). The [U.S. Financial Diaries](#) (the U.S. *Portfolios of the poor*) has recently been published, showing the importance of formal and informal finance to poor U.S. households, many struggling through the recent financial crisis...many [slides available here](#)...perhaps just read a chapter or two in the book and present findings to the class? There is also the classic debate over the brain drain (skilled migration) which now has a [new STEM twist](#)... very interesting, as the world competes for high tech talent, California seems to be winning this race for now... why? Finally, Donald Trump and [money laundering regulations](#) (Dodd Frank) now threaten remittances, what are the pros and cons of remittances, which regions, countries depend most on remittances? Review the pros and cons of remittances from the point of view of receiving countries. There are many topics related to ["women's world banking"](#) that part of next week's focus...most of these issues can also be viewed through a human rights or ethical lens as well, we had an excellent presentation on the ethics of the [profit vs nonprofit model](#) see also Hudon on the ["fair" interest rates](#) and the [ethical crisis of microfinance](#). There is also a great short business text book by Columbia's Geoff Heal on socially responsible business models, of which microcredit is one that helps many ["Get rich selling to the poor"](#) but there are many others (social entrepreneurship).

**For June 20<sup>th</sup>:** If you are leaning toward the final exam as opposed to the project, please start by reviewing these LDQ questions for next Tuesday, alternatively outline research topic and send me a paragraph Friday, I will reply with suggestions and you can do the basic research for your presentation and then answer these questions (or an abridged version drawing on the lecture notes...). Everyone should do the reading for if not answer part c). It is the migration and development question (answer) of our Century so far...

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**LDQ 2.1:** Outline the debate over international and domestic rural urban migration. Answer part a) or part b) and then everyone should answer part c). a) The [World Bank GEP 2006](#) and [Clemens, 2011](#) argue there are very large unrealized gains from global migration, yet since these papers were written little progress has been made in immigration reform. Use the [immigration reform lecture notes](#) and the above readings to outline the realized and unrealized gains from increased migration (global labor mobility). part b) Discuss the potential gains to receiving countries and the potential limits to these gains outlined by Borjas and Collier. Use the experience of California over the past 10 years to argue they are wrong, use Brexit and the recent U.S. presidential election to argue they are correct. c) Following Factory girl Min and her sister back to the village, Leslie Chang reports their mother boasts “We treat our daughters like sons” what does she mean by this. How might Guimin qualify her mother’s declaration? **LDQ 2.2:** Migration, financial inclusion and the status of women: a) discuss how migration and/or access to mobile payments almost inevitably changes the status of women. Focus on DeJanvry and Sadoulet and INSTRAW’s study of Dominican remittances. What difference does gender make? **LDQ 2.3:** CCTs and the status of women: new insights and policy experiments in India and Bangladesh. A) the Bangladesh consensus bundles microfinance with a broad safety net.

**June 13<sup>th</sup> 2017:** Colegio de Tlaxcala and CIPS guest speaker Alfredo Cuecuecha will present paper his paper “Financial Inclusion, Technology and Entrepreneurship: an experiment in the state of Tlaxcala” I sent you the paper earlier. Here are Alfredo’s [PowerPoint slides](#). Compartamos recently came to Tlaxcala so Alfredo has some firsthand experience to discuss with us. Perhaps we can resume our discussion of Compartamos’ high interest rates (and the Latin America vs Asian Microfinance models). Recall the [PBS Now documentary](#) and the J-PAL RCT [Angellici et al 2015 evaluation](#) of the same. The New York Times also wrote about the [compartamos debate in 2008](#). Where is Tlaxcala you ask? A beautiful city and state to the east of outside Mexico DF on your way to Veracruz. Alfredo also has an interesting presentation on return migration to Mexico which we can discuss as well in the 2<sup>nd</sup> half of the class. Dr. Cuecuecha has published some migration and development “classics” including Adams, Richard H., and Alfredo Cuecuecha. "[Remittances, household expenditure and investment in Guatemala](#)." *World Development* 38, no. 11 (2010): 1626-41 already cited 279 times!! See also this [student presentation on GTM](#) and remittances (wonderful references, and history of GTM). Alfredo’s previous presentation, [2010 2012 Remind me ask Alfredo how he and Dr. Adams made remittances “exogenous.”](#)

