

11-20-2007

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Recommended Citation

Muhammad Yunus, *Social Enterprise: Doing Well by Doing Good*, 1 J. Bus. Entrepreneurship & L. Iss. 1 (2007)

Available at: <http://digitalcommons.pepperdine.edu/jbel/vol1/iss1/5>

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SOCIAL ENTERPRISE: DOING WELL BY DOING GOOD

Speech by Dr. Muhammad Yunus at Pepperdine University School of Law
on Saturday, October 20th, 2007

[Applause] Thank you. Thank you. Thank you. Thank you so much. [Applause] Really. Thank you. Thank you so much. So very kind of you. It's a gorgeous day. It's a very important day for me. It's a lovely place. When I was entering the campus I couldn't believe such a beautiful campus. If I knew the campus was so gorgeous and so beautiful, I would have come here to receive the award. [Laughter] Before I could make up my mind, Janet and her colleagues came right over to Bangladesh. Didn't give me a chance. [Laughter] But we were very, very happy that you came because most occasions when I receive a recommendation or award for Grameen Bank, for our work, it happens somewhere else. And my colleagues, who are thousands and thousands of them, and borrowers, they don't see it. They don't know what's happening. But in your case my colleagues could come and see the ceremony that you came all the way from Pepperdine to give this award. Thank you very much for honoring us. It was a wonderful thing to receive this award. We have received awards from universities and economics departments and sociology departments, but never from the law school. [Laughter] That was very significant for us. We are always fighting the laws. [Laughter] Laws are against us all the time. So we are very happy that law school came forward and recognized us, and we see the possibility that we can impact and creating new kind of frameworks, the legal frameworks within which people can grow and come out and so on.

And I'm very happy to be here, and I was asked by Dean, and I will be telling you the stories that he heard me speak at Vanderbilt University campus, and also the way that our work proceeds in Bangladesh. But I will just start with Vanderbilt because I was at Vanderbilt as a student, and a Fulbright student, and after I finished my PhD I started teaching at MTSU, Middle Tennessee State University. So I was there. And uh, while I was teaching there, Bangladesh got into a war with Pakistan. A liberation war which caused us lot of, lot of damages and bloodshed, back in 1971. And I was campaigning within the United States, to mobilize support for our independence movement. Lobbying at the Congress. Coming to different campuses, talking to the students, explaining our cause. And Bangladesh became independent at the end of 1971. As soon as we became an independent country, I decided to resign from my job at MTSU and go back to Bangladesh. And that's exactly what I did. And it's uh, when you come to an end of a liberation war successfully, you go through a euphoria. That now everything will be solved. Things will happen in the best possible way.

But, as in most cases, those dreams soon turn into nightmares. Instead of the country moving up, the country was sliding downwards very fast because of the

just destruction that took place, because of the chaos it created within the society, dislocations, and so on. By 1974, the country ended up with a terrible famine. People dying of hunger. And not just in dozens or just in hundreds, but in hundreds of thousands of people dying of hunger. So you teach beautiful economic theories, elegant economic theories in classroom, then you come out of the classroom and you see a very different picture. This doesn't look as elegant as it looked in classroom. You feel emptiness in yourself. What good is your knowledge, what about what you ever done in school, when it doesn't come to use to people? A sense of emptiness, a sense of uselessness kind of grips you. So that was happening, and the frustration of it all that you cannot do anything in the face of such a crisis, where people die not of any disease, they die just because they can't have a little bit to eat. And the death doesn't come all of a sudden. It kind of inches; every day you come a little bit closer, every moment you come a little bit closer and it doesn't get resolved. So in a situation like that, you struggle with yourself. What do you need to do, what you can do.

So one idea that came to my mind, that as a human being I can still stand by another human being and extend my hand and see if I can be of any use to that other person. Even for a day. I don't know how to solve the problem of a person for a lifetime, I cannot even attempt that, but to be useful for a day is possible. And that's when I started doing that. And I was lucky that I was teaching at a university which is located right in the middle of the villages. So I could just walk out of the campus line and be in the village and be with the people. So every day I would do that, and do whatever I could do on that day and feel a little bit easy that I was doing something; at least be with the people, I can bring some hope for them. Then I get into another issue as I go around. The money lenders in the village. How they tend to extract everything from the poor people by lending tiny little money. So I made a list of people who were borrowing from money lenders as I go around in the village. So when my list was complete, there were forty-two names on that list, and the total money they borrowed from the money lenders was \$27. I couldn't believe . . . As an economics teacher, we talk in terms of millions of dollars and billions of dollars, five year national development plans, and the macro investments that you have to go to change the economy of the country so the poor can get out of poverty and all those things. But I could not believe that people had to go through so much humiliation and torture, the ruthless torture, for pennies. As I was shocked and stunned by looking at that, something came to my mind. I said, "The problem is difficult. Very difficult. But the solution is so simple." And the ideal solution was, if I give this \$27 from my pocket to these forty-two people as listed, and asked them to return the money to the money lenders, they will be free. They can continue to do what they are doing, they will not miss anything, but they will be free from the tortures of the money lenders. It excited me and immediately I acted on it. And I thought at least I had done something which will keep them, maybe, from the clutches of the money lenders. But I didn't realize the outcome of it, what would happen after that.

So I go into the village after that as I do every day. But now people look at me in a strange way. They looked at me as if I descended from heaven. [Laughter] In the beginning I was a little puzzled, embarrassed, but then I thought, I felt, like as if you can become an angel for \$27, it's your opportunity to do more

and become some kind of super-angel. [Laughter] So I saw a great opportunity for myself, that if I can do that, people will be happy. The question that came to my mind, if you can make so many people so happy with such a tiny amount of money, why shouldn't you do more of it? So it drove me to the next step – to do more of it. At the beginning I had no idea it would generate such a response. But seeing that, I couldn't avoid that question, so again I came up with another simple solution to this. Simple solution to my mind may not be that simple to others. Because I was innocent about the whole thing. I thought, "Why don't I go to the bank and ask them to lend money to the poor people in the village? Just a small amount of money. They will not miss it. They will be happy to do it." See how innocent I was? [Laughter] And I go there and talk to the manager of the bank. He literally falls from the sky; he couldn't believe that I was saying that sort of thing. He said, "No, bank can't lend money to the poor people; you know that." I say, "I don't know that." [Laughter] And he said, "Poor people are not credit worthy." I said, "How do you know that?" He said, "Everybody knows that." I said, "I don't." So we got into real big . . . dialogue. And he cannot persuade me and I cannot persuade him. So this is a dead end. Finally, to kind of save himself he said, "I cannot answer all your questions; you go and talk to my superiors at the higher levels."

I took his word for it and for the next few months I was running around meeting all the banking high officials. Everybody answered me the same way – it cannot be done: banks cannot lend money to the poor people because they are not credit worthy. I wouldn't give up, they wouldn't give in. So it goes on. Finally I learned something from these conversations. I used that. I said, "Why don't you use me as your guarantor? I sign all your papers, I take the risk, you save the rules, and people get the money." And this time I spoke their language. [Laughter] They couldn't quite throw me out of the window. But finally after another two months of writing back and forth and negotiating, they accepted me as a guarantor and wanted, they were ready to give the money. Not that they were persuaded by my arguments, I thought they just wanted to get rid of me. [Laughter] "Give him some money; it will not work anyway, so soon he will stop bothering us." So that's how they agreed, and I was happy that they agreed. So I took the money from the bank with all my signatures, every single piece of paper they gave me, and took the money to the people in the village. And I was very happy that could do that, but the bank manager said, "You say goodbye to your money; this money will never come back." I said "I have no idea, I have never done that before, but I hope I will find a way to encourage them to pay back."

So I worked very hard along my students to come up with these ideas, how to help people to pay back and feel comfortable with it. And it worked. As it worked, I got very excited because for the first time, I learned that it works. The bank's saying it doesn't work. So I wanted to do more, and continue to do another village and another village. Every time it becomes successful. The more successful it becomes, the more confident I become, but the bank becomes more and more reluctant to pursue, to support this. They were hoping that this thing would collapse. But it's not collapsing. They keep saying that "You were lucky. That's why it works. Next time you do this, it will collapse." Next time it doesn't collapse, it goes up again. So they were getting frustrated in their ideas. Finally I

thought instead of getting through this reluctant banking system, “Why don’t I create a separate bank for the poor people so that nobody will kind of work negatively against it?” So this take me to another route, to go to the government to get the permission to set up the bank, or the central bank. So this took me another couple of years. Banging at everybody’s door to pursue it. In 1983, we got permission from the government and we began a bank: Grameen Bank, or Village Bank. And we were very happy. Now we created a separate bank. We can do as much as we want and nobody will have to approve this or disapprove it. We can decide our own fate.

And we continued to expand. We became nationwide very soon. While I was struggling with the bankers, two things I was telling them. I said banking system is unjust because you refuse to give loans to the poor people. And the second thing I added a few days later, the banking system is unjust also on another ground – you refuse loans to women. They said, “No, this is not true.” I said, “This is true.” I said, “Look at the borrowers that you have at all your banks. If you add them up and look at the gender composition, not even 1% of those borrowers happen to be women. So there’s something wrong with your system which screens out women.” Anyway, they didn’t have a very good response to that. So when I begin, I wanted to make sure right from the day one that half the borrowers in my program were women. Because I was complaining about something, I wanted to make sure people don’t complain against me again. So I wanted to make sure half of the money, half of them are women—we wanted to focus on the poorest, and within that, half of the borrowers would be woman. Continued to do that. As I go talking to the women in the village, the women always said, “No, no, no, not to me. I don’t know anything about money.” Some of them would say, “I never touched money in my life. Don’t scare me. I don’t want to get involved with that.”

We used to make fun, after hearing all these things. The students would bring out some money from their pocket and say, “Why don’t you touch it? They won’t bite you; this is just a piece of paper.” [Laughter] So anyway, this is just to kind of encourage them to feel comfortable. But “No, no, no, not me. Give it to my husband; he’s the one who handles money.” So my students were getting very frustrated because I was insisting that it has to be 50%. And they kept telling me, how can you have 50% because women themselves don’t think they can use it. How can you force it on them? It doesn’t make sense. They say they don’t know anything, they have no business idea, they have never done this before. So why pursue this? Anybody who wants it, lets give it to them. I said “No.” When a woman says, “I don’t know anything,” when a woman says, “No, I don’t want to take money,” it’s not her voice. It’s the voice of the fear. Fear that we have created around her. For years and years and hundreds of years. So you don’t expect that fear to disappear overnight just because you brought some money. It will take time and lots and lots of patience so you can peel off that fear, layer by layer. Gradually it will go and someday the real person will come up and say, “Let me try.” And we are waiting for that day. Don’t give up. Keep working, keep encouraging, keep creating confidence in them. It took six years of dead crosses, and finally we reached that level – 50/50. And we are so happy because everybody said it cannot be done. Because they have no idea, they have not handled money in

their life. How can you give them money? Now we have done it, and they have the money. They're using it and using it well.

Then we started noticing something else. Money going to the family, through the women, brought so much more benefit to the family than the same amount of money going to the family through men. In every case, you cannot fake. In the beginning we had no idea that this kind of thing will emerge. It is so clear, so transparent. You don't need to be a smart researcher to go and find it. But just the casual observation you see that is different between what happens in the family if the mother is the borrower, if the father is the borrower. You can almost write a book about it what a difference it will make. Children become the immediate beneficiary if the mother is the borrower. And something poverty taught the poor women. If you are in a poor family, if you are a woman, your husband always brings whatever is needed for the family because you don't earn anything. It's the husband who earns a little bit and brings it to you, and expects you to take care of every single need of the family with whatever he gave to you. And if you don't do it, then you are a bad wife. You don't know how to handle things. You get abused, you get beaten up because you are wasting money and so on. So in the process, she learns something. She becomes an excellent manager of scarce resources. By necessity, because she would otherwise be blamed as a very bad housewife, a very bad manager of the household. So when we gave this little money in her hand, she brought all her management skill in managing that little money she got and she got the best mileage out of it. Men never went through that process, so he was not as careful about handling money as woman was. So you see the difference in the use of the money and the skill of the management. And woman has a longer vision; she wanted to go up to someplace. Men generally wanted to enjoy right now. Didn't worry much about the future. So your imprint on that, you can see very clearly.

