

# Barefoot capitalism: Microfinance

by [Martin E. Marty](#) in the [December 13, 2003](#) issue

Some years ago, I accepted an invitation to referee a book manuscript that defended capitalism. The author responded that my critique revealed traces of my lifelong commitment to socialism. Comparing notes, six of us referees found that we had all received identical letters informing us of our hitherto undiscovered commitment. If I refereed a manuscript defending socialism, I imagine the author would find that my critique revealed traces of a lifelong commitment to capitalism.

Rejecting both labels, I have found one that transcends both: “barefoot capitalism.” I picked up the name from an easily overlooked but important book by Jim Klobuchar and Susan Cornell Wilkes, *The Miracles of Barefoot Capitalism*. The authors, a columnist-photographer married to a consultant to foundations, came back from a world tour with stories you should read. (The book can be ordered from [www.kirkhouse.com](http://www.kirkhouse.com).)

Their theme is microcredit or microfinance. Invented by Bangladeshi economist Muhammad Yunus, it is a program through which scores of agencies have given opportunities to hundreds of millions of people, most of them women, in poor parts of the world.

The idea is extremely simple. Individual donors—or, better, investors—contribute to a pool of money that is often supplemented by carefully defined boosts from the government. These funds are sent to locally run agencies which provide microloans. It’s hard to picture how the microamounts they lend—as low as \$80—can achieve much, but they do. The borrowers are people who have no access to banks and who easily could become victims of loan sharks. Those who are lent money form covenants and help each other in down-times, so the repayment rate in most of these groups runs well over 90 percent in two years. Repaid money is recycled into more loans, often to entirely new groups of barefoot capitalists.

Years ago my wife, Harriet, and I took an unforgettable tour to Guatemala, sponsored by Opportunity International ([www.opportunity.org](http://www.opportunity.org)), the microcredit group to which we have the longest, most friendly and best informed ties. We met

peasant women who with these loans started or enlarged their businesses—making and marketing tortillas, desserts, mattresses or furniture. They had children with names like “Jesús” and “Elvis.” They took pride in their work and their lives, and in changing their part of the world. Another group which we equally trust and to which we have some personal ties is FINCA ([www.villagebanking.org](http://www.villagebanking.org)). Klobuchar and Wilkes list 17 such organizations. Microcredit Summit Campaign ([www.microcreditsummit.org](http://www.microcreditsummit.org)) can inform you about them all.

Socialist? Capitalist? Groups like these go beyond the usual boundaries.

Klobuchar and Wilkes tell dozens of richly detailed stories while they explain how microcredit operates. They know that nothing and no one is perfect. The *Wall Street Journal* once pounced on an agency in Bangladesh that briefly saw its 95 percent repayment rate drop in a time of troubles. Change came soon. The agencies are big on ethics and education, but they cannot overcome all deficiencies overnight.

I’d rather accent the positives and be as unsubtle as possible in suggesting that even a small contribution to one of these lending organizations would make a fine Christmas gift. But there I go, revealing traces of my longstanding commitment to optimism or, better, Christian hope.