**June 12<sup>th</sup>** Please submit answers to LDQ 1.1-1.3 using this [word template](#).



June 6<sup>th</sup>:  
[Migration](#)  
[Lecture Notes:](#)

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Remittances as Aid, Refugees and Immigration Economics Controversies... see Equality or Diversity! Pick One, December 3<sup>rd</sup> 2014 American Enterprise Institute (from [Borjas Econontalk page](#))

**May 30<sup>th</sup>: Lecture Notes** [Four Crises of Microfinance](#) [Immigration Reform](#) [State by state](#) [Citizenship in California](#) [ECON/Soci 5808 Endnotes](#) **PBS Now** [\\*Whose making money from Microcredit\\*](#) Lecture Notes on Microfinance Morduch, 2013 [How Microfinance really works](#) [101 East-Microfinance – Banking on debt Al Jazeera](#)

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**June 1<sup>st</sup>:** NY NGO [Women’s World Banking June Newsletter](#) For next week: Dambasi Moyo [Chapter 9 Microfinance](#) and remittances (and trade) as alternatives to aid in Africa, see also Clemens and Postel, 2017 on work permits and remittances as alternatives to aid after Haiti’s devastating earthquake (now in Somalia and South Sudan?). See the new issue of [Finance & Development](#) on the strange habits of Millennials (and the consequences of migration from SSA)

**LDQ 1.1** *Sections in italics are optional* (a) Briefly list some compare advantages and disadvantage of the Latin American (Accion, Compartamos) vs. the South Asian (Grameen-SKS-BRAC-NIDAN) approaches to microfinance (see Hausmann’s 2010 review of Mohammed Yunus book reprinted below from [Finance and Development](#)). What evidence presented in the PBS video supports Compartamos’ claim it was helping the poorest even with 100% interest rates? b) Speculate on why the two regions development different MFI models? Where did microcredit first appear. Are these two models substitutes or complements? Are we converging on one model? What does Ananya Roy call the “Bangladesh Consensus” or the BGDC? How is it related to the public and private transcript of microfinance in Bangladesh? Compare the BGDC to the Latin American Accion Compartamos MFI model? Where did the social innovation microcredit as we know it now first develop? Where have MFIs prospered most in LAC? c) *Ethical Issues: Is access to credit a “human right” in your view? Why or why not? Is it moral for some to profit from microfinance (why or why not?).* Yes, say Mohammed Yunus and Ananya Roy see [Chapter 1](#) and her [chapter 3](#) [”Dissent at the Margins: Development and the Bangladesh Paradox](#). No it is not a human right says Jonathan Morduch, [in a short video](#) see also his paper, [Credit is not a human right](#) *Who is correct in your view? Why does this matter for the debate over high interest rates?*

**LDQ 1.2** Discuss the pro and cons of high interest rates on small loans. Masters students, refer to Collins et al, 2011 [Portfolios of the poor](#) Chapter 4 on “the price of money” to support your answer. **PhD Students** please cite Armendáriz and Morduch, 2010, [Chapter 2 on credit markets](#) to review the pro and cons of high interest rates. Did high interest rates lead to the 2011 suicides in Andhra Pradesh? *Bt Cotton has also been blamed for farmer suicides in India, are these two causes related?*

**LDQ 1.3** a) MPESA seems to help reduce poverty, especially among women. How do we know? Suri and Jack, 2016 argue we can learn what from the rollout of MPESA starting in 2008... is this a randomized trial? What are their key assumptions in determining causality? What if the areas where MPESA started were already the most innovative and open to new technologies? How could we (they) determine this? b) *Historically both Microfinance and CCTs target women. Has this worked for MFIs (see JPAL-IPA, 2015). How doe Grameen, Progresa, BRAC and NIDAN target woment? A) Does Grameen Bank in BGD still use group lending? Use readings and lecture notes discuss why and the pro and cons of targeting women (list the pros and cons). B) Use the Asia 101 Andhra Pradesh self-help groups or Grameen I as an example illustrating the pros and cons of group lending to women or self-help groups.*

