

## Muhammad Yunus: Banking for Peace?

The 2006 Peace Prize<sup>1</sup> awarded by the Norwegian Parliament (Stortinget) went to Professor Muhammad Yunus of Bangladesh who left economics teaching for the banking business. He introduced himself to Manas Ghosh as a “dropout from economics” because of his “commitment to Grameen’s cause”, adding, Ghosh reported, “I left teaching economics in Chittagong University because the economics I had learned failed to address the real problems I see around me”.<sup>2</sup>

Professor Yunus may have “left teaching economics”, but he is certainly not a “dropout from economics”. At least not unless for him economics has nothing to do with banking, or, as the prize-givers seem to imagine, the Grameen (Rural) banking is the glorious harbinger of ‘peace’! Nonetheless, it is a fact that ‘modern economics’ does not address the real problems, but banks too – Grameen or Urban – could in no way address the real problems of poverty around us, simply because they all feed on the poor through the interest part of the surplus value extracted from the collective working class of the world .

Professor Yunus’s “commitment to Grameen’s cause” is all about lending money mainly to poor women around him in self-employment (self-exploitation) projects with clubs as guarantors (since the borrowers lack any private property other than their own-shared labour power for mortgaging) – this they call ‘women empowerment’! Poor women, having to make ends meet, produce an “extra profit” as Marx called it, “an extra gain, a profit exceeding the average, either through exceptional overwork, or reduction of the wage [in this case the take-home *residue* after paying the lender’s interest with loan instalment, etc.] below the average, or through the exceptional productivity of labour employed..”<sup>3</sup>

When Professor Yunus dropped out from economics, did he do it from Marxian Economics too? Could he really drop out from Marx’s labour theory of value and the law of value anyway? In addition, when he went ‘Grameen’, was he unaware that society as a whole remains potentially rich, as “all springs of co-operative wealth”<sup>4</sup> have been able to “flow more abundantly” for about a century? Yet poverty still exists and escalates among members of the producing class, the working class all over the world. Simply because riches exist, not in the form of social wealth at the disposal of humanity, but in the form of the private property of a superfluous vampire-like parasite class that sucks the creative impulses of the producing class.

Poverty is due to private property, not lack of riches. Private property and poverty are twins born of the division of society into classes. To sail society beyond poverty, you have to end private property and the wage-slavery that nowadays creates all capitalist rent, interest (no different – Grameen or Urban), industrial and commercial profits, philanthropy, taxes and subsidies, etc. *Banking and Peace exclude one another.*

Jonathon Power supported Muhammad Yunus, the founder of the Grameen Bank in an article ‘Micro finance movement’, “Hard work means no longer treading water in an overpopulated land that constantly floods, it means uplift and progress and for the country as a whole a steady growth rate of 5-6 per cent.”<sup>5</sup> “But, never mind, national wealth is ... by its very nature, identical with misery of the people,”<sup>6</sup> wrote

Marx. Moreover, as the economy is global, Power's view about 'hard work' is fallacious.

The International Metal Workers Federation, in Geneva, has estimated that only the equivalent of one out of twenty workers already produce all the useful goods we need. In 2002, a study estimated that within next twenty years the equivalent of only 2% (one in fifty) of the world's population will produce everything – and this still under the artificial constraints of production for profit. So, do humans need to work "hard" any more? What happens if all able-bodied men and women of the world share all work to produce only for use? Paul Lafargue wrote in *Right To Be Lazy*, 1883, of "a future in which work and leisure are indistinguishable purposeful activities, far from inane, self-directed, freed from all taint of commodity culture because we work for the fun of it – and get what we want for free"? William Morris wrote that civilization ought to mean "the refinement and self-respect which come from the union of knowledge with leisure and ease of life"<sup>7</sup>, "a fair livelihood and plenty of leisure"<sup>8</sup> ... "to wit, humanity, not property"<sup>9</sup>.

