

CAN WEALTH CONCENTRATION BE STOPPED?

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Abstract

This article summarizes a lecture of Nobel laureate Prof Dr. Muhammad Yunus delivered at the 25th Anniversary event of the Daily Star on February 5, 2016 in Dhaka. In this article, Dr. Yunus mentions that wealth concentration is a negative tendency as 99% of global wealth belongs to 1% of people and therefore, threatens the global peace. The professor highlights the importance of understanding seriousness of situation and calls to implement measures against it.

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Victory of the People

Outcome of Cop 21 got me thrilled and inspired. After 40 years of battle between believers and non-believers finally believers won. They persuaded everyone that the world is in real danger, and we must act collectively. Paris got all the nations, big and small, together to sign on a legally binding agreement to protect the planet from impending climate disaster. Every day I feel like thanking all the activists who have gone through an uphill task to convince political leaders, businesses, and ordinary people, year after year to show the writing on the wall. Many took it as their life-long campaign to bring the nations to their senses. Citizens who were on the sidelines gradually became activists. They voted for political candidates who supported climate action. Political parties started getting elected to power because they are green.

I see Paris as the victory of the people led by the committed activists who never gave up campaigning for their cause. Even during the Paris conference over 7, 85, 000 people marched at 2,300 events in 175 countries united in one voice calling for a 100% clean energy future to save everything they love. Normally we expect governments to mobilize public opinion behind their brave actions. In the case of global warming it was the reverse. It is the citizens of the world who mobilized their governments.

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Paris inspires me to believe that this kind of citizen's movement can make the world ready to overcome another impending disaster which has been looming on the horizon. This has been a hot subject in politics for ages. Many powerful movements, many ambitious initiatives have been taken over centuries to address this problem. Much blood has been shed over this issue. But it not only does not go away, it gets more threatening than ever. This is the problem of ever-exploding gap in private wealth. It keeps on growing locally, nationally, and globally. As the economy grows concentration of private wealth gets worse. Faster the rate of growth, faster is the rate of concentration of wealth. This disaster is dangerous because it destroys peace and harmony; it threatens human rights and democracy. It pushes the world towards social explosions each worse than the previous ones. It triggers armed conflicts among nations.

Oxfam Updates on Wealth Concentration

Oxfam has been giving us horrifying updates on wealth concentration each year. This year they tell us that 62 richest people own more wealth than owned by bottom half of world population. In 2015 they reported that the 80 richest people, and in 2014, according to them 85 richest people owned more wealth than owned by the bottom half of world population. In 2010, six years back, it was 388 richest people who had the pleasure of owning similar wealth. They also told us that wealth of 80 richest people doubled in five years, between 2009 and 2014.

Oxfam has a terrifying projection for 2016. During the current year, they projected; the richest 1% of the world will own more wealth than owned by the bottom 99% of the world's population. That means total wealth of 99% of the population of the world will barely be equal to the wealth of the top 1% of the world. And it will get worse as year

This information is so unbelievable that it takes time to absorb. We feel like asking many more questions. How many of world's richest people will own more wealth than owned by the bottom half of the world population, say, in 2025? It is obvious that if the number can drop from 388 persons to 62 persons in six years we are just one small step away from one lucky person owning more wealth than owned by bottom half of the world population!

US presidential candidate Bernie Sanders kept reminding in his campaign speeches that in the USA, the top one-tenth of one percent owns almost as much wealth as the bottom 90 percent.

What about Bangladesh? Is it 62 or more, or less, of the richest owning more wealth than owned by the bottom half of the country's population? Does it interest anyone to find the number? How long will it take to reach a point where only one person will own more wealth than owned by bottom half of the people of

Bangladesh? Obviously he will be the 'King'. His wishes will be the law of the land. Does it sound too far-fetched?

Concentration of wealth also means concentration of power -- political and social, privileges, and opportunities. The reverse is also true. If you don't have any wealth, you have no power, no privileges, no opportunities.

We can raise another question. Who will get how much of the additional wealth to be generated in the next two years? Will top one percent get more than half of the additional wealth, making them own much more than fifty percent of the total wealth reducing the share of the bottom fifty percent of the people? Bottom fifty percent will continue to be in the losing side as long as the present capitalist system remains in force. Under this system concentration of wealth will remain an ongoing non-stop process.

