

MYTH #6: Microcredit & Income Generation are Miracle Cures

“Everyone here grows marijuana.¹ Since we all grow it, nobody gets much for it.” --Man in small town in USA

A young boy at a tea stall in Dhaka asks me if I will take him to America. “Sure,” I say, “but what will you do there?” “Sell tea,” he replies.



Microcredit: A Silver Bullet to End Poverty?

Microcredit has gained significant global attention as a viable way to reducing poverty. Accounts of microcredit experiences are almost universally glowing and microcredit programs have been widely replicated.² Mohammed Yunus, the originator of the concept of microcredit, received the 2006 Nobel Prize jointly with his Grameen Bank.

Microcredit addresses the double bind of the poor: since the poor lack collateral, they are unable to get loans at traditional banks; local moneylenders will provide them with loans but only at very high interest rates. In order to get around the lack of assets that can be used as collateral, microcredit programs put people (in the case of Grameen, almost exclusively women) into groups, with the group as a whole serving as insurance that individual members will repay their loans.³ Once the first woman in the group receives a small loan for her own project, the other group members cannot receive loans until the first one repays hers. There is thus significant pressure on the first woman to repay her loan. Women also learn to save money through a mandatory savings program, in which they must regularly pay a certain amount of money to the Grameen Bank, which keeps that money for them. The very high loan repayment rates (about ninety-seven percent) have been widely publicized and praised as indicators of success. Here, it seems, is a program that offers the poor a chance to work their way out of poverty with dignity.

There is another side to the story, though. My views of it, discussed here, reflect the many hours of conversations that I have had with locals during the more than fourteen years that I have lived in Bangladesh and on my own observations of microcredit programs there and elsewhere. While it is difficult to find critical views in much of what is written about it, microcredit is not without its detractors. A few of the criticisms of the system as currently implemented deserve a quick mention before moving on to its more essential flaws. (While I focus here on Grameen Bank, other microcredit programs operate in similar ways.) Consider, for instance, the much-praised high repayment rates. How likely is it that ninety-seven percent of the projects for which a loan was taken will succeed and produce income over the longer term?⁴ Let us say, for example, that a woman takes out a loan to buy a goat. The goat gets sick and dies or is stolen. The woman still has to repay the

¹ The American state of Colorado has legalized the sale of marijuana.

² One example among many: Dambisa Moyo in *Dead Aid* raves about the Grameen Bank model: “The most truly extraordinary aspect of this extraordinary tale is their ‘No Donor Money, No Loans’ policy”: meaning that the poor must pay for all the help they get.

³ Individuals receive the loans; the group serves as loan collateral.

⁴ In the United States, for example, eight of ten small businesses fail in their first eighteen months. Eric Wagner, “Five Reasons 8 out of 10 Businesses Fail,” *Forbes*, 12 September 2013.

loan. Alternatively, a woman's husband beats her to get her to take a loan, and then uses that money to drink.⁵ She still must repay the money. If the loans are repaid, they are hailed as a microcredit success story. As for where a woman can find the money to repay the loan if she loses the original amount or generates no income, possibilities include eating less — in Bangladesh, women already eat after their husband and children and get the least food— and selling what little property she may have had. Stories circulate about the abusive practices sometimes used to collect the loan repayments. I have heard, for example, from former Grameen Bank staff whose job it was to collect the loan payments that any money missing from repayments was deducted from their own salaries. In addition to the other group members, bank staff members clearly have a strong incentive to do everything possible to make sure that women repay their loans. I have also heard stories of women chasing the non-payer, who tried to run away, and forcibly removing her nose ring so that they could sell it to repay the loan.

Then there are the interest rates. The interest rates charged on microcredit loans may be lower than those charged by local moneylenders, but at twenty percent, they are by no means low. The combination of interest payments and forced savings means that women are paying money to the bank on a regular basis even if their income is not consistent.

In a situation of high illiteracy and innumeracy, the possibilities for exploitation are rife. I have heard a former Grameen Bank employee complain about the bank's singular focus on loans. Borrowers do not receive any other type of support to teach them how to manage their new businesses. One of the Bank's highly touted programs was to provide women in rural areas with mobile phones and Grameen phone services, which they could then rent out. The fact that Grameen charges higher rates than other mobile phone companies tends not to get mentioned.