Case after case you see that and you get impressed by what happens when the woman is the borrower. Then we started raising a different question: should we continue with 50/50, or change it? We said, what is so good about 50/50? And then we jumped into the decision. We said let's change it—let's focus on women. Because if you get so much social impact, money-wise it's the same. Everybody was paying back, men was paying back, women was paying back. But the impact is so different.

So we changed our mind. Quickly we moved from 50 to 60 and 70 and so on, 90%. Today we have about 7.5 million borrowers. 97% of them are women. [Applause] And the bank, right from the beginning, was designed as a bank to be owned by the borrowers. So the Grameen Bank is not only a bank for the poor people. It is a bank for the poor women, at the same time it is a bank owned by the poor women. So our board is a very interesting board. All poor women sitting as a director of the bank, coming from remote villages, they got elected every three years. We elect new board members, going through with a very elaborate procedure to elect board members. And then you end up with elected board members; they decide what this huge bank with 27,000 staff. Decisions are made by these women.

Where does the money come from? The money that we lend out? It's not the money which comes from the government. It doesn't come from the donors, or

World Bank, or Asian development bank, or other such source. It's generated internally. So no money has to come out, Grameen Bank doesn't even borrow money from anybody, it has so much inside. We have over 2500 branches. When we open a new branch, we give the address of the new branch where we are going to locate that to the new branch manager who is going to start the branch. And tell him, this is the place you are going to open the branch and we don't give you any money. You go empty handed settle there and are start taking deposits. Mobilize deposits in the locality. As you get deposits, you lend the money to the people, the poor women. So it is local money, local poor women, and the local economy that you build up. That's your task, and that's how every branch is done. We don't give money from the head office. They don't borrow from other branches. It's all their money from there. So it's self-reliant; not only a self-reliant bank, it is a self-reliant branch. And then we give twelve months to this manager. Within twelve months, you must come to the break-even point. So you can't sit around and say, okay we are doing this, but this year so much losses, this year so much losses. No. Within twelve months you break even. All your costs are covered by your income. And that's what they do.

So this is what the story of Grameen bank. We focused on children of Grameen families right from the very beginning. This is one of the thing. Many of you are familiar with the sixteen decisions of Grameen Bank, which emerged with incoming bank over years. And one of the decisions is we shall send our children to school. These are all illiterate children, all illiterate families. So we thought one good thing is to send the children to school. Then we started encouraging it and we succeeded in sending all the children to school. But what amazed us, not only all the children went to school, some of them started being at the top of the class. So that was a thrilling experience for us. To see these children coming from these extreme poor families, illiterate families. For the first time going to school. Nobody in the family ever went to school. Now, she is at the top of the class. So we thought, this needs to be celebrated! Something is happening which we never expected. So we started giving scholarships to those students who are getting excellent results in schools, boys, girls. Today we have more than 30,000 scholarships that we give to such students within Grameen bank.

Another thing again beyond our expectation, some of the students we see at higher level of education. We thought these students would go to primary education, and we will celebrate that we have done a new generation with primary education. The reality was more than that. They went to the high schools, they went to college, now they end up in medical school and evening school. So noticing the first such event taking place, we all started thinking what to do with it. Many of these children who were qualified to go into to higher education couldn't probably go because financing is a very difficult process for their parents to support. So they probably turned out to be vendors, shopkeepers, because they couldn't move up despite the fact that they have the ability. So we said, no way, we can't waste such a thing. So what we did, we introduced education loan; we guaranteed that anybody who qualifies to go into higher education, you don't have to worry about financing. Grameen Bank stands behind you and you can move as far, as far as you can go. So we have been doing that. Today we have more than 18,000 students in higher education: in medical schools, engineering schools,

universities. And two of them finished their PhDs and two of them are in post-doctoral situations at different universities. So it's amazing thing to see these children when they get together, those young people. There's no difference between those young people at university and university and other kids. Nobody would recognize that these are coming for the first time in their lifetime, from their families to come to universities. Not only they are coming for first time to universities and medical schools and engineering schools. In many, many villages, she is the first one to become a doctor in the whole cluster of villages.

