

**Oglethorpe University**  
**Seminar in Microfinance and Social Investing**  
Special Topics in Economics (ECO 428)

Lead Instructor: Peter J. Kower, Ph.D.

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Office Hours: MWF 10:00 to 11:30

T 11:30 to 1:30

MF 1:30 to 3:00, other times by *appointment, please.*

Section 01 TH 3:00 – 6:00

Hearst 210

Lupton Auditorium

Earl Dolive Theater

### **COURSE DESCRIPTION**

Through a series of interactive seminars, students will examine the role that microfinance, as popularized by Nobel Peace Prize recipient, Mohammad Yunus, has played in lifting millions out of poverty.

The course is a result of a unique collaboration between Atlanta-based Gray Matters Capital and Oglethorpe University. The seminar was designed and will be facilitated by leading members of the Gray Ghost Fund and its associated network of microfinance practitioners and the faculty at Oglethorpe as well as other leading academics in the field.

In addition to gaining insights into the causes and scope of poverty, students will analyze the potential of micro-lending and more broadly social investment to bring about improved living standards and economic growth. Additional topics will include topics in microfinance and economic development related to the role of women in traditional societies, health and morbidity, and education. Additionally, the class will have an opportunity to interact with micro-lenders and micro-entrepreneurs in the Atlanta area.

Students working in small groups will undertake a semester long project on the economics and practical means to alleviate poverty in a specific country or region within a country. The capstone of the project will be the development of a proposal to invest \$5 million in a specific development project or with a specific institution. Each group will present their investment proposal at the Symposium in the Liberal Arts, sponsored by Oglethorpe University on Wednesday, 16 April 2008. The proposals will be competitively evaluated by a panel of judges, consisting of members of Gray Matters Capital, OU alumni, and investment and development professionals.

### **COURSE OBJECTIVES**

*Academic:* The close study of microfinance provides a very interesting and useful environment in which to introduce and apply the theoretical principles of the following inter-related schools of economic thought: Endogenous Growth, the New Institutional Economics, and Economics of Information and Financial Economics.

*Awareness:* Develop and deepen an understanding of poverty: causes, conditions, costs, and potential solutions. The course will also examine issues related to the impact that social investing can have on the world's poor and the increased interconnectedness of peoples brought on by forces of economic globalization.

*Attitude and Action:* Encourage students to think critically about local and world issues related to the poor as well as generate a sense of individual responsibility. Based on this study and analysis of microfinance, empower each person to seek unique solutions problems related to world poverty, consistent with her values.

### REQUIRED TEXTS

Easterly, William. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. Penguin Group: New York, 2006.

Yunus, Mohammad, with Alan Jolis. *Banker to the Poor: Microlending and the Battle Against World Poverty*. Public Affairs: New York, 1999.

### Recommended Background Textbooks

Heyne, Paul, Peter Boettke, and David Prychitko. *The Economic Way of Thinking*. 11<sup>th</sup> edition. Prentice Hall: Upper Saddle River, NJ. 2003.

Perkins H., et al. *Economics of Development*, 5th edition, Dwight W.W. Norton and Company: New York, 2001.

Ray, Debraj. *Development Economics*. Princeton University Press: Princeton, 2000.

### **ACTIVITIES AND EVALUATION**

Attendance is vital to achieve the learning objective of this course. As a seminar, in-class activities will rely heavily on student presentations, discussions, and discovery. Unexcused absences will result in no class participation points for that day. Students will be responsible for all materials and assignments missed in the event of an absence. A student, who misses class with a second unexcused absence, must meet with me individually to assess her ability to successfully meet the objectives of this class.

Students incurring a third unexcused absence will receive a grade of FA. Please see the O-Book for further information

### Response Papers

For each session, students will be assigned a series of readings from the required texts and current academic journal articles (see attached schedule).

Based on these and secondary readings, students will undertake a brief analysis of a key question or will address the underlying economic theory of the central theme of each week's seminar. The response paper should be no more than three to five typed pages (double-spaced). Depending on the week, this assignment will be undertaken by small groups of two or three students.

### Questions for Speakers

To be fully prepared for each guest speaker, students in the course will develop three questions related to the major topic of the particular seminar. The questions should go beyond the basic required readings to probe deeper into the theory and practice of microfinance and social investing.

