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Addressing the Future

High-Tech and High-Touch

by Crown Princess Maria Teresa of Luxembourg

Crown Princess Maria Teresa of Luxembourg was born in Havana, Cuba. She graduated with a degree in political science from the University of Geneva in 1980. It was there that she met Crown Prince Henri, whom she married in 1981. In June 1997, she was named a Goodwill Ambassador of the United Nations Educational, Scientific and Cultural Organization (UNESCO), where her work has focused on child protection and poverty alleviation. She addressed the Seton Hall University community on October 19, 1999.

The Universal Declaration of Human Rights says that every person has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, medical care, and the necessary social services: the right to security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood or circumstances beyond his control. The declaration also asks the state to ensure effective application of these rights.

Throughout my university years in Geneva, many theories were unsatisfying to me. One of my main concerns as a student of political science was our continued acceptance of the fact that some countries become richer and others poorer. Of great consolation to me was that specialized institutions and agencies, international ones as well as multilateral and bilateral ones, are busy in this field. The World Bank and the International Monetary Fund have decided that both institutions will cooperate in the fight against poverty and corruption. A new international architecture for development, based on macroeconomic, social, and structural programs, is being organized in order to help less developed countries. Bilateral efforts are developing, although the UN recommendation aiming at a flow of 0.70% of GDP from the developed countries to the less developed ones is put into practice by a very small number of states only. I am pleased to say that the Grand-Duchy of Luxembourg is entering this leading group with its year 2000 budget.

When I became a goodwill ambassador to UNESCO, the director-general, Frederico Mayor, asked me what cause I would be willing to serve. I answered him that my main interest would be helping those who suffer in developing countries. He then suggested that I visit a great friend of his in Bangladesh, Professor Mohammed Yunus, the so-called friend of the poor. A few months later, I arrived in Dhaka for one of the most impressive experiences of my life. I would like to share this experience with you.

Professor Yunus lives in one of the poorest countries of the world, Bangladesh: cyclones, floods, and droughts have devastated much of the country. On a regular basis, 40% of the Bangladeshi people cannot satisfy the minimum need of food per day. Malnutrition is part of daily life in Bangladesh. There is a population density of 830 inhabitants per square kilometer. To compare to Europe, this would mean squeezing into the territory of Bavaria the population of Great Britain, France, and Ireland. Illiteracy affects 90% of the population. One might wonder how, in this climate, Bangladesh would be able to help the rest of the world. But in fact, we are witnessing today an unprecedented transfer of assistance through the country's Grameen Bank, in the form of microcredits, from Bangladesh towards other countries. This program is nothing less than a way to make poverty disappear from the planet forever.



In 1974, the year of the terrible drought, Professor Yunus, teaching economics at Dhaka University, walked in the streets and saw his people dying. This made the professor realize that although the economic theories he was teaching had elaborate solutions in the classroom, hundreds of thousands of people were starving to death on the streets outside. He then took one of the major decisions of his life: his university was going to become the village next door, his teachers the poor people, and he would be the student, to find out why his teaching did not correspond to reality. What was the real-life economy that a poor person confronted in everyday life?

One day, the professor entered the house of a poor woman making a bamboo stool. The woman earned two cents a day; I think it is difficult for us to imagine her condition. When the professor asked her why her revenue was so low, she explained that the only person who would lend her money to buy bamboo was the trader who purchased her final product, and the price he set barely covered the costs. The professor's instinct was to open his wallet and to give her some money; I think all of us would have reacted in the same way. But then he thought: why not give her a loan? This moment is a key moment, in my opinion, in the history of microcredit. The reaction of wanting to give immediately is a double-edged sword, as they say in French. On the one hand, you give in order to help a person, and on the other hand, you give because you want to quiet your conscience. I think it was very courageous of Professor Yunus to go much further than that, and to abstain from quieting his conscience too quickly, which is one of the biggest defects in our countries, namely, giving immediately without thinking of the consequences. He took time to reconsider and to see what long-lasting help he might be able to offer.

The idea of the loan gave birth to a remarkable institution, the Grameen Bank. Today, Grameen Bank is considered the most successful self-sustaining, antipoverty program in the world. It has more than 2 million borrowers, 94% of whom are women. And it has been replicated throughout the world, including in locations across the United States and Canada.

Since its independence in 1971, Bangladesh was receiving billions of dollars in foreign aid and had seen the majority of its citizens grow poorer. Against this backdrop, the founder of Grameen Bank reversed the conventional development approach: in his view, development has to begin with the country's poorest citizens. In Bangladesh, this means women. In two decades, experience has shown that miracle cures are not required to alleviate poverty. Instead, poverty can be addressed through innovative institutions that demonstrate faith in, and respect for, the people.