Other accusations made against Grameen Bank by one vituperative critic, Taj Hashmi (writing of his field work and personal experiences in Bangladesh), include allegations that borrowers regularly lend the money to fellow villagers; that men take multiple wives to access numerous loans for their own money-lending business; and that the poorest of the poor do not actually have access to the loans as they simply cannot make the repayments. As Hashmi points out, if simply borrowing money at high interest rates could help people out of poverty, then the credit card companies should also receive the Nobel Prize. Or, as he asks rather brashly, "If micro-credit could alleviate poverty, why on earth [are] hundreds of thousands of Bangladeshis going to Dubai, Saudi Arabia, Kuwait or Singapore, borrowing hundreds of thousands of takas (two lakh [\$2,580] per head on the average) to work as menials? If borrowing fifty or sixty dollars could alleviate poverty, why are they [going overseas as labourers instead]? Are they stupid?"⁶

No program, however good, can be immune from criticism and perhaps occasional abuse and it would be useful if people addressed these abuses rather than ignore them. However, they are not the most serious problems. More serious issues arise when microcredit is seen not as a patch, or as one tool among many in a sizeable kit of methods, but rather as the most significant or substantial approach to poverty reduction.

The theory underlying microcredit is that the poor need better access to loans so that, through their own hard work and ingenuity, they can work their way out of poverty. The poor undoubtedly need access to loans at low interest rates (or to local currencies, which would give them access to

⁵ In Bangladesh, it is estimated that over half of all women are beaten by their husbands or other family members. "National Digital Database on Violence against Women: An Essential Tool For Effective Services." Summary of joint discussion between UNDP and *The Daily Star* under UN Joint Programme on VAW Project. *The Daily Star*, 26 July 2013.

cash without interest). But whether microcredit programs can greatly reduce poverty is another matter entirely. When I hear that the poor are natural entrepreneurs who just need some financial support to climb from poverty to prosperity, I remember the two men I saw on a street corner one day in the northeastern United States. They took a break from shouting 'ice cold lemonade' to complain to each other about how bad business was. The day was damp and chilly, and customers were few and far between. There are, no doubt, many natural entrepreneurs among all segments of society, but they seem unlikely to be the majority.

Development agencies, government departments, and NGOs typically act on the belief that the problem of widespread poverty is due to some deficiency in the poor themselves, and that addressing a single need (a small infusion of cash to be repaid with interest) will solve the problem. This belief, and any approaches based on it, completely ignores the institutions and systems that perpetuate poverty. As feminist economists Susan F. Feiner and Drucilla K. Barker point out in their criticism of the Grameen Bank model, microcredit is popular among governments and multilateral donors because it reinforces the individualist approach of mainstream (neoliberal) economics, shifting the burden from structural change to individual effort and initiative:

The key to understanding why Grameen Bank founder and CEO Muhammad Yunus won the Nobel Peace Prize lies in the current fascination with individualistic myths of wealth and poverty. Many policy-makers believe that poverty is "simply" a problem of individual behavior. By rejecting the notion that poverty has structural causes, they deny the need for collective responses. In fact, according to this tough-love view, broad-based civic commitments to increase employment or provide income supports only make matters worse: helping the poor is pernicious because such aid undermines the incentive for hard work. This ideology is part and parcel of neoliberalism.

For neoliberals the solution to poverty is getting the poor to work harder, get educated, have fewer children, and act more responsibly. Markets reward those who help themselves, and women, who comprise the vast majority of microcredit borrowers, are no exception. Neoliberals champion the Grameen Bank and similar efforts precisely because microcredit programs do not change the structural conditions of globalization – such as loss of land rights, privatization of essential public services, or cutbacks in health and education spending – that reproduce poverty among women in developing nations.ⁱⁱ

One could compare the microcredit approach to planting a few trees while not noticing that behind one's back hundreds are being cut down for each one planted. Microcredit programs may do much good for some individuals, but they fail to address why such programs are needed.

The message that the poor are masters of their own destinies and that, with a little help (for which they must repay the full cost with interest), they can lift themselves out of poverty seems positive, even empowering. Nor is it baseless. Microcredit has no doubt benefited many individuals. However, poverty is primarily a structural problem, one that is built into the mainstream economic system through policies that are designed to enrich the wealthy. While perhaps not intentional, these policies do nothing for (or worse, punish) the poor. Some people are poor despite possessing excellent ideas and sound managerial skills, because in an environment ripe with opportunities they simply cannot get a loan. Are such people likely to be the majority of the poor? Most of the poor lack the education and necessary skills to avail themselves of opportunities that are anyway far too few in number. Such people will not be helped by microcredit. Worse, if people believe that it is entirely the responsibility of the poor to work their way out of poverty, then one needn't bother to raise taxes on the rich or on corporations, or to insist on fair wages, or to give power back to unions, or to ensure that governments provide basic services.⁶ Focusing on the individual ignores the

⁶ As noted in the Myth about poverty, a broader view of poverty would incorporate the importance of

responsibility of governments to provide basic infrastructure and health and education services for the poor, measures that, in addition to creating jobs, will be far more successful in reducing poverty than will microcredit alone.ⁱⁱⁱ The vision that underlies microcredit as the solution to the problem of poverty, without requiring any other structural changes, is its most dangerous (and to many, attractive) aspect.