### Presentations

For sessions without a guest speaker, students working in small groups will be responsible for introducing and generating a discussion of a new reading from a chapter or journal article. Presentations should outline between three and five of the most salient or critical economic issues or practices related to microfinance.

### Investment in a Micro-entrepreneur

A small group of students will collect the \$25 necessary to make a real investment in a micro-entrepreneur through the internet exchange MicroPlace, an e-bay company. Groups will provide a rationale for the investment and report on the progress of their loan through-out the semester.

### Semester Project

- 1) Select and provide a comparative economic study or profile of a lesser developed country (LDC). In addition to macroeconomic indicators, include relevant development indicators.
- 2) Identify a specific population, subgroup, or region within the chosen LDC to provide an analysis of a specific development or economic "need" or related problem.
- 3) Evaluate the efficiency, sustainability, and (potential) impact of an existing microfinance institution (MFI) program either targeting your population or subgroup or an MFI operating in the region you selected in part 2 of this project
- 4) Assuming the role of a social investor (with a budget of \$5 million US) propose an investment project aimed at the alleviation of the specific problem or related problems that were studied in the first two parts of this project.

## Weight of Graded Assignments

Class Participation	10%
Presentations	10
Response Papers	30
Project	
1. Country Study	05
2. Needs Analysis	10
3. Microfinance Review	15
4. Investment Proposal	20
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TOTAL	100%

## University's Grading Scale

A	93-100%	Superior
A-	90-92%	
B+	87-89%	
B	83-86%	Good
B-	80-82%	
C+	77-79%	
C	73-76%	Satisfactory
C-	70-72%	
D	60-69%	
F	0 -59%	Failure

## INCOMPLETES

Incompletes (a grade of I) will be considered strictly based on the guidelines set out in the University Bulletin. Under this policy, incomplete assignments must be completed within 30 days of the end of the term or the final grade will become an (F).

## HONOR CODE

All work assigned in this course will be governed by the policies set forth in the Honor Code as stated in the Oglethorpe University Bulletin and O-Book. The Honor Code is our mutual pledge, to uphold a high standard of academic honesty. Please write the following statement on all assignments with your signature – assignments lacking this statement and a signature will not be graded. **“I pledge that I have neither given nor received unauthorized aid.”**

## **ACADEMIC RESOURCES**

The University is committed to academic success of each student and provides a variety of services, e.g., the Learning Resource Center. If you have any questions, concerns, or other issues related to your active participation in this course, please meet with me as soon as possible. For additional information contact **Director**

Incompletes (a grade of I) will be considered strictly based on the guidelines set out in the University Bulletin. Under this policy, incomplete assignments must be completed within 30 days of the end of the term or the final grade will become an (F).

## **CIVILITY STATEMENT FOR COOPERATIVE LEARNING**

Oglethorpe University is dedicated to serious scholarship, rigorous inquiry, and the transparent and open exchange of ideas. To achieve this goal, it is particularly important that all class members engage each other with mutual respect and in the spirit of shared responsibility necessary for collaborative learning. We must be committed to the highest standards of civility and decency required to promote a community free of demeaning behavior or hostility

**The instructor reserves the right to make any changes to this syllabus he deems necessary.**

## SCHEDULE AND OVERVIEW OF TOPICS

### **Module 1 What is Microfinance?**

*Session 1: Microfinance and the Poor: Introduction* – January 17

*Session 2: Financial Capital: Access and Alleviating Poverty* - January 24

### **Module 2 The Economics of Growth, Institutions, and Financial Markets**

*Session 3: Economic Growth* - January 31

*Session 4: Institutions and Financial Markets* - February 07

*Session 5: Financial Market Development* - February 14

### **Module 4 Issues in Microfinance and Development**

*Session 6: The Role of the Investor* - February 21

*Session 7: Gender* - February 28

*Session 8: Health* - March 06

*Session 9: Education* - March 13

### **Module 4 Microfinance and Micro-enterprise in the United States**

*Session 10: Microfinance and Micro-enterprise in the U.S.* - March 27

*Session 11: Field Trip Atlanta* - April 03

### **Module 5 Working in Microfinance**

*Session 12: The Dark Side of Microfinance* - April 10

*Session 13: Student Presentations: the Symposium in the Liberal Arts* – **Wednesday April 16**

*Session 14: The Future: Challenges and Opportunities* - April 24