

2006 Nobel Peace Prize Winner

"My experience working in the Grameen Bank has given me faith; an unshakable faith in the creativity of human beings. It leads me to believe that humans are not born to suffer the misery of hunger and poverty. They suffer now as they did in the past because we turn our heads away from this issue." -**Muhammad Yunus**

Sufia was a beggar-woman, one of the landless poor who constitute 50 percent of the population of Bangladesh. She was a widow with two daughters to feed, and when bad weather prevented her from begging, the children starved. Sufia watched other women in her village of Jobra forming groups to get loans from a unique bank. This bank loaned money only to the landless poor. Its workers came right into the village every week to talk to people, and many of the bank workers were actually women who encouraged other women to become self-supporting. Sufia gathered her courage, joined a group, and with her first loan of 25 taka (less than US\$2) bought a small stock of bangles, soap and hairpins which she sold around Jobra. When she repaid one loan, she borrowed again to expand her business and her profit. She dreams now of sending her grandson to school. Sufia's self-reliance and improved economic situation were made possible by the Grameen Bank, created by Muhammad Yunus.

Yunus was born on June 28, 1940 in Chittagong, Bengal, India which became part of East Pakistan in 1947 and Bangladesh in 1971. His father, Muhammad Dula Meah, was a prosperous gold-jewelry merchant whose limited (seventh grade) education and deep religious beliefs never prevented him from encouraging Yunus and his brothers to study, travel and experience new things. Yunus' mother, Sufia Khatun, attended school only up to fourth grade, but she was a very intelligent woman. She could read, and Yunus remembers her repeating stories and reciting poems to her children. The first child in the family was a girl who married at 13 or 14. The next child and first son was educated in an Islamic religious school at his mother's request, but then went on to study commerce and law. Yunus, the third in the family of nine, was the family's first academic star and world traveler.

The boy's education began at the nearby Baluardighi Primary School. When he placed first in the city in the fourth grade exams, one of his teachers advised him to apply to Middle English (M.E.) School the top school in Chittagong for grades five and six. Yunus set off on his own to see the headmaster of the school, which was located some distance from his home, and was accepted on the basis of his exam results. His father gave his permission and the tuition money, which was nominal, but otherwise left the decision up to his son.

The next step on his educational ladder happened by chance. He had already been accepted by the Muslim school close to his home where most of his friends from the neighborhood were going, but he accompanied former classmates from M.E. School when they went to see if they had been accepted by Chittagong Collegiate School. There a teacher recognized young Yunus and took him to see the headmaster. The two men

convinced the boy that Chittagong Collegiate, the top government high school in the city, was the best choice for a student of his ability, and allowed him to enter without taking its entrance exam. His father agreed to the changed plans and Yunus completed tenth grade there in 1955, and placed 15th among the 39,000 students taking the province-wide final examinations.

In the lower school Yunus had done a bit of writing and cartoon work, and now at Chittagong College he single handedly produced a small paper called Do Pata, meaning literally "two pages." He also took courses outside his field in mathematics and economics, and continued in this vein when he entered Dhaka (Dacca) University in 1957. There he was the founder and co-editor of a nationally circulated literary magazine called Uttaran (Advancement). He received his B.A. (Honors in Economics) from Dhaka in 1960 and his M.A. in Economics in 1961. With his new master's degree, Yunus went back to Chittagong College to teach economics. He also realized that since his ambition was to teach in a university, he should get a Ph.D.

Earlier he had had an opportunity to study in England and thought of attending the London School of Economics, but the timing was not right. In 1964 he saw a notice, and applied for a Fulbright Scholarship in the United States. On the application form Yunus put his subject preference as "development economics." On the basis of this preference he was granted a scholarship to Vanderbilt University which he had never heard of in Nashville, Tennessee.

He obtained his Ph.D. in economics from Vanderbilt University in 1969. From 1969 to 1972, Yunus was an assistant professor of economics at Middle Tennessee State University before moving back to Bangladesh, where he joined Chittagong University as an economics professor.

Yunus first got involved in fighting poverty during the famine of 1974 in Bangladesh. He discovered that very small loans could make a disproportionate difference to a poor person. His first loan consisted of US\$27 from his own pocket, which he lent to women in the village of Jobra — near Chittagong University — who made bamboo furniture. They had to take out usurious loans in order to buy bamboo. They then sold these items to the moneylenders to repay them. With a net profit of 5 Bangladeshi taka (.02 USD), the women were unable to support their families. However, traditional banks were not interested in making tiny loans at more reasonable interest rates to poor people, who were considered repayment risks.

