

Redesigning economics to redesign the world

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WILL the present economic system be able to establish appropriate level of moral, social, and material balance in the world?

I don't think it can. The present system is like an impersonal sucking machine which thrives on continuously sucking juice from the bottom to the top. The higher you are in the system, the more juice you are able to suck. It is not because bad people are running the machine; just that the machine is built that way. The system was not designed to have any moral responsibility. At least that is not in practice. Discussion on moral responsibilities is an after-thought. This machine turns people into money-centric robots.

The stock market, which is the ultimate judge of business success, does not grade businesses on the basis of its moral commitment. Moral issues were never included in their reporting template.

SOCIAL BUSINESS

I have been proposing and practicing a new kind of business which is based on selflessness, replacing selfishness, of human beings. This type of business runs parallel to the selfishness-driven business that rules the world. Conventional business is personal-profit seeking business. The new business, which I am adding, is personal profit-forsaking business. It is a for-profit business, but personal-profit forsaking business. I call it social business -- a non-dividend company to solve human problems. The owner can take back his investment money, but nothing beyond that. After getting the investment money back all profit is ploughed back into the business to make it better and bigger. It stands between charity and conventional business. It is designed with the objectives of charity and carried out with the methodology of business, but delinked from personal profit-taking.

Charity is a great concept to help people, and has been in use since time immemorial. But it is not sustainable. Charity money goes out, does a wonderful job, but does not come back. Social business money gets the job done and then comes back. As a result, this money can be re-used endlessly. It creates independent self-sustaining enterprises, which have their own lives. These enterprises become self-fueled entities.

Capitalist system is justified on the assumption that making money is the sole source of happiness. The more money you make the happier you are. Money is an incentive, no doubt, but it is not the only incentive for human beings. Making money is happiness; but I feel making the world happy, is super-happiness. Capitalist system is about freedom to choose. But when it comes to looking for happiness it gives no choice. By introducing social business, to make the world happy, we give people another choice. Now they can choose.

Business schools today train young people to become business-warriors to capture market and money. They are not given any social mission. If we accept the concept of social business, business schools will be required to produce another category of graduates equipping them to become social-problem-fighters to bring an end to social problems through social businesses. We would need to create social stock markets to attract investors who would like to invest in problem-solving enterprises, without having any intention of making personal profit.

INCOME DISPARITY

The present version of capitalism will never deliver equitable distribution of income. A system that is built as a sucking machine cannot bring equitable distribution. It was never put in its DNA.

In today's world, 85 individuals own more wealth than all those in the bottom half. Top half population of the world own 99% of the wealth of the world, leaving only 1% for the bottom half. It may get worse because technology will remain under the control of the people at the top.

INDIFFERENCE OR WORSE

Indifference to other human beings is deeply embedded in the conceptual framework of economics. Theory of economics is based on the belief that human being is basically a personal gain seeking being. Maximising personal profit is the core of economic rationality. This encourages behaviour in human beings which may be described by a far harsher word than

mere 'indifference' to other human beings.

By its fundamental assumption Capitalist Man does not have any other virtue than selfishness. Real Man is a composite of many virtues. He enjoys relationship with other human beings. He is a caring man. He is a selfless man. He is a trusting man. We have many good examples to demonstrate these virtues. To show that he is a trusting man, take the case of Grameen Bank in Bangladesh. The entire bank is built on trust. There is no effort in this bank to establish relationship with legal glue. It is a lawyer-free bank. It lends out over one and half billion dollars a year to 8.5 million poor women on the basis of trust only. Now it works in many other countries, including in the USA, exactly the same way. Repayment rate is close to 100%.

GDP DOES NOT TELL THE STORY

As we create a world based on selfishness, people move away from each other. In that selfish world the very way we create measurements of business success itself fuels more selfishness.

Human society is an integrated whole. Its success or failure should be measured in a consolidated way, not purely on the basis of an aggregate of purposefully chosen economic information about individual performance.

GDP does not tell the whole story. We need something else to do that. It may be GDP minus all human problems (poverty, unemployment, illiteracy, income inequality, status of women, lack of human rights, absence of law and order, lack of technology and opportunities for all people, etc.).

As we move from national scene to global scene, we see the extension of the same behaviour. Ideally, globalisation should have been the process to create a close global human family. But in practice, it is doing the other way. It is placing people and nations in a confrontational posture, each trying his best to enhance his selfish interest.

TECHNOLOGY

If the present variety of capitalism continues, the more we advance in technology, improve our infrastructure, spread globalisation, and bring 'efficiency' in the system, the more the system will become more fine-tuned in sucking the juice from the enormously wide bottom to transport it to the sharply thinner tops.

