

A WORLD OF THREE ZEROS, by Muhammad Yunus
A Book Report and Comments, by David G. Schwartz, M.D.
November 27, 2017

Winner of the 2006 Nobel Peace Prize and author of New York Times bestseller, Banker to the Poor, Muhammad Yunus dares to proclaim this fantastic goal of zero poverty, zero unemployment, and zero net carbon emissions. The idea itself is almost unthinkable, but even if we get close to zero, it would be phenomenal.

What has this to do with health and wellness? I ask, how can it not be vital to health and well being? In my previous articles about questioning the benefits of medical care, remember the questions raised by Kilo and Larson about how we allocate resources? Would efforts be better aimed at education, employment, and reducing poverty than on spending for medical care? The poor and unemployed have poorer health and die sooner than people with higher income. This is why I insist that these socioeconomic factors are integral to improving public health. Public policy needs to focus on economic factors as well as specific disease prevention measures, in looking at the larger picture of public health, not just myopically looking at single diseases.

Granted, Mr. Yunus is promoting a grand idea with no proof of when these 3 zeroes will come to pass, and no assurance that legislative and judicial systems will cooperate with the plan to allow and promote the reforms necessary to provide the structure in which this new plan can flourish. Yet the stakes are so high, and the successes thus far for this new form of economics are so remarkable, in spite of the lack of reforms in the general economy, that it is worth giving this strategy the effort it is due. This concept of social business deserves attention because this innovative structure defies current economic theory and dogma. I suppose this could as well be entitled, "Reforming Capitalism From the Inside."

He says that with the current dominant form of capitalism, we have only developed half an economic system based on a view of half of human nature. We are both selfish and selfless. We have pigeonholed capitalism as only selfish and greedy, the purpose of business being purely to maximize profits. Then on the other hand, the purpose of the government safety net and that of charitable institutions is to help the poor and to work for the benefit of the whole society. What about a system that works between these 2 apparently contradictory extremes?

The current paradigm for capitalism and its legal and financial structures have resulted in massive unemployment, poverty, and environmental degradation, and a shrinking middle class that is needed to drive the economy. At the same time the economic value created by the working people is sucked up along the economic class ladder to the wealthy, so that 8 individuals now own as much wealth as the whole bottom half of the global population. This inequality continues to grow worse, leading to more civil unrest, violence, nativism, and fertile breeding grounds for terrorism and wars. This is not working for us. We need a change.

Mr. Yunus presents a very powerful economic force emerging between the two extremes of greedy capitalism and charity. Social business has as its goal to make profits but also to provide benefits to the larger society and world, to help other businesses get started, to collaborate with non-profit organizations, to lift people out of poverty and unemployment, and to preserve the environment. This is a legitimate vision for a (for-profit) business. These businesses can coexist with “profit-only” business, and they can have a positive influence on the latter.

The author contends that anyone has the potential to be an entrepreneur. Young people, with their creativity and idealism, and with the global digital communication and information technology available to them, have a great opportunity to create businesses. Their outlook should not be just to look for jobs, but also to be job creators. This large global pool of unemployed youth, losing hope for employment and feeling irrelevant and unneeded, is a huge untapped resource and an enormous potential as an engine for economic growth.

The legal and judicial structure that favors large corporations over small business need to be reformed. Regulatory systems are much needed to reign in the corruption and the social irresponsibility of the economically and politically powerful large businesses. Many of these regulations need to be waived for small businesses and social businesses.

We also need to be aware that the concept of social business can be abused by greedy opportunists who claim falsely that they are doing social good when they are not, just as charity can also be abused by unscrupulous organizations who claim to be charities. Both charitable organizations and social businesses need to be evaluated and verified by certifying agencies. *Caveat emptor*.

Social businesses alone are not going to get us to the 3 zero's. There need to be also political changes that effect economic conditions. Free and fair elections, freedom of the press, protecting human rights and the environment, rooting out corruption, supporting infrastructure development that favors economic growth, and regulating large for profit corporations, all are important to make a favorable environment for more social businesses to blossom.

Yet in spite of a lack of these many needed legal reforms, social businesses already are flourishing and changing their societies in which they work, operating throughout the world.

Muhammad Yunus started the venture in micro-finance with the Grameen Bank, in his home country of Bangladesh, one of the most densely populated countries in the world, with a high indigent population. He received the Nobel Peace prize for his work with social business that raised millions of people out of poverty. In contrast to urban banks where wealthy men loaned money to wealthy men, the Grameen banking system enrolled poor women to loan money to poor women without collateral to form successful small businesses. This allowed these women to rise out of poverty and educate their children. The boards of directors of the banks were comprised of poor women. The requirements

involved training and mentorship, a support group, face-to-face relationships, and a commitment by every participant to follow ethical standards and to work for the good of all. The repayment rate for the loans at no interest was 99%. A set standard percentage fee was charged for each loan that did not compound interest, so that lenders got some return. The relationships were based on trust, and no legal contracts or lawyers were involved. This shows that when humans interact personally, with proper vetting for moral integrity, and with transparency, people can help each other to do win-win transactions, and all can benefit, without charity, and without abuse. A system is in place by the bank that trains and monitors, and sets expectations of fairness.

Yunus has expanded the concept beyond banking to social businesses, into many countries, including developed nations that have thriving economies and good financial safety nets and health care, but still have segments of poverty and unemployment. This shows that this business model can be successful outside of extremely poor developing countries.

Social businesses can partner with NGO's, charities, for-profit companies, and with governments. The author gives a plethora of examples of this kind of collaboration.

Social funds manage many social business portfolios and vet them for following the established standards.

Social investors meet with potential entrepreneurs, often in a forum or some event where the would-be entrepreneurs present their business plans, and certain ones are chosen to receive venture capital. Those not chosen are given coaching on how to improve their plans and presentations, and they often are chosen at the next presentations.

The investor expects to be "bought out" by the new business after a certain time, with a set fee of 20%, as the business becomes successful. The fee is not only for the capital, but also for the intense training, coaching, and continuous monitoring that the investor provides. The investors are committed to the success of the venture, thus decreasing the risk for the investment. Once the investment is paid back, the investor can reinvest in another business as desired. Unlike a charity dollar, a social business dollar that gets reinvested never gets used up. It keeps on working.

The author states that poor people did not cause their poverty, but it is the lack of opportunity that limits them. Everyone has unlimited creative potential, and everyone is a potential entrepreneur, with proper training.

My additional perspective on this is that too often it is "not what you know, but who you know" that gets you opportunities. Here is an example of people who have been left "out of the loop" of getting connected with entrepreneurs, investors, trainings, and opportunities. Also the saying that whomever you hang out with, you become like them. If these new entrepreneurs (either for-profit or social) connect with these social entrepreneurs, the more likely they will have a more social direction for their own businesses. They have the choice of being totally profit-oriented or to form a social

business. They are also more likely to treat their employees more fairly than large profit-only companies.

We know that there are already many socially and environmentally conscious companies not associated with Yunus Social Business. Many for-profit corporations are already being influenced by socially conscious shareholder activism. The Yunus businesses are specifically formulated with the purpose of investing in start-ups that have as their purpose to create jobs, raise people out of poverty, and to protect the environment, and that the businesses contribute to sustainable development.

Some examples of such businesses are as follows:

Golden Bees is a social business whose mission is to bring beekeeping within reach of thousands of small Ugandan farmers. It trains farmers in techniques of beekeeping, sells products and services to farmers, and helps the farmers in marketing and selling honey and other bee products. Orders for beeswax come from as far as Denmark, Japan, and China, as well as from 80 supermarkets in Kampala. Profits are reinvested in expansion.

Savco Millers, a social business supported by Yunus Social Business (YSB), works directly with waste plastic collectors in Kampala, providing them with training and protective equipment, and paying them an especially high price for the plastic by cutting out the costly intermediaries. Savco Millers processes the plastic in their own plant, converting it into grow bags for trees, construction sheets, and waste collection bags. The products are sold back to the community at affordable prices. The company can make a profit that is substantial but not excessive.

Green Bio Energy makes and markets charcoal briquettes and small, portable cook stoves. The briquettes are made completely from recycled charcoal, cassava, banana peels, rice husks, coffee pulp, etc. They produce much less soot than the charcoal that is usually available from cutting down trees, and they are reasonably priced even for poor families. The briquettes are also popular with business customers. The EcoStoves that this business makes are highly energy-efficient, clean burning, and have reduced risk of spilling and tipping over. The stoves are reasonably priced and sold in urban grocery stores and in small shops, and they have become enormously popular.