During this time, he established a rural economic program as a research project. In 1974, he developed a Tebhaga Khamar (three share farm) which the government adopted as the Packaged Input Program. In order to make the project more effective, Yunus and his associates proposed another project called 'Gram Sarkar' (the village government). The government adopted it in 1980, but the succeeding regime later lifted it away.

Yunus and Bangladesh Liberation War

In 1970, on the way to getting his PhD, Yunus joined Middle Tennessee State University. In 1971, the Liberation War of Bangladesh started. Yunus joined in the activities of raising support for the liberation war. With other Bangladeshis living in the United States, he founded the Bangladesh Citizen's Committee. Then they started the Bangladesh Information Centre in New York. Later, he helped Bangladeshi officers working in the Pakistan Embassy in the United States to get themselves out from the embassy. He was also an active participant of the Bangladesh Defense League founded by Dr. Fazlur Rahman Khan, which tried to supply arms and ammunitions to the 'Muktibahini (Freedom Fighters).

Founding the Grameen Bank

In 1976, Yunus founded the Grameen Bank (Grameen means "of rural area", "of village") to make loans to poor Bangladeshis. The Grameen Bank has issued more than US\$ 5.1 billion to 5.3 million borrowers. To ensure repayment, the bank uses a system of "solidarity groups". These small informal groups apply together for loans and its members act as co-guarantors of repayment and support one another's efforts at economic self-advancement. As it has grown, the Grameen Bank has also developed other systems of alternate credit that serve the poor. In addition to microcredit, it offers education loans and housing loans as well as financing for fisheries and irrigation projects, venture capital, textiles, and other activities, along with other banking services such as savings.

The success of the Grameen model has inspired similar efforts throughout the developing world and even in industrialized nations, including the United States. The Grameen model of micro financing has been emulated in 23 countries. Many, but not all, microcredit projects also retain its emphasis on lending specifically to women. More than 96% of Grameen loans have gone to women, who suffer disproportionately from poverty and who are more likely than men to devote their earnings to their families.

Nobel prize

Muhammad Yunus was awarded the 2006 Nobel Peace Prize, along with Grameen Bank, for "their efforts to create economic and social development from below." He is the first and so far only Bangladeshi to win the prestigious award. The award also marked a shift away from the conventions by awarding it to someone who worked to promote peace indirectly through economic upliftment of the masses.

The announcement read:

The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two equal parts, to Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit

is one such means. Development from below also serves to advance democracy and human rights.

Yunus advocated that by fixing poverty, you are also attacking a root cause of terrorism. He made this comment at the official prize-giving ceremony held in Oslo, Norway on the 10th of December, 2006:

“We must address the root causes of terrorism to end it for all time, I believe putting resources into improving the lives of poor people is a better strategy than spending it on guns.”

The 65-year-old economist said he would use part of his share of the \$1.4 million award to create a company to make low-cost, high-nutrition food for the poor. The rest would go toward setting up an eye hospital for the poor in Bangladesh, he said. The food company, to be known as Social Business Enterprise, will sell food for a nominal price.

Awards

- 1978 — President's Award, Bangladesh
- 1984 — Ramon Magsaysay Award, Philippines
- 1985 — Bangladesh Bank Award, Bangladesh
- 1987 — Shwadinota Dibosh Puroshkar (Independence Day Award), Bangladesh
- 1989 — Aga Khan Award for Architecture, Switzerland
- 1993 — CARE Humanitarian Award
- 1994 — Winner of the World Food Prize
- 1995 — Winner of the Max Schmidheiny Freedom Prize
- 1996 — Winner of the UNESCO Simón Bolívar Prize
- 1997 — Received award from Strømme Foundation, Norway
- 1998 — Received Prince of Asturias Award
- 1998 — Winner of the Sydney Peace Prize
- 2004 — Winner of The Economist newspaper's Prize for social and economic innovation.
- 2006 — Mother Teresa Award instituted by the Mother Teresa International and Millennium Award Committee (MTIMAC), Kolkata, India.
- 2006 — 8th Seoul Peace Prize
- 2006 — **Nobel Peace Prize**, shared with Grameen Bank
- And 47 others, for a total of 62.