Feiner and Barker also cite evidence that many microcredit programs, including the Grameen Bank, may actually charge more than informal moneylenders may. They claim that Grameen overstates the financial gains that its loans generate, as the gains realized by most borrowers are very small, with the poorest borrowers benefiting the least. They argue that the loans are not necessarily empowering because they can lead to a double burden ('small business' work added to a woman's already full day of household work) and conflict when men, not women, actually control the loans. In fact, pressure to repay the loan from women group members can lead to conflict rather than building solidarity.^{iv}

My own suspicions about microcredit were aroused after I visited the head office of the Grameen Bank in Dhaka. The high rise, modern office building located in the heart of the city seemed incongruous with its definition as a bank of the poor. As I was curious to learn more about Grameen, I asked if I could visit one of the sites where it works. It was possible to do so, for a fee. The village I was taken to seemed to be a little too tidy, the stories told a little too neat. A group of women who met regularly to hand over their savings chanted slogans in bored voices, suggesting that this was just another act that they had to undergo to get their loans, rather than being useful guidance for their lives. (Slogans included the refusal to accept or offer dowry; unfortunately, the advice is not particularly practical in a country where it can be impossible for one's daughter to marry unless her family pays off the groom.) My guide gave me suspicious answers to some of the questions that I asked, including his obviously untrue claim that various Grameen enterprises, such as Grameen mobile phone, were unrelated to Grameen Bank.

According to its website, Grameen Bank gives loans to many people: more than eight million to date. Grameen says that it charges twenty percent interest on its income generating loans and lower rates on student and housing loans (loans for beggars carry no interest⁷). In 2010, the Grameen Bank recorded a profit of \$10.76 million after operational expenses.^v The profits to be gained by running a microcredit program were confirmed when someone working for a large and well-known Bangladeshi NGO asked why my colleagues at a much smaller NGO didn't start a microcredit program, as doing so would fund all of their other work. It seems morally wrong to place the burden of paying for any assistance they receive back on the poor, but that is precisely what microcredit programs do.

As a primary means to end poverty, microcredit thus has serious limitations. Those very limitations, however, make it attractive to many: an implementing organization can earn money while 'helping' the poor and without addressing any of the structural causes of poverty. What microcredit could be is an often helpful but sometimes dangerous adjunct to other programs designed to help the poor or to address injustices, inequality, and lack of opportunities. Claims that microcredit is a universal solution to poverty should be taken with a large grain of salt. In reality, it is a program that should be carefully monitored to avoid abuse.

Related programs

community, of access to equal services, and of good environments in determining wellbeing.

⁷ Sadly, beggars may be in a better position to repay their loan than others may, as they at least have a steady source of income.

Another common approach to poverty reduction is income generation through means other than microcredit. This includes job training, job creation and, in rural areas, attempts to switch from subsistence farming to cash crops. On the surface, this approach makes sense. As with microcredit, the idea is to help the poor gain opportunities to earn money and thus work their way out of poverty. Where jobs do exist and people need training, or where good jobs can develop, this approach can be tremendously helpful. As with microcredit, however, the approach also has some major flaws or at least limitations that make it only one of a number of approaches needed to reduce poverty. NGOs tend to stick to non-challenging projects as job training without having adequate assurances that the jobs will be there when the trainees finish their studies. All of these programs must recognize the obstacles that exist within the external environment that prevent people from escaping poverty.

Discussions of job creation should not ignore the parallel issue of job destruction. This occurs when new job options and industries take over in rural areas, replacing farmland with factories. It also occurs through various government decisions. There is often a great uproar about the potential decline in jobs when a polluting industry is banned.⁸ Yet when a government decides to ban cycle rickshaws or street vendors or to tear down traditional markets, wiping out large numbers of jobs that employ the poor in the process, officials tend to claim that there are plenty of other jobs available for those who will lose their source of income. Again, it does little good to plant a few trees while a forest is being chopped down behind your back. Preventing the destruction of local jobs that benefit the poor can be one of the most effective (if unglamorous) forms of poverty reduction.

At the same time, job creation as an end in itself can perpetuate a different sort of poverty: undertaking virtually any new activity takes time away from other, existing activities such as subsistence farming and providing care for children and elderly relatives. The amount that one earns by taking on an additional job needs to be enough to compensate for the time spent earning it. Again, like microcredit, the job creation approach assumes that poverty can be reduced or eliminated by increasing the amount of money available but it does not make significant changes to the overall economic system, nor does it address inequality.