**Interesting Answers to LDQ set #1:** *c) In my view, Jonathan Morduch is correct in his argument against credit as being a human right. He makes four key points that significantly weaken the argument. Microcredit loans have become an important and effective part to development in Bangladesh and many other countries; however, saying that it is a right does go past my view on what a right is. As mentioned in the previous answer, being able to develop and prosper is something that everyone should be able to do, but I don’t think microcredit is the only way to do it, which is why I don’t consider it a human right. This matters for the debate over high interest rates because if it is seen as a human right, yet the people taking advantage of it are subject to extremely high interest rates and put into debt because of that, the commercialized banks are taking advantage of that human right. If it is determined that credit is a human right, commercialized banks charging interest would be completely immoral – which explains why people who support the idea of credit as a human right, such as Mohammed Yunus, think that what banks such as Compartamos are doing is morally wrong.*

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**LDQ 1.1 compare South Asian and LatAm models:** *On the other side of the debate, we have the South Asian approach to microfinance.* According to Mohammad Yunus, profit motive is the enemy and sooner or later it would get in the way of serving the poor. He is the founder of the Grameen Bank which is one of the first microfinance institutions. He firmly believes that businesses must turn their back to profits in order to really make impact, enforce a positive social change. ***This approach as Hausmann put it “buys goodwill” which allowed Grameen bank to partner with some major corporations such as Danone and Adidas. The comparative advantage of the non-profit movement is lower interest rates and lower burden on the borrowers, more help from major corporations that want to improve their image and, also, funding from the foreign governments (such as US). Each of these approaches must be viewed with skepticism.*** On one hand, it is difficult to accept/defend extremely high (over 100 percent APR) interest rates on the poor which resembles loan sharking. However, we also know that without proper incentive, there will not be enough business interest in providing loans for the poor. In a bold articulation of critique of microfinance, one published the week after the Nobel Prize was granted to Yunus and the Grameen Bank, *New York Times* columnist John Tierney (2006) argued that "the Grameen Bank is both an inspiration and a lesson in limits." WalMart, according to Tierney, has done more than any other organization to "alleviate third world poverty," for it provides factory jobs to poor villagers, jobs that may seem to be "sweatshop" jobs but that allow workers to work their way out of poverty. *Various critiques frame the Grameen Bank as an outdated native economy, a primitive life form to be soon superseded by forms of economic organization more conducive to global capitalism.*

***Where did microcredit first appear?*** Even though Muhammad Yunus is claiming the intellectual property rights on microcredit, Accion International preceded his Grameen bank by more than a decade according to Ricardo Hausmann. Accion International was started as a grassroots community development organization in Venezuela and later Brazil. In 1970s they started providing micro loans to informal businesses in Brazil. On Accion's website, I found this very interesting account of Bruce Tippet, manager of the Accion Recife Project in 1973: *“at the time we started this program [in 1973], there were really no sources for loans for the poor. The bankers and the general community just did not believe that the poor had the intelligence or the capability or the moral fortitude, to take loans and to pay them back. We came up with the name ‘microenterprise’ to get the banking world to start thinking about these little economic activities as serious enterprises and it stuck. It worked with the bankers and it gave the micro entrepreneurs status that they never had before. Within the first year, we had 99.5 percent repayment. And so we could see that this was a group of people who could be counted on. Right from the early stages, we saw that if this could be done on a large scale it could have a huge impact on those communities.”* According to another account, microfinance was born in desperation. Amid the 1973 famine in Bangladesh, Muhammad Yunus began giving small loans to poor women with his own money. Despite the predictions of bankers, the women paid him back. That was attributed for massive improvements in human development in Bangladesh. ***Are these two models substitutes or complements?*** These two different models to microfinance can easily coexist. The profit and non-profit approaches to microfinance provide the exact same services (micro loans to the poor) thus the institutions can be considered substitutes. Even though each model has a different way of providing microfinance services and has a different end goal (Compartamos is seeking profits while Grameen bank is hoping to help as many people to help people get out of poverty) at the end they both lend to the poor. There are strong disagreements which of these models can do more and do better in not only helping individuals to smooth their consumption but be a real development strategy (nation or community wide anti-poverty program).

## References

Aggarwal, Shilpa and Klapper, Leora F. and Singer, Dorothe, Financing Businesses in Africa: The Role of Microfinance (February 1, 2012). [World Bank Policy Research Working Paper No. 5975](#). Available at SSRN

Clemens, Michael A., and Hannah Postel (2017) "Temporary work visas as US-Haiti development cooperation: a preliminary impact evaluation." *IZA Journal of Labor & Development* 6, no. 1, p. 4 or [IZA DP #10548](#)

Demirgüç-Kunt, Asli and Singer, Dorothe (2017) [Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence](#), April 25th. [World Bank Policy Research Working Paper No. 8040](#). Available at SSRN:

Angelucci, Manuela, Dean Karlan, and Jonathan Zinman. "Microcredit impacts: Evidence from a randomized microcredit program placement experiment by Compartamos Banco." [American Economic Journal: Applied Economics](#) 7, no. 1 (2015): 151-182.

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J-Pal and IPA [Policy Bulletin \(2015\) Where credit is due](#): *Seven randomized evaluations from around the world show that microcredit does not have a transformative impact on poverty, but it can give low-income households more freedom in optimizing the ways they make money, consume, and invest.*

Robert D. Putnam (2007) *E Pluribus Unum: Diversity and Community in the Twenty first Century*, the 2006 Johan Skytte Prize Lecture, 30 *Scandinavian Political Studies* 137.

Robert D. Putnam, Diversity, Social Capital, and Immigrant Integration: Introductory Remarks, 98 *Nat'l Civic Rev.* 3 (2009) 12-13

Suri, Tavneet, and William Jack (2016). "[The long-run poverty and gender impacts of mobile money.](#)" *Science* 354, no. 6317: 1288-1292.

**Ricardo Hausmann\* Finance & Development**, June 2010, Volume 47, Number 2 Book Review, *Review of Muhammad Yunus, Building Social Business* The New Kind of Capitalism That Serves Humanity's Most Pressing Needs Public Affairs, New York, 2010, 226 pp., \$25.95 (cloth). \*Professor Hausmann is head of the Harvard CID and a former minister of Industry in Venezuela. [To Profit or Not to Profit: Is That the Question?](#) [PDF version](#)

*The poor are disconnected: from gainful employment, access to clean water, electricity, roads, transportation, calories and micronutrients, health care, education, banking, telecommunications, the Internet, justice, security. Their willingness to work remains the largest wasted resource on earth.*

Connecting the poor to opportunity can be self-sustaining. More productive work will enable them to buy solutions to the challenges they face and bring them financial self-sufficiency. Moreover, these solutions involve jobs the poor can do themselves. Prosperity is thus an autocatalytic process: work creates wealth that can then be appropriated by those who work.

*Building Social Business* is full of examples of business ideas to overcome poverty by enhancing the value of the poor's willingness to work and by designing effective and self-sustaining solutions to their most pressing problems. (The author is the founder of Grameen Bank—one of the first microfinance organizations. Since the late 1970s it has been making small loans to entrepreneurs in some of the poorest areas of his native Bangladesh. Its lending activities now extend worldwide.) In this, his most recent publication, Yunus shows how child malnutrition can be addressed by hiding crucial micronutrients in a pleasantly flavored yogurt (Grameen Danone); how affordable shoes for the rural poor (Grameen Adidas) combat worm infections; how health services can be offered for a prepaid fee or cataract surgery for those who are losing their eyesight (Grameen Health Care).

This book is not just inspirational. It aims to create and brand a new social movement based on an entrepreneurial and self-sustaining way of addressing the problems of the poor, clearly distinguished from charity or from corporate social responsibility, neither of which is self-sustaining. But he also wants to distinguish it from garden variety capitalism—hence the book's subtitle. The point is not just to build businesses that address the problems of the poor, but to create "social businesses," where "everything is for the benefit of others. It is built on the selfless part of human nature."