Technologies, particularly ICT, with progressively higher level of creativity, and speed of accessing information are changing the world faster and faster. There is indeed a surprise waiting in every corner. But there is no global vision driving these changes. Great innovations are designed and dedicated mostly for commercial successes. Creativity rushes in the direction wherever businesses see market potential. Nobody is putting up any highway signs to lead the world to its destination. It raises the question, does the world have a destination, or, should it have one? MDGs are probably an attempt to define an immediate destination over a short period. That was a good beginning. We should have 15-year destination, and then, 50 year destination at the same time. For every business we may post these goals along its path guiding them to expedite in reaching the goals within time, or ahead of time, and refrain from doing anything which will be counter to achieving those goals.

There are lots of amazing breakthroughs in the world, but they don't add up to becoming an unstoppable force to get the world to its destination because these breakthroughs are not in any way linked to any destination except daily goal of making personal profit. Given the power of technology and creativity any destination is reachable today. But it does not look like anybody is seriously concerned about a global destination. We gloat and float with our selfish personal/company goals. Since we do not have any collective direction, we are likely to waste our power by putting it behind random selfish forces, or, worse still, not using our power behind great opportunities which are not visible in the selfish radars.

Why are we missing a collective destination? To begin with, education system is at fault. Young people are never asked to engage themselves in finding out what kind of world they would like to create. They are never told that they are the creators of that world. There is no curriculum in the school to let the students imagine their dream world, what steps they can take to build that dream world. They may be asked what things they are unhappy about in this world. What are the things that will make them happy if they happen in the world? Once they start imagining a new world, they'll start making attempts



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FINANCIAL INSTITUTIONS ARE DESIGNED FOR THE RICH

We have created a world for the rich by creating the financial institutions for the rich. If we want to get the poor out of poverty we have to create exclusive financial institutions for the poor. Institutions designed for the rich will not do any good to the poor.

Finance is the power. For the bottom half of the world population, banks do not exist. So they remain powerless.

Today, there is concentration of economic power in a few hands because financial institutions are dedicated to help them in accomplishing this. We talk about land reform for overcoming poverty, because land represents power in rural societies. But we don't talk about credit and equity reform. We don't ask who gets how much of bank credit and equity? Or what percentage of population gets what percentage of bank credit? This one piece of information will give us the real story on power and powerlessness. Credit and equity disparity is the single most powerful cause of income disparity.

We'll have to create new financial institutions if we are worried about income disparity and poverty. Grameen Bank has shown how even the poorest women, and even beggars, can do business with a financial institution pro-

vided it is designed for them. Don't ask them to do business with an institution which is designed for the rich. Social business funds can be an answer to the availability of equity to the bottom-most people.

NOT JOB SEEKERS, BUT JOB CREATORS

While the idea of labour union is an excellent idea, the basic assumption of 'once a labour, always a labour' has to be removed. There should be plenty of opportunity for each and every person to switch from being labour to being an entrepreneur. Social business can make it happen. Every person, at all stages of his life, should have two options, either to work for somebody, or be an entrepreneur. He should be told about these options in school, when he is growing up. He should be given opportunity to prepare himself, both as a job creator, and as a job-seeker. Even if someone takes up a job, it does not have to be a life-long engagement. He should have the opportunity to move about in both worlds. It is essential that we build appropriate financial institutions to make it happen. Financial institutions are key to make these switches possible.

CREATING A WORLD WITHOUT UNEMPLOYMENT

Unemployment means throwing a fully capable person into a trash can. It means punishing a human being to remain paralysed. A human being is born to be active, creative, energetic -- always exploring ways to unleash his own unlimited potential. Why should we allow anybody to unplug a creative human being, and deny him the opportunity to use his amazing capacity? Who unplugs him? Why do billions of people around the world remain unplugged? Why do we deprive the world from the creativity of almost half the adult population?

This problem of unemployment is not created by the unemployed people themselves. It is created by our grossly flawed conceptual framework which has drilled into our heads that people are born to work for a few privileged people called entrepreneurs. Since entrepreneurs are the drivers of the economy, according to the present theory, all policies and institutions are built for them. If they don't hire you, you are finished. What a misreading of human destiny. What an insult to a human being who is packed with unlimited creative capacity.

Our education system is an extension of this same economic theory. It is built on the assumption that students should work hard, get good grades so that they can get good jobs. Education is seen as the process of preparing young people to get jobs and live happily after. Top universities in the world pride themselves by letting the public know that their graduates appear in the graduation ceremony with appointment letters in their pockets.

I have been insisting that all human beings are born entrepreneurs, not job-seekers. Education system should be aiming at enhancing their entrepreneurial capacities, not eliminate it by making the students believe that getting a job is the ultimate goal of their lives.

Young people are never told that all they are born with two choices, and continue to have these two choices throughout their lives. They can be job-creators, or they can be job-seekers.

In Grameen Bank, we are inspiring the second generation of borrowers' families to believe that they are not job seekers, they are job givers. All children in the world should grow up that way. Institutions and policies should be created to make it happen. Job seeking should become a second choice for any young person. In Bangladesh we have created social business fund to provide all the equity he or she needs to become an entrepreneur. We provide him and her all the support to make him and her successful.

Why are half the young people in some European countries unemployed? Why are they talking about a 'lost generation' in Europe? Why are they accepting it as an unalterable fate? Are they not insulting human capability by accepting it as a fate? Is putting unemployed people on state charity the only solution? Is this how we uphold human dignity, by putting young creative people on state charity? What about giving them opportunity to explore their own creative power?

We may ask them to start an enterprise of their own. In that case the most important support they would need is initial financing. This is how micro finance idea was born and took institutional shape in Grameen Bank. Micro-finance was aimed at creating self-

employment for the unemployed poor women. It worked. I see no reason why similar specialised financing institutions for credit and equity should not work for the unemployed youth. We need to create such intuitions. We can start with social business funds for providing equity to the unemployed youth in Europe and elsewhere.

We must take the initiative. We cannot just sit and watch a whole generation of young people fall through the cracks of theory because we are too timid to question the wisdom of our theoreticians.

We have to redesign our theory by recognising the limited capacity of a human being, instead of relying on 'invisible hands' to solve all our problems. We'll have to wake up to the fact that 'invisible hands' are invisible because they do not exist.

STATE CHARITY

If we can ensure that nobody needs to remain unemployed, we get a society without poverty and without state charity to support the unemployed. Unemployment is an artificial creation of our faulty conceptual framework. It is not natural to human beings. Human beings are doers; they are go-getters. But our theory has put them in chains. Theory should not be allowed to punish human beings. We should punish the theory by scrapping it.

We should make sure that the word 'unemployment' soon gets unemployed. When we build a new world we know for sure in that world the word 'unemployment' will not make sense to anybody. Nobody would be able to figure out how a full blooded human being could remain idle. In our conceptual framework we should not allow anything which is derogatory to human spirit. Theory should reflect us, we should not be subjected to reduce ourselves to fit a theory. Human beings should not be squeezed into narrow moulds of theory. Theory must allow enough room for human beings to grow, rather than limit them. Human beings thrive in this world by constantly making the impossible possible. Theory must keep all its doors open to make it happen easily. People should have the final word on their fate, at each stage of history, not the theory.

Helping people in distress is the prime responsibility of the state. State charity must be applauded for doing an excellent job of taking care of its citizens in distress. But a still higher responsibility of the state will be to enable people to come out of their distress as soon as possible and get out of their dependence on state.

Human beings are all about independence and freedom, and their constant search for their own worth, not about dependence on anyone. Dependence diminishes human beings. Their mission in this planet is to make it a better place for everybody. They should not be put in a situation where they remain dependent on state all their life, then pass it on to their next generation, who in turn, pass this on to the third generation, creating an unending series. State charity has created this situation for many people in Europe. We have the technology and methodology to bring an end to this. All it needs is a determined initiative.

