

A Call for Consensus on Critical Issues

Muhammad Yunus of the Grameen Bank warns that unless unresolved political issues are settled on the basis of consensus soon, the globalisation process may leave Bangladesh far behind. In an interview given to Sabir Mustafa, Yunus calls for a National Convention of all segments of society to address these critical issues

FOR Dr Muhammad Yunus, managing director of the Grameen Bank, 1998 was a year when the people of Bangladesh demonstrated their ability to survive the odds by fighting off the worst effects of the flood. But it was also a year of lost opportunities as politics remains stuck in the mud, and politicians failed to arrive at a consensus on any national issue. Yunus felt that a National Convention of all segments of society would be necessary to narrow down the differences and arrive at a time-bound plan of action to begin tackling pressing national issues immediately. Here are some excerpts from the interview:

DAILY STAR (DS): We have had quite an eventful year and looking back, was there any single event that made you feel optimistic about the future?

MUHAMMAD YUNUS (MY): I'm always optimistic about the future of the country, but 1998 gave an extra boost to my optimism. That extra boost of optimism actually came out of a tragedy, that is the floods. This was like an epic test for the people, how much could they endure? The fear was that it would create a tremendous kind of human misery in terms of food, diseases and so on. But after the flood, people went back and started their lives all over again. We then thought there would be a stream of people coming to the cities, a stream of people hungry. If you go to the villages, they would be surrounding you, begging for food. But nothing of the sort happened. We went to the villages and people were smiling. Children were playing. People were fixing their homes and so on. And the fear that diseases were going to spread, didn't come true.

What I am saying is that the people had much more coping capability than we assumed they had. They were the masters of the situation and they could really handle it well, whereas our assumptions and our way of thinking about people turned out to be wrong. So my feeling is that people are much ahead of what the future planners, officials, bureaucrats, academics and social workers are thinking about them.

If you look 20 years back, if you had a flood like this, there would probably have been much more havoc than what we have seen today. So what had happened in the meantime? It must be that people understand what is good health, otherwise we cannot explain it anyway. In the case of other things like food and so on, you can say the government provided the food and so on, but on the health side there was nobody to help them. Water was polluted, but water was needed. Women were active, they could help themselves and were active.

When we acquire the elements which made them acquire those abilities? These are some things we have to learn, people from Dhaka, all of us together. What had the people of the countryside learnt that we didn't know? Maybe we were far behind the people. Does that mean the people are smarter than we assume they are? We have treated them probably as infants so far, as if they have to be nurtured. But they are adults. They can take care of themselves. So the care that we are pursuing are lacking somewhere, otherwise things would have moved much faster. I think this is something that we should be looking at.

DS: So you are saying that the government, the thinkers, the planners, the politicians, the bureaucrats, the whole establishment needs to respond to the new reality. Judging by how the establishment thinks, do you think they are responding?

MY: I don't think so. What I am pointing out right now, has been accepted as the new realisation. It may be my realisation, but I don't know if this is the kind of realisation others have. Probably others would see this as a success of their policies. Their actions during the disaster. Like NGOs may feel that, yes, we have handled it very well. Or Grameen Bank may feel, we have handled it very well. Or the government may feel, yes, our VGF cards really did the trick and our food distribution mechanism really worked. The government may say, 'Look at the loss of crops and still people are surviving. They don't have food shortages. Our import of food grain did the trick.'

Each one is thinking more of the success of their policy. They are not seeing it as the success of the people. All of these things could have supported the people, but the real success is because of the people. I think we should draw attention to this. We need to rethink, re-look at the whole thing. Now the policy 'diet' we should be providing through the people in the rural areas should not be an infant one. We should move on from a liquid infant diet to a solid adult one.

DS: Moving on to a broader area, what trends did you notice in 1998 which are worrying about the overall socio-political, economic field?

MY: Like most of the people in Bangladesh, I find the political situation most worrying. There are the hartals, the divisive politics infesting the country. People couldn't get together. The things we put on the table created more separation and divisions. If we have to march ahead, we have to build bridges. That's the only way we have to march ahead with speed. It's not in a slow motion. The world is moving on. Globalisation is catching up.

It is not a question of favouring globalisation or not. Nobody is waiting for our opinion.



PHOTO: NURJAHAN CHAKRAIDER

Globalisation is on. This will be the order of the day before we realise it. Globalisation means either we get ready to play in the world market or get over-run. We can be the beneficiaries of globalisation, or we can be the victims of it. That's the only choice we have.

If we want to be beneficiaries of globalisation, we have to get your act together. We have to think of everything at the global level because we cannot have globalisation and become a beneficiary if our institutions are sub-global, regional, even sub-regional kind of standard. Our education, health, technology, business policies, law and order situation, these have to be at a global level if we are to become a player at the global level, not just a neighbourhood team.

That preparation I didn't see in 1998. We spent more time in back-biting and fighting, creating dissension and so on. So that was a worrying thing. We lost another year, 1998.

DS: Is this because of our leaders or the nature of politics itself, the way things are done?

MY: Our leaders are committed people, they are of a higher calibre than politicians in many other Third World countries. But they got stuck in a vicious circle of arguments and counter-arguments, rather than actions to set the stage ready for the people to demonstrate their creativity. Politics has become silly and ridiculous. It has acquired its own tongue-in-cheek language. I am sure all our leaders want to come out of this absurd and painful situation. They want to be heroes in our history, not side-kicks, clowns or tragic figures.