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I would like to tell you more about my visit, two years ago, in Bangladesh. I was very privileged to meet Professor Yunus, and he took me to one of the villages on the outskirts of Dhaka. He introduced me to a group of women who, for different reasons, has been sent away from their homes and had to face life on their own with their children. One of these women told me her story, so I'd just like to share it with you. "Well, you see," she said, "when I was about thirteen, my father married me off to a man who was a very good person. I had five children with him. A few years after we'd married, he decided that he would take another wife." So, he took another wife and the second wife did not accept this young girl with whom I spoke. She was thrown out of the house and sent away with her children back to her father's house. Then came the drought and no one could assume the responsibility for feeding her and her children, and she was left alone on the street. She told me her story with great dignity, without a moment of self-pity. The only moment when I saw tears in her eyes was when she spoke of the drought: "I saw my children hunger." There were tears in her eyes, besides the fact that there were tears in mine too. And then she went on: "I had to find a way to survive, for my children and myself. I went to the closest village and found a group of women, who were setting up together a little microcredit enterprise. And I asked them if I could join. That group did not take me, but another group in the village did. And thanks to them, today, I have my own house and feed my children, and have everything for my children and for myself." I was very, very touched. And I hugged her and said to her: "It's extraordinary. Thank you for telling me your story." And she looked at me and she said: "Little sister, what I didn't tell you is that out of my five children, three are deaf and dumb."

So, Professor Yunus began building his bank by rejecting the age-old notion that poor people are not creditworthy. If banks couldn't figure out how to deal with the poor, then they weren't "people-worthy," to quote the professor. Today, his system for extending small loans to women in thousands of villages has won praise around the

world. Tackling the fight against poverty with a market approach has enabled millions of individuals to get out of the poverty cycle with dignity. Restoring dignity, helping people to become stronger and to restore their self-esteem, are key words in the microcredit program. Microcredit means exactly what the word says: a very small credit that is supposed to be reimbursed when the debtor is ready to do so. This is quite different from a grant. Being given money by a donator, who does not even consider the possibility that you might be able to reimburse him, and accepting the same amount under the understanding that you are going to reimburse it over a given period of time creates quite a different relationship and a different responsibility. It's the difference between borrowing and asking for alms. It makes a different person out of you, in your own understanding and in the understanding of your surroundings.

I think that the most fundamental change brought about by microcredits is the social change that happens to be connected with gender in many developing countries. The role of women is undergoing considerable change, because we must realize that in those parts of the world, to the contrary of the situation in our countries, women do not have access to education at all. And the fact of empowering them, giving them the responsibility of a certain amount of money and giving them control over their own lives and their future, brings along all sorts of other consequences and notions of education: the mere fact of learning how to count, the mere fact of learning how to sign one's name. And it has tremendous political consequences. For example, in Bangladesh, Professor Yunus informed the women, who make up 90% of the people who receive the loans, that they had the right to vote. They were very grateful, and they wondered whom they were going to vote for. Well, Professor Yunus told them: vote for whomever you consider the best person to represent your interests, to help you in your life. So, they went to vote and the outcome of that voting was that the extreme Muslim party lost the majority of seats it had previously in Parliament. The outcome was very, very impressive to the population in Bangladesh, and it demonstrated that the vote of women must be taken into account.

I must now note that the repayment rate of loans made by the Grameen Bank is higher than 90%. Whereas in the beginning of this movement, traditional bankers believed that the money would never be paid back, it has become a fact that out of dignity and respect for themselves and because people show confidence in themselves, those who receive these loans are much better at paying them back and they do so quicker than many of us in the developed world. There is also the factor that in developing societies, women have a special role as multipliers. There is a Sikh saying that's very nice: "If you educate a boy, you educate one person. If you educate a girl, you educate a family." And this is true: the personal progress made by women in educational, sanitary, and humanitarian matters is immediately transferred to the younger generation, whose starting point integrates that progress.

I would like to finish by mentioning that cultural change too comes along with microcredit. Connecting a developing society to a broader economy, and making it permeable to the exchanges brought about by an open market, is not a new initiative. But true progress lies in the capacity of the society to respect also its memory, its

traditions, its specificity, combined with today's creativity. And microcredit has been playing an important role in keeping alive and in renewing cultural heritage. At UNESCO, we started a project that's called "Fashion for Development," which involves fashion shows that present fabrics and models made by people in developing parts of the world. There have been very big fashion shows put up at the UNESCO building in Paris with tremendous success.

There is another aspect to microcredit that depends a lot on you, the younger generation. If these programs are to be successful in the long term, we have to find them new markets. The market possibilities are still very strained, so helping people in their countries to get started is very important. We are reaching this objective little by little in different continents, but establishing a connection between their market and our markets and respecting simultaneously their products is much more difficult.

Students of today should make this world one where globalization and diversity share equal rights.

And then again, we must not forget that everything does not necessarily go our way. The way of working people in the Third World countries is very often based on arts and crafts. And these are capacities that cannot finish up in a museum, just because of globalization and macroeconomy. I think that in our world of high-tech, we can also have high-touch, as Frederico Mayor likes to say. There is a place for globality, there is a place for very large market exchanges, but there is also a place for the human touch, there is also a demand for slower, quality work. It's a question of informing people that the products are available. But people are ready to pay the price for a beautiful fabric made in India, in Nepal, or in Bangladesh, even if it is a bit more expensive. Everything doesn't have to be industrialized on a big scale. So, it depends on us and it depends especially on you, the students of today, to make this world one where globalization and diversity share equal rights, where cultural memory is the nest of the global vision, where high-tech and high-touch can live together. Because the common denominator of it all is, after all, the human being.

You, the students of Seton Hall University, should always remember whom you are serving in everything that you are doing, here and later on during your life. Put the human being at the center of all your preoccupations and nothing else. If you focus on that, you can't really go wrong.



