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Host: YB Tan Sri Nor Mohamed Yakcop

Moderator: YBhg Datin Paduka Marina Mahathir

"PUTTING POVERTY INTO MUSEUMS"

Good Evening, Assalammualaikum Wabarakatuh,

First, I must say I'm grateful to Khazanah for giving me this opportunity to come here today. This is one of my most memorable evenings because I'm sitting next to the person I have admired most all my life. I'll never forget this experience. He's a legend of our times, not only in Malaysia but all over the world, in all the Third World countries and in particular the Muslim countries who are struggling with their identity today, struggling to say we are not the way we are depicted in the world media. We are people who are trying to pull ourselves to a level where we can all stand tall. I'm grateful to be in this generation that has a man like him in this world. Thank you Dr. Mahathir.

I'm also very happy to see Dr Siti Hasmah tonight. She's been a wonderful friend all along. Many of you don't know how much of an inspiration she's been to our microcredit movement. We have invited her to many conferences on many occasions and she's responded very quickly without hesitation. She's been a wonderful support and a great inspiration. Thank you, Dr Siti Hasmah.

Honoured Ministers, Excellencies, Ladies and Gentlemen, the story of Grameen Bank has been told many times. I'll not go into details. Let me just point out that I didn't want to become a banker – that was not what my intention was. I knew nothing about banking. I only reacted to a situation which existed next to a university campus where I was teaching. I couldn't avoid it. Here was this beautiful university, like any campus in the world, and our neighbour was like a thousand-year-old village.

My first question was – if a university is a reservoir of the world's knowledge, shouldn't that spill over a little bit onto the village which is just next to it? Otherwise what's the justification of creating that university?

When the famine was raging – it was 1974 – it felt terrible to be teaching elegant theories of economics in the classroom and then walk out and see people dying of hunger. Not one, not two, but hundreds, thousands, hundreds of thousands. What kind of society are we? What kind of knowledge do we have that we feel so proud about? It is empty knowledge, an empty shell. So I thought, I'll just be a human being and see if I can be of use to somebody. I got involved with tiny little things. My ambition was to be of assistance to at least one person, even for a day. If I could do that, I would be happy.

Then I got into this problem called money-lending, which led to the famous US\$27. I made a list of people, and when the list was completed, there were 42 names on it. The money they each borrowed was US\$27.

It was a shocking experience for me – the amount of humiliation and torture people go through for such a tiny amount of money. Then it dawned on me: the problem may be terrible but the solution was so simple. If I gave the US\$27 each to all these 42 people to return to the moneylenders, they would be free.

So I went ahead and did exactly that. I realised that as I went around in the village every day, as I had done before, people were looking at me differently. They looked at me as if I had descended from heaven. For \$27, if you can become an angel, why not do more? So I did.

In classes you talk about five-year development plans worth millions of dollars, industrialisation of the country and all that stuff, but people are not waiting for these millions and these big projects. Their daily needs need only tiny amounts of money – as loans, not charity.

So that took me to the next step. I wanted to link with the local bank, which is on the campus, to get loans for those poor people. It was such a small amount of money I didn't think the banks would mind. But they did. They said it was impossible – a bank should not lend money to poor people.

The next level of struggle had begun. I wouldn't give up. The bank would not agree. For months this tussle went on. Finally, I resolved it by using their terminology. I said why don't I become a guarantor for you? I sign all the papers, I take the risks and you give the money. This time I spoke their language. At least then they were willing to listen to me. It took two more months to resolve this whole deal. Finally, they agreed. I signed every single piece of paper, took the money from the bank and gave it to the people. The bank man just said: "Say goodbye to your money – this will never come

back.” I replied that I’d never done this before but I wanted to try. And I tried and it worked. That was the beginning of Grameen Bank.

People always ask me why I give loans to women. Journalists sometimes ask this question in relation to Grameen Bank. I ask them instead: “Have you asked other banks why they give loans to men? If not, why are you asking me?” It’s as though doing something for women is abnormal. If you do something exclusively for men, it’s perfectly normal. Nobody will ask questions. I have never heard of such an irrelevant question.

The banks of Bangladesh had a seminar on the 10th anniversary of Grameen Bank in 1986. They were asking very tough questions. They were trying to attack me because I was attacking them.

One question several bankers asked was: “Dr Yunus, why don’t you change the name of your bank? Why don’t you call it Grameen Women’s Bank?” At that time 73 per cent of our borrowers were women – not 97 per cent like now. I said that I’d change the name, but before I do that you have to change the name of all your banks – X Men’s Bank, Y Men’s Bank, Z Men’s Bank because you have 99 per cent men. I’m only 73 per cent women. So you have to change your names first and then my turn will come.

When I started the bank, I wanted to make it 50/50, half will be women, half men. I wanted to show that the banks were wrong because they don’t lend money to the poor, or women. Not even one per cent of the borrowers of Bangladeshi banks were women. So I wanted to correct it in my way.

When I first went to the women with my idea – to take some money and do something with it, the women all said: “No. What do I do with money? I don’t know anything about money.” Some would say, “I’m afraid of money, I’ve never touched money in my life. Why don’t you give it to my husband?” I said, “No I’m not going to give to your husband, I’m going to give it to you.”

So my students ran around trying to persuade women. Everywhere they went they got the same answers. After a few months, they said, let’s change it because it’s not going to work. Women don’t do any work, so how can you give them money? I said, look, why don’t you talk to the women? When she says no, it’s not her voice – it’s the voice of fear accumulated for centuries. So you have to be patient. Go back again and again to encourage her to think in a positive way so she can eventually come out of those fears. You peel off the layers and layers of fear she has. One day when you are

successful, she'll say, "Yes, let me try." And that's the day we are waiting for.

And it worked. It took us six years to come to the 50/50 level. We were very happy. Finally we made it. And everybody said it could not be done.

As we were celebrating that we didn't have to go out to persuade women to join Grameen Bank now that we were 50/50, we started noticing that money went to the family through women, who brought so much more benefit to the family than their men would have done with that same amount of money. Women paid lots more attention to their children even with the little extra money. It's the children who are well-fed. And they paid lots of attention to the improvement of the household. Whatever little house they had, they improved it. You don't see this happening so quickly with the men.

As a poor woman, she also had a special skill managing scarce resources, because her husband always brought her very little, but expected her to care for all the family needs. If she couldn't do it, he would be mad at her. So she learned how to be careful with money, or whatever other resources she had. She brought all her management skills into that little money that she took from Grameen Bank. She managed it so well, she got the best mileage out of it compared to men.

So with repeated experiences we changed our policy. We said, "What's so good about 50/50? Let's just focus on women." Today, out of 7.3 million borrowers that we have, 97 per cent are women. They own the bank.

In Bangladesh, the big man lends money to the big people but they don't pay back. It is therefore amazing that we didn't have collateral or anything, but money came back. Literally, it's based on trust. Why don't banks do this? Previously they said poor people are not credit-worthy. That was their explanation.

But we did it, and many people did it too. Malaysia is one of the first replicators of Grameen Bank outside Bangladesh. Malaysia was the first country that took the idea and used it in Amanah Ikhtiar Malaysia. And everybody said it wouldn't work outside Bangladesh. Bangladesh is a funny country and all kinds of things happen here. When we saw the results in Malaysia, I said, no, we're not the only funny country, there's another funny country.

The whole world is funny in that way. Not in the way it is, but in its existing system, a system which says that people are not credit-worthy. But the real question is, are banks people-worthy? Today, two thirds of the world's population do not have access

to financial services. What kind of financial system have we built?

Imagine if all the banks in the world were to suddenly shut down, and banking services don't work anymore – the ATM machines, your credit cards, your bank accounts – then nothing works. It'll be a disaster. It's such a terrible story, it'll be good for Hollywood. But for two thirds of the world, that's everyday life. But nobody notices. Loan sharks are not a new phenomenon. It goes way back into history. But nobody paid any attention.

Another thing we emphasise in Grameen, and I'm very happy you showed bits of it as many discussions don't, is the 16 decisions of Grameen Bank. One of it was that we shall send our children to school and make sure they stay in school. This is the decision made by the borrowers themselves. We encouraged them to implement this decision. As a result, although all these women were illiterate – in Grameen Bank, borrowers are all illiterate, including their husbands and family members – nearly 100 per cent of their children went to school.

We started giving the children scholarships when many of them got the first top three positions in class. We wanted to celebrate. For the first time in history, children from poor illiterate families were not only going to school, they came up top in class. Giving scholarships became a standard policy at Grameen Bank. Today we give over 30,000 scholarships each year to all the top students. Some of our students are in medical and engineering schools and universities.

Then we came up with another policy. We gave 100 per cent financial support to any student who entered medical or engineering schools or any institution of higher education. In the past, many couldn't pursue an education because their parents couldn't support them. We didn't want that to happen anymore. Right now there are more than 18,000 students in medical and engineering schools and universities supported by Grameen Bank.

Two of them just completed their Ph.Ds and we had more to celebrate. Coming from illiterate families, they now have Ph.D degrees.

So again, charity is not just about giving money. It's about enabling people to unleash their capacities, whatever they have, and through my work I've seen how human beings are packed with unlimited capacities, every single one of them. Even the child born in the streets has the same unlimited potential as the child born in the palace. No difference. The only thing is those born in situations of neglect and indifference never could open that valuable gift they carry with them, could never know that they

had such a wonderful precious gift inside them because society never helped them, or told them they had that gift. So they couldn't unwrap it to see what they had. They died without ever knowing the wonderful thing they had.

Who is deprived by that? The world is deprived, because these children could have contributed if we had allowed them to, if we helped them to unleash that capacity. Microcredit, the way we tried to design it, is something short of a tool to make a little opening for them.

When it worked, many were excited and wanted to do more. Recently we did something, and I want to share it with you. It has to do with beggars. People say microcredit is good, but it is good for only the entrepreneurial poor. So you have to look for the entrepreneurial poor to give the microcredit. But I believe capacity exists in every human being and not just a special kind of people. That's why we went to women. That's why when they said: "No, we don't know anything. We can't handle money", we never gave up. If we were looking only for the entrepreneurial poor we would have walked away from them.

So I started a programme exclusively for beggars just to prove it could work. I told my people to go to the beggars and talk to them. Find out from them how they became beggars. There must be a time in that one woman's life when her situation became so terrible that she decided to stretch her hand out and live on the mercy of others. It is not an easy decision for her or any human being to make. We wanted to know at what point that had happened. That way, we can recognise our society, and how it keeps pushing, pushing, pushing someone to the tipping point that finally makes a person become a beggar.

Then we sat down with them and said, "As you go begging from house to house seeking rice – this is the traditional way of begging in Bangladesh – would you take a little merchandise with you, some sweets or candy, toys or fruits?" We said this is not extra work because you go there anyway. We said give people an option. They can give you a handful of rice or they can buy something from you, it's up to them to decide. And if this works out then you can proceed in that direction. We'll provide you the capital to do that.

So we started it. We thought we would have about 1,000 or so persons in that programme. It made our staff so excited, they wanted to do more. So I told each of our staff – we have 25,000 staff members – to take responsibility for one beggar. There was no obligation but everyone wanted to do it. Immediately we had 25,000 beggars in that programme.

Then the staff wanted to do more. I was reluctant. I thought they may then dilute their attention. But I yielded and now I allow up to four beggars per person. There are now 100,000 beggars in our programme. Out of that, in four years, more than 10,000 have stopped begging completely. Now they sell and work. I tell my staff who are impatient to push the other 90,000 to stop begging, not to push. Our job is not to push but to facilitate. The 90,000 may be in the process of closing down their begging division and focusing on the sales division. It takes time to restructure business anyway, and we have to be patient with them.

When you look at a beggar, you don't think of him as an entrepreneur. But I don't think we should give up on him. People have enormous capacities and all we have to do is create the right kind of society. Poverty is not created by poor people; it is created by society. Poverty is created by the system, institutions, policies and concepts.

One concept I find which has been designed absolutely wrong is the concept of business. In that entire theoretical framework of economics there is only one kind of business – to make money. And they tell you elaborately, the mission of business is the maximisation of profits. I say this is an insult to human beings. Human beings are much bigger than just money-making machines. Human beings do want to make money but they are also caring beings, sharing beings who want to reach out.

How is it that we take one part of a human being and build a whole theory out of it, ignoring the rest of the being? As a result we created a theory, and theory created the world. That's also very funny because it should be that reality created theory and not the other way round. In this case, theory created reality because it didn't give you any other scope. So every good human being is trying to squeeze himself into little categories that are built.

I said, to justify the full sense of the human being, we need to have another kind of business – business to do good to people without any expectation of making personal gains. To have no personal interest apart from just doing good. That is what we would call social business. This will be a non-loss, non-dividend company for a social objective. All the social problems that we see around us can be addressed by social business, be it poverty alleviation, nutritional development, women empowerment, environmental, you name it. We can design brilliant business plans to address those issues.

But what do we do today? We leave it to the governments to solve the problems. I say

citizens are much more powerful than the government, because governments have their limitations. They cannot work outside their framework. It takes time for them to build things. But we citizens are free. We can do things overnight if we wish to. But we don't because theory says we're not supposed to do that. Theory says that if you want to do something to help others, you have to step out of the business. You have to go into the charity world. You have to create a foundation. You can't do it in this business world.

But I say, "No." I can do it in the business world if I create a category called social business. And I also distinguish between the charity dollar and the social business dollar. The charity dollar only has one life, a one-time use. You use it and it's gone. If you want to repeat it, you have to bring in new dollars. Charity is an important aspect of human beings, I'm not denying that. But there is another way, and that is social business. The social business dollar is a very powerful dollar because it recycles and never disappears, because it is a business.