Money is important but is not all that matters. A new industry that will pollute the environment may generate more costs than the jobs are worth. Dangerous, extremely repetitive, and otherwise highly unpleasant jobs may not be better than what they replace. In cases where the government is subsidizing job creation (for example by providing tax holidays or low-cost water and electricity to the corporation providing the jobs), it is worth seeing whether similar investments could not create better jobs elsewhere, jobs that gave more independence and control to the worker rather than to the corporation.

In some cases the land that a new industry will occupy was already being used by people to earn a livelihood. Are those people necessarily going to be better off after losing their land and having to purchase food in addition to all their other basic necessities? How will the earnings be divided between the owner and the workers? Recent research shows that while bidi⁹ workers in Bangladesh keep less than five percent of the wealth that they generate and most of the profits go to extremely

⁸ In the case of Bangladesh, this included an industry that employed very few people (making polythene bags) and one that, while hiring many people, pays almost nothing (bidi work).

⁹ Bidis are small cigarettes made from tobacco wastage that are rolled by hand in cheap paper or a leaf, and then sold in packets. Tobacco control efforts in Bangladesh and India are often hampered by 'concern' about the potential job losses, though workers are paid starvation wages while factory owners are immensely wealthy.

wealthy factory owners, rickshaw wallah (men who pedal bicycle rickshaws) can retain seventy percent, earning much higher wages while working fewer hours and taking more days off.^{vi}

A major source of employment are the well-known call centers in India, whereby people in North America and England, when seeking information about a product or service, are often routed to workers in India who attempt to answer questions with the appropriate accent and language. People are desperate enough to take the jobs, but may not be desperate enough to keep them. When some companies have an annual turnover rate of sixty to seventy percent of staff, one can safely assume that the workers do not love their jobs. Workers experience stress from intense pressure to meet their productivity targets. Beyond that is the attitude of the callers to those centers. Unemployment rates in Britain are high, leading to a good deal of anger over the off-shoring of jobs. This anger has led to deliberate abuse of call center staff, and that abuse is reportedly the main reason that staff give for quitting. As the head of one call firm explained, "They are vulnerable anyway, and an abusive call really knocks confidence. They don't want to take another call for an hour or two, and their performance is impacted." Research has shown that about half of call center workers interviewed would like to receive counselling – this despite social stigma towards such support.^{vii}

Not everyone has the skills or ambition to move to a higher position, but for those who do, the potential is important. The potential is also important for a country's economy. Low-paid jobs that teach the worker almost nothing useful for elsewhere are helpful for preventing starvation, but do not lead to any dynamism that can reduce the country's dependence on low-paying jobs over the longer term. Reliance on such jobs also leaves workers vulnerable if companies decide to move somewhere with even lower salaries or even more lax regulatory environments. People need to push governments to look beyond the short term: inviting factories into the country to take advantage of low salaries and the lack of environmental protections will help feed people today, but will do little to reduce poverty in the longer term. Investments in local activity (including organic farming, small repair shops, and in some cases local production to replace some imports) that is controlled by local people can do far more in the long term.

Many job-creation-to-reduce-poverty initiatives are motivated by the desire to see more women in formal employment.¹⁰ Of course, women need more opportunities to earn a living; they also need more jobs that are decently paid and that allow them to maintain their family responsibilities.¹¹ When the goal of increased female participation in the formal labour force is not accompanied by efforts to decrease the resulting double burden on women, especially where (as in much of Africa) most agricultural as well as household work is already done by women, formal jobs may represent a further burden on women rather than an empowerment. They may also mean supplying a large pool of low-paid and disempowered workers to factory owners and others — a program to further enrich the wealthy while doing very little to actually help the poor.

I once traveled to southern Vietnam to look at a worthwhile sounding home-based income-generating project for women which involved raising silkworms. The worms both produce silk and, after the silk is removed, a valuable source of protein (yes, some people consider fried silkworms a tasty treat). The women we talked to at first expressed their pleasure at having a steady source of income. It all sounded great, but a little further probing revealed other stories. The women explained that the worms have to be fed mulberry leaves every few hours, around the clock. That means that

¹⁰ I emphasize the word *formal*, because most women do work when we consider the amount of labour involved in maintaining a home and family and the importance of those activities.