That's the point I am drawing your attention to. The richest people are not necessarily bad people, as popularly imagined. They are not busy engineering the non-stop expansion of their wealth by 'stealing' from the bottom people. It is the system which does it for them. Wealth is like a magnet. The bigger the magnet the greater is its pulling force. It draws smaller magnets towards it. That's how the economic system is built. People with no magnet find it difficult to attract anything to them. If they somehow own some tiny magnets, retaining them becomes difficult for them. Bigger ones pull them to themselves. Unidirectional forces of concentration of wealth keep changing the shape of wealth-pyramid making its base thinner and its peak narrower and higher, ultimately looking like a thinning column rising out of a thin but large base.

These are horrifying realities which are taking shape minute by minute, while we are busy with our daily chores. For example the temperature of our planet quietly reached 1 degree Celsius, above the temperature during the industrial revolution, only a few months back, without drawing much attention. If we don't take heed of such major milestones our planet will keep getting warmer and warmer, and at one point we will reach the point of no return. Had it not been for the dedicated scientists and activists, who worked day and night over years, to galvanize a citizen's network and mobilize the governments forging a collective decision on global warming? Wealth-concentration is as dangerous as environmental threat. One is a physical threat against the existence of the planet; another is a threat against humanity, against the right of the people to live with dignity and peace pursuing higher ideals.

If the collective efforts of citizens led by committed group of scientists and activists from all sections of society could make us aware of climate danger, I believe by following the same roadmap we can galvanize forces to protect humanity from the danger of its destruction through ever-intensifying wealth-concentration.

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Citizens have to create little islands of wealth harmony through their efforts. They have to inspire the world, particularly the youth, that this can be done and must be done. We have to remind ourselves that we are in an era where impossible become possible faster and faster. This is one impossible that we'll have to make possible very fast irrespective of all the hurdles in reaching it.

Let me share some of my thoughts on how we can make it happen.

People at the Centre

Can wealth explosion be stopped?

My firm answer is, yes, it can be done. Human beings can do anything they want. There must be a strong desire behind it. Old ways of doing it through government and charities alone cannot do it. People will have to take it up as their personal priority. People will take the lead in doing it themselves and then put strong pressure on government to move in the direction of creating right kind of policy packages to facilitate this.

Since the appearance of modern capitalism around 250 years back, the concept of free market has been well established. It has been believed that an invisible hand ensures competition in the economy and thus, it contributes to the equilibrium in the markets. It is also believed that society is benefited automatically if individuals pursue their own benefits without paying any attention to social benefits. Now the question is: Does the invisible hand ensure benefits equally for everybody in the society? Obviously the invisible hand is dedicatedly biased to the richest. That's why enormous wealth concentration continues.

How Can We Reverse Wealth Concentration?

My faith in the possibility of transforming a wealth-pyramid gradually into a new shape, wealth-diamond -- very few at the top, and very few at the bottom, bulk of the people in the middle, simply sky-rocketed after the victory of the people in Paris. Now I feel confident that wealth explosion can be arrested.

First of all it is not an unalterable fate that mankind was born with. Since it is our own creation, we can solve it through our own efforts, same as global warming. It is our blocked mind which prevents us from seeing the problem that is pushing us towards this explosion. Our efforts should be directed to unblock our minds. We must challenge the existing paradigms which led the world to this problem. The usual political agenda to reduce the problem focuses on income-gap, not on wealth-gap. It is done through a programme of income redistribution -- taking from the top (through progressive taxes) and giving it to the bottom (through various transfer payments).

Obviously only governments can undertake income redistribution programmes. Some governments carry out this programme with toughness, some do it in a relaxed pace. Unfortunately in a democratic environment a government cannot achieve any significant success in a redistribution programme. People at the top from whom the governments are supposed to collect heavy taxes are politically very powerful. They use their disproportionate influence on the governments to restrain them from taking any meaningful step against their interest.