Vulgar economics speaks in terms of 'overpopulation', hence 'scarcity', as the cause of poverty and unemployment. The fact is that humanity is living in potential productive plenty with 7.28 acres of food-growable land per person on this planet under the Sun that delivers at a rate equal to nearly 20,000 times Earth's primary energy consumption – a "free lunch" for all on the Earth. The UNO's Food and Agricultural Organization (FAO), established in 1945 with its home in Rome pledged to eradicate hunger from the surface of our mother Earth, has some three thousand experts working at the HQ and about another three thousand dispersed around the world. Its first Director General, Lord Boyd-Orr observed in July 1949, "There was no difficulty about producing enough food for the present population of the world, or even twice that number, but the problem was, could politics and economics arrange that the food that was produced was dispersed and consumed in the countries that needed it?" (*The Times*, London, 22 July 1949). Then at the beginning of the 1970's agricultural economist, Colin Clark estimated that the utilization of the resources of world's agricultural lands could feed 47 billion [1 b = 100 crores] people<sup>10</sup>

Thus, not overgrowth of population but overgrowth of the forces of production with respect of relations of production that causes hunger and misery. Famine – the horror name of starvation and malnutrition – today, unlike the localized famines of earlier epochs, is global since it is the necessary outcome of the insane and compelling logic of global capitalism: workers are sacked when they over produce, and food is dumped while workers starve.

"The greater the social wealth, the greater is *the industrial reserve army*," as Engels called it in 1845 in *The Conditions of the Working class in England*. Marx added, "But the greater this reserve army in proportion to the active labour-army, the greater is the mass of consolidated surplus-population whose misery is in inverse ratio to its torment of labour. The more extensive, finally, the lazarus-layers of the working class, and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation*. ... Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, *i.e.*, on the side of the class that produces its own product in the form of capital. ... The great beauty of

capitalist production consists in this — that it not only constantly reproduces the wage-worker as wage-worker, but produces always, in proportion to the accumulation of capital, a relative surplus-population of wage-workers.”<sup>11</sup>

Why do floods increasingly frequent lands on our mother Earth? Because it costs too much profit to clean up compared with polluting. Thus, capital, which accumulates out of profits, pollutes environment, causing global warming and climate change leading to floods, tornadoes and tsunamis.

Had the already acquired knowledge been taken into consideration, and had all murderous competitive anti-social employment for exploitation of human resources, such as war and national killing industries, trade and commerce, money and banking and insurance with all their paraphernalia, been ended, unemployment and poverty, pollution, environmental destruction would have been the perils of the past with money relegated to being a museum piece.

Power informs us of a meeting he had with Yunus twenty years earlier. “At the time I visited he had just turned down a loan of \$200 million offered by the World Bank. He believed in natural growth. If the Grameen grew too fast its standards would slip and it would collapse”. However, as early as in 1859 Marx made the point, “Nature no more produces money than it does bankers or the rate of exchange.”<sup>12</sup> As self-expanding value, “capital is money: capital is commodities ... the original value ... expands spontaneously”<sup>13</sup>, but economically i.e. socially. Banks’ ‘standards’ depend on interest derived from profit.

Regarding the law of ‘growth’ that causes ‘collapse’, Power has rightly observed “that most of these Grameen bank type institutions couldn’t last long without a subsidy from an aid donor. The interest rate they would then have to charge would be prohibitive.” Well, but where does the “subsidy from an aid donor” come from, if not from the sum of global profit created by the collective working class of the world and put at the disposal of the collective capitalist class in the first place? Without these subsidies the Grameen would collapse due to the intrinsic logic of accumulation via *concentration* and *centralization*, “One capitalist always kills many. ... Along with the constantly diminishing number of the magnates of capital who usurp and monopolize all advantages of this process of transformation, grows the mass misery, oppression, slavery, degradation, but with this too grows the revolt of the working class.”<sup>14</sup> This last is confirmed by what Power observes, “Twenty years later Bangladesh is still convulsed by political turmoil..” Yet to his concluding remark, as a supporter of capitalism – “why should we question it?” – we socialists, the theoretical representatives of the working class, would ask him, “why should we not?”

You would never understand ‘the real problems’ you see around until you reflect on all your received ideas, forthcoming studies, thought components and interactions in the context of the one single *global economy*, since you do not have many Grameen, Urban or National economies nowadays.. To theorize financial operations as ‘micro’ and ‘macro’ is vulgar economics, because the global economy has at its disposal a totality of global finance – the incarnation of the global surplus value created by the global working class collectively – operating through alienated, hence uneven competitive rival forms of firms. Long ago in 1848, the “universal

inter-dependence of nations” within one “world market” had impelled Marx and Engels to urge on the working class “to win the battle of democracy” and to call out, “Workers of all nations unite!”

We do not know if Professor Yunus would have ever considered reading *The Communist Manifesto* and *Das Kapital* or any among the many in the line, wherein he could find that Marxian Economics has well addressed ‘the real problems’ around him counseling the only way out today – “the abolition of private property” i.e. “the abolition of the wages system altogether”. Yet when ‘modern’ economists discard Marxian Economics as difficult, unscientific and irrelevant, one has to look at the people who make the accusation. However, Marx pointed out, “every beginning is difficult holds in all sciences.”

