

Credit Essay Assignment

1. In a recent article in the NY Times, Muhammad Yunus argues "Poverty should be eradicated, not seen as a money-making opportunity." Briefly discuss the advantages and disadvantages of making MFIs publicly traded, commercialized entities. What alternatives to full commercialization exist for making MFIs self-sustaining?

2. Do you agree, partially agree, or disagree with the statement: "State owned development banks operating during the 1970s and 1980s were largely a failure, in that they were not financially solvent and did not benefit the poor." Provide empirical evidence from lecture, recitation, or your own readings to justify your response.

3. What challenges do microfinance organizations face in their attempts to serve the poorest of the poor? Do you agree or disagree with economist Arvind Panagariya's argument, summarized in the Economist reading, that subsidized loans to the very poor "amount in the end to a handout, so why not replace it with actual handouts, rather than pretend it's credit."

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