

NATIONAL PRESS CLUB LUNCHEON ADDRESS BY MUHAMMAD YUNUS, 2006 NOBEL  
PEACE  
PRIZE WINNER

MODERATOR: JONATHAN SALANT, PRESIDENT OF THE NATIONAL PRESS CLUB

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MR. SALANT: (Fed in progress) -- Deepka Bombani (ph), energy  
reporter for Platts, the chair of our Events Committee and the  
National Press Club Speakers Committee member who organized today's  
luncheon. And Deepka (ph), thank you very much.

Monica Yunus, the daughter of our speaker today, and a singer at  
the Metropolitan Opera in New York. Monica Yunus is co-director of  
Sing for Hope, which is a group of opera singers who do benefit  
concerts for humanitarian organizations.

Fenol Raza Money (ph), minister of Press, Information and Culture  
at the embassy of India; Jonathan Slevan (ph), vice president of The  
Washington Times; and Arshad Mahmud, Washington correspondent for the  
Daily Prothom Alo, and he's covered Dr. Yunus for 20 years.  
(Applause.)

Muhammad Yunus operates under a simple philosophy. In his own  
words, "I see no reason why anyone in the world should be poor." He  
created the Grameen Bank, which means "rural" in Bengali, in his  
native Bangladesh to provide loans to the poor to begin their own  
businesses. It's called microfinance, because the loans are measured  
in tens of dollars rather than in millions, and you won't find Grameen  
paying to name an American sports stadium.

For Dr. Yunus's accomplishments, he was awarded the Nobel Peace Prize last month. Born in the part of British-ruled India that later became Bangladesh, Dr. Yunus received his doctorate from Vanderbilt University in the United States and taught here. He returned home after the 1972 war that led to the creation of Bangladesh, and taught economics.

While teaching in his native land he noticed so many of his countrymen were dying of hunger. He and his students asked people why they couldn't support themselves and their families. He found one woman who made beautiful bamboo stools, but couldn't afford to buy the materials herself. So she got them from a vendor in return for selling the stools back to him for the price he wanted to pay.

They surveyed others and discovered it would cost all of \$27 to set up 42 people in business. He lent them the money, no one defaulted and an idea was born. That led to the formation of his bank in 1983. The concept has spread to more than 100 other countries, including the United States. In the original bank in Bangladesh, the repayment rate is 95 percent. About 97 percent of his bank's customers are women, which has drawn the wrath of some Islamic fundamentalists, but Dr. Yunus has argued that women throughout Islamic history have been warriors and businesswomen.

Dr. Yunus has branched out. He began a company to sell solar panels in Bangladesh, providing an energy alternative to the country's power grid. He's providing wireless phone service, and he is opening a plant to provide inexpensive baby formula and other food for the poor.

In awarding Dr. Yunus his peace prize, the Nobel committee said, "Lasting peace cannot be achieved until large population groups find ways to break out of poverty."

It's an honor to welcome Dr. Yunus to the National Press Club.  
(Applause.)

MR. YUNUS: Thank you. Thank you very much.

Thank you very much. When the introduction of the head table was going on, I was feeling so small -- such powerful people on this table. And it's a great privilege to speak to such a group of powerful people, not only on the head table, also the table on the front. Since we didn't get a chance to go around the table, if we did, probably same kind of power would have been introduced.

I became an instantaneous popular person in the United States. (Laughter.) The reason -- I was on Jon Stewart's show. (Laughter, applause.) As I entered the National Press Club, I was greeted by saying, "Oh, I saw you at Jon Stewart." (Laughs.) So that's my popularity. Everywhere I go, that's the first thing people remember. They recognize me for Jon Stewart's show. So this is only in New York and Washington. God knows how many other cities I'll be remembered for that six minutes that I spent with him. (Laughter.) But for a good cause -- now people, at the same time, will also know about Grameen Bank, because he started asking me about questions about

Grameen Bank.

We're very happy that people are paying attention to that subject. In the past we tried very much to get the attention. And we did get some attention, but not as much that we get now because of the Nobel Peace Prize. I'm amazed what one recognition of that nature can transform everything overnight. Suddenly you are at the spotlight -- global spotlight and your every word is analyzed and your every move is watched. And you get across to many, many different people.

And not only we are watched and we are heard right at this moment, I'm particularly happy because the Nobel Peace Prize has done a wonderful thing to us -- linking poverty and peace together. This is one message kind of get lost. I was very happy that they could link it, and they linked it very strongly, that poverty is a threat to peace. Even for no other consideration regarding the human conditions, and the dignity of the people, if we only looked at it from the peace point of view that this is an issue that we should be paying a lot of attention to.

And when we get into the issue of terrorism, I've been talking about it, writing about it, saying that terrorism also has link to poverty, because it is a sense of extreme injustice which leads to terrorism. And those sense of extreme injustice come from economic injustices -- poverty is an economic injustice. And it comes from political injustices. We are familiar with the political injustices that are felt very strongly in many parts of the world, and social injustices -- about the whites and the blacks and so on and so -- the religious injustices.

So we have to address the root cause. Terrorism cannot be fought with guns. That's no solution. You can put it down for a while, until it comes back with more force. So this prize kind of highlighted that issue, that poverty is an issue that you have to pay a lot of attention to, because otherwise it becomes a breeding ground for all kinds of violence, all kinds of possibilities to disturb peace in the world.

We're also very happy with the prize because it linked microcredit very clearly to the poverty, because they have chosen a microcredit institution, Grameen Bank, and a person related to microcredit, such as myself, for the prize this year.

So the controversy, sometimes the debates that are carried on whether really making any contribution to poverty or if it's more of a banking and so on, I think will be less now than it was before because of the recognition given by the Nobel Peace Prize Committee. So we're very happy that these two issues have been addressed at one time and we can concentrate on the work itself.

Why credit is important: I have described it many, many times. I've said it in a way to highlight that issue to say credit should be accepted as a human right. It is so fundamental for people, but unfortunately, this is not available. All the beautiful organizations of financial institutions that we built and all the sophistication we have brought over years, we pride ourselves how technology has played such an important role in banking, but still, it is the same old

stuff. The people who have been benefiting from the operation of banking, they still get the same benefits.

Sometimes I exaggerate a little bit. I say two-thirds of the world's population are deprived from the services of financial institutions. That is not a good news for anybody. That is not something that we should be taking pride about. This is something that we should be really feeling unhappy that we couldn't come up with the system which is inclusive, that everybody can walk in and feel equally important and have the service from the financial institutions.

What happens to those people? One way I have described it -- I said: "Shut your eyes. Imagine suddenly on the 20th of November at 2:00 all the banking systems in the world collapsed. Nothing works. Your credit card doesn't work. Your Internet banking doesn't work. Bank teller is not there. Everything collapsed. It's no longer there." Imagine what will happen to the world -- not just New York, not Washington, not Tokyo, or something. As a whole, what will happen to the world? I said it's a good subject for a Hollywood movie -- a horror movie -- and come out how the aliens came and destroyed our banking system and worked through it. And you can feel the horror that will create. Our life will be almost at the danger point -- nothing functions anymore.

But for that two-third of the world population, that horror continues for life, for every day, every moment, and we don't pay any attention, as if nothing happened to them. They are left to the moneylenders. Only people who lend them are the moneylenders. And we write reports about moneylenders. Our writers, all the great poets wrote about -- even religions talk about moneylenders and the ruthlessness of the moneylenders, but that's where we left them.

That's where came our effort trying to liberate some 42 people from moneylenders. That was a small effort in village next to the university campus. It was so small that I thought, it's so easy to solve this problem. So I gave this \$27 from my pocket and resolved it

and I thought it was done, but it was not done. It only opened up the subject, because they became so excited having this \$27 and getting the freedom from those moneylenders.

And that hit me so hard that I asked myself, why can't we do more of that? If you can make so many people so happy for such a small amount of money, this is a good ground to do more of this kind of thing. So I wanted to do more of these things. And as innocent I was, I went to the bank, which is located in the campus, tell them, "Why don't you give loans to these poor people? That will solve all the problems." And they said: "It's impossible. Banks cannot lend money to the poor people. They are not creditworthy." So that was the starting point.

And we dared to address that issue. Dared to challenge that. Why do you say it cannot be done? So I took some of my students to do this work. I said, "Let's do it. Find out if it will work or not." I offered myself as a guarantor. I said, "Take the money. Do it. Let's push the bank to do it." But open the door of the bank, it was

a big hassle for several months. Finally, it worked, because I offered myself as a guarantor. They overcame their rules and we got it done.

And it worked! And that's what we are celebrating today after 30 years. It was back in 1976 that we did it -- a small village next to the university campus. And today we are celebrating Nobel Prize and Jon Stewart's show. (Laughter.) And it was done all by my students, those who were in my class. And today we are happy that two of them, who were the very start of the whole program associated with me, and they are now at the top of the bank. One is number two in the bank. He's the deputy managing director. Another one is the general manager of the bank -- are here! Depau (ph) is here -- (applause) -- he's number two. (Applause.) And Nood Jahan (ph); she is number three in the bank. (Applause.)

So they stayed. This is what the whole -- I mean, the bank story. All the students gradually moved in and we built something. So if you can build something in one village with all local people -- they were not from Dhaka, another city, a big city, just a village. These are all village kids -- had no exposure of any city life yet.

If they could solve the problem, which can become such a global phenomenon addressing such a fundamental issue -- after all, problems are not as complicated as we make it out. Problems are very simple. All it needs an initiative to address it and get it done.

And what do we do starting from there? Today we built an institution called Grameen Bank, and it expanded.