I don't think addressing income inequality is a real answer. We will have to address the cause, not the manifestation of it. We must address the wealth gap which is the cause of the income gap. If we keep the wealth base unchanged any reduction in income gap will be ineffective. On top of that, governments' cash transfer programmes are usually charity programmes. Charity programmes are excellent as temporary relief, they cannot give permanent solution to the problem. Rather they hide the problem. Democratic governments committed to the rule of law find it extremely difficult to embark on wealth redistribution. Land distribution seems to be the only successful wealth distribution programme undertaken by some democratic governments.

While governments should continue with their redistribution programmes, I am proposing to bring the citizen's power to transform the wealth-pyramid into a wealth-diamond. Central point in my proposal is to redesign the economic framework by moving from personal interest driven economics to both personal and collective interest driven economics.

I want to tell you why I think redesigning of economic framework is the essential task in achieving an egalitarian society.

My Personal Journey

As I look back, I see how circumstances pushed me into doing things which I knew nothing about. Famine of 1974 pushed me into growing an irrigated third crop in the village of Jobra. This introduced me to the money lending operation in the village. I wanted to help the victims of money lenders. In 1976 I offered to lend them from my pocket to protect them from money lenders. My money was running out as I gave loans to more and more people. I went to the bank, Janata Bank, located in the Chittagong university campus inviting them to offer loans to the poor. They refused. Finally I persuaded them by offering myself to become the guarantor. I called the project Grameen Bank Project. Then came the Krishi Bank to help me because of the personal interest taken by its Managing Director. They opened a special branch in Jobra with me as its de facto head, operating with staff that I recruited for the branch, all of whom were my students. I called it experimental Grameen branch. Later Bangladesh Bank wanted to expand it to Tangail because of

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strong support from some board members of Bangladesh Bank. In 1983 we became a formal bank.

Everything They Do, We Do the Opposite

What we created was not just another bank. It turned out to be an anti- thesis of a conventional bank. Everything a conventional bank did we started doing the opposite in Grameen Bank. Conventional banks love to operate where businesses and rich people locate their offices. As a result, they work in the cities. Grameen Bank (GB) works in the villages.

Even after 40 years GB does not have any branch in any city or municipal area. Conventional banks are owned by rich people, GB is owned by poor women. Poor women sit in its board. Conventional banks serve mostly men, GB focuses on women. Conventional banks believe that poor are not creditworthy. GB established for the first time in history that the poor people, more so poor women, are creditworthy in any formal banking sense. Grameen America has shown that even in the USA poor women can demonstrate amazing ability to handle bank credit to transform their lives. Grameen America has 18 branches in 9 cities in the USA with 62,000 borrowers, all of whom are women. It has given out a cumulative amount of \$ 380 million with average start up loan of \$ 1,000 and repayment rate of 99.9%.

Conventional banks operate on the basis of collateral, GB is collateral free. Therefore, it is lawyer -free. We have developed a banking system based on trust. In GB, borrowers don't come to the bank, the bank goes to borrowers wherever they live. GB created pension fund to make sure that borrowers can take care of themselves during their old age. GB offers health insurance, loans to beggars, student loans for the children of GB families, loans for sanitary latrine, tube wells. GB partially covers the funeral cost of the borrowers, loans are written off when a borrower dies. In GB total interest on loan cannot exceed total principal no matter how long it takes to repay.

By July, 2016 cumulative disbursement of loans of the bank came to Tk 1,323,353.74 Million (USD\$ 19,471.05 Million) and total loan outstanding stood at Tk.109,389.02 Million (USD\$ 1,395.27 Million). The balance in the savings account of borrowers stood at Tk. 117,415.77 Million (USD\$ 1,497.65 Million). This means borrowers now have more money in their saving accounts than their total loans outstanding. One can say, in reality, they are the lenders to the bank, rather than borrowers of the bank.

In recent years the World Bank, IMF, UN, and many bilateral donors are promoting inclusive finance. It is mostly manifested in encouraging conventional banks to take steps to provide limited financial services to the poor. If anybody aims at inclusiveness in banking with any seriousness, definitely it can't be achieved

through conventional financial institutions. These financial institutions are built on principles and mode of operation which promote financial exclusion. Their DNA will not allow them to work for inclusion. If we wish to reach the poor, we need to build separate institutions with completely different architecture. Rich people's banks are not designed to serve the poor. They may take some token actions through NGOs, under pressure from above, but that won't constitute even a fraction of one percent of their business. The unbanked of the world need real banking, not some "let-us-look-good" actions.