¹¹ This will, of course, be less important when men around the world take up their share of household work.

the women have to get up throughout the night, while still doing all their regular daytime activities, including work in the fields and household work. (The men were pleased about the extra income, but seemed to consider night-time feedings a womanly duty.) Many of the women complained of exhaustion and questioned whether the extra income was worth the fatigue it brought. In Vietnam, men usually control the money and there is a high rate of domestic violence, both of which affect the outcome of income-generating projects targeted at women. The women do the work, but the husbands typically control the money; the women and children may not even benefit from the additional income. In this case, it is clear that the women would have benefitted from receiving support to convince their husbands to share in the feeding responsibilities, or to get time off during the day to compensate for interruptions during the night, or to learn to bargain for control of the money that they had earned. The project could have included a component to educate men about the exhausting nature of the work, the need for men to contribute, and the right of the women to keep their earnings. In any country with a high rate of domestic violence, it is not wise to assume that women can successfully negotiate with their husbands without outside assistance.

Nor is it just the money that counts; more money does not necessarily mean a better livelihood. The cost of living may increase beyond the growth in additional income. Having a job can itself generate costs, such as the need for better clothes, transport, and childcare. As people become busier with paid work, the goods and services that used to be produced within the household (most notably food and childcare) often have to be purchased. In the case of rural-urban migration, people may previously have lived in their own homes and grown much of their own food. In the city, they most likely have to pay rent and buy their food. The sprawling slums growing up around cities throughout the world indicate at least two things: rural poverty is a serious problem and the poor do not have adequate opportunities and support in cities. Anyone working on poverty reduction needs to consider policies that will both support rural livelihoods and reduce the likelihood that urban migrants will have to live in subhuman conditions. Decent conditions for the rural poor and for desperate migrants to cities cannot be created by simply handing out repayable loans or promoting more low-paid urban industry.

Many NGOs suggest that the solution to rural poverty is for farmers to grow crops for sale, especially for export. The magic of cash crops and the wonders of technology are also questionable. Tobacco provides an extreme example given the many other problems that it causes, but there are dangers in all forms of agricultural monoculture. Traditional farming systems utilize a mix of crops in a small space, as well as natural pest resistance and composting. Industrial farming relies on chemicals rather than natural methods. The high input costs for fertilizers, insecticides, and seeds often cancel out the potential of any anticipated gains. Crop failure in a monoculture system can spell total disaster, as can a drop in the market price of the crop. When farmers grow several different food crops, the failure of one is not so devastating, and even if they cannot find a market for all of their harvest, at least their families do not go hungry.

Research on tobacco farming in Bangladesh reveals many things that typical econometric studies of the financial return on various crops would not easily capture. While tobacco is profitable in some years, in others, it generates a loss; this is not a problem for wealthy landowners but it can completely wipe out a small farmer, forcing him to sell his land. Farmers must take out loans to purchase seeds, fertilizers, and pesticides to grow tobacco. They then take out loans to pay for needed household items during the growing season. After they harvest, dry, and sell the tobacco, they must use the money first to repay those loans, along with their interest, before realizing any profit. If they plant a variety of vegetables, they can harvest them over the course of the season rather than waiting until the end, thus avoiding at least some of the loans. Vegetables also require

far fewer (if any) chemical inputs.^{viii} When economists rave about the growth in agricultural income, it helps to ask whether the farmers are really better off than they were before.



Towards a Better Way: Pay More Attention to Income Preservation as a Small but Important Piece of the Puzzle

“Anyone who has struggled with poverty knows how extremely expensive it is to be poor.” --James Baldwin^{ix}

As I argue throughout this book, a number of different policy measures are needed to reduce poverty, and those working for this goal should become involved in advocacy campaigns to bring them about. These include protecting the poor from exploitation, providing basic services at no cost, and strengthening rather than combating labour unions. In addition to all the difficult policy-oriented issues that desperately need to be addressed, there are also smaller-scale actions that could make an enormous difference in the livelihood of the poor. Too often forgotten by those working on poverty alleviation, these small actions offer a potentially large impact. Given their ability to help hundreds or thousands of people, such approaches are worth considering.

People can make a significant improvement in the lives of the poor by fighting against projects and policies that will destroy existing, local jobs. Unfortunately, these types of jobs – ones that benefit the poor rather than the wealthy – are continually under threat for the simple reason that they do not support mainstream economic growth. Ideally, these are jobs that are good for the environment (or at least not harmful to it) and that require few if any non-renewable resources. This includes the kinds of jobs that, weather permitting, people can engage in outdoors, without the cost of rent and utilities: small-scale vendors, local repair people, and local recyclers (sometimes disparagingly referred to as garbage pickers). As environmentalists fight for more bicycle use, there will be space for more street-corner servicers, ready to pump tires or to fix bicycles. As environmentalists fight for less waste of limited resources, there will be a need for more people to repair broken appliances and to recover what is valuable from those items that are not repairable. Every low-consumption country has people engaged in these kinds of jobs; most of them, as well as those doing household work, have no legal or financial protection. NGOs and others concerned about the poor should work with community groups and legal advocates to improve the legal situation of these members of the working poor by ensuring that they are covered by existing laws – and strengthening those laws where needed – to provide full protection and support. A further benefit of such efforts is that it brings money to the bottom of the pyramid and helps it circulate there, thus avoiding the gravitational pull of money upwards. The more involvement of transnational corporations in the economy, the more likely money is to drift up to the rich. A stand selling limeade made from local limes benefits the seller as well as the owner of the tree; not so with the sale of Coca-Cola.¹²

The neglected companion of job preservation is income preservation: helping the poor to reduce their expenditures so that they can keep more of what they earn. Some would argue that poverty already does that quite effectively, but it can in fact be quite expensive to be poor. The poor cannot afford to purchase goods in bulk; even if they could, they do not have massive freezers or abundant storage space.¹³ The poor in many countries live on the outskirts of big cities; many pay a substantial portion of their income on transportation to get themselves to two or three different jobs. Lacking

¹² On cold days, I would suggest switching to hot limeade.

¹³ I have seen shampoo sold in such tiny foil packages as to be laughable, but realized that this may be all that the poor can afford.

bank accounts, the poor who work for others have to pay exorbitant fees to cash a pay cheque. Health care and education costs put a major economic burden on the poor.^x In Haiti, the poorest country in the Americas, poor families spend up to thirty percent of their income on education, as the school system is mostly private.^{xi} In such cases, what is needed is not (simply) more income but better government services. NGOs can implement projects to increase people's incomes, knowing that some of that money will purchase the goods and services they no longer produce at home. They could also combine their efforts to increase income with efforts to decrease the need for additional expenditures.

Income preservation is a sensitive issue, and I do not mean to suggest that the poor should accept their lot and become more efficient at scrimping and saving. Redistribution of income would help the poor in numerous ways. Even without income growth, the lot of the poor could be vastly improved if governments provided better basic services. If people did not have to pay for education, health care, or transport, and if government-provided safety nets meant that they did not have to put money aside or use up their savings for emergencies, the poor would get by far better. Unfortunately, policymakers and economists alike tend to ignore such government-provided services. Everyone concerned about poverty reduction should pressure governments to provide the services that can help the poor preserve what income they have.

NGOs working on transport should support better policies to reduce travel costs and time. Grassroots NGOs in low-income neighbourhoods should look into helping people set up cooperative shops that buy in bulk and sell in smaller quantities, encouraging customers to bring in reusable containers instead of relying on products pre-packaged into tiny units. NGOs should also help the poor to grow and raise more of their own food, while working with them to make sure that they consume at least some of what they produce.¹⁴ Even in cities, unused land and spaces such as rooftops and verandas provide spaces for food production. Precedents exist. Cuba faced dire poverty following the 1989 collapse of the Soviet Bloc. The country had been growing sugar cane for export and importing most of its food. Since it no longer had cheap oil imports supported by the Soviet Union, Cuba could no longer rely on machinery and cheap fertilizers, which affected not only food production but also distribution. The Cuban government responded with a series of policy initiatives. It changed city laws to grant cooperatives indefinite free right to grow food on public land and encouraged urban gardening. The result is 383,000 urban farms on otherwise unused land, such as patios, rooftops, and unused parking lots.^{xii} In the same way that people keep pets in the cities, Cubans raise rabbits, chickens, and goats at their homes. The Cuban Ministry of Agriculture trained extension agents who in turn taught people permaculture, composting, and natural (chemical-free) pest control, as chemical pesticides were banned within the city. City dwellers formed cooperatives and traded seeds and tools. They sold their produce and livestock at local farmers' markets. Today, urban farms in Cuba supply at least seventy percent of all the fresh vegetables in cities such as Havana and Villa Clara. Cubans now produce ninety percent of the fruits and vegetables consumed in the country.^{xiii} People weathered the crisis with ample food, and urban gardening and food production continues to be an important national policy.^{xiv} Again, the gravitational pull of money upwards was avoided.

There are similar examples elsewhere. Detroit, Michigan, which was devastated by the crash of the American automotive industry, has also turned to urban gardening on vacant land. Benefits include

¹⁴ For decades, agricultural programs were divorced from nutrition programs. For example, Bolivian farmers growing the 'super grain' quinoa sold it all for export; they earned some money, but their diets did not improve. More recently, NGOs are combining the two approaches, helping farmers to both grow and consume foods that are more nutritious. See http://www.healthbridge.ca/food_and_nutrition.html

earning more money, having more job opportunities, gaining new skills, and improved nutrition and health, as well as potentially \$200 million in sales and around five thousand jobs.^{xv} Each dollar invested in the program yields about six dollars in fruit and vegetables. The multiple benefits of urban agriculture include a reduction in urban poverty, new job opportunities, an increase in the value of local housing stock, and greater civic participation. In the largest homeless community in the United States, Skid Row in Los Angeles, the Urban Farming Food Chain Project helps the local residents to grow their own food. Community urban agriculture in Kitchener, Ontario (Canada) has increased civic involvement and thus may have helped to reduce local crime. In Newark, New Jersey, the use of Small Plot Intensive (SPIN) methods allows people to grow food even where the soil is contaminated. It uses boxes or crates filled with healthy soil that can be shifted around easily.^{xvi}

