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## Microloans: giving the poor a choice

By Lynne Varner, Times editorial columnist

For all the guns and bombs that can be amassed to fight the many wars ongoing, the most peace-inducing strategy is more likely to be a \$50 loan to a woman trying to feed her family.

Israel is moving its troops deeper into Lebanon. The U.S. is sinking further into the dusty quagmire that is Iraq. Small but bloody conflicts erupt regularly in Africa and Asia.

Channeling the nation's psychoanalyst, Dr. Phil, I would ask, "How's the military thing working for us?" My answer: not well enough to staunch the growing demand for body bags.

The reasons for war are too complex to be distilled to a feed-the-people-and-they'll-drop-their-weapons kind of approach. The lines drawn in the sand of the Middle East are as much about religion and land as they are about economic survival.

But I know this: Many of the world's 6 billion citizens exist in abject poverty or on the fringe around it. They are ripe for hate-filled extremists, militant groups and the kind of people whose destabilizing tactics are turning the U.S. and its allies into globe-trotting firefighters.

Time to put our might behind anti-poverty strategies. One that has proven its efficacy is microloans.

Microfinance lends poor people small amounts to fund businesses. An African woman borrows enough to buy a cow. She feeds the milk to her children and uses the money from selling the cow's calves to pay back her loan. Another borrows to increase her production of handmade buckets from two a day to 10. Recipients pay off the loan with interest; the lending fund remains solvent to help the next borrowers.

One hundred million of the world's poorest families are less destitute today because they received microloans that allowed them to improve their economic situations. Sam Daley-Harris, head of the Washington, D.C.-based Microcredit Summit Campaign, was in Seattle Tuesday to build interest in increasing the reach of microlending to 175 million families by the year 2015.

There are smarter ways to achieve peace than launching global equivalents of a shootout at the OK Corral. In the three-decade history of microfinancing, loans have gone to 20 percent, or 100 million, of the 500 million people in the world living on the edge of poverty. In Afghanistan, 100,000 people have received microloans. That's 100,000 people too busy earning a viable living to even ponder a revival of the Taliban.

The largest number of microcredit clients in the world are Muslim. I'm guessing those loans have done more to change perceptions of the West than all of the "why do they hate us" questions could ever do.

Helping the poor is not a panacea for border security. It won't put the Department of Defense out of business. What it will do is offer more choices than the poor currently have.

There are 3,000 microcredit banks worldwide. The power behind the concept emanates from organizations in the Northwest. Charities such as Federal Way-based World Vision operate microlending divisions. The nonprofit Unitus, based in Redmond, is moving the microlending concept into the marketplace, raising an equity fund and investing in some microfinancing institutions in India, Kenya and Mexico.

The Bill & Melinda Gates Foundation, bolstered by Warren E. Buffett's plan to give the foundation the bulk of his wealth — about \$31 billion — plans to target more of its philanthropic might toward microlending.

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## **Microloans: giving the poor a choice** *continued*

A Los Angeles Times article on the Seattle-based Global Partnerships noted the organization has \$9.5 million invested in two microcredit funds and is about to launch a third. Its funds are loaned to groups such as FAMA, a Honduran group that provides low-interest financing to about 14,000 poor clients, 78 percent of whom are women.

Global Partnerships' founder, Bill Clapp, predicts microcredit will be the torchbearer for a change in the world's attitude toward the poor. We'll change whom we see as bankable and grow to understand that oftentimes, the poor are a better credit risk. They have little to lose and everything to gain.

I'll add another perspective to Clapp's: We'll change our pessimistic view of what's possible in the world. We'll look at a country such as Bangladesh, once viewed as the world's basket case, and see its economic viability. We'll hopefully ask, why not Lebanon, Sudan or the Congo?