Through my work with microcredit I questioned the very basics of the banking system. I kept pointing out that real human beings are much bigger than the human beings assumed in the theory on which banking system is designed. Story of Grameen Bank is a living proof of that. Grameen Bank's microcredit idea flourished globally because NGOs took it up. But NGOs are not the answer to fill the vacuum left by existing financial institutions. I have been arguing that one easy way would be to give banking licenses, with some restrictions, to the microcredit NGOs, to operate as banks and take deposits, so that they can become self-reliant institutions. I am very happy to see that after many years of bringing it up, now Reserve Bank of India is issuing licenses to microcredit NGOs in India to become microcredit banks. This is the beginning of the right steps towards inclusive financing. But there is still a long way to go. There is an empty space for providing varieties of essential financial services to the unbanked, exclusively designed for them, not just offering them nano-versions of what is being done by the conventional institutions for their regular clients.

I have been arguing for years that credit should be recognized as a human right, so that it can be addressed seriously, and be given the importance it deserves. We can establish this human right only by creating complete financial system for the poor.

Critics of GB always pointed out that the loan it gives is actually wasted because the poor don't know how to use the money. It only adds to their debt burden. The reality turned out to be far from that. Instead of accumulating debt burden they accumulated large savings, now bigger than their outstanding loans. GB helped them to prove themselves to be excellent savers, proud owners of investment capital, and owners of a financially robust nation-wide bank. I have been arguing that all human beings are born with unlimited creative power. If the society gives them the chance to unleash this power it will surprise everyone.

Critics argue the opposite. They warned us not to waste our money by giving it to the poor people, rather to give it to people who can employ them in large numbers. I did not see it their way. I wanted to turn the poorest women into

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entrepreneurs by bringing out their suppressed talent of entrepreneurship. The critics seem to believe that entrepreneurship belongs only to small class of special people, the rest are born to work for them.

If we leave the financial institutions unchanged, they will only keep on adding fuel to the wealth concentration. To slow down concentration of private wealth two things need to be done. Existing financial institutions have to be redesigned to make sure they cannot remain to be the facilitating vehicle for wealth concentration. Secondly, we need to build an entirely new set of financial institutions to deliver all financial services to the poor. It is extremely important to provide financial services to the poor so that they can move up on their own. These exclusive institutions should be designed as social business rather than allowing them to become instruments of personal profit making for the rich, which in turn would strengthen the wealth accumulation process for them.

If one wants to find out why the wealthy becomes wealthier, all one has to do is to look closely at the financial institutions. They are the engines which drive wealth concentration. If we wish to see change in the wealth-pyramid in favor of the poor, a new financial system is a must. Existing system has not only created the wealth-pyramid, it is making it worse at a faster and faster rate.

Social Business

Working with the poor led me to many other problems of the poor. I tried to address some of them. I always tried to solve each problem by creating a new business. Over time it became a habit with me. Every time I confront a problem I created a business to solve it. Soon I created many companies, and company-like independent projects, such as, housing for the poor, sanitary toilets for the poor, health care, renewable energy, nutrition, water, nursing college, eye care hospital, auto mechanic training school, and many more.

They gradually started displaying some common features. They are created as sustainable businesses, but no one is allowed to take any personal profit out of it. Investor gets back the investment money, nothing more. Company's profit is ploughed back into the company for improvement and expansion. I called this new type of business social business, defined as a non-dividend company to solve human problems.

I was amazed how easy it was to solve human problems if we designed it as a business with the sole mission of solving a problem, and with no intention to benefit personally from the business. We are always told that business-engine was designed for only one use, making personal money. I used the same engine for a completely different purpose, that is, to solve human problems. I found it extremely powerful in getting the job done. Suddenly all the creative power could be marshaled behind this

engine for one specific purpose -- solving human problems. I wondered why the world left the problem-solving to the governments and charities alone? I found my own answer. It was because business world was given a very clear mandate by the economic theory. Their only mandate was to make money, leaving the people's problem to be addressed by governments and charities. A businessman is supposed to be driven by self-Interest. To him business is business.

Human beings are not money making robots. They are multi-dimensional beings with both selfishness and selflessness. When I create a social business I am allowing the selflessness to be expressed through business. Old interpretation says selflessness cannot be a part of the business world, it is to be expressed in the world of charity. My point is if human being has selflessness in his DNA, why it should not be allowed in the business world. Business world should be an unbiased playground for both selfishness and selflessness. Economics text book should introduce two types of businesses to the students, self-interest driven business and selflessness-driven business. Let the young people decide whether they would like a cocktail of both businesses mixing them in various proportions, or enjoy each one separately.

In the world of selfishness driven business, many express their selfishness in its extreme form, they become limitlessly greedy. They become addicted to money. In the process mankind has been brought to the verge of losing its human identity. A human being is a person of love, empathy, compassion, and fellow feeling. If we create a conceptual framework that allows us, indeed encourages us, to express our deep rooted human values in our economic life we can transform the wealth-pyramid into a wealth-diamond. These values can be expressed through social business to take us there.

Social business may be seen from two perspectives. From charity side we can look at it as sustainable charity. From business side we can see it as a selfless business. Great thing about social business is that it is done by choice, no compulsion is involved. One can go in and out of social business as one likes. This makes people feel free. They can decide what they want.

I am glad social business is drawing attention from all sections of people from all around the world. Universities are opening social business centers; multinational companies coming forward to set up social businesses, young people are getting attracted to the idea. More and more people are convinced that as human beings we are capable of solving all our problems. Combined power of youth, technology, and social business will make it happen.

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Technology

Technology is expanding exponentially. What is impossible today becomes possible tomorrow. Dramatic changes take place in technology in such quick succession that it does not surprise us anymore. Young people are the beneficiaries of the full power of this incredible technology. They absorb the new technology much faster than the older generation. It is only the power of their imagination which limits the exploitation of each new technology. The bolder their imagination the greater is their accomplishments. If they start imagining a world where wealth disparity shall not exist, I can guarantee you it will not exist. The combined power of the youth, technology, and social business can become an irresistible force.

Education has to play the Key Role

Education has to play the key role to bring the wealth concentration problem to the consciousness of people. Reorientation of education system is vital. Despite its ambitious goals, education system has basically become a training ground for preparing young people to be job-ready. It is assumed that every young person has to be able to find a job. Job is such an overriding issue that all other purposes for education had to take a back seat. Education is supposed to help a young person to discover himself and to find meaning of his life. The motto was to “Know Thyself.” Now most of the time he is kept busy to “Know Thy Boss.”

I find it extremely demeaning to imagine such a fate for human beings. I see human beings as beings much larger than spending life time trying to fit themselves into the wishes of their bosses. I see human beings as go-getters, creator of new horizons, and problem solvers.

We are not Job Seekers, We are Job Creators

Human beings are packed with unlimited creative capacities. They have to discover their potential during their life time. Task of education is to introduce them to their potential as a human being, so that they become aware of their power, they start imagining the use of their power. The least education should do is to prepare them as entrepreneurs- as job creators, not as job seekers. There is a world of difference between the two. By training young people as jobseekers we create unemployment because there is no job for everybody. If we had prepared them as job creators, there would be no unemployment.

Can everybody be an entrepreneur -- a question that is frequently asked. Entrepreneurship is natural to human beings. That's how we began life on this planet. Millions of microcredit borrowers all around the world are entrepreneurs. If illiterate rural women can become entrepreneurs, why should we question the

entrepreneurial ability of the educated young? All they need is a supportive financial system.

We have created social business funds, as the supportive financial institution. We are asking young people to come up with business ideas. When they come we invest in their businesses. We become their partner, like an angel investor with one exception, we don't take any profit from them because we are social business. Once they are successful they buy back our shares without giving us any profit. They pay a share transfer fee, a fixed fee to help us cover our management and advisory services.

Now thousands of young people, boys and girls, are running their businesses with partnership with us. We encourage young people to believe and practice that "we are not job seekers, we are job creators".