Yunus carefully distinguishes his new brand of capitalism, and his enemy is the profit motive, which he says sooner or later gets in the way of serving the poor. He believes it should be banished. Just as a smoker who wants to quit must avoid even one puff or a Muslim during Ramadan must forgo the smallest snack, businesses must turn their back on profit. "Making a complete break from the for-profit attitude creates a huge and important difference for the businessperson who really wants to commit himself or herself to social change."

Yunus claims to have invented a new form of social organization in the realm of not-for-profit businesses geared toward solving the problems of the poor. He is careful to distinguish it from for-profit capitalism, cooperatives, socialism, government, charity, communism, or corporate social responsibility. He claims intellectual property rights on microcredit, although Accion International preceded his Grameen Bank by more than a decade. With an intelligent mix of donations and profit motive Accion created organizations such as Compartamos,

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MiBanco, and BancoSol, which have grown much more dynamically than Grameen Bank, precisely because, unlike Yunus, they did not insist on group lending or oppose profits.

The not-for-profit brand does buy goodwill. Grameen has partnered with major corporations such as Danone (for the yogurt) and Adidas (for the shoes), whose association with Grameen has been good for their own brand. However, as things stand, these companies are limited to quaint programs managed by their corporate social responsibility departments. New billion-dollar markets would be transformational for the poor. Avoiding the profit motive restricts these solutions from truly scaling up, and passing up donations limits subsidization of activities that cannot be organized in a sustainable way. Readers are likely to find inspiration, but should take the social movement Yunus is trying to brand with a pinch—or a pound—of salt. *Ricardo Hausmann Director of the Center for International Development and Professor of the Practice of Economic Development at Harvard University*

**2015 Events/Presentation Calendar Videos well worth watching:** [Muhammed Yunus](#) and [Hans Rosling](#) on the Bangladesh miracle (see also Kerala). Rachel Schneider, Senior Vice President at the Center for Financial Services Innovation on the USFD on [Bloomberg TV](#), see also slides and [the USFD blog](#) Portfolios of the Poor [Daryl Collins](#), [Living on \\$2/day](#) NY Times on the [population bomb](#) & Hans Rosling [BBC Overpopulation Myth](#) (a very worth 60 mins) [NIDAN Video](#) **PBS Now Documentary** \*[Whose making money from Microcredit](#)" (video or transcript of [this a debate](#)): CEPAL [Social innovation in LAC](#) [PBS Microfinance under Fire](#)

[Jonathan Morduch](#) [Scholastica Lecture](#) [Morduch slides](#) [NY Episode 4 Intro \(2 mins\)](#) [NY immigration \(10 mins\)](#) [Full \(large file\)](#) [101 East-Microfinance – Banking on debt](#)

a) Briefly outline the three models and four microfinance controversies discussed in class (see lecture notes) with reference to the [2007 PBS Now Documentary](#) in Roy [Chapter 1](#) and [Chapter 3](#) (page 25 or page 116). a) How did what Roy calls the public and private transcript of the Bangladesh model contribute to the present confusion over how microfinance works? In a sense Compartamos and SKS represent the [Washington Consensus](#), while Grameen, NIDAN, BRAC and ASA reflect the *Bangladesh Consensus or Grameen model*, explain. b) Are the lower interest rates of the Bangladesh consensus an illusion? Briefly outline a case for high or low interest rates drawing on the film, [Hausmann's \(2010\) review](#) of Yunus, your own views and/or, for *IPED/Econ students*, [Chapter 2 of A&M 2010, 2<sup>nd</sup> ed. Economics of Microfinance](#) (see also questions 1 and 2 at the end of [Chapter 2](#), for discussion, not written answers—hint: adverse selection, time consistency, moral hazard and limited liability). c) What does CGAP stand for? Hint: Grameen I. Who funds CGAP? What are microsharks ([Roy Chapter 1](#))? (answer: Consultive Group to assist the poor-- not poorest-- perhaps this key difference between CGAP vs. Grameen I).