Some of the cities in Argentina which lost their industry during the country's economic collapse responded by converting available uncontaminated land into urban gardens. Results included stronger communities as well as the availability of more food. That food, in turn, traded partly with local currencies. In the city of Rosario, the economic crises of the late 1990s and early 2000s pushed more than sixty percent of families in the city into poverty, but a local urban gardening program that involved over ten thousand families working in almost eight hundred community gardens managed to produce enough food for forty thousand people.^{xvii} Poverty did not have to mean starvation or an unhealthy diet.

There are multiple benefits to encouraging small, local food production over factory farms. While factory farms may enjoy a certain economy of scale, they are not the most efficient way to produce food; one can get higher yields through intensive mixed land use.^{xviii} Factory farms are owned by a relatively small group of people or by remote stockholders who keep most of the profits that the cash crops generate. Factory farms also rely on middlemen to distribute the food, much of which is sold to processors. The price of the food that the consumer eventually purchases includes processing, packaging, shipping, and advertising. When food is grown closer to the consumer, without chemical inputs, and is sold at farmers' markets and local stores, more of the food dollar goes to the farmer and to small businesses and less to fuel and middlemen. Fewer processed foods mean a healthier diet. Those concerned about public health, poverty, and about supporting small local farmers can encourage farmers' markets, Community Supported Agriculture, and urban food production. Everyone can shop at local markets and at stores that carry local produce.

NGO workers should teach people how to make organic fertilizers and to collect and plant traditional seeds rather than switching to hybrid or genetically modified seeds and chemical fertilizers, even if the yield and supposed profit is thus lower.¹⁵ I have visited a project in Kathmandu that teaches people to compost their household food waste right inside their kitchens. They can then use the compost for rooftop gardening and for their fields. The less one spends on inputs, the lower the cost of failure and the greater the preservation of one's income. This is not to suggest that everyone should produce everything for themselves; communities need specialists such as

¹⁵ As Eric Schlosser and Michael Pollan observe, higher output can harm others producing the same product by driving the price down. The high yields then benefit not the farmer but the purchaser, often a multinational company that dominates the market and government policy. Jane Jacobs (*Cities and the Wealth of Nations: Principles of Economic Life* (New York: Vintage Books, 1985)) points out that the 'green revolution' in the southern United States led to greatly reduced labour demands, high unemployment, and vast migrations to cities that were incapable of absorbing so many desperate job seekers. There is debate whether switching entirely to organic farming would lead to less or more hunger, but in the meantime, what difference does it make? We do not have to make the decision for the entire world, and there is plenty of evidence that small plots can provide high yields without using chemicals.

carpenters and shoemakers. However, we can encourage the better use of available resources in order to improve nutrition and raise the standard of living for the poor.

Tobacco control and a ban on lotteries can also help reduce expenditure by the poor. Expenditures by the poor on addictive and harmful products and activities such as tobacco, alcohol, and gambling can be sizeable, particularly when people are living near the margins of existence. Research in Bangladesh suggests that more than ten million malnourished children could have enough to eat if their parents shifted most of what they spend on tobacco to food.^{xix} Quoting research my colleagues and I conducted in Bangladesh,

...the amount currently spent annually on bidis in Bangladesh is equivalent to the price of 4.85 billion eggs, 291 million chickens, 1.46 million tons of rice, 2.91 million cows or 2.33 million cycle rickshaws. If even a percentage of bidi expenditure were shifted to these other [items], none of which are controlled by a few monopolistic companies as is the tobacco sector, a large number of higher value, healthier and better remunerated jobs could be created, completely offsetting any job losses in the tobacco sector.^{xx}

Even the homeless in India spend a significant portion of their minimal income on tobacco.^{xxi} If children ate better, their education, as well as their health, would improve; it is easier to pay attention on a full stomach. NGOs should support comprehensive tobacco control laws. Extensive research has shown that policy measures are much more effective than educational ones.^{xxii}

Ill health is another major contributor to poverty. While programs are needed that focus on a single disease or issue, such as tuberculosis or HIV/AIDS or tobacco control, NGOs should also support efforts to improve public health and to ensure that there are sufficient government expenditures for health and education, broadly speaking. NGOs banding together in alliances to promote better budgeting and advocating for surtaxes on various products (tobacco, alcohol, sugar-sweetened beverages, televisions, cars...) would make a significant contribution to better health, both through decreased consumption of those items and through the health programs that the surtax could fund.