I am very happy to see that Indian Prime Minister Mr. Narendra Modi has been repeating again and again in his speeches to the young people of India that "we are not job seekers, we are job creators". He has established a refinancing bank, called Mudra Bank, to support the actual implementation of the programme. I hope he succeeds in building up a support system to make it real. Once we get our education system transformed to produce creative entrepreneurs, the global picture of wealth gap will start changing. If we leave the talented young people with the destiny of making other people rich, wealth-concentration will continue to soar. We cannot let our young people become mercenaries for wealth concentration.

To counter the concentration of wealth we need a two-way flow of wealth, instead of a one way flow. Present flow takes wealth upwards to the wealthy. We need a flow which will bring wealth from the wealthy to the wealth-less. I see social business as this new force. Whether it will be as strong as the existing upward moving force will depend on how strongly people rally around it.

Resources for Social Business

As I go about promoting social business concept, I feel happy to receive warm response from all countries. Now social businesses are growing up in many countries. While discussing social business a question always comes up: where can we find the investment funds to enable social businesses to spread around the world?

Charity

Existing investment funds are available only to personal profit making enterprises. The more personal profit you can promise or deliver the more investments you get. These investors have no reason to pay attention to social business. Where should social business look for investment funds? Of course, it has to come from the selfless part of human beings. Selflessness has the best expression

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in the charity world. Anything that happens in charity world gives us a measure of selflessness that is already expressed. It is a matter of time to see how to convert some charity money into social business investment money. After all charity and social business has the same root. Both focus on helping people.

Charity has been with us since time immemorial. It has been recognized as an integral part of human beings. All religions put great emphasis on it. Islam puts it up as one of its five fundamental pillars, and requires every Muslim to give away 2.5% of wealth and income every year. Imagine how much potentially this sum is. If we add up the amount actually paid out every year that will be a huge sum too.

Total amount of charity given out by US public charities (organizations based on raising money from general public and others) each year is over \$1.6 trillion dollars. They have combined assets of over \$3 trillion dollars. These two I mention as examples. There is an enormous variety of charities with huge amounts all around the world.

Personal Giving

In addition we can go over the innumerable stories of personal giving. Mark Zuckerberg is a recent one. He announced on the occasion of the birth of his daughter that he would donate 99% of the shares of Facebook to charities over course of time. The present value of this is \$45 billion. He started out by giving away one billion dollar a year. I find it a very interesting case of selflessness. It was done on the occasion of the birth of his first child. Usual story would be that father handing over the inheritance to his new-born ahead of time as a gesture of love. Mark did the opposite. He deprived the child from inheritance by giving away his wealth for creating a better world for her. Usually one gives away wealth at the end of one's life. Mark made a remarkable decision; he gave away nearly all his wealth at the beginning of his life. He is only 31. Since the beginning of Facebook Mark takes a salary of only one dollar as the CEO of Facebook. He already signed up "The Giving Pledge" when he was 27. Zuckerberg, Bill Gates, and Warren Buffett signed a promise in 2010, they called "The Giving Pledge ", in which they promised to donate to charity at least half of their wealth over the course of time, and invited others among the wealthy to donate 50% or more of their wealth to charity. The Giving Pledge started out with 40 multi-billionaires. Now there are 141 multi-billionaire signatories.

I highlight the case of Mark because he is young. He is at the age when one is expected to be ambitious about money, and remain busy with "building the future". He has been doing the opposite. Mark may represent a new trend among the young generation. They are different. They are more committed to the creation of a better

world then just making their fortune. The old generation may be holding them up by passing on their old structures to them.

As the idea of social business becomes popular a part of charity money, wherever the law or religious requirements will allow, will start flowing into social business. And that flow will continue to grow. As decisions are taken, a question will arise, should I give it to charity or rather give it to a social business fund. Individuals, charities, foundations, companies will see social business as a sustainable charity, where the same money can be used endless times.

Selflessness in the Business World

But what about business money? Will the business door remain ever closed to social business? I don't think so. Already there are many examples of selflessness in the existing business world. There were many even in the past. Unfortunately they were never made part of business school curriculum. I give two outstanding examples from the past, which are still going strong.