So it is coming from the poorest family, that in the whole village she is the only doctor who went to medical school and became a certified medical practitioner. So this is one that we feel very happy, and we go around and we talk to the universities to give us more scholarships so that we can send our children to your university so that they can go into higher education. And I argue that this works both ways. It helps the children of Grameen families to move up and become. . . it gives a message that you may be in a poor family, but quality-wise, ability-wise, you are no different from any other children anywhere else. At the same time for campuses it is also very good. When you talk about poverty and other issues, it's not something remote. It's your roommate who comes from the poorest family; it's your classmate who is from there. And he or she can tell you what it's all about. And then it becomes real. It's not something way out there. And when you read it in the textbook, he says, no, that's not the way it happens really. This is the way happens. This is what I faced. It makes knowledge real knowledge, not an abstract knowledge. So that's how, and I'm very happy many of the universities now we have talked to have come up with that and our students are going to many international universities and learning places.

Another one, a story I wanted to tell because this is also exciting for us. Many people are agreed that microcredit is only useful for the entrepreneurial poor, and there are not too many entrepreneurial poor. So if you give it to any poor, they don't work. And whenever I hear this argument, it always burns me up. Because I argue that all human beings are entrepreneurs, without exception. Because it is part of being a human being. You cannot take this piece out and say this is a human being. You are missing the essential point of human. Human being by nature is an entrepreneur. The fact that some are seen to be an entrepreneur and some are not seen as an entrepreneur because of the society we have built. Society didn't give the opportunity to some to bring that capacity out, unleash that capacity. So that's why they look like they don't have entrepreneurial ability. And I refer back to what I said earlier about the women when I go the first time, when we are trying hard – take some money, do something. “No, no, not me, give it to my husband.” So if we accepted that, that she didn't have entrepreneurial ability, we wouldn't be talking about 7.5 million borrowers, 97% women today. So we continued with it because we believed that it is there. It's like prospecting; it's like drilling for oil or something. You know that the oil is there. You have to get it. So, and you may make a false start a few times, but you finally get there, you finally discover it is there. So it's a question of bringing it out. You have this precious gift inside of you. Simply you couldn't unwrap it. Nobody let you know that you have that precious gift so you never bothered to unwrap it. So once you know that you have it, you keep on trying to unwrap it, and once it gets out, you

get excited that I have it, I can do that. So this is what the issue is.

So what I did, I said, since the more I argued the more it continues, it doesn't disappear. Why don't I create some program which will demonstrate it? Then they cannot throw it out. So one idea that I came up with, why don't we give loans to the beggars? Exclusive. We always did loans to the beggars, but not exclusive to the beggars. So this program is exclusive to the beggars. So we go and talk to the beggars, talk to them – how did she become a beggar, at what point in life, finally she had to stretch her hand for livelihood. She could not take it any other way because she and her kids could not survive except for the mercy of others. And that became a daily routine now. She couldn't find any other way, she has to go and beg and feed the children for the day. Then we said, as you go from house to house begging, would you care to carry some merchandise with you, some cookies, some candy, some toys for the kid? You are going there anyway, this is not extra work. And if it works, fine, if it does not work you have not lost anything. You can go on begging anyway, but you are giving people options. Let them decide if they want to give you some charity or if they want to buy something for you.

And they liked it. And we thought maybe we'll have a couple thousand beggars in the program; we can observe how they behave. It became so popular instantaneously among the beggars. Moreso among our staff, they got very excited. For the first time they felt they were doing something real good – working for the beggars. And they start clamoring; oh give us more opportunity to take more beggars. I said, no, no, don't take too many beggars. Take only one each and make sure you are doing the right thing with her. But gradually I took, increased the number because they kept on screaming, that we should, we can do it, why don't you let us do that. So now there are more than 100,000 beggars in the program. [Applause] And amazing thing is how they quickly learn the trade. We don't train anybody. People keep asking, do you train the beggar? No, they just get the money. And tell them that you can carry some merchandise, we don't know, you figure out what will sell, and as you go around you learn about it. More than 10,000 of those beggars by now have stopped begging completely. They became door-to-door salesperson. [Laughter] Some of them became personal shoppers. Because women in Bangladesh cannot go to the market, so if she needs a match, a box of matches, she has to ask her husband, please bring a box of matches. Because without the box of matches, she can't start cooking. And husbands as they are always, they forget. [Laughter] Now she found a way. When this beggar comes, she says, "Can you bring me two boxes of matches, here's the money, you bring it tomorrow." Settles the whole thing. Some of them even give a little tiny note, a list. You bring it to the shop and they will give you and I will pay you back. It's no problem. So this is how some of the other kind of business they are developing.

