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Using psychology to tackle the roots of poverty

Special correspondent John Morris was at a packed Sigmund Freud University (SFU) auditorium in central Vienna last week to see the coming together of two unlikely ways of thinking: Financial Services and Psychology.

SFU, the famous private university dedicated to psychotherapy, played host to iconic Nobel Prize winner Prof Muhammad Yunus, the founder of the Grameen Bank in Bangladesh. Yunus has worked extensively changing mind sets to combat poverty in one of the World's poorest and underdeveloped countries. It appears that psychology has played a significant role in the development of changing mind sets and allowing micro finance to blossom. Micro finance is the system of loaning small amounts of money to poor people to get them started in business. It's a global expanding concept.

Muhammad Yunus, some three decades ago, began micro finance by loaning small amounts of money to desperately poor people in Bangladesh. "As a human being, I wanted to touch one person's life" explained Prof Yunus. His first action was to protect the poor people from the loan sharks who were bleeding the poor with interest rates of up to 500%. He succeeded. "If I can make so many people happy with such little money, we should all do more of this!" thought Yunus after seeing such positive results to his loans of minimal amounts of around 35 US\$. Poor people were given loans and were able to start up small enterprises such as yogurt making. It worked!

Yunus acted as a guarantor to poor people who wanted loans from banks to stimulate business ideas but who were refused by the lending institutions. From the onset he stipulated that 50% of the loans would be given to women, but women were reticent to take out loans for several reasons of cultural pressures and self belief. Yunus said it took time and coaching to help change the mind set of women so they could assume an entrepreneurial role, which in Islamic Bangladesh was a male dominated domain.

He faced skepticism from even his own students at Chittagong University where Prof Yunus taught Economics. "My students did not believe the 50:50 ratio male:female was attainable". It took 6 years but Yunus reached his 50% female participation.

The parallels to psychotherapy were clear to see in the progress required to get women in the entrepreneurial spirit. Yunus had to break down the barriers of history and peel off the ingrained fears of women instilled in them from birth. He explained, "If a woman tries, and is successful, it will snowball". After a few years it did gaining the Grameen Bank concept global acclaim and resulting in the accolade of winning the Nobel Prize in 2006.

Now Yunus can boast 8 million borrowers and 97% are women in an Islamic environment.

"At first, women are scared to death to try and peer support and encouragement of Grameen Bankers helps success" stated Yunus. The Grameen Bank loans 100 \$ million each month and has a repayment rate of just below 99%. The Grameen system works like a cooperative and the creditors are part owners. The bank makes a profit and this is paid back as dividends to the share holders, who are the lenders themselves.

Branches have certification issued by the Grameen Bank which assists regulatory affairs designed to protect the poor from abuses and the so called loan sharks.

Prof Yunus claims his Micro Finance system is about giving a chance to poor people to develop. "Poverty is not created by poor people. There is something lacking in the system that creates and perpetuates poverty", so explained Prof Yunus.

He continued; "Poor people are Bonsai People, without a base, the Bonsai trees are stunted and cannot grow". Yunus maintains that Bonsai People are unable to grow economically because they have no base which he believes is created by the traditional banking systems.

Prof Yunus criticizes the conventional wisdom of business and uses some Freudian psychoanalysis to support his stance. "The concept of business is to make money. Human beings are not money making

machines. Humans possess selfishness but also selflessness. Business is based on selfishness”. Yunus is essentially purporting a change in business orientation towards business focusing on selflessness – giving as the priority rather than taking. To this end, Prof Yunus has the idea of the Social Business Company. His approach is based on a different set of goals or outcomes. Yunus explains, “We normally ask a CEO how much money have we made? With Social Business, we ask: How many people have we helped?”

According to the CIA World Fact Book, Bangladesh is a country of 156 million people, 63% of its labour force working in agriculture and having an average income of just US\$ 1500 per year. Abject poverty is widespread. “The Grameen Bank is the seed to break out of poverty” claims Prof Yunus “and we wish to create a Poverty Museum!”

Yunus is very positive about the prospects of World development using his ideas of Micro Finance which combine a subliminal psychotherapy to stimulate success. It’s a pattern that is spreading around the developing World. Given serious investment, increased capacity building in the form of training of micro finance bank workers and improved regulatory control to prevent the loan sharks Prof Yunus may well reach his goal of a “Poverty Museum”. With the support of psychology changing mind sets, he may well realize his vision which I share with a passion.

