Book Review

The Miracles of Barefoot Capitalism: A Compelling Case for Microcredit
by Jim Klobuchar and Susan Cornell Wilkes

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The Miracles of Barefoot Capitalism makes a compelling case for microfinance by relating the experiences of microfinance recipients. The authors tell how these “barefoot capitalists” have made miracles in their lives and economies by using loans for as little as $35 to start microenterprises. The authors traveled to Africa, Asia, Latin America, and Europe to learn the stories of the microentrepreneurs featured in this book.

This book does not focus on training microfinance practitioners or teaching or researching microfinance, as much of microfinance literature does. Rather, it focuses on the stakeholders of microfinance (i.e., the poor), on whose shoulders the success of the microfinance movement remains. The authors have used a social anthropological approach in their writing, but the journalistic and philanthropic background of the authors has added to the value and readability of this book. The authors also raise microfinance issues in a global perspective and include dialogue from those that they interviewed.
The book consists of 15 chapters and includes a useful list of potential donors and supporters of microfinance in the appendix. The first chapter introduces microfinance. It reports that throughout the world, more than 2,000 microfinance institutions provide services to nearly 40 million microentrepreneurs, a majority of whom are women. If the family members of clients are included in the count, then nearly 150 million people have benefited from microfinance. But microfinance has yet to reach nearly a billion more people who live in poverty.

Microfinance projects have contributed significantly to changing the role of women in the economy. The second chapter discusses the effect that microfinance has had in empowering women. The authors state: “If a social evangelist had a choice of picking one tool, one movement with the goal of emancipating the poorest women on earth, the microcredit phenomenon wins without serious competition” (p. 26).

In the third chapter, the authors present a compelling argument for the responsibility of developed countries, especially the United States, to support microfinance. The authors remind readers that every year, nearly 10 million children die from diseases that could have been prevented, more than 100 million children are not able to attend school because their parents cannot afford it, and approximately 2 billion people do not have access to financial services to meet their consumption needs, let alone start microenterprises. The authors’ rationale for their appeal to the United States to fund microfinance projects is that the poverty of others may be a threat to our prosperity.

In the fourth chapter, the authors narrate the struggles Professor Muhammad Yunus faced while developing the microfinance movement, comparing him with Amadeo Peter Giannini, the founder of the Bank of America, and Curt Carlson, the founder of Carlson Companies. Born and raised in a poor family, but with some educational exposure in the

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United States, Muhammad Yunus, a Professor of Economics at Chittagong University of Bangladesh, initiated the microfinance movement in the mid-1970s with group lending among poor women in a village near the university. With an act of the Bangladesh Government, his project, called the Grameen Project, became the Grameen Bank in the early 1980s, and gradually the microfinance movement spread worldwide.

The book is an attempt to make people aware of microfinance's potential to change the lives of the poor. Microfinance cannot solve every problem related to poverty, but it has become an important intervention for generating employment, alleviating poverty, improving the health, education, and livelihood of the poor, and building social capital. In several chapters of the book, the authors have included case studies from their fieldwork that illustrate these positive effects of microfinance. One such case study details the AIDS Widows Orphans Family Support (AWOFS) program, a service provided by the Nysamba hospital in Kampala, Uganda. This program houses victims of AIDS and uses small grants and loans to generate income in order to provide orphans of AIDS victims with education and training so they can obtain jobs that will allow their younger siblings to stay together. Pro Mujer in La Paz, Bolivia, is another small microcredit organization through which loans are provided to poor women, and women achieve greater empowerment in their male dominated society.

Several case studies illustrate how one individual can make a difference in the lives of many, such as Swither Tumwimne of Kampala, Uganda. When Tumwimne was a child, he witnessed the murder of men and women in his village who were suspected to be opponents of the Idi Amin ideology. He managed to escape this fate, received education, and became the supervisor of a microcredit project in Kampala. He eventually became Executive Director of the African-originated microcredit group called UGAFODE (Uganda for Development).

A chapter is devoted to the microfinance initiatives in Nepal that have changed the lives of the poor in Nepal. In the
last chapter, the authors relate the popular case of the mobile phone service operated by 20,000 women who are members of the Grameen Bank. This chapter also reflects on the early struggles Professor Yunus faced in convincing bankers to provide loans to poor women.

The microfinance movement cannot reach every poor family in the world without the support of philanthropists, international funding, and development agencies. The seventh, ninth, and thirteen chapters detail the roles that philanthropists and agencies such as ACCION, FINCA, Women’s World Banking, Opportunity International, CGAP, USAID, and IFAD have played in the growth of the microfinance sector. In another chapter Wilkes makes an emotional appeal to philanthropists to support worldwide microfinance:

I am mother. I am a Harvard educated professional with a husband whom I adore, a big house we’ve made a home, books to read, and food on the table every day. I have a good life. But my conscience won’t let me sleep when I read about the plight of millions of families, fathers, mothers, children around the world. The last time I came home from Nepal and Tibet, I could hardly bear to go to our grocery store, overflowing with every kind of food imaginable while people are starving. (p. 125)

Because of the responsibility the authors feel toward the poor, they have established the Miracles of Microcredit Fund, under the Minneapolis Foundation, to receive contributions from individuals who wish to help the ambitious poor.

*The Miracles of Barefoot Capitalism* is not merely a review of existing literature on microfinance. The authors have spent time and resources with poor people, learning about their joys, pains, and successes. The book will interest scholars, policy makers, practitioners, and students of microfinance, as well as a general audience.