**Introduction to Migration debates: Collier and Borjas vs. everyone else:** Another great topic is the debate between Collier and Borjas who oppose immigration and every other economist post Peri, Clemens, Pritchett et al. You can do low skilled or high skilled (or both). See the presentation/events calendar for more these and more [Carnegie Endowment \(unskilled\)](#) and [IMF \(skilled\)](#). And Ottaviano and Peri et al. on the [Economic Value of cultural diversity](#), see also the [Bangladesh garment industry](#). Thanks to Jason for this article about [migration from Senegal](#) (confirms Sassen and see the Australian solution below). New Cuecuecha paper on [remittances and financial development](#) (let's ask him to talk about social innovation in rural Mexico...) Gatsby in the Americas, On migration [skilled](#) and unskilled, [CEA report from November](#), be sure to watch a [lot of talking heads](#), The [Gender of Finance and Microfinance](#), DFID on [violence against women in Humanitarian contexts](#). Bengt Henoch [Diaspora Link](#) [Piketty on Immigration](#), [lecture notes Immigration and Urban Poverty](#) [Immigration and Inequality in the U.S.](#) [CBO Report](#) on Immigration Reform [Gatsby in the Americas](#)

**Migration and Development Lecture:** [Economic and social impacts of Immigration Reform](#). World Bank 2006 [GEP Chapter 6](#) [Slides](#) [Alejandro Portes, 2007 Bridge to Nowhere](#). Issues: impacts on recipient countries (the benefits of larger younger populations, competition for jobs. as with Disney World IT Staff) impacts on sending countries (Brain drain or gain, remittances financial diversification, separation of families, financial inclusion, diasporas for development, TDEs, nostalgia trade, social remittances, return migration, spread of new technologies, smart phones) CBO study: wages and employment, fiscal impacts. STEM migration, productivity growth Peri and Shih Vox, **Remittances and Financial Inclusion:** Anzoategui, Diego, Asli Demirgüç-Kunt, and María Soledad Martínez Pería (2014) "[Remittances and financial inclusion: evidence from El Salvador](#)." [World Development 54:338-349](#). [UNCTAD Presentation](#) Remittances and Financial Inclusion (Mina Masheyhi, head Trade negotiations and commercial diplomacy).

Dambasi Moyo on [Remittances and Microfinance](#) (as an alternative to Aid)