For the remaining 90,000, I would describe it as part-time beggars. And my colleagues, who are working with them, they are very impatient. They want to see all of them get out of begging right away. I say don't rush, don't push them too hard. They have to make their own decision, at their own time they will do it. I said, they are in the process of closing down their begging division. [Laughter] And then strengthening the sales division it takes time. It's a process of

restructuring the business. [Laughter] So it's amazing way that people kind of respond to this opportunity you give. What is the amount of loan you give to them? It is basically about \$15-20, that's the amount of money. By lending \$15, \$20, to the beggar, you can help change his or her own life from the humiliation of being the beggar at everybody's door into the salesperson with dignity. I ask sometimes when I talk to them, I ask, what is the difference you feel as you go along with the new work that you do? They always, the most exciting part of it: "You know, when we beg, they don't even open the door. They just talk to us through the window. Now that she knows, the family knows that we bring something, they open the door and give us a stool to sit inside the house." It's not the money they talk about; it is the honor and respect they get. "They open the door and give us a stool to sit. And the kids always come around, what did you bring for us?" Then she became known to the family members because she is selling things, bringing things. So this is another aspect of Grameen Bank and the way we try to look at it.

And the final question is, why poverty? And after all these years of experience, the point that I always make: poverty is not created by the poor people. It is not their fault. Poverty is created by the system we built. All the institutions that we built. All the legal framework that we created. All the concepts that we built. That's where the seed of poverty is inserted. And that poverty that we see in the real world is a reflection of what we have done within the system. It's an imposition on people. It's an artificial imposition on people. Human beings have enormous potential, unlimited potential. But simply they cannot bring it out. I even give it as an example of bonsai tree, the little tree that you have in the flower pot. I said the tree, the bonsai, is a small tree, not because there is something wrong with the seed, seed is a perfect seed. But we planted it wrong place, it's a flower pot. It needed a huge big space to grow. And poor people are bonsai people. Nothing wrong with their seed. Simply society never gave them the space so that they can grow. If they had the space they'll be as tall as everyone else. There is nothing wrong, and that's what the new generation of young people coming out from those poor families demonstrated very clearly. There is nothing different. They came from the same family, but you created an opportunity, and they took the opportunity and went ahead and made it.

And in terms of an institution, one, an institution which is clearly comes out in our experience, the banking institution, why they are denying access to poor people. And then on the concept side, I talk about the business. I said there is only one kind of business that economic theory has created. On the basis that business has to be a business to make money. Maximizing profit is the mission of business. I said making money is of course is a part of human being. But this is not the whole of human being. Human being is much bigger than just making money. Human being has so many other arches inside. As we want our personal satisfaction, we want to achieve our personal goals to make money, get rich and so on. At the same time, we want to be helpful to others. There is a caring part of human being, which business cannot take care of. Because the way theoreticians stipulated, human being the way it is kind of a robot-like people. The only thing they want is to make money, nothing else. So we created the world like that. We all been playing the role of robots, because theory told us. So we are imitating the

theory, we are trying to fit into the theory. I said that is a shame. Theory should be one that would be reflecting what the human beings are. Rather than human beings being squeezed though to fit into the little slot the theory has created. To justify the full human being, there should be at least another kind of business. The business to do good, without any expectation of making money. It is part of human being; you are creating a space for them. A space for each one of them, so you are not imposing that you have to do the social business. Nobody is imposing. If you want, here is the space. And I define them by saying non-loss, non-dividend company with a social objective. So when I start a social business, I am not doing it to make money. I am doing it to solve a social problem.

We created a company which illustrates this very well. This is important because we created it in collaboration with a huge big company called Dannon. A milk company, a yogurt company, a water company. It's the number one water company in the world. So what we do, we created a company called Grameen Dannon company in Bangladesh. A social business company. What we do is produce yogurt. But this yogurt is different than yogurt that you eat. This yogurt we created for malnourished children of Bangladesh. We take all the micronutrients which is missing in the malnourished children – the vitamin, iron, zinc, iodine, whatever. We put it in this yogurt. And yogurt is as tasty as any other yogurt. The kids love it. And make it so cheap because you do not want to make profit out of it, you made it so cheap, the kids, instead of buying little snacks here and there, they just use the money to buy this yogurt, and in the process, they get the health. This company is now functioning in Bangladesh. Agreement with Dannon, Dannon has declared that they will not take any dividend out of it. They can take back their investment money, whatever investment they made over time they can take it back, but they still own the company. But no dividend. So making, bringing dividend is not the purpose. The purpose is how many children have now better health. That is the goal, so this is a social business. And we can create social business in terms of water. There are many communities in the world who have to live with polluted, arsenic contaminated water. Bangladesh is one country with arsenic contaminated water. If you can create a social business to bring safe water to the people in an affordable way so that it doesn't cost them anything. And at the same time companies are not losing money. That's why it's a non-loss, non-dividend company. If you lose money, then you are not a company.

We do a lot of good things now that we cannot do under the present framework through the business front. So we step out of the business, or we step out of the economy and become a philanthropist. Create foundations, create charities, and we do that. Charities are extremely useful. It is also in history of human beings charity. It has never disappeared. It has become stronger and stronger. But economics never considered that. Economics is about making money, nothing else. If you take a social business and charity, you see the distinction between that. Charity dollar has only one life – you can use it only once. Work is accomplished. But if you are to repeat it, you have to bring in a new dollar. Every time you want to repeat it, new dollar. Social business dollars is a very powerful dollar, it recycles. It has endless life. Never withers away. It becomes stronger and stronger, and comes back repeatedly and achieves the same

goal. Like nutrition. We can continue to produce yogurt as much we want, as many plants as we want, as big a plant as we want – no problem because we recover the cost. But in the process, the children get the benefit of regaining their health.

So I'm saying that we have to take it seriously within our economic structure. And then we have to have departments. Now we have the MBAs which trains the young people to serve the profit-making companies to make more money. That's all we train them. This is a good purpose, an important purpose, but we need another course, another department – a department of social MBAs. Where the young people will be trained how to run companies that do good to people. How do you measure it, how do you design it, how do you bring down the costs as low as possible so that people benefit from it? Since your profit component is not necessary here, you don't have to make a fancy packaging. Because it is useless because people don't eat fancy packaging. In Grameen Dannon we were insisting that the container from which the yogurt comes in has to be biodegradable. And then I was insisting when they finally found a biodegradable container, a material, I said it has to be edible. Why should I spend money on something which has to be thrown away? And I gave the example of ice cream—I said, "When I get ice cream, I get the cone." [Laughter] I love the cone. I said the kids should love this, whatever container you are giving, and it should bring good nutrition to them because they paid money for it.

So these are the challenges. The moment you come out of the profit-maximizing format into a social business format, your thinking process changes completely. Do you advertise your product? Do you make extra expenditure to make it look attractive? Whatever these are questions you have to resolve. Because our goal is to reach people as lowest cost as possible. As best quality as possible. All the frills has to disappear. So once we can create this kind of situation, poverty will not be in place. All the poor people will come out of poverty. And once and for all there will be no poverty left in the world. Then we will celebrate it and we'll create poverty museums. [Laughter] [Applause] So when the dinosaurs are gone, we have to put their skeletons there so our kids can go, "Ah, this is what used to be there." And our kids will be visiting those poverty museums and will get horrified. What a way we treated each other, for no fault of their own. They were as good human beings as anybody else, but we let them suffer. And they will be happy it doesn't happen anymore. Thank you so much. [Applause]