

PEACE *through* PROSPERITY

*Thirty years ago, Muhammad Yunus loaned out \$27.
For millions of the world's poor, it was enough to start a revolution.*

By JIM PATTERSON

Muhammad Yunus, who earned a Ph.D. in economics at Vanderbilt in 1971, won the Nobel Peace Prize in October for his work combating poverty through a bank that gives small loans to poor people.

Yunus' concept of microcredit—small loans to poor villagers in Bangladesh to help them buy livestock or fund an enterprise—has grown from the \$27 he loaned out of his own pocket into the Grameen Bank, which has loaned more than \$5.7 billion to 6.61 million borrowers. Despite lack of collateral or signed loan documents, 99 percent of the loans have been paid back—a rate unheard of elsewhere in the banking industry. The Grameen Bank provides services in more than 71,000 villages in Bangladesh through 2,226 branches. Grameen was jointly named recipient of the Nobel Peace Prize.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty," the Nobel Committee said in awarding the \$1.36 million prize. "Microcredit is one such means. Development from below also serves to advance democracy and human rights."

Yunus first arrived in Nashville in 1965, entering the Vanderbilt graduate program in economic development in the

Department of Economics after receiving a one-year Fulbright Fellowship. But he was encouraged to remain at Vanderbilt to earn a doctorate, receiving support from the university and becoming teaching assistant to Nicholas Georgescu-Roegen, then Vanderbilt Distinguished Professor of Economics.

"It was the most fascinating period in American history as far as I was concerned: the Civil Rights Movement, Vietnam, flower children, and the assassinations of Martin Luther King and Bobby Kennedy," Yunus recalled in a 1997 *Vanderbilt Magazine* article.

"It changed me, too. I saw that one man could stand up and say, 'No, you are wrong,' even with the whole world saying, 'We are right.' The whole society could turn around from just one voice."

Yunus spent four years at Vanderbilt and three at Middle Tennessee State University as an assistant professor of economics. In 1971 he was awarded a Ph.D. in economics from Vanderbilt. He returned to Bangladesh the following year.

The Grameen (which means "rural" in Bengali) Bank began in the village of Jobra in 1976, when Yunus gave \$27 to 42 self-employed crafts workers. He reasoned that if financial resources

Muhammad Yunus, PhD'71 (center), celebrates Oct. 13 with jubilant supporters in Dhaka, Bangladesh, after receiving word that he had won the Nobel Peace Prize for 2006.



FARIJANA K. GODHLY/AFP/GETTY IMAGES

were made available to the poor on terms and conditions that are appropriate and reasonable, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder."

Grameen takes banking to the customer. Its agents travel by bicycle to villages to find women whose circumstances might be changed by the means to buy laying hens or honeybees or materials to make fishing nets.

It is also part of the bank's mission to help educate women. Borrowers pledge to have small families, oppose child marriages and dowries, and to send their children to school, among other things.

Yunus has visited the Vanderbilt campus regularly since his graduation and was named the university's first Distinguished Alumnus in 1996. John W. Johnson, BE'68, who was then president-elect of the Alumni Association and one of those who

"I saw that one man could stand up and say, 'No, you are wrong,' even with the whole world saying, 'We are right.'"

—Muhammad Yunus
2006 Nobel Peace Prize winner

helped select Yunus as the first Distinguished Alumnus, recalls: "When we first heard his name suggested, he was something of an unknown to us. Bangladesh isn't a major focal point for media attention, and Muhammad Yunus, like few who have accomplished great things, does not call attention to himself. But he turned out to be an inspired choice."

Yunus is the author of an autobiography, *The Banker to the Poor: Micro-lending and the Battle Against World Poverty*.

"I once asked Yunus what he did for fun," recalls James Foster, professor of economics at Vanderbilt. "He told me he spent his spare time thinking of new strategies to help people help themselves. That's the kind of person he is." ▼

Four other Nobel laureates have been affiliated with Vanderbilt: <http://www.vanderbilt.edu/alumni/publications/20gifts.pdf>