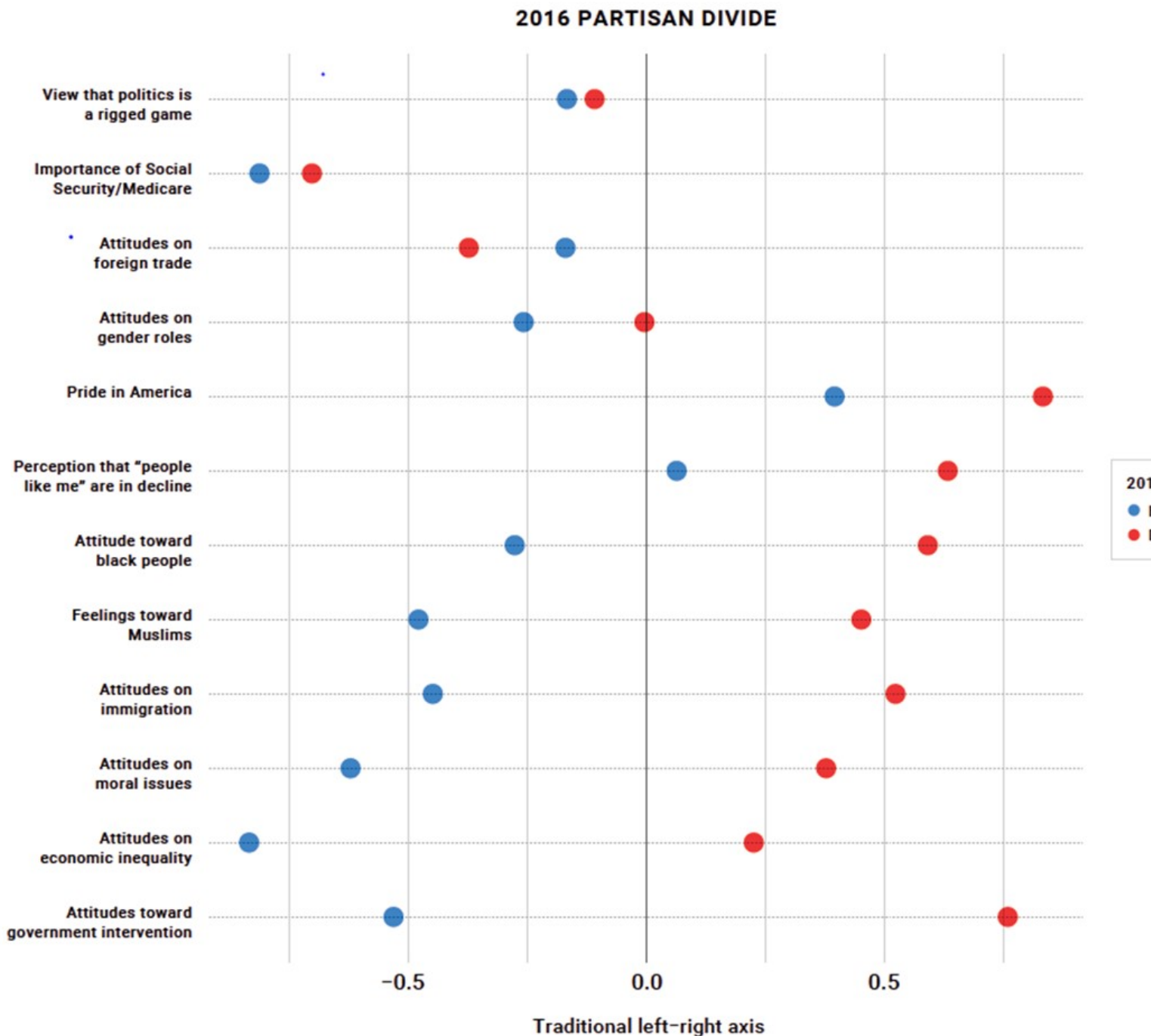


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**On migration in China:** See page 285, Chapter 10, 1. The sisters' level of education was unusual in the village. "We treat our daughters as sons," Min's mother told me one morning as she sat beside her bedroom window sewing an old-fashioned velvet slipper. Both she and her husband were middle-school graduates, which is rare for country people of their generation. "A lot of people in the village disagree with me," she continued. "They say daughters don't need to have much schooling, since they will marry out anyway. But I believe to have knowledge is better than to have no knowledge." [Factory Girls, Chapter 1 with cover, Chapter 10, the Village Remittances question with answer](#)

[What divides the parties now?](https://www.voterstudygroup.org/) <https://www.voterstudygroup.org/>

Figure 1



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**Page 229 of Poor Economics** *“Maquiladoras generally have the reputation of being exploitative and paying poor wages. However, for many women without a high school education, the establishment of the maquiladoras offers the prospect of a better job than the jobs in retail, food services, or transportation that would otherwise be their lot—the hourly wages are not much higher, but they work longer hours and with more regularity. David Atkin, from Yale University, compared the heights of children born to mothers who lived in a town where a maquiladora opened when the woman was sixteen years old to that of children of mothers who did not have this opportunity. The children whose mother’s town had a maquiladora were much taller than those born to similar women in different towns. This effect is so large that it can bridge the entire gap in height between a poor Mexican child and the “norm” for a well-fed American child. Furthermore, Atkin shows that the effect of a job in a maquiladora on the level of family income is nowhere near large enough to explain the entire increase in height. Perhaps the sense of control over the future that people get from knowing there will be an income coming in every month—and not just the income itself—is what allows these women to focus on building their own careers and those of their children. Perhaps this idea that there is a future is what makes the difference between the poor and the middle class. The title of Atkin’s study, “Working for the Future,” sums it up nicely.*

