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## **Opening Markets, Changing Lives – This Year’s Nobel Peace Prize Winner**

*By Sarah McIntosh*

He believed in people; he believed in markets. For that, Muhammad Yunus (and Grameen Bank) received the 2006 Nobel Peace Prize for his work in providing micro-credit to the poor in many countries across the world.

Micro-credit is an alternative loan whereby small amounts of money are loaned to people who otherwise fail to qualify for conventional loans or only "qualify" for loans with exceedingly high interest rates.

Mr. Yunus' project began in 1976 while he was professor of economics at Chittagong University in Southern Bangladesh. The rural inhabitants of Jobra, the region around the University, were suffering from poverty. He decided to find out what was preventing them from prospering and began to interview the inhabitants. The findings were devastating. He found people, including many women, were unable to produce goods to sell because they had no money to buy the raw materials. Those who did manage to borrow money for raw materials were basically slaves to the moneylenders who charged so much interest the women were barely able to turn a profit.

These people, he found, were not poor because they were stupid or lazy; in fact, they often completed complex tasks for many hours a day.

While a devastating situation for these people, the solution seemed relatively simple -- these people just needed the money to buy the materials so that they would be able to make a profit.

Mr. Yunus' first loan was made to a list of individuals compiled by his students. He loaned 42 people a total of less than the equivalent of \$27. Twenty-seven dollars changed many lives and became the starting point of a revolutionary process.

In 1977 he started Grameen Bank, rejecting the structure and process of traditional banks. Instead of a complex system of forms and institutional hurdles, he led the oftentimes illiterate borrowers through the process. He developed a system to encourage borrowers' success and helped them create a network of support by requiring "group lending." This group lending brought people together and forced them to work together towards success.

Early on Mr. Yunus decided he wanted half of his borrowers to be women. He found that loaning money to women had a quicker effect on creating economic change. His work has been integral

to changing the lives of many people around the globe. For women especially, the impact of these loans has been staggering. Socially, the women face less pressure from their families.

They have greater independence, their marriage prospects increase, and they are able to break cycles of abuse.

The micro-lending program now serves 2.5 million people across the world in more than one hundred countries on five continents.

Mr. Yunus' program is a stunning example of how free markets can create economic, social, and political change. In his book, "Banker to the Poor," he writes that, "I always return from the villages more convinced that providing credit is a powerful means to create profound change in people's lives. It has been that way since I started visiting centers in 1977 and continues to this day." The program gives poor people access to markets, giving them the ability to procure raw materials and to use their talent and labor to create wealth for themselves and their communities. It allows these individuals to break their cycle of poverty.

Mr. Yunus has worked to keep the market open and free from corruption and misinformation. His model has spread to the United States, too. In Arkansas, for example, micro-credit has been used to help some of the poorest areas in the State.

During this holiday season we will no doubt hear many heartfelt wishes for peace and a hope for the world to be a better place. Mr. Yunus has made the world a better place and hopefully we will learn from his accomplishments. After accepting the Nobel Peace Prize Mr. Yunus remarked, "I firmly believe that we can create a poverty-free world if we collectively believe in it. The only place you would be able to see poverty is in a museum." Mr. Yunus has given us the hope and the world the tools to effect real change. Hopefully we won't forget his success after the publicity wanes but will remember the lessons he has learned so that all can achieve liberty and well-being.

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