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Upper Austria cooling-device producer GEA will announce tomorrow (Fri) it will lay off 216 workers.

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Lower Austrian firm Matador is in crisis after a deliberate fire destroyed its carpentry premises, which was the company's sole supplier of wooden toys.

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Raiffeisen Zentralbank (RZB) reported today (Weds) its operating earnings had increased by 34 per cent to 723 million Euros in the first quarter of 2009 with mixed messages.

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Vienna International Airport (VIA) reported today (Tues) its turnover, operating earnings and EBITDA had fallen year-on-year in the first quarter of 2009.

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Car industry supplier Hirschmann based in Rankweil, Vorarlberg has announced it will not extend part-time work for some of its employees beyond the end of May.

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Only 10 per cent of Austrians find the government's 1,500-Euro bonus for the junking of old cars an incentive to purchase a new vehicle earlier rather than later.

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As many as 853 workers at Siemens Österreich may lose their jobs by the end of the firm's current business year on 30 September.

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A security guard who fled to Austria after stealing more than 100,000 Euros from a damaged safe in Germany was freed by a judge who ruled he was more honest than the bankers who had brought the global economy to its knee [...]

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State motorway construction and maintenance agency Asfinag has announced price increases for car road toll stickers for next year as it is feeling the recession bite in.

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Schoeller Bleckmann Oilfield Equipment (SBO) is to put hundreds of employees into short-time work on the back of a steep drop in earnings, the company has said.

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The recession has seemingly brought out the worst in business corruption.

[Strabag challenges Romanian motorway development decision](#)

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Austrian construction company Strabag has appealed against the Romanian government's decision to assign France's Vinci Concession.

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Upper Austrian car-industry supplier High Tech Industries (HTI) is entering bankruptcy proceedings after

it failed to raise financing.

Austrians cycling more during the recession

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Austrians are swapping cars for bicycles as the recession continues to bite.

Bankruptcy hits Carinthian firm FBS Fertigbäder

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Carinthian firm FBS Fertigbäder GmbH entered bankruptcy proceedings today (Mon) in Klagenfurt Provincial Court.

Union boss fears more decline in membership

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Austrian Trade Union Federation (ÖGB) President Erich Foglar said today (Mon) he feared the recession could result in a further decline in union membership.

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Austrian Airlines (AUA) reported today (Mon) it had had 795,000 passengers in April, a decline of 12.7 per cent compared with the same month last year.

Chancellor objects to withdrawal from nuclear research body

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Social Democratic (SPÖ) Chancellor Werner Faymann has condemned Austrian withdrawal from the European Organisation for Nuclear Research (CERN).

CERN membership 'not a forced marriage', says minister

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People's Party (ÖVP) Science Minister Johannes Hahn has hit back in the debate over Austria leaving the European Organisation for Nuclear Research (CERN) as he said "memberships in international research projects are no [...]"

Office furniture maker Bene bemoans losses over UK fund flop

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Austrian office furniture producer Bene's profits crashed last year, the company has said.

IMF chief apologises to Austria over wrong EE crisis forecast

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The head of the International Monetary Fund (IMF) has apologised to Austria's Finance Minister for what he admitted were mistakes in estimating investment risks in eastern Europe.

Workers at machine producer Engel fear 400 dismissals

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Hundreds of workers at Upper Austrian machine builder Engel fear they could be made redundant as rumours spread that the firm is planning mass lay-offs.

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Visitors of Vienna's Schönbrunn Zoo have been stunned by being confronted with the truth about the grim conditions animals face in the wild.

Austrofred double-strike at Vienna's Districts Festival

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The performances of "Austria's only real rock star" are tipped to be the highlight of this year's "Festival der Bezirke" (Districts Festival) in Vienna.

British teenage hopeful quits Spanish Riding School

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The British teenager who smashed a 436-year-old men-only tradition to secure a place at Vienna's historic

Spanish Riding School (SRS) has told school bosses she wants to leave.

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Canadian expressionist to exhibit in Vienna

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New works by Canadian artist Stefan Fiedorowicz will be on display in Vienna next month.

Concordiaball's 150th anniversary event taking place next week

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Vienna's only major summer ball will take place next week as the city sees the 150th edition of the Concordiaball.

Marianne Faithfull and Solomon Burke at Vienna Jazz Festival

» Panorama 2009-05-29

English singer Marianne Faithfull is heading a string of international top acts at the upcoming Vienna Jazz Festival.

The pub crawl arrives in Vienna

» Travel 2009-05-29

With more than 20 Irish pubs alone in Vienna it was inevitable that the British tradition of the pub crawl would not be far behind, even if it was an American that finally got the idea of the ground.

Life Ball accused of non-transparent handling of donations

» Panorama 2009-05-28

The reputation of Austria's biggest Aids awareness event is under threat after a newspaper has accused Life Ball organisers of lacking transparency in their handling of donations.

Three million to attend next month's Donauinselfest

» Panorama 2009-05-26

Around three million people are expected to attend this year's Donauinselfest, the biggest music festival free of charge in Europe.

New orang-utan house at Schönbrunn zoo draws the masses

» Panorama 2009-05-26

The new glass orang-utan enclosure is the latest attraction at Vienna's Schönbrunn zoo.

Islamic centre opponent haunted by her past

» Panorama 2009-05-22

The woman heading an initiative against planned extension of an Islamic cultural centre is complaining politicians have ignored her appeals – but that might have something to do with her own dark past.

Vienna officials fear noise complaints about AC/DC show

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City officials are bracing themselves for a wave of noise complaints as Austrian rockers AC/DC prepare to take the stage in Vienna Sunday night.

Fashion highlights and workshop insights at Vienna Design Path

» Panorama 2009-05-22

Viennese artists and designers will open their studios, workshops, exhibitions rooms and galleries at next month's "Vienna Design Path".

EU to ban freebies for girl clubbers after Vienna test case

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Nightclub bosses are to be barred from offering free entry and cut-price booze to women by EU sex equality killjoys.

[Mum's baby club enjoys rattling boom](#)[» Panorama 2009-05-22](#)

When a handful of British women living in Vienna in the early 90s decided to start meeting at each other's houses every Tuesday they had two things in common - they were all young mums, and they were strangers to Austria [...]

[Tito share in Viennese five-star hotel](#)[» Business 2009-05-21](#)

Late Communist dictator Josip Broz Tito is still holding a share in a top Viennese hotel, it emerged yesterday (Weds).

[AC/DC concert may be a slippery affair](#)[» Panorama 2009-05-21](#)

The Highway to Hell could turn out to be a bit wet as weathermen forecast rain for Sunday night when Australian rock legends AC/DC take to the stage in Vienna.

[Viennese say public transport costs too much](#)[» Panorama 2009-05-20](#)

Three-quarters of public transport users in Vienna say ticket prices are too high, a new poll has revealed, amid anger among commuters over a price hike last month.

[Vienna has fifth-highest energy prices among 15 EU member states](#)[» General News 2009-05-20](#)

Vienna's energy prices are among the highest in Europe, a new survey has revealed.

[AC Milan's Under-9s talents to play in Vienna this weekend](#)[» Sports 2009-05-20](#)

A youth team from top Italian club AC Milan will take part in a tournament in Vienna this weekend, it emerged today (Weds).

[No bad weather surprise for Life Ball party crowd](#)[» Panorama 2009-05-18](#)

A bad weather forecast could not stop this year's Life Ball from being the event of the year again.

[Vienna shares first place for number of city congresses](#)[» Business 2009-05-18](#)

Vienna and Paris are tied for first place for staging the most congresses in a world city last year.

[Six injured as protesters clash over Islam centre in Vienna](#)[» General News 2009-05-15](#)

Police special forces clashed with protesters as marches through Vienna over the planned extension of an Islamic cultural centre turned violent yesterday (Thurs).

[Vienna plans 'Bikecity' living area just for cyclists](#)[» Panorama 2009-05-15](#)

Plans for a new urban housing project solely for cyclists have been unveiled by Vienna city officials.

[Vienna city government 'tricked' over concert by Croat 'nationalist'](#)[» Panorama 2009-05-14](#)

City chiefs in the Vienna say they were "tricked" by the local Croatian community after a singer linked to far right extremist groups gave a concert in the city last weekend.

[Water-themed Life Ball opening under threat by thunderstorm forecast](#)[» Panorama 2009-05-14](#)

One of Austria's top society events could be swamped – by bad weather.

[Schönbrunn zoo voted best in Europe](#)

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Vienna's Schönbrunn zoo is the best in Europe, according to a new study.

Schönbrunn Palace park to become vineyard

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A vineyard is to be created at Vienna's Schönbrunn Palace park, city officials have said.