People say, "If you expand it, it will collapse." Every time we expanded one, here, is it collapsing? Do we hear some screeching sound somewhere? Is it falling apart? It didn't, so we take more steps and again wait to see what happened. Is it collapsing? It didn't collapse.

Today we have some 2,300 branches of Grameen Bank all over the country, some 21,000 staff working for it, and a very decent salary with good retirement benefits, and we lend out to nearly 7 million borrowers -- 97 percent women. They own the bank. We lend out nearly a billion dollars a year. It's a far, far distance than \$27. We came all the way to hit that billion dollar, with loans averaging about \$130; repayment rate 99 percent. They own the bank. When Nobel committee announced the prize goes -- half of it goes to me, half of it goes to Grameen Bank -- I said, "Well, take the owners of the bank to the Nobel committee to receive the prize, all 7 million of them." (Laughter.)

They got kind of scared because total population of Norway is 4.5 million. (Laughter; laughs.) So, they thought like the Vikings are coming, that the Bangladeshis are coming. (Laughter.)

So, they pleaded with us that they don't have enough space, so we compromised on nine of them -- those were on the board of Grameen Bank, their elected members. So, we're taking nine of them. Probably, if you're watching on 10th of December, we'll see them sitting in the hall, receiving the Nobel Prize.

So, that's another message: the poor women in Bangladesh are worth having the Nobel Prize. They are the Nobel laureates and they will be the one who will be receiving the prize.

So, this is the difference. So, if we can do this, as a kind of financial institution who'd make sense, change people's life -- their children are now in school; they are going into colleges; they're becoming doctors, engineers, and so on, so forth with student loans from Grameen Bank and moving on forward, all because of a bank, nothing else, because -- and a bank which has enough money for itself is not a bank which needs money from outside, so all money comes from the depositors, and borrowers themselves are very strong depositors. The significant part of the deposits -- 67 percent of the deposits -- come from borrowers. But all this depositors' money go into lending. And we have more money in the deposits than money we lend out because we have a lot of cushion with us.

We continue -- we have opened branches last year on an average of one branch per day for every day of the year. So, imagine you talk about expansion. I don't know what's expansion for the Starbucks. (Laughter.) And this year we have outdone the previous year's record. We have done but two branches per day every day of the year including the weekends. So, that's the speed with which we have moved.

So, the question -- question is why aren't you doing more of that? Why are there still people without the microcredit or financial services of the people? If it can be done as a business way, doesn't depend on some donor money, somebody's assistance -- nothing of the sort; it just functions on its own. Then people said, "Well, it can work with entrepreneurial poor; it will not work with everybody." So, we thought let's forget about it; we'll do it for everybody.

Eighty percent of the poor families in Bangladesh are reached with microcredit today -- 80 percent of the poor families. In the next three, four, five years, probably we'll be covering a 100 percent of the poor families reached with microcredit. With this speed we are expanding our business, probably we'll be now be looking for families because we don't find any more families left who are not attached to microcredit services.

So, everybody's included. So, it's not top, entrepreneurial quality, talented people -- everybody. So, in order to dramatize it, we started giving the loans to the beggars. We said, if a beggar can take a loan that will end the whole controversy everywhere. So, we gave loans to the beggars to start a business, to sell things door-to-door instead of doing the begging -- or do both. Who stops you? I mean, you can give people options, whether you want to give something free or you want to buy something from me.

So people, whatever they like, they would -- these beggars will carry with them some sweets, some candies, or some toys for the kids, or whatever they desire to bring. And they go into business. Today we have 84,000 beggars into it, and many of those beggars, some thousands of them already quit begging completely, and some are part-time beggar and part-time business, and they have already identified which house is good for begging -- (laughter) -- which one is good for selling.

So they run their business according to their experience.

So again, it shows if people can come out of begging on their own, any -- typical loan for a beggar is about \$12. How can you go wrong with a \$12 loan if somebody can get out of begging with \$12 loan?

So question now came, should banks do it; how should the banks do it; can investors invested; if it is so attractive for making money, let's go and do it. So I tried to plead with them, "Please, don't look at it as a place to make money." Of course you'll make money. Money lenders make lot of money out of it. So this is a -- (inaudible) -- for making money. We are approaching it from a different direction. The direction is, let us help them get out of poverty. That's our social mission. So the kind of microcredit program we would like to promote and support is what we call a social business, a business to help people get out of poverty, rather than a business to make money. So we tone down the making money part, encourage the social objective part.

That social business could be expanded beyond microcredit. It could be in health care; it could be in drinking water, in sanitation, in environment, and so on and so forth. So this could be now in a subject to create. Not only people can do social business in microcredit; they can be doing social business in any area of social concern. Wherever you see it, there is a social issue to be addressed. We can have a business model where we can address it in a business way. And that can become a social business. Social business I have been defining as a non-loss business because it doesn't lose business -- if you lose business, it's not a business -- and non-dividend company -- non-loss, non-dividend company. You can take your investment money back, but you don't take any dividend out of it because you want to achieve a social goal.