Bosch

Bosch is a 130 year old German multinational engineering and electronics company, with an annual revenue of \$ 50 billion. It is a familiar name throughout the world. Not many people know that it is owned by Bosch Foundation. Founder of the company created a foundation to own the company. Only 8% of the shares were given to the family. It is still that way. Foundation manages the company and use the profit for charitable activities. If we are looking for an example how business and selflessness can be combined Bosch is a good example. This is what I call type 2 social business, a company owned by a trust or a foundation to solve human problems.

Tata Trust

Another example is again a household word in many parts of the world, particularly in South Asia. This is Tata. Founder of Tata did the same thing 128 years ago. Two-third of the shares of Tata group of companies, worth \$118 billion, is owned by Tata Trust.

There are endless examples, big or small, old and new, all around the world. These are examples of defiance of the capitalist rules, but done in a smart way so that they could not be excommunicated from business world. They led the initiative to create a new business world. These examples could have been followed boldly and massively. But orthodox theory of business did not recognize them.

Corporates and Social Business

Besides individuals, corporates can also invest in social business. Usually corporates create foundations for their companies. They can easily direct the

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foundations to invest in social businesses. Foundations can invest in regular companies, and make money to invest in social businesses, like in Bosch and Tata examples. In addition, corporates can create social businesses as their subsidiaries, can have joint ventures with other social businesses. Already we have many excellent examples of joint venture social businesses created by Danone, Veolia, Uniqlo, Intel Corporation, McCain, Euglena, and others.

Corporates can do something else. They can invite their shareholders to sign a "giving pledge". Shareholders will be asked to give their consent to allow a percentage of their dividends to be deducted to go into a social business fund as their equity. In case of necessity these shares in the fund can be sold to another social business investor at the face value. That way their money is not gone forever.

Corporates can use their annual CSR contribution to go into a social business trust.

I have been trying to draw attention of investment funds to a similar programme. They manage huge funds. Total worldwide assets invested in mutual funds alone amounts \$30 trillion. There are many types of investment funds. All put together it amounts to ocean of money.

My proposal to them is to give each individual investor a choice whether he/she would like to set aside, say, 2.5% (or more, or less) of his assets to create a sort of recoverable endowment fund. Annual Income from this recoverable endowment fund then can be invested in social businesses. All that an investor has done is to sacrifice the income of 2.5% of his assets to achieve some social objectives, without sacrificing his assets. If the companies agree and the investors agree this recoverable endowment fund can potentially be enormous.

I have been suggesting to top policy-makers of giant pension funds to apply the same policy to create recoverable endowment funds. Globally pension funds have a combined total asset of \$ 84 trillion. All they need to do is to take the initiative to write to their investors about the plan and seek their consent by signing up. I did not get positive response yet. They explained that nobody will respond positively to this idea because all that the investors want is the growth of their funds, they are not interested in giving. I politely pointed out that they may be surprised by the responses; they may be completely contrary to their expectation. I tell them if you don't ask you'll never know what surprise is waiting for you. I have concrete experience of seeing a Fortune 500 company asking a similar question to all its shareholders and getting a totally unexpected positive from 98% of shareholders. Of course, not in every occasion we may be as lucky as that. All shareholders or investors may not sign up after the first call. If some of them sign up that will be the

beginning of a great story. It will snowball if the result produced by social businesses is convincing.

It is all about taking initiative. It may begin with one pension fund in one city. No matter how small the response, it opens up a door which may get wider over time. But a beginning has to be made. We have no reason to hide behind our age-old conviction that investors are interested in nothing but making money. They see nothing else, and hear nothing else. We must remain aware that the world and people are changing. They have started to have differently. Their behavioral pattern will continue to undergo changes.

Money generated from the recoverable endowment fund borne out of pension funds can be invested in taking care of all old people, from the richest to the poorest, with differentiated prices. It will create social businesses to provide health insurance, health facilities like hospitals, clinics, nursing services, income opportunities, hospice care, old peoples home, housing, sports, travel etc.

Social Business Day

Whenever people look for ways to bring down the wealth-gap they will find social business as a very powerful tool to make it happen. Social business will slow down the process of accumulation at the top while people at the bottom will build up their asset base and retain whatever they earn.

We can play our role too. All of us can examine the concept to see if it makes sense. Each one of us can come up with social business ideas. Idea is the most precious thing in social business. Each one of us can decide to invest in social business directly or through others who are involved in it. We can earmark 5% of our annual income and put it in a separate account, sort of personal social business fund, to invest in social businesses. To give a simple idea, anyone can transform 5, 10, 25 or more unemployed youth into entrepreneurs. We can show you how we are doing it. You may like it. We hold a big event Social Business Day each year. This year it will be held on July 28-29. In addition to sessions devoted to exchanging experiences in social businesses throughout the world, we will hold Country Forums to let the delegates from each country exclusively country-wise sessions to discuss plans for social businesses in their own countries. They will bring business leaders, political leaders, academics, foundation leaders, to participate in these country forums.

You may like to think about what you can do in slowing down wealth concentration. You can play a role in reducing wealth gap with some simple steps. Think about creating your own "giving pledge" or create a collective giving pledge with your friends and your business partners. You may decide to make a "will" now, to leave most of your wealth or at-least half of your wealth during your life time, to

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a social business fund of your own, or to a trust dedicated to solving human problems through social businesses. You may think about leaving all your companies in the hands of a trust. That way your wealth will perpetuate and grow as Bosch's and Tata's grew, and contribute fundamentally in changing the country, as well as the world.

I remind everyone that making money is happiness, but making other *people* happy is super happiness. Don't miss the super happiness. It is better to act now, than later, so that you can see things happening and enjoy the super happiness resulting from it, rather than waiting for things to happen when you are no longer around. Invite your children to run social business funded by your trust or social business funds. You will be surprised to see how much they are enjoying doing that. Instead of just being successful second generation entrepreneurs they may become global celebrities by creating and successfully replicating social businesses globally. They will enjoy being leaders of the new global generation.

Anybody above a certain level of wealth may make a will to give away his or her wealth to social business trusts or funds. Their children may remain involved in these trusts or funds; so that they don't feel they are left out of the control of their parents wealth. You'll be amazed how you and your family can impact on the whole world.

If you wish to take any one of these initiatives, we at Yunus Centre would be happy to offer our services to make it happen. Don't hesitate to contact us. In addition, to experiment with social business you can create a joint venture with your friends, or your international business partners, and see how it feels. It could be as small as you want. Size is no issue. The purpose is the issue. Bangladesh has been a pioneer in bringing down poverty by half. World has applauded it. We can be the leader in reversing the process of wealth inequality too. Instead of allowing inequality to increase each year, faster than previous year, we can make it decline each year, as the economy grows. Then we can call for a global Paris conference (may be Dhaka conference) to bring all the nations of the world to tell the story how we made it happen, who did what in the process. The conference will end by inviting the UN to convene a conference to let every nation declare a deadline when it will stop the increase in wealth gap and reverse the process. It would be similar to the global commitment to stop the increase in global temperature and hold it under 1.5 degrees Celsius.

Conclusion

Wealth-concentration is a global threat. It has already entered the danger zone this year with 99% of wealth going to 1% of people. Not only it is getting worse globally, it is getting worse within nations, and between nations. Wealth gap

between nations is always a threat to peace. Historically some nations had accumulated more wealth than others. Some nations took unfair advantages over other nations in accumulating their wealth. There are old scores to settle and there are new scores taking shape. This leads to confrontations, conflict, and wars. If a nation feels threatened they hike up their military budget, which is shockingly huge already. Present annual global military expenditure stands at over \$1.7 trillion. US alone accounts for 39% of this total. If the wealth-concentration within and among nations become acute social, political and economic compulsions for armed conflicts will become imminent.

The time is ripe for us to recognize the gravity of the situation on wealth-concentration, and take actions against it. As we learn from the process of arriving at an international consensus on global warming we can initiate a similar process to build a global consensus on bringing the speed of wealth concentration to zero in phase one, and making it negative in phase two. Both global warming and wealth concentration arise from the same root -- a flawed economic framework based on human greed.

We can undo both by reinventing ourselves in the economic world as caring and sharing human beings. We may aim at creating a world of three zeros: zero poverty, zero unemployment, and zero net carbon emission. A world of diamond-shaped wealth distribution. A world of equality, harmony, peace and happiness. It can happen only if we citizens get into the action.