*In Chapter 6, we gave several examples of the effects of risk on household behavior: Poor families take preventive actions to limit risk even at the cost of higher levels of income. Here we see another consequence, possibly even deeper: A sense of stability may be necessary for people to be able to take the long view. It is possible that people who don’t envision substantial improvements in their future quality of life opt to stop trying and therefore end up staying where they are. You will recall that many parents think (perhaps mistakenly) that the benefits of education have an S-shape. This means that there is no point for them to start investing in education if they do not think they will be able to continue to invest. If they are worried about their ability to afford schooling for their children in the future—say, because they think their business might fail—they may decide that it is not even worth trying. A steady and predictable income makes it possible to commit to future expenditure and also makes it much easier and cheaper to borrow now. So, if a member of a family has a steady job, schools will accept their children more readily; hospitals will give more expensive treatments, knowing they will be paid; and other members of the family may be able to make the investments in their own businesses that are necessary to allow them to grow. This is why a “good job” is important. A good job is a steady, well-paid job, a job that allows a person the mental space needed to do all those things the middle class does well. This is an idea that economists have often resisted, on the reasonable grounds that good jobs may be expensive jobs, and expensive jobs might mean fewer jobs. But if good jobs mean that children grow up in an environment where they are able to make the most of their talents, it may well be worth the sacrifice of creating somewhat fewer of those jobs.*

*Because most good jobs are in the city, moving can be the first step to changing a family’s trajectory. In summer 2009, we were in a slum of the Indian city of Hyderabad, talking to a woman in her fifties. She told us that she had never been to school and her daughter, who was born when this woman was sixteen, had started school but*

*Banerjee, Abhijit; Duflo, Esther. Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty (pp. 228-230). Perseus Books Group. Kindle Edition.*

David Atkin May 2011 [Working for the Future: Female Factory Work and Child Health in Mexico\\*](#)

**Children of Men: Don’t ignore the background**

<https://www.youtube.com/watch?v=-woNlmVcdjc>  
[Fatima](#) [Official Preview](#)

Senegalese youth, aspirations fed by funds from abroad, join migrant wave <http://www.wsj.com/articles/young-men-in-senegal-join-migrant-wave-despite-growing-prosperity-at-home-1434127244> via @WSJ <http://www.lisdatacenter.org/>  
<http://www.gdsnet.org/MigrationMobilityInequalityCCNY2017v2.pdf>  
<http://class.povertylectures.com/MorduchSlidesCSSTalk2010.pdf>  
<http://class.povertylectures.com/Econ5808MigrationMicrofinanceEndnotes.pdf>  
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[https://www.povertyactionlab.org/sites/default/files/publications/182\\_61%20Angelucci%20et%20al%20Mexico%20Jan2015.pdf](https://www.povertyactionlab.org/sites/default/files/publications/182_61%20Angelucci%20et%20al%20Mexico%20Jan2015.pdf)  
<https://www.povertyactionlab.org/evaluation/impact-microcredit-women-mexico>  
[http://blogs.worldbank.org/publicsphere/files/publicsphere/by\\_ipsos\\_2\\_0.png](http://blogs.worldbank.org/publicsphere/files/publicsphere/by_ipsos_2_0.png)

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<http://blogs.worldbank.org/publicsphere/media-revolutions-how-users-purchase-goods-online-differs-country>

[http://www.rug.nl/research/globalisation-studies-](http://www.rug.nl/research/globalisation-studies-groningen/research/conferencesandseminars/conferences/eumicrofinconf2011/papers/1new.3c.muriu.pdf)

[groningen/research/conferencesandseminars/conferences/eumicrofinconf2011/papers/1new.3c.muriu.pdf](http://www.rug.nl/research/globalisation-studies-groningen/research/conferencesandseminars/conferences/eumicrofinconf2011/papers/1new.3c.muriu.pdf)

<http://class.povertylectures.com/ArmendarizMorduch2010Chapter2WhyCreditMarkets.pdf>