One final word, Marx and Engels were vehemently opposed to any “personality cult”, and our Socialist message to the workers of the world is that prizes and punishments were and are the two-pronged weapon in the hands of all ruling classes, past and present, to bring their slaves on their knees to glorify power and success. Socialism, the society without classes, will not prize or punish fellow humans.

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#### Notes:

<sup>1</sup> **Alfred Bernard Nobel** (1833-96), Swedish chemist, engineer, and inventor of dynamite and other high explosives, on **November 27, 1895**, signed his last **will** providing for the prizes on **physics, chemistry, medicine and literature** “*to those who, during the preceding year, shall have conferred the greatest benefit on mankind*”. However, Nobel did not found any ‘Foundation’. A **private institution**, ‘The Nobel Foundation’ established in **1900** took up to manage the assets intended for the prizes as stated in Nobel’s will and started awarding yearly since **1901**. Thus, a **will** gave rise to the most coveted capitalist prizes in our time. This I write, however, in no way to belittle Alfred Nobel, but only to say that his provision for some prizes, notwithstanding his subjective will, belonged in the “*cultural constitution*” of the capitalist society, which Einstein too opposed in 1949 as “*the glorification of power and success*” (*Why Socialism?*) to serve the interest of our present ruling class. According to Einstein, matters will be different with Socialism. Socialism or production for *use* will replace capitalism that is production for *profit*. These apart, now read below and judge for your cause how careful the ‘The Nobel Foundation’ has been with the **will** and what “*the greatest benefit on mankind*” means to it particularly in respect of the two beyond-the-will additions:

1. In **1901**, the Norwegian Parliament (Stortinget) added a “**Nobel Peace Prize**”.  
<http://nobelprize.org/peace/prize-awarder/index.html>
2. In **1968**, the Bank of Sweden (Sveriges Riksbank) instituted “**The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel**” and awarded since **1969**.  
<http://nobelprize.org/economics/>

Do people have any right to put anything as “**Nobel Prize**”? Never mind, your dictionaries and the media do have. Yes, they could call anything “Nobel” as they ‘will’ in need, indeed! **The Oxford Encyclopedic English Dictionary** has renamed it as “**A Nobel Prize for economic sciences**”. Besides, even the **Britannica Ready Reference Encyclopedia** *From the Editors of Encyclopedia Britannica, Special Edition for South Asia* puts it as, “since 1969, a sixth prize, established by the Bank of Sweden, has been awarded in economic sciences”, yet calls it “**the Nobel Prize in Economic Sciences**”.

At any rate, ‘The Nobel Foundation’ gathers and prizes the both – one who discarded ‘economics’ that did not address the problems of poverty around him but adopted banking business instead, as also the other who necessitated ‘economics’ for addressing ‘poverty and famines’ with ‘welfare’ tips to feed the poor around him. No question please, since the unity of these two opposites (capitalist dialectics, maybe!) constitutes a mutual maneuver in perpetuating the production for *profit*, which, the prize-givers considered, “*shall have conferred the greatest benefit on*

*mankind*”!

For an answer to your question – ‘Why should they do it?’ – please read into the essay: **THREE SWINDLES OF “MODERN” ECONOMICS AND POLITICS** written by this author and published in the journal *Socialist Studies*, London.

2 *The Statesman*, 8<sup>th</sup> Day, October 22, 2006

3 Marx, *Capital*, III, Progress, 1974, p.179

4 Marx, *Critique of the Gotha Programme*, Peking, 1976, p.17

5 *The Statesman*, 10 November 2006

6 Marx, *Capital*, I, Progress, 1974, p. 722

7 William Morris, *The Hopes of Civilization*, 1885. William Morris on History, edited by Nicholas Salmon, Sheffield Academic Press, 1996, p.49

8 William Morris, *Art and Industry in the Fourteenth Century*, 1887, *Ibid.* p.102

9 William Morris, *Why We Celebrate the Commune of Paris*, 1887, *Ibid.* p.140

10 Colin Clark, *Population and Land Use*, 2nd edition, p.135

11 Marx, *Capital*, I, Progress, 1974, pp. 603, 604, 720

12 Marx, *A Contribution to the Critique of Political Economy*, Progress, 1978, p.155

13 Marx, *Capital* I, p. 152

14 *Ibid.*, pp.714-5

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