CONCLUSION

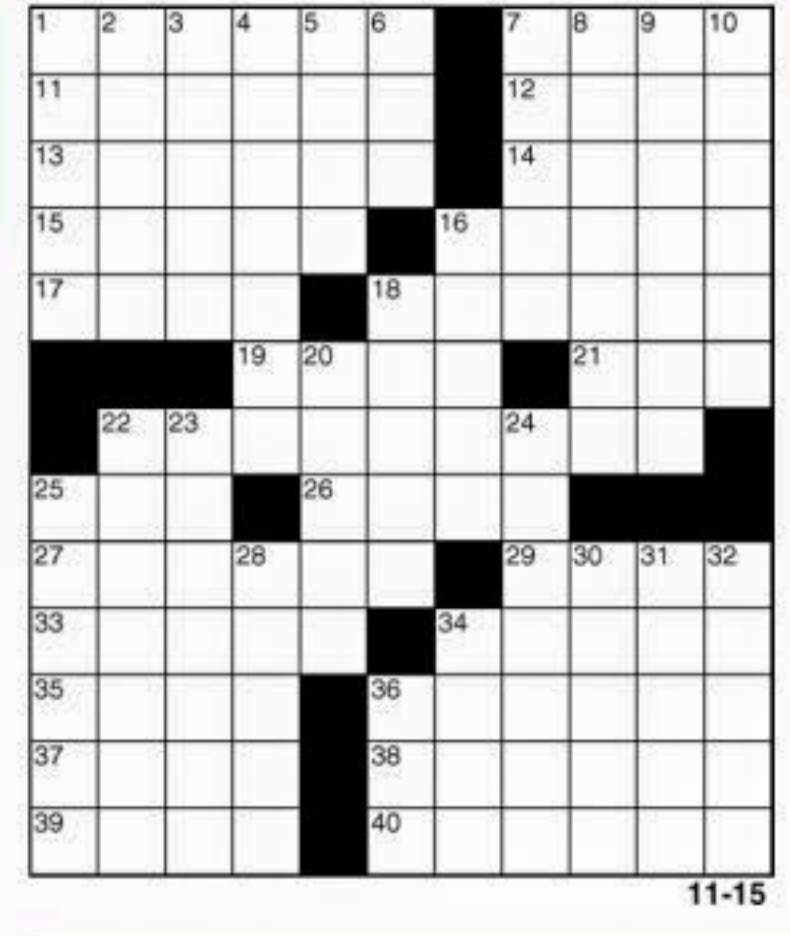
A human being is an enormously creative and entrepreneurial being. Conceptual framework of present capitalist theory is too narrow and undignified for him. It reduces him to a selfish robot. We need to design a theory keeping in mind the true human being, not a distorted and miniaturised version of him. A true human being holds the potential of assuming any of the many diversified possibilities. He is a selfless, caring, sharing, trusting, community-building, friendly human being. He is, at the same time, also the reverse of all these virtues. How he'll shape himself will entirely depend on the world around him. We need to give him all the opportunities to bring out the right virtues. Today, we limit him to a very narrow role. We do not introduce him to his limitless possibilities. Theory constrains him to a narrow self-serving path. That's where the trouble begins. Whereas we should have told him, your possibilities are limitless; you can do anything you want; you have the power to create a world without poverty, without unemployment, without income disparity, without endangering the planet, without wars and weapons, and with equality, friendship and peace.

Now the time is here to tell him that.

The writer is a Nobel Laureate and founder of Grameen Bank.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
 1 Put online
 7 Rotisserie part
 11 On the go
 12 Long
 13 Tars
 14 Machu Picchu native
 15 More reasonable
 16 Sounds from belfries
 17 Goals
 18 Closest bud
 19 Atop
 21 Kitchen invader
 22 Capitals
 25 Relaxing site
 26 Started a hole
 27 Survived
 29 Warring god
 33 Mink's cousin
 34 Discover
 35 Stumble
 36 Leatherneck
 37 High-end car engine
 38 Arthur's resting place
 39 Future flower
- DOWN**
 1 Out of style
 2 Porpoise's place
 3 Carnival unit
 4 End-of-test announcement
 5 Continually
 6 Cozy retreat
 7 Some agents
 8 Targets at parties
 9 Slant
 10 China buy
 16 Pound parts
 18 Yawning, per-haps
 20 Wendy's friend
 22 Cornered
 23 Hobby
 24 Fleet leader
 25 Arboreal sleepers
 28 Lukewarm
 30 Like gymnasts
 31 Ungrammatical ssentence
 32 Depleted
 34 Humorist Barry
 36 Spoil



YESTERDAY'S ANSWER

SPOOF ROWER
 TERRE IDINA
 ELDER DENTS
 ALI RIG DIP
 MEN ONE ICE
 STATUS AGED
 RISOTTO
 SKYE LOLITA
 PEG YES SON
 ORR EST LUG
 OMAHA AGAPE
 LICIT DINER
 STEMS ANDES

CRYPTOQUOTE 9-26
 HN CG NUGVTNPG CL HKG KVOAVODTG
 NM MJNIGVR QR O FGJGTHOCJG MNVP
 NM FGMGOH. -- CGUGVJGL DQTKNJR

Yesterday's CRYPTOQUOTE:
 WHEREVER A MAN COMMITS A CRIME, GOD FINDS A WITNESS. EVERY SECRET CRIME HAS ITS REPORTER.
 -- RALPH WALDO EMERSON

A XYDLBAAXR is LONGFELLOW
 One letter stands for another. In this sample, A is used for the three L's, X for the two O's, etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.

QUOTABLE Quote

Success is the ability to go from one failure to another with no loss of enthusiasm.
 Winston Churchill

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