Other possibilities for action exist. Counter claims that the poor do not contribute to the economy. They contribute their labour (usually for a pittance); they also pay taxes even when they do not pay income tax. In the United States, sales taxes fall disproportionately on the poor. While the top one percent of Americans pays five percent of their incomes in state and local taxes, the bottom half pay ten percent.^{xxiii} Support 'informal' (or more appropriately self-employed) workers, through purchase choices and advocacy work. Such workers are vital to the economies of many countries, including India, but are regularly under threat by laws and 'development'.^{xxiv}

While addressing people's current needs, it is important to think about the future, and decide whether one has enough bravery to take on the more challenging issues that could lead to major improvements. It is important to engage in activities that help the poor today, but even more so to put the policies in place that will greatly reduce the need for such work in the future. Identify and support those working to counter land grabs, which consist of large-scale land acquisitions by high-consumption countries and corporations in low-consumption ones. According to the Oakland Institute, between 2006 and mid- 2009, some fifteen to twenty million hectares of farmland were taken in this fashion.^{xxv} Foreign companies lease nearly four million hectares of land in Ethiopia. If local inhabitants refuse to leave, they can be beaten up and jailed. As one NGO official explains, "Over the next few years, the Ethiopian government plans to forcibly move 1.5 million people off their homelands and concentrate them into a few settlements." The process takes land away from local production of food grains and shifts production to export crops. "Very little local employment is created; there is no requirement by the Ethiopian government that companies have to hire locally.

Nor is there any contractual clause by which the money generated is to remain within the Ethiopian economy.” A similar situation is occurring in India, wherein minorities are pushed off their land to make way for cash crops or industrial development.^{xxvi} Identifying and addressing root problems and injustices – the structural causes of poverty – would be an excellent place to start; so would taking on some of the issues that are ignored by others. Simply replicating programs like microcredit may put a band-aid on poverty, but does not heal it.

Notes

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- ⁱⁱ Susan F. Feiner and Drucilla K. Barker, "A Critique of Microcredit," *Economica*, *Women and the Global Economy* (first printed in November/December 2006 issue of *Dollars & Sense*) <http://imow.org/economica/stories/viewStory?storyId=3693>
- ⁱⁱⁱ Aneel Karnani, "Failure of the Libertarian Approach to Reducing Poverty," *Asian Business & Management* 9 (2010):5–21.
- ^{iv} Feiner and Barker, "Critique of Microcredit."
- ^v Grameen Bank, www.grameen-info.org, accessed 14 July 2014.
- ^{vi} Anupom Roy, Debra Efroymson, Lori Jones, et al., "Gainfully Employed? An Inquiry into Bidi-Dependent Livelihoods in Bangladesh," *Tobacco Control* 21 no. 3 (2012): 313–317. doi: 10.1136/tc.2011.043000. Published Online First July 20, 2011
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- ^{xi} Jeffrey Puryear and Michael Lisman, *Haiti's Educational Moment* (Ottawa: The Canadian Foundation for the Americas (FOCAL), 2010).
- ^{xii} Miguel A. Altieri and Fernando R. Funes-Monzote, "The Paradox of Cuban Agriculture," *Monthly Review*, Volume 63, Issue 08, 2012.
- ^{xiii} Yvonne Rydin, Ana Bleahu, Michael Davies, et al., "Shaping Cities for Health: Complexity and the Planning of Urban Environments in the 21st century," *The Lancet* 379 (2 June 2012): 2079–2108.
- ^{xiv} Altieri and Funes-Monzote, "The Paradox of Cuban Agriculture."
- ^{xv} Rydin, Bleahu, Davies, et al., "Shaping Cities for Health."
- ^{xvi} Rydin, Bleahu, Davies, et al., "Shaping Cities for Health."
- ^{xvii} UN Habitat, http://www.unhabitat.org/bp/bp.list.details.aspx?bp_id=206; personal communication with Yves Cabannes, Montreal, 23 August, 2011.
- ^{xviii} Vandana Shiva, *Soil Not Oil: Climate Change, Peak Oil, and Food Insecurity* (New Delhi and London: Women Unlimited and Zed Books, 2009).
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- ^{xx} Roy, Efroymson, Jones, et al. "Gainfully Employed?"
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- ^{xxvi} Ashish Kothari, "How Ethiopians are Being Pushed off Their Land," *The Hindu*, 19 February 2013, p. 9. See also the various non-fiction books by Arundhati Roy for the situation in India.