Another such enterprise supported by YSB is Impact Water that provides clean safe drinking water to children in schools through an ultra filtration system that does not require electricity. The company provides this at a reasonable cost and times the payments with the school's receipts of fees. As of 2016, systems were installed in thousands of schools and plans are being made for military barracks and prisons.

The author gives many examples of social businesses being successful in developed countries also, to prove the naysayers wrong who think this kind of success can only be achieved in the poorer, less developed countries.

One example of micro-finance in the U.S.A. is Grameen America, Inc (GAI), led by Andrea June, former president and CEO of Avon. As of March 2017, after 9 years, GAI had 19 Branches in 12 cities, 86,00 members, all women, receiving loans totaling more than \$590 million, with a repayment rate of 99%. The operating principles and systems are the same as those used in Bangladesh. To start up, a group of 5 potential borrowers has to be formed so the women in the group can provide support, advice, and encouragement.

One of these entrepreneurs is Damaris M., who joined GAI in 2014 and used the first loan of \$1500 for supplies for a new restaurant. Three years later, on her 6th loan, she has one part-time employee, and her 2 children are learning about the business doing deliveries and shopping runs.

So Yunus says that if we can turn unemployment into entrepreneurship, the human creativity, talent, and productivity unleashed is almost beyond measuring. We can save hundreds of millions of people from state dependency and hopelessness, and unhappiness about being discarded. "Little by little, new pockets of wealth will develop that can help generate prosperity in communities where the 1% never set foot." The top 1% will have fewer people at their service. All the micro-entrepreneurs will no longer be available to work as mercenaries for the 1%. Wages are likely to rise and the large corporations will have to provide better working conditions. Large corporations will face competition from social businesses. This is not socialism or communism. It is simply good, sustainable economics. It needs to replace the old system, which is destroying people's living conditions, financial stability, and their natural environment. Yunus social business gives credibility to a new form of capitalism that has a transparent, sustainable, model and structure. It needs to be given a chance by making the legal and regulatory climate more suitable to small business.

I see that with more women creating their own business, this would make jobs more female friendly. Many jobs in the workplace today have many rigid rules that conflict with women's lives and make the jobs just too unsuitable to many women, thereby leaving a valuable part of the work force out of the economy.

I also see that with more people running their own businesses, they would be energized more, following their own vision, rather than selling their time and bodies to support someone else's vision, and this could make a more vibrant economy and society. These businesses with a social conscience are more likely to treat their workers more fairly and to retain happy, committed, and loyal employees. To increase this venture's chance at success, we need to make it priority to make a supportive environment for it to flourish. The greedy corporations would not like the competition from social businesses, and they will likely pour large sums into influencing government policy to stifle these ventures. We need to block that.

I see a great opportunity for public health to be improved as the wealth of the bottom economic half of the population rises out of poverty and unemployment in an environmentally sustainable way and have better education and nutrition.

This process needs our support to take political action to make it a fairer economic playing field for small businesses and social businesses. We can also do a partial boycott of the large “for-profit-only” corporations that are destroying our economy. The very poor may only afford to pay the cheapest prices to these behemoths that create poverty in their work force, but those of us with discretionary income can choose to pay slightly higher prices to smaller, locally owned suppliers and social businesses. We can defy the holy cow of “pay the lowest prices uber alles, because that’s the way the market works.” The market doesn’t work that way when we as consumers (and investors) force the suppliers to compete not just on price, but on social and environmental impact also, giving value to ethics as well as to money. “Green America” provides the “National Green Pages,” a resource for shopping from sustainable, eco-friendly businesses, and for investing in socially responsible companies and investment funds. Go to www.GreenAmerica.org. Investing in socially responsible companies may not yield the highest returns, but they are less volatile, do better during general economic downturns, and do well over the long term. Other things we can do to support small business is to use credit unions and small community banks instead of the big banks that caused the financial crisis of 2008. Buy food from local organic growers for better health and for breaking the strangle hold on the general food production held by petrochemical companies like Monsanto. (See my article next month on the consumer fraud, falsification of data, legalized bribery and money laundering, and premeditated harm to the public’s health by Monsanto with the widespread flagrant contamination of the food supply with Roundup, and the corruption of the EPA and the FDA.) Consumers and investors are becoming more socially conscious, and the more we support social business, we help this process along, and we come closer to achieving the goal of the three zeros.

To get an introduction to the processes involved with becoming a social entrepreneur, contact Yunus Social Business at www.yunus.org. To invest, or to donate to the foundation, contact www.muhammadyunus.org.