People say, "Oh, nobody will do something like that; people get excited about making money." I say it depends. You never give a chance for people to get excited about doing good to other people. If you give a chance, you will see how exciting it is to touch other people's life. Probably they can outdo in excitement with the making money.

And also, making money, after a while, you feel like you want to do something else, too. So the present narrow view of business has to be expanded. You can have two kinds of businesses. One is business to do good to people, and then there is, as usual, business to make money, profit-maximizing business.

So it's a competition. It's a kind of option to people. Why should people not be given option? After all, human being is much larger an entity than just being a money-making kind of pursuit only. So this is one area that we want to present.

And the last point I want to make, if this is good, if it (is ?) helping poor people get out of poverty, like in Grameen Bank -- they're saying that 58 percent -- we review it; we survey it every year. Today 58 percent of Grameen borrowers have moved out of

poverty. And every year, every month, more and more people are getting out of poverty. If people can do business and get out of poverty, what happy news for the whole world. We can create a world completely free from poverty -- poverty-free world. And we can go city by city, we can see when we can have Washington, D.C., as a poverty-free city. And if you can -- the day we do that, we can probably create another museum. There are a lot of museum here. One more museum -- (laughter) -- a poverty museum. People would like to know what this poverty's all about. The children can go to the poverty museum and find out what it used to be like in Washington, D.C., the situation of poverty.

So if you take city by city, county by county, whatever, we can say that our county is free from poverty, so we create a poverty museum to record that history.

And I'm challenging Bangladesh, because Bangladesh, does have a very interesting case. It is the poorest country in the world. A poorest country in the world can become the first country in the world to create their poverty museum, saying goodbye to poverty. Nobody in Bangladesh will be poor anymore. Then we'll probably declare an award or a prize that if anybody can find a poor family, poor person in Bangladesh -- we'll give a million-dollar prize, or something like that.

So that you search it out, and nobody's a taker because they can't find any. That the day we'll have the poverty museum, and say goodbye to poverty. Country by country, if we keep on doing it, someday the whole world will be -- there'll be nobody to find a poor person because poverty is an artificial creation of a system. Poverty is not in the person. Poverty is in the system. So we sort out the system, correct the system, nobody will remain poor. That is a very simple logic. And I can -- anybody can find that argument acceptable because human being are very creative being. All kinds of creativity, ingenuity is built into the person. It's a question of unleashing the creativity.

So if whatever helps unleashing would be something that we'll be working for -- and microcredit is wonderful because it helps unleashing that energy. That's the whole trick about microcredit; otherwise microcredit would be just another way of lending money. But this is a tool to discover yourself, explore yourself.

And thank you very much for giving me this opportunity to talk to you about our experience and what we can do together.

Thank you very much. (Extended applause.)

MR. SALANT: Our first question: You believe there should be no poverty in the world; do you consider yourself to be a revolutionary?

MR. YUNUS: Well, if stating fact makes you revolutionary, yes. I am a revolutionary because this is a fact. That's ultimate of human being. Human being is not born to remain poor. Human being comes with human dignity. And that's what we have -- the societies are created to make sure everybody is ensured about the human dignity he and she deserves.



MR. SALANT: Please explain the 16 points of the Grameen philosophy. (Laughter.)

MR. YUNUS: It will take 16 hours. (Laughter.) No, this is just simple thing. We didn't look at it as a philosophy or anything when we're doing it. We're simply -- since we didn't know anything about what's going on, what's happening, we put people together -- the borrowers, the women together -- to talk about their own experiences with the money from the bank and what is working for them, what's not working for them, what is it that need to be resolved to help them have a better life for themselves. So they've been talking for days, for months among themselves, and we put them together. And in the end, we see they come up with certain conclusions, and we wrote it down, the conclusion they made in each place. It's a small group, and we collated them, collected them, and they sorted them out. And she said, "This year, these are the discussions made." And we call them -- these are decisions.

At that time, we didn't realize that has any long-term impact on that. So each year we accumulated this. First four decision, then six decisions, next year 10 decisions, and so on. By 1984, we had 16 of them -- 16 decisions. Then I thought maybe we are getting too many decisions, but let's concentrate on getting them done. So we stopped at 16 decisions. It became known as -- popular now, very well, and we saw how important those decisions were. It's about their life. And the decisions are like, "We shall not take any dowry at the time of the marriage of our sons," and "We shall not give any dowry at the time of the marriage of our daughters." Dowry is such a curse in Bangladesh, like in India and many other countries. It destroys families. So their discussions, their tears about their own life, about what happen and what will happen to their daughters and so on, while we -- they shed tears and exchange horror stories about the dowries, but the same woman who is also the mother of a son looking for the family which can provide you the most of the dowry. So that -- we brought it to them.

I said, "This is funny, because at once you shed tears; at the same time you don't mind making another family shed tears while it comes through your son's wedding." So at the end, the decision was taken. We shall not give and we shall not take. So that's the end of it. And that became a part of our culture in Grameen Bank.

Another one is, "We shall plant trees during the plantation season." There is a plantation season in Bangladesh which coincides with the monsoon, which is the best season to plant trees. So we said to every -- every family should plant at least two seedlings. And it became such a big thing that we started selling seedlings, and it was a big demand of seedlings. We had started providing loans for becoming -- starting nursery business so that you create -- you produce seedlings; we start buying seedlings so every family grows those seedlings. Today when I go around visiting these borrowers, I say: "Ah, this was -- you see, this jackfruit tree? This is a seedling I took on such and such. This is a mango tree I took this year. Now this is a big mango tree. I can help you -- get you mangoes, some mangoes." There -- all trees are big because they have

been planting those during the June-July. This is a season for that.

So this became another culture, planting tress, because we are good at cutting trees, not in planting trees. So this became one.

We shall grow vegetable all year round and eat plenty of it, sell the surplus, because Bangladesh at that time was -- rampant disease was for the children night blindness, and we were -- when we were worried about the night blindness because many of our borrowers, their children are suffering. The doctor -- we talked to the experts. They said: "There are two ways you can address it. You can give Vitamin A pills, and this will be done until they will recover from this disease, or best way probably would be vegetables, particularly colored vegetables -- plenty of Vitamin A." So we chose the vegetable option. So we started selling tiny packets of vegetable seed, almost like a penny packet of vegetable seeds, and became an instant success. Everybody loved those packets and started growing vegetables. And we became the largest seed seller in the country because everybody wanted to buy those seeds.

Today night blindness became history. It doesn't -- people even don't know what is a night blindness. You ask, "What is it? Why should anybody go blind after sunset?"

So these are 16 decisions that you can go down the line. Each one is exciting, like "We shall dig a hole and use it as a pit latrine; as soon as possible, we'll build a sanitary latrine." Because latrine, for most people, doesn't exist in Bangladesh. They just go out in the open. So we said: "As you join Grameen Bank, one of the first thing you do, dig your hole. It doesn't cost you any money. Use it as your latrine, and very soon when you start doing

business with Grameen Bank, you'll get a sanitary loan -- sanitary latrine loan. For you, it's a small amount of money. You have a cement latrine for yourself, and this is water-sealed latrine. Very hygienic. You can do that."

So today almost every family in Bangladesh, every poor -- every Grameen family in Bangladesh has sanitary latrine. So these are the things which has incorporated in what is called 16 decisions.

Thank you.

MR. SALANT: American political leaders used to talk a lot about ending poverty. In fact, in the 1960s, the federal government even launched a war on poverty. You don't hear such talk anymore. Why do you suppose that is?

MR. YUNUS: Well, one is probably that war on poverty didn't bring exciting results to carry on the spirit of war footing. And someone was telling me that, yes, we had a war on poverty, but poverty won. (Laughter; laughs.) So people came out with their own jokes.

If you succeed, people will never give it up. I don't think anybody will close down Grameen Bank, no matter what, because it benefits people. People see the benefit, and it can be done, and so on.

So we have to redesign. The war on poverty is very important thing. It's a very good, attractive (political election?). But it does not match to it in institutional procedure because when the war on poverty -- gone as a government program, nothing is left behind. So if you have built some institutions, no matter what -- how the governments would behave -- change their mind, but then institutions will remain. An institution will carry on, explore new developments, and so on.

But I endorse that idea -- the war on poverty, because this is something some political leaders took it very seriously. Unfortunately, we don't see that seriousness in the governments anymore, but I'm very happy with the millennium development -- Millennium Summit in 2000, that the whole entire world leadership came together and adopted a resolution which is an absolutely milestone in human history -- that there is a decision to reduce the number of poor people by half.

x x half.

And they put a date -- by 2015. I don't think human beings ever took such a bold decision on this planet. They did it.

But now, following it up is not as active as it was -- the decision was, so there we are falling behind. Luckily, Bangladesh is one country, at least we took it seriously and we can assure you we are right on the track, and Bangladesh will be one of those countries who will make it happen by 2015, reducing the number of poverty by half. So we can feel very happy that decision came and we took it seriously, we'll materialize it, implement it on the dot, on 2015.

MR. SALANT: Why is there poverty in rich countries?

MR. YUNUS: Again, it's institutions. A country may be rich, but the people are poor. There are many poor people, because institutions don't (behave?) them in the same way. The institutions are biased towards the rich people. They leave out the people who are left behind. So we leave behind more and more people, expose them to all the problems of poverty. So the only way in our history, our political history, the only way we tried to address the issue of poverty, the issue of difficult life, is through welfare. And welfare is something that I have been leveling as keeping people in poverty. That's the whole objective of welfare. It's not built in a way -- help people get out of poverty. That's not how it was built. It was built, "You are poor; you're in difficulty; okay, I'll take care of you." "Take care of" meaning where you are, stay the way you are; don't make complaints; let's move on with our life. You move on with the life just keeping them happy with whatever little money they can get. That's not the right kind of policy.

The policy should be, "Okay, you got into difficulty. Here we are as a society. We'll help you get out. We will get you out of the water on the land." Rather than, "Okay, you are in the water, but we'll feed you. Don't worry." That's, you know -- in a way I even describe, sometimes I sound harsh by saying that, but I say a welfare system actually literally created a human zoo. You put human beings

there, feed them, treat them and so on, but you take away their right to be a human being. A human being is someone who takes challenges. There's no challenges left for them, so they are in a body, and there's existence; you are a human being, but not in your daily life what you would be. So that needs to be changed. This is -- when we are on welfare, when you put them on welfare, we forget about them. That's the worst thing that we can do. It's not in the forefront of our minds and our policies and so on how to get them out. That's why

poverty museum idea is much better, that every day you see how many days left to get to the time when we build a poverty museum. We can set a date; on such and such a date we'll do the museum. You can go around right now for a site selection and an architect -- (scattered laughter) -- so that we start thinking about it and start thinking, what is the date for building that? Because one of the suggestions I made, the last family of the area which will come out of poverty, their family would go and do the inauguration of this museum, because this was the last one, and say, "With us, we say goodbye to poverty; it will never come back on this planet any more" -- not for this particular community or village or city or a country.

MR. SALANT: How has your microcredit method affected the World Bank and similar programs aimed at the poor?

MR. YUNUS: Well, we tried our best -- (chuckles) -- didn't do a good job. They still do the same thing. One of the issues that we keep raising them for many, many years, not even 1 percent of their total lending, which is about \$20 billion-plus -- not even 1 percent of it actually goes into microcredit. So they have some question mark about their mind, what they could do about the microcredit.

One of the things we tried to do during Jim Wolfensohn's time -- who took a lot of personal interest in microcredit, very supportive of microcredit, but couldn't move around his ship. It was too big to move around. It has stayed -- it stayed on its own course. One thing we tried to do, how to mainstream microcredit within the World Bank situation. So we didn't do that, but also we tried to bring it another thing. Okay, you say the poverty alleviation is -- the reduction of poverty is your number one goal of the World Bank, so why don't we find other methods of doing that? We said, "You are concentrated on building infrastructure." Okay? Infrastructure can also help get poor people out of poverty, but not the way you do because you build a bridge and leave it to the government as one of the many, many hundreds or thousands of bridges in the country. One more bridge, who cares? It'd get lost.

I said, "Next time you want to do a bridge, do it differently. The deal is this bridge that you are building, you are financing, will be owned by the poor people of that area where this is located. Then when the bridge is built, they become the owners. And you will have a management team which will be managing this so that the profit will go to the poor people." Immediately it linked to the poor people of the area, and they will take pride that "this is our bridge." And the surplus it generates will go into building another bridge, because this is -- now hopefully will become a successful bridge company to build bridge after bridge. And there will be neighboring state or neighboring province or neighboring district which has another group

of people owning another bridge and creating another bridge company. They will be competing with each other how to manage it well and so on, and poor people are benefiting directly.

Rather than go in a roundabout way -- you give it to the government, you don't know what it happened to the -- but it got lost. If you want to build an airport or a big seaport, this will be owned by the poor women of the country. Build it like -- Grameen Bank is owned by 7 million women of the country and it runs well, to the extent that it gets even a Nobel Prize. So why can't we do it the same way? The port, the seaport will be owned by the women of the country, poor women of the country, and have a management team who'll be running it and maintain it and the profit goes to them and they are the owners of the infrastructure. So infrastructure can be, I mean, redesigned in a way, in a conceptual fashion, to directly link with people, people that we want to address. And that's what -- so all their programs need to be revisited. How we can change it to do -- to achieve the goal that we set for ourselves? We talk about the goal, but do the business as usual. That doesn't make sense.

MR. SALANT: What is the appropriate role of government in microfinance?

MR. YUNUS: Very important role, creating enabling environment for microcredit to succeed. And one of the basic problems of microcredit today, microcredit is left to the NGOs. NGOs -- luckily, NGOs got into it and they started expanding it. In Bangladesh, only legal entity of microcredit is Grameen Bank, besides conventional banks, if they want to do microcredit. But the legally constituted institution is Grameen Bank. And the bulk of this microcredit in Bangladesh is done by NGOs, which were not desired nor legal framework was not given for them to lend money, get into banking business.

So I said now that they have done it and the government has kind of allowed it to happen -- although technically, it's illegal activity -- why don't they make them legal? Give them the legal home for them. Design a law, just fits into what they are doing right now. In addition, give them the facility to take deposits. If they can take deposit, their problem of funding money is over. They fund -- money is right there. Simply you're not allowed to take a sip out of it, because the law says no, you cannot touch it. That doesn't make sense.

