

1994: The Year in Retrospect

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The Man who Kindles Hope in Us All The Daily Star Man of the Year Prof Muhammad Yunus

We take great pride in naming Professor Mohammad Yunus, the founder of the Grameen Bank, as The Daily Star Man of the Year 1995. We honour him today for the freshness of his ideas, the practical applicability of his vision and for continuously infusing scientific innovations in our development process. When so much appears to go wrong, Prof. Yunus shows us through his untiring work that so much can actually be made to go right.

"Poverty," says Prof. Yunus, "is not only a state of having no resources, but also of having no hope of changing one's lot. When hope dies, a person really and truly becomes poor. Till that moment, even with everything else gone, a person can still strive to change his or her situation." 'Grameen' is the process of restoring that fundamental hope in peoples hearts by making available micro-credit through the use of which a villager can give a concrete expression to his or her cherished hope.

Not only in the heart and minds of millions of rural people, also in the hearts and minds of The Daily Star readers, Prof. Yunus has rekindled a new hope. He has given us the courage to dream again. By giving us practical demonstration, through his Grameen Bank, Grameen Trust, Grameen Foundation and other such bodies, he has shown, that Bangladesh can move towards sustainable development on the basis of what she has. All we need, he says, is to change our mindset, and trust the development urge of the people. "Stop thinking our people as stupid people, just because they are illiterate. They have thousands of years of accumulated skills. Let those skills have a free play, and you will see how our society will move forward."

We honour Prof. Yunus today because of his untiring faith in our poor people, whom we are used to thinking of only as a burden. We honour him for his love for the destitute, for his belief in the future of our country, for his organising ability, for his leadership ability, and for bringing so much honour and prestige for Bangladesh in the international world. We especially honour him for his human qualities, among the most prominent of which, is his humility.

—Editor

The Daily Star interviewed The Man of the Year, Prof Muhammad Yunus last week to find what about his ideas, experiment and work has so attracted the world's attention that he is now a household word in so many countries of the world. Modestly disclaiming his fame, Prof Yunus tells the Star Editor, Mahfuz Anam, about his life, his work and his dreams.

We hope that our readers will be as inspired by this visionary man, as we have been in choosing him as The Man of the Year.

The Daily Star (DS): What are the new concepts in the Grameen experience?

Professor Muhammad Yunus (MY): If you look at the banking system, the whole world accepted it as it is. Nobody raised any question. Nobody wanted to touch the basic theme on which modern banking was based. The basic principle has always been, the more you have, the more you can get. If you prove you have a lot of wealth, then the bank is willing to give you a lot more.

So automatically it denied credit to the people who do not have anything. The banking system explains that it does not give the loan because the poor are not credit-worthy. So credit-worthiness by itself is defined by the banking system as one who already has enough. Nobody questioned why the poor are said to be not credit-worthy. What is credit worthiness? Grameen actually questioned the whole concept of credit-worthiness.

If there is anything that Grameen has contributed in the overall situation, it is the questioning of the fundamentals of the banking system, which considered collateral to be the basis on which banking can be had and to be done. If people were told they will never be able to fly because they don't have wings. It would seem to be very justifiable. It is similar to saying I cannot give you credit because you don't have collateral. But people did not accept that. Human being cannot fly because we do not have wings. They defied all the principles, and helps us to fly. But in banking nobody defied all the established principles. In the case of flying not only did people learn how to fly, they fly with speed, and cover great distances. But nobody challenged the banks because this is related to the poor.

So credit became a kind of caste system worldwide. In this caste the Brahmins, are the rich, and all the doors are open for you. The poor are the untouchable, because that is what the banks say. Then you have no chances are open to you. You languish, you suffer, you go down. If the doors would have been open equally for everybody, you would have seen a lot of miracles. Nobody would stay down because there were ladders of opportunity all around them. They may fail once, fail twice or thrice, but the fourth time they were fine. The question of poverty would be very different in the world if money was available to everybody. May be there would

be poor people, but they would be temporarily poor, not permanently poor people who live for generations in poverty.

DS: What do you mean that we would have seen a lot of miracles?

MY: Poverty is not just not having money. It is not being able to dream about yourself. You don't have hopes. If that door was kept open, people could dream. That would make life much more tolerable, because you could dream, you could say some day I will do this or that, or my son will achieve this or that. If you are poor, you cannot dream that you will change your life. You know that your son will be poorer than you, because the doors are not open.

So I think that, it is a fundamental change we introduced, in Grameen Bank that even the poorest can borrow and pay back. It is not simply professing that, it is demonstrating it. If I would have written ten volumes on that, no body would have bothered. They would have written it off as a crazy idea of a crazy person. But the fact is that Grameen has done it.

When we started, they said it worked because it was done in a small way. When we expanded, they said it is okay so far but one more step, you will fail. We took ten more steps and we didn't fail. They said that it was a peculiar thing in a peculiar country. We became a nationwide thing. We today we handle the largest amount of money any bank can handle in Bangladesh. We didn't fail apart. This is now being followed in other countries, so it is not just a peculiar thing in a small country. It has happened in Malaysia, in Philippines, in so many other countries including the United States. So there must be something in it.

DS: What are some of the other things Grameen introduced?

MY: Secondly, it has been said that you can give money to the poor, they can even pay you back. But the question is, are likely to be better off because they don't have any skill to use this money. The agreement is that if you give this money, they will use it in a way to earn tiny bits of money, but they will never be able to charge their economic situation. My position has always been that we should never consider a poor person or a jobless person to be an unskilled person. To me, he or she is a very skilled person. The fact that a human being is alive with all the adversities

around, this is tremendous skill, the skill to survive. Just support that skill. See how far he or she can go. Leave the decision to her, or him. They will always find a way. I believe in the individual's capacity to take of themselves. We do not consider this in our text books. We think that we have to impart knowledge to them give them skill.

It is a very common concept. It is said, they can produce things, but you have to help them market their products otherwise they cannot survive. My response is, do you think they are stupid people? If anyone says that I have produced a lot of things but I cannot sell, my question is why did you produce something that you cannot sell? Aren't you a smart person? Don't you think about what you are doing? It is your fault. You have to produce whatever can be sold.

DS: So going back to our original point your first innovation was to question the fundamentals 'second was to trust in the people's common sense.

MY: We trust in the ability and the potential of the people. This makes a tremendous difference. It is surprising how a Bangladeshi woman can take two thousand taka from a bank and invest it and return it with a 20 per cent interest and still have something left over. Even the poorest and the most so-called ignorant person has the basic common sense to do this.

Our third innovation is the universality of it. People always say that only the entrepreneur among the poor will come to you and take advantage of our credit facility but the large number of the real poor will remain untouched. Our position is that every human being is a potential entrepreneur. They never got the opportunity to show it. You give them an opportunity, it comes out.

In the beginning, a woman doesn't even realise that she can be an entrepreneur. Like any other entrepreneur, she deals with her first investment very cautiously because her experience and knowledge is so limited.

But once she gets the hang of it, she goes further. Some are A class entrepreneurs, some are B class entrepreneurs. But there are no non-entrepreneurs. It is just a question of time and environment. The person we are viewing as a non-entrepreneur, given the right kind of environment, will probably be an A class entrepreneur.

I keep saying that the person who has nothing, nothing to feed his children or family, he looks like the most stupid person in the world. His mind doesn't work because it makes no sense. Give him a little money, all of a sudden that mind starts ticking because

want. Otherwise you will be insulting the people's common-sense. In most of the training programmes, you start off by humiliating the persons.

Training comes to use when somebody is looking for something. The demand for having most come from the people first.

Then you can say, I will show what it is, because you wanted to know about it.

DS: So you are not giving them the answer, you are teaching them to ask the questions.

MY: Exactly. We say, look, we have money. If you have any idea how to use money, come and talk to us. We don't want to talk about infrastructure, or to give them doctors to take care of their cows, feed to be produced etc. That is not our business. We just give money to support people's own initiative.

DS: So going back to our



I think the market problem has been created by the consultants, by the experts. They tell you, poultry is the thing for Bangladesh. You must produce poultry. So you come up with a poultry programme. You come up with all kind of facilitating aspects of the programme, you give credit at a cheap rate, experts come and so on. In order to get these facilities, every body wants to grow poultry. This leads to a glut in the market. In Grameen we are not the sales person of the poultry. The goat, the cow or anything. We provide credit, and the borrowers decide what they can and should invest in.

DS: All this is micro level activities. Don't you feel the need of a macro-view?

MY: Macro-view is very important. What I am saying is don't mess around with people. They have their own view. They can handle it. But in the name of training, you are probably doing them a disservice. In the name of training, you are making them feel they are stupid. It may sound like a joke, but this is serious. I said, if every woman before she got pregnant had to get training on how to handle pregnancy, probably not many people would get pregnant. They would be too scared after going into the details of what it is, how it is. Because it comes so naturally, everybody accepts it. Everybody delivers a child. It is a problem if you have to teach a person how to become a businessman after borrowing 500 taka from Grameen Bank. You would have a classroom, textbooks, pictures. You would start the lesson, "What is business? Business means blah, blah, blah. All this would be so complicated, I myself can't remember what business is. Then you would have to teach them about accounts. I can't imagine such a system. I said, for God's sake, just give the money. They know what they



there is a meaning to that ticking. He asks, what am I going to do with this money. What quick move will I make and make sure it comes back? A dumb person, all of a sudden he becomes intelligent. We are intelligent because we have cushions around us. Take those cushions apart, we are stupid, we quarrel and fight.

Time has come to rethink about poverty itself. History has taught us that there were poor in every society. The poor are there and always will be there. Society has to give them some crumbs to survive. This is not a normal. This is the welfare system. The welfare system, whether you are talking in the North or the South, came from this idea. If you are out of a job, we will keep you alive. If you are sick, there is a health care programme. If you can't send your children to school, the welfare programme will take care of that. I think this is wrong.

This is the most important aspect of human society. In the West, you live on charity and hand-outs. This takes away dignity from human beings. It is important to ensure human dignity to every member of the society. This is the most important responsibility of the society. But you don't ensure human dignity. All you do is keep them alive. It is almost like putting them in a human zoo. You give them the best food possible just like the lions or the tigers in the zoo. They have the best food. They don't have to go around to get food. But they are imprisoned. This is a human prison of the welfare society. You have not created a way for them to get out and do something for themselves. You make your laws in such way, that you have taken all their laws away from them. You say they can go school, they can get a job. But you have taken away the initiative for doing that. Every morning you give them everything they want. They are afraid to move because if they get a job, they lose the benefits. This is true in the US, and many other industrial societies.

DS: So the approach has been patronising.

MY: Always patronising. The social system in the West has taken away the human drive which is the moving force of human society. In our countries, the system is too restrictions. So the human engine is not being able to move. The moment you release it, it goes very far.

DS: Can you tell us about some of Grameen Bank's achievements in 1994.

MY: We have done a lot in 1994. One is the introduction of Grameen Check. A lot of our weavers were suffering because of the seasonal decline of their income. They were coming to an almost starvation situation in the Bangla months like Chaitra, Kartik. This happens every year without fail.

We tried in many ways to overcome this. We tried to have something like potato cold storage. While the prices are down we can store the lungs and saris with us, and take the present market price. The stored items still belongs to the women.

Then the producers can still sell it when the price goes

AWARDS to Professor Muhammad Yunus Managing Director, Grameen Bank

- PRESIDENT'S AWARD : 1978**
Originator of the concept of Three-share Farming (Tebhaga Khamar) as a joint farming operation. Organised Nabajug Tebhaga Khamar in Jobra, Chittagong in 1975, around a deep tubewell which was lying unused because of management problems. Government of Bangladesh adopted the concept and introduced it in the country under the name of "Packaged Input Programme" (PIP) in 1977. Nabajug Tebhaga Khamar was awarded President's Award in 1978 for introducing an innovative organisation in agriculture.
- RAMON MAGSAYSAY AWARD : 1984**
Awarded Ramon Magsaysay Award in the Field of "Community Leadership" in 1984 for "Enabling the neediest rural men and women to make themselves productive with sound group-managed credit."
- CENTRAL BANK AWARD : 1985**
Awarded the Bangladesh Bank Award — 1985 in recognition of the contribution in devising a new banking mechanism to extend credit to the rural landless population, thereby creating self-employment, and socio-economic development for them.
- INDEPENDENCE DAY AWARD : 1987**
Awarded the Independence Day Award, 1987, by the President for the outstanding contribution in rural development. This is the highest civilian national award of Bangladesh.
- AGA KHAN AWARD FOR ARCHITECTURE : 1989**
Awarded Aga Khan Award For Architecture, 1989 by
- GENEVA-BASED AGA KHAN FOUNDATION FOR DESIGNING AND OPERATING GRAMEEN BANK HOUSING PROGRAMME FOR THE POOR, WHICH HELPED POOR MEMBERS OF GRAMEEN BANK TO CONSTRUCT 60,000 HOUSING UNITS BY 1989, EACH COSTING ON AN AVERAGE \$300.**
- HUMANITARIAN AWARD : 1993**
Awarded 1993 Humanitarian Award by the CARE, USA in recognition of role in providing a uniquely pragmatic and effective method of empowering poor women and men to embark on income generating activities.
- MOHAMED SAHABDEEN AWARD FOR SCIENCE (SOCIO-ECONOMIC) : 1993**
Awarded Mohamed Sahabdeen Award for Science (Socio-Economic) in 1993 (Sri Lanka).
- WORLD FOOD PRIZE : 1994**
Awarded 1994 World Food Prize by World Food Prize Foundation, USA in recognition of the lifetime achievements of an economist who created a bank loan system that has given millions of people access to adequate food and nutrition for the first time in this lives.
- HONORARY DEGREE**
1) Awarded the Degree of Doctor of Letters, honoris causa, by the University of East Anglia, UK, in 1992.
2) Awarded the Degree of Doctor of Humanities by the Oberlin College, USA in 1993.
- HONOUR**
Legislature of Negros Occidental, a province of the Philippines, passed a resolution awarding the status of "Adopted Son of Negros Occidental" for the contribution made to the poorest of the poor of the province.
- AGA KHAN AWARD FOR ARCHITECTURE : 1989**
Awarded Aga Khan Award For Architecture, 1989 by
- KING BAUDOIN INTERNATIONAL DEVELOPMENT PRIZE : 1993**
Awarded "The King Baudouin International Development Prize 1992" for its recognition of the role of women in the process of development and the novelty of a financial credit system contributing to the improvement of the social and material condition of women and their families in rural areas.
- INDEPENDENCE DAY AWARD : 1994**
Awarded Independence Day Award for outstanding contribution to Rural Development (Bangladesh).
- TUN ABDUL RAZAK AWARD : 1994**
Awarded 1994 Tun Abdul Razak Award to an organisation for the Bank's unique scheme to lend money to the poorest of the poor and thus transform the lives of thousands of impoverished people (Malaysia).

Prof Yunus Speaks about his Early Life

I was born in Chittagong in a village of Hathazari thana, not very far from the city. My parents didn't have much education. My mother studied up to the fourth grade, my father up to the eighth. My father got involved in business, in the footsteps of my grand father. He started with a tiny business of jewellery by selling jewellery from one market place to another. But gradually he found himself a little shop in Chittagong town and established himself as a jewellery businessman. This was around 1928. His was the first Muslim jewellery shop in the whole of Bengal at that time. Muslims were not interested in the jewellery business at that time; it was a typically Hindu business. But he dared to go into it as a young man. He became very famous. He is now 87 and very active, runs his own business.

Anyway, I was born in the village. We are seven brothers and sisters. I am the second brother, the third child.

I started my primary education in my village Bathua in Hathazari Thana. I soon moved to the Chittagong city and enrolled in the Balliar Dighi Free Primary School where I studied up to Grade IV. I did Grades V and VI at the Middle English School located near the Chittagong College. I stood first in the Grade VI Scholarship examination. I completed Grades VIII to X from Chittagong College School and stood 1st in Matric exam in 1955.

Before entering college, I formed part of the Pakistan team to attend the 1955 Scout Jamboree in Canada. After it finished, those of us from Pakistan, we decided to travel by road back home. We got the money for our air ticket, took a ship to UK. Then we bought three Volkswagen micro buses and traveled through Europe to West Pakistan. It took us six months. We had an accident in Yugoslavia (Zagreb) and were stuck there for a month. Later we traveled through Greece, Turkey, Jordan, Syria, Iraq, from Basra we took a ship and came to Pakistan. After that the three of us from East Pakistan, came home through India

Young Muhammad Yunus (in circle) at the World Scout Jamboree held in 1955 at Niagra on the Lake in Canada.

on train, I missed a lot of classes in college, and had to study hard to make up.

I studied in the Chittagong College from 1955 to 57. During this time I joined student politics and became a member of United Students Progressive Party (USPP). In college I used to bring out a 2 page newsletter called "Du Pata" (Two Pages). I also edited the college magazine entitled "Annesha". In '57 I entered Dhaka University's Economics Department with mathematics and statistics as subsidiaries. During my days in DU I was a resident of Salimullah Muslim Hall (SM Hall for short) and used to bring out a magazine called Uttaran jointly edited by Enamul Haq, the former DG of Dhaka Museum. I completed by BA Honours and MA in 1960 and '61, respectively. Then I joined the economics department at DU as a research assistant and worked with Prof. Rehman Sobhan and Prof. Nurul Islam. Later I joined the Chittagong College as a lecturer. In 1965 I got a Fulbright scholarship and joined Vanderbilt University in Nashville, Tennessee. While studying for my Ph.D I taught at the State University there, and also at Colorado University in Boulder, during summer. In 1970 I completed by Ph. D and was about to return home, when the liberation war started.

I took active part in the pro-Bangladesh activities in the US. It started with forming Bangladesh Citizens Committee with 8 of us who were there in Nashville. I took part in the first big demonstration in Washington, at the Capitol Hill on March 27th, 1970. There were about 500 of us, coming from the nearby states. On 28th, I along with Shamsul Bari, now with UNHCR in New Delhi, started visiting the various embassies asking them to recognize Bangladesh. Everybody said unless we have a government, question of recognition does not arise. During this time, we collected US\$ 6000 to buy a mobile radio transmitter to be used by the Mukti Bahini for war propaganda purposes.

In April a few of us formed the Bangladesh Information Centre with the purpose of feeding the US media with news about our war of liberation, and also to lobby for support. We had three basic slogans: Stop Genocide, Free Myths and Recognise Bangladesh. In June or July we formed Bangladesh Defense League with Dr. F.R. Khan as President and Shamsul Bari as General Secretary. I was in charge of communication. We tried to reach all over the US with our activities.

After the war, I returned to Bangladesh in June '72. Prof. Nurul Islam invited me to join the Planning Commission, which I did, and then left after two months. Prof. Invas Ali, then Vice-Chancellor of Chittagong University, offered me to join his University, and made me an Associate Professor. There I thought all the idea of doing something directly for the people, inspired me to start the Grameen experiment.