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### Prologue to Rethinking Poverty

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# PROLOGUE

## Prologue to Rethinking Poverty

Muhammad Yunus

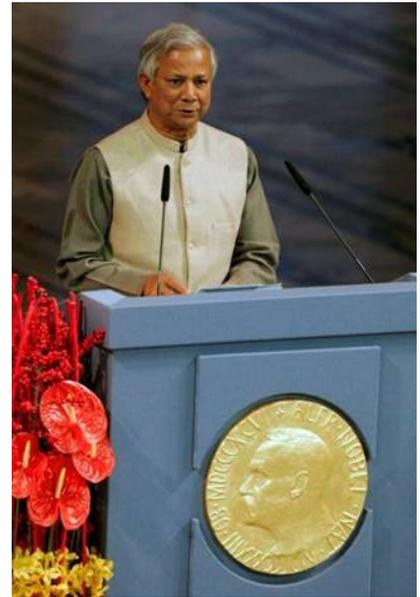
2006 Recipient of the Nobel Peace Prize

My involvement with the poverty issue was neither as a researcher nor a policy maker. I became involved because poverty was everywhere around me and I could not turn away from it. In 1974, I found it very difficult to teach the elegant theories of economics in a university classroom while Bangladesh was facing a terrible famine. Suddenly, I felt the emptiness and futility of those "immaculate" theories in the face of crushing hunger and unimaginable poverty. I wanted to do something immediate to help people around me, even if it meant that just one human being would be helped to get through another day with a little bit more ease.



That brought me face to face with the struggle for the poor to find the tiniest amounts of money to support their efforts to eke out a living. I was

shocked to discover a woman in the village, borrowing less than a dollar from the money-lender, on the condition that he would have the exclusive right to buy all she produces at the price he decides. This, to me, was a way of recruiting and encouraging slave labor.



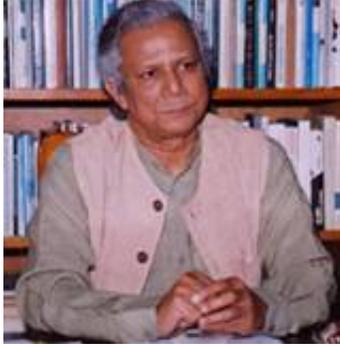
That is when I decided to lend \$27.00 (U.S. dollars) to 42 persons who were facing this terrible situation. This small amount of money made so many people so happy, that I asked myself the question "Why shouldn't I do more of this?" That was the start of Grameen Bank, which today lends more than \$7 billion (U.S. dollars) to 7.6 million people. This money, loaned without collateral, and entirely on the basis of trust, has helped these millions of families to work their way, slowly by slowly, out of poverty through their own efforts.

I learned many things about poverty through my 30 years of work with Grameen Bank:

Poverty is not created by poor people; rather, it is created by institutions and policies that we have built up. In order to tackle poverty, we have to go back to the drawing board, and redesign our concepts, our policies, our institutions. My experience has taught me that poor people are as hard working, as talented as any other human beings. They are not lazy or unskilled or inefficient, as people tend to think. They just never get the opportunity to tap their own potential. An effective poverty reduction program is one that allows the poor person to unleash his or her potential. Microcredit is one way of doing that.

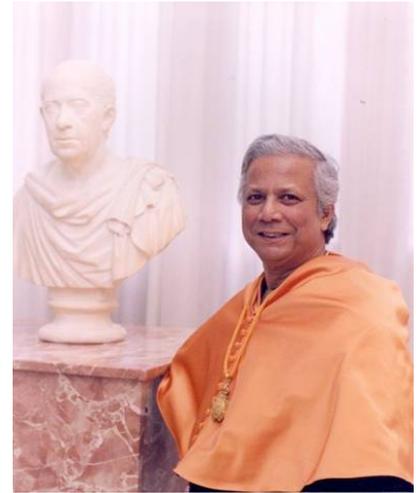
We get what we want, or what we don't refuse. We accept the fact that we will always have poor people around us, and that poverty is part of human destiny. This is precisely why we continue to have poor people around us. If we firmly believe that poverty is unacceptable to us, and that it should not belong to a civilized society, we would build appropriate institutions and policies to create a poverty-free world. We wanted to go to the moon, so we went there. We achieve what we want to achieve. If

we are not achieving something, it is because we have not put our minds to it. We create what we want.



What we want and how we get it depends on our mindsets. It is extremely difficult to change mindsets once they are formed. We create a world in accordance with our frame of mind. We need to invent ways to change our perspective continually and reconfigure our mindset quickly as new knowledge emerges. We can reconfigure our world if we can reconfigure our way of thinking. This is where education, one

that encourages us to challenge conventional wisdom, can try to play a significant role. I believe even the biggest problem can be cracked by a small, well-designed intervention. That is where our creativity comes in.



I firmly believe that we can create a world without poverty because each person has inherent in him or her the ability to do it. We have to work to change the frame conditions so that all poor people get the chance to show who they really are, and live their lives shining as they were meant to do, instead of languishing in the indignity of poverty.