So the government can play a role in creating those pieces of legislation. One is allowing microcredit institutions to do the banking of the kind they are already doing. In addition to that, taking deposit -- allowing deposit-taking, plus, at the same time, creating a microcredit regulatory authority. Because once you are doing deposit-taking and all this, you need a regulatory authority. That is also missing, and that needs to be installed, and the legal frame has to be created and the body has to be created so that they can do that. This is an important step that the government can do so far as microcredit is concerned. If this is done, you don't need any money from outside or any money from the government or anybody, because you -- for microcredit programs, you tied their hands, tied their feet and pushed them into the water and said, "Now, you swim" to fellows that can't swim anymore. All you have to do -- untie them, so

that they can swim and do a good job.

MR. SALANT: In many communities where women are subservient to their male counterparts there has been backlash against female entrepreneurs. Does this concern you?

MR. YUNUS: Yes, it does. I mean, again, this is an institutional failure. The way we got into the women issue is because of the institutional failure when -- back in the middle of '70s when I was trying to persuade the banks to lend money to the poor people and making complaints -- allegations against the conventional banks by saying that, "You are wrong, you are unjust because you reject poor people." That didn't seem to bother them.

So I kind of heightened that argument. I add another piece. I said, "Not only you reject poor people; you reject women -- all kinds of women, not just poor women, even the rich woman, you don't pay attention to." And they were very irritated this time because they thought this time, well, I go too far. So I said, "Look, no reason to get angry with me because you look at the borrowers of your bank and look at how many of them are men and how many of them are women; you hardly can find any woman borrower at all." I said, "If any of you can find 1 percent of your borrowers is women, I will never complain."

But there wasn't one percent. Even today, probably, they cannot show 1 percent. So from there, I said, "When I begin, I wanted to make sure that half the borrowers in my program are women." It was a deliberate decision. But women kind of didn't respond to that. They didn't want to take money from us, saying that, "No, give the money to my husband. He understands money. I don't understand money." But we didn't give up because we persuaded ourselves that this is not the real person rejecting the offer. It is the fear in her, which is created by the society -- not last year, not yesterday, for centuries the fear accumulated in her. And that fear is protecting her in getting involved with anything new. So it -- we have to have patience. We have to peel this fear layer by layer until the real person can emerge and say, "Yes, I'll take the loan." And that's what exactly happened. Today, as we were discussing, 97 percent of our borrowers are women.

Thank you.

MR. SALANT: This questioner writes, Bangladesh and Bolivia are two countries widely recognized for having the most successful microcredit programs, and yet they remain two of the poorest countries. Why?

MR. YUNUS: Well, we started way back, so it takes time. During the decade of '90s, poverty has been reducing in Bangladesh on an average of 1 percent per year, which is very happy news, because many countries' poverty was increasing. In Bangladesh, for the first time poverty was very clearly declining every year.

During the first five years of 2000, poverty has been declining on an average of 2 percent per year, which is double the speed that we do. If we continue this up to 2015, and if you can add a little bit,

2.25 on an average up to 2015, we absolutely guaranteed to reach Millennium Development Goal to reduce the number of poor people by half. So we are moving pretty well on that particular plane. It's not something that we are poor and will remain poor. We are not remaining poor, and the quality of life, if you look at Bangladesh, has changed dramatically. Twenty years, 25 years back, the kind of people used to see everywhere around the country no longer there anymore.

You don't see (judistic ?) house in Bangladesh anymore, which was a common phenomenon. Just build a (judistics ?), which is a flimsy little thing coming out of -- from the (jude plant ?). You just take it, you can take it -- you cannot take it -- it's one stick put to another. You can take it and look inside what they are doing because very flimsy kind of thing. Today, that phenomenon doesn't exist in Bangladesh.

People wear sandals, slippers, they have something to wear on their feet. They have clothes which you didn't have 20 years back.

So there's qualitative change in Bangladesh poverty situation. But we are very happy that we are moving on the same -- at the direction -- pretty positive and hopeful direction.

MR. SALANT: Critics of the program say interest rates are higher than commercial banks, and the real issue is land reform, and microcredit can't change that. And plus, the NGOs and consultants and bank managers get a cut of the money before it reaches the poor villager.

How do you respond to those critics?

MR. YUNUS: Well, those critics come from very different directions; yet they may have something in mind that they're talking about. I'm not saying every microcredit program has all the features. There are some microcredit programs with extremely high interest rates, and we don't like that. That's why we'll talk about the social business and so on, because somebody told them that this is a good area to make money. So they're making money; because you encourage them to make money, they're making money.

So I said we have kind of a formula that I promote that interest rates for microcredit should be linked to the cost of fund. Cost of fund plus 10 percent should be the range within which you'll be charging interest rates, so it shouldn't be more than that. If you go over that, say, from 10 percent to 15 percent above the cost of fund, then you are in the yellow area. Up to 10 percent is the green area; you are perfect, you are right. Yellow area is you're on the high on the side of the interest rate; please try to push it down as fast as you can. But if you go beyond cost of fund plus 15 percent, then you enter the red area; meaning that you are in the money-lending business, you are no longer microcredit no matter what you tell us. You are in unacceptable territory.

So that's how we define it. In Bangladesh, conventional banks add, say, about 6 percent to 7 percent as a margin over and above the cost of fund, and Grameen Bank would be adding, say, about 8.5 percent

over and above the cost of fund. That's about the range that we have. So we don't consider this as kind of terribly different from the conventional banks' interest rate although we delivered the service at the doorstep, unlike the conventional bank, where you have to come and do the business with them at their place. We do the business at your place, and it is -- it costs a little more. And also we go every week to meet you to do business with you. That is also something add to our costs.

But all said and done -- and we provide all kinds of services: savings and deposits and insurance and everything else, and we help your children to go to school, all the points that we make.

So if it's between the choice between a six-and-a-half percent to eight-and-a-half percent addition to the cost of fund, I don't think Grameen Bank interest rate will look terrible in that sense.

So when you say interest rate is high, it's good next time they tell you that interest rate is high, ask how far above the cost of fund. So that will give you an idea what does it mean.

Thank you.

MR. SALANT: Do you have any political ambitions in Bangladesh? (Laughter.)

MR. YUNUS: (Laughs.) Doesn't everybody? (Laughter.) (Team ?) can say. (Laughs.) No, not immediately, not we are thinking of.

This issue came because I was kind of encouraging a campaign in Bangladesh in recent times, what is known as clean candidate campaign, because corrupt people become the candidates in the election and you have no choice because party A nominated someone is terribly corrupt and party B nominated another person beats him in corruption. So you have a choice between the two, so you have no place to go.

So we are saying the citizens must stand up, saying we don't take this thing anymore. We want clean candidate. If you don't give us clean candidate, we are either going to give a negative vote, that we are not voting anybody, or you simply cancel our vote, that we don't -- this is no choice; you have not offered us any choice. Or we'll put our own candidate. We'll forget about the political parties. We'll find someone in our area and encourage him to become a candidate, and we'll put all the votes into that pocket. That way at least people will find out. Even if it is a small number who have done that, that may influence the result of the two leading candidates from the leading political parties because if you switch 2,000, 3,000 votes either way, it changes the election results. So then political parties will become concerned.

So this campaign was going on and many politicians were very unhappy that I'm doing that. And they kept saying that if he's so interested in doing that, why doesn't he form a political party rather than stay outside and talk about politics? Because politics should be left to the politicians. I said, no, politics is about the citizenship, so citizens have every right to talk about politics.



So when I was asked in a press conference about the clean candidate campaign, one of the journalists asked me, "But people are saying that you have to form a political party to do that." I said, "If necessary, I'll do it." So that was the thing that came out. (Soft laughter.)

MR. SALANT: Before we ask our last question, I'd like to offer you the official National Press Club coffee mug.

MR. YUNUS: Wow! (Soft laughter.) What about the coffee? (Applause.)

MR. SALANT: (Chuckles.)

MR. YUNUS: Thank you.

I will consider it as a tea cup. (Laughter.)

MR. SALANT: And a certificate of appreciation for appearing here today. Thank you very much.

MR. YUNUS: Okay. Thank you. Thank you so much. (Applause.) I appreciate it. Thank you.

MR. SALANT: And on December 10th, we'll be able to watch Dr. Yunus receive the Nobel Prize. The ceremony will be telecast on C-SPAN.

For our last question -- I'd like to ask one last question -- how is that woman's bamboo stool business doing?

MR. YUNUS: (Chuckles.) Well, that's 30 years back. (Chuckles.) She died recently, but she left behind her family much, much better off than what she started out with.

When Morley Safer went to Bangladesh to do the CBS "60 Minutes," many of you -- I'm amazed how people remembered that "60 Minutes" segment of -- 14-minute segment on Grameen Bank in 1989. People still recollect that segment in 2006.

In that Morley Safer report, Morley Safer went to the village, Jobra, and interviewed her. So if you want to revisit her home and everything, it's all there. She was explaining how it all happened to her and how she has changed her life since then.

But we are happy that she triggered that whole thing, that curiosity and the frustration of someone who's such a skilled person but suffering so for so much poverty. And that kind of gave me the real push to get involved in the issue.

But that has created now millions and millions of such families, who take the money and change their life.

We are all grateful to her, Sophia.

Thank you. (Extended applause.)

MR. SAVANT: I'd like to thank everyone for coming today. I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne Booze and Howard Rothman for organizing today's lunch, and thanks to the Press Club's Eric Friedheim National Journalism Library for its research. Research is available to all club members by calling (202) 662-7523.

Good afternoon.

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