We created several social businesses. One is very important, a joint-venture between Danone, a French company which deals in food. We call it the Grameen-Danone Food Company in Bangladesh. This came about through an unscheduled lunch between myself and the chairman of Danone, Franck Riboud in Paris. He invited me for lunch because he was curious about this crazy Grameen Bank work. He said he had been reading about it, had heard about it, but still couldn't believe it was true. So since I was passing through Paris, he asked me to have lunch with him.

He brought all his top officials. I answered many of his questions. Then I asked him what Danone does and he told me about what they do in Indonesia, India, China, their big companies all over Europe, United States and so on.

Then suddenly I proposed to him the creation of a Grameen-Danone company in Bangladesh. He said, "To do what?" I said, "Your yoghurt is very delicious, so we'll produce yoghurt. But this will be a special yoghurt." I told him how we have millions of malnourished children in Bangladesh and why don't we produce yoghurt with all the required nutrients for them? So instead of buying cheap ice cream and other sweets, they can eat this yoghurt.

He stood up, shook hands and said: "I agree". I was a little surprised. It was too quick for anyone to agree. I told him I wasn't finished. I said this should be a social business. You invest the money and the company works to reduce the number of malnourished children. That is the goal. You can take back your investment and then stop. No more dividends. All the profits should cover costs, and whatever surplus generated stays

with the company to expand it.

He again stood up, shook hands and said he agreed. I thought maybe my English was not so good on his French ears. So I later sent him a long e-mail explaining everything. He confirmed immediately and said that would be exactly what we would do. He said he was already having meetings with his senior staff for us to start the project right away.

So that plan is already working in Bangladesh. The discussion took place in November 2005 and the factory was inaugurated in November 2006. One of the things I insisted on was that the containers be biodegradable. They suggested something made from corn starch. I said I wanted something edible. I said poor people would be spending money on it so why should they spend money on something they would throw away?

I gave them the example of the ice cream cone whereby you ate the ice cream with the cone. Why couldn't the yoghurt be sold like that? In the beginning they hesitated because they said nobody had raised that question before. Now there's a whole research on how to make it. The reason I'm telling you this is if you design something for social business, lots of new questions come in.

We spend lots of money on packaging. Look at medicines. It doesn't cost what we pay. We don't cure ourselves with the packaging. But to make it attractive to us they spend on the packaging and we have to pay a lot for it. The result is a lot of wastage created and that leads us to another of our concerns, global warming.

So we should be asking ourselves: "Is this aggressive selling campaign consistent with this life on Earth? Or are we destroying something in the process?" I'm sure you are all concerned about this but in Bangladesh we are more concerned because we are at the frontline of the global warming disaster.

Today, the sea level at the Bay of Bengal is rising three millimetres per year and 40 per cent of Bangladesh is less than one metre above sea level. Imagine how our livelihood and everything will be affected by global warming.

You know the Kyoto Protocol didn't do us any good because the US, the largest polluter, didn't agree. Now the Protocol is about to come to an end by 2012. That Protocol was not mandatory or binding. We need to come up with a binding framework so that we can protect ourselves as human beings on this planet. One idea that is being promoted and discussed is to go to the United Nations and make a

commitment to reduce 60 per cent of greenhouse gas emissions by 2012.

It's as if we are in a very fast train, but inside it, we are playing games, eating, enjoying ourselves. We don't look out the window to see where we are. We don't ask where the driver is taking us or if there even is a driver at all. We're so busy in our day-to-day lives, we don't ask those questions.

I am asking young people now to make a wish list of what kind of world they would like to have. If you can build this world the way you want it, what would you want to put in it? I ask them to list as many things as possible and to be as imaginative. Then once the list is complete, they are to hang it up on their wall and see if they can work for it. If we all work for it, we create that world.

If we do not imagine a world that we want to live in, we can't get the world we want. First we must imagine where we are going, our destination. I don't have to consult anybody, it's my world. It's my dream world and I want to work for it. And if we all do that, we'll create it.

If I had done that wish list, my number one wish would be a world where there would be no poor people. It's such a humiliating experience for humankind to be poor. Why should anybody be poor?

I can see it happen. I invite everybody to set a date where we end poverty in our country. And on that date, we create a poverty museum so that we can take our children and grandchildren to see what poverty used to be like. Malaysia is so close to that point. Maybe Malaysia can be the first country to open that museum and say goodbye to poverty, and say, "In this country, nobody is a poor person."

And that will inspire the whole world. We need to get ourselves inspired to make it happen. It is a question of bringing out our innovativeness and creativity to create a society we can be proud of, not ashamed, as we are today.

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