Unfortunately, politics is turning more and more into a tool of self-destruction rather than mobilising people and resources to gain speed to join the global march of technology and prosperity.

We continue to fail to settle issues, resolve issues. We know these things take time, but how long does it take? How long do we wait for local government structures? We need a strong local government, at the village level, the panchayat, union parishad, upazilla parishad, zila parishad. These are vital organisations. We have known right from the beginning that these are what we are going to have. But these are still hanging. Now there are political differences coming, whether these elections should be held under a caretaker government or not. Again we are pushing things down the line, things that we should have done much before.

Then there are all the other problems still hanging on. The power crisis is still hanging on. The corruption issue is still hanging on. You name it. Privatisation is still hanging on. We have not moved anything. So I would say that 1998 didn't take us very far and that is very worrying.

DS: What changes could we have to start settling the unresolved issues?

MY: We need politics to get us moving, not stuck in the mud. If India and Pakistan start moving ahead before we do, then there is every chance that we'll become their captive market and supplier of cheap labour. If we move ahead of them, we can gain a speed which will make it difficult for them to catch us. We have a basic advantage over them. If we can enter their markets with only a few items, our economy will be booming. Bangladesh is lucky. India and Pakistan are locked in a cold war and nuclear arms race. International investors are becoming worried about investing in these countries. We can offer the investors a better choice. All we have to do is to get our act right - rule of law, dependable power supply, modern telecommunications technology.

To get our act right, we must change the character of our politics. We need politics of tolerance, peace and consensus, not politics of violence, divisive-

ness and hatred. We must build bridges and march forward.

Another point is getting the rules of the game sorted out. People can concentrate to become better economic and political players if the rules of the game are known and remain stable. But the rules are not even frame yet - forget about being known and stable. People cannot start playing if the rules keep changing or they are unknown.

Rules are encapsulated in the institutions. We are failing in building the institutions which can do the job. We have not been able to decide on local government institutions yet. But they are vital. Credit institutions are unreliable. They are most likely to serve the fake businesses and fake farmers, rather than the genuine businesses and real farmer. Educational and health-providing institutions need to be thoroughly overhauled to bring them at a level which can produce global-level manpower.

We do wish to achieve global level efficiency and capability, but mere wishing will not get us there. We need to create institutions which are of world class standard. Without these, we cannot hope to achieve global standards.

DS: Is there any silver lining in the cloud at all?

MY: The good news for us is that the next century will be the century of ideas. One may not have resources of any kind, but having a nation of creatively-thinking people will get them to the top. We have a chance there. We are a nation of young people. More than half of our population is under 20. We can make them to think creatively and compete with the talents of the world.

DS: So let's talk about 1999. What do you think is the vital agenda or what should be the government's response to these issues in the coming year?

MY: It makes no difference between '98 and '99. It's a question of unfinished jobs because the list is getting bigger and bigger. So at least we can get serious in 1999 and take the list of unfinished jobs, have a very clear time-bound plan, and start ticking them off one by one. The government needs total support. The government cannot do it in a vacuum, in a kind of emptiness. We need col-

laboration, we need understanding.

One idea would be to hold a national convention of the leaders of all segments of the population - politicians, businessmen, industrialists, academics, students, landless farmers, trade unions, bankers, civil servants, journalists, farmers, women, every segment we can think of? Through such a convention, they could come to a consensus or narrow down differences over major issues, so that we know what to do, and do it fast. We can discuss the following issues at the convention: 1. Local government structure. 2. Election procedures. 3. Election Commission's role. 4. Health institutions. 5. Education. 6. Student politics. 7. Corruption. 8. Credit institutions. 9. Privatisation. 10. Trade unions. 11. Size of government. 12. Energy crisis. 13. Technology. 14. Civil service. 15. Separation of judiciary. 16. Government controlled media. 17. Ombudsman. 18. Women's rights. 19. The environment. The convention can address these or any of these subjects they wish to discuss. They may not solve all problems. But at least, we can narrow down the differences on many issues, arrive at consensus on many issues.

We are wasting valuable time with non-issues, while the real issues do not get to the table. We need a time-bound action plan to resolve our problems. We must get everybody on board - not push things through each other's throats. The national convention can create sub-conventions to concentrate on specific issues and come up with recommendations for the national convention to adopt. These resolutions of the national convention will be only indication of national will for the government to take notice of, and proceed.

In a nutshell, 1999 should be the year when we have all our rules framed, all our institutions set, or at least we know what kind of institutions we are setting up, so that in the new millennium we play the game properly.

What was the nature of the problems created by the floods?

MY: Very simple. People who were in business or who were earning in some way, everything was disrupted. They were busy saving their lives, moving things from one place to another. If it's a short period, it's less misery. If it's a longer period, it's more misery. You have used up your assets, whatever capital you have, because the immediate call is to survive. Physically you are probably weakened because you are not getting as much food as you did.

Luckily for Grameen borrowers, looking back now, the situation was not as bad as foreseen. There were some positive sides also. Fish was everywhere because of the water. Catching fish and selling fish became an activity for the people. People needed transportation, boats and other things. So the Grameen borrowers switched from one business to another business. Many of them, not all, started buying boats and started offering transportation services. Having cash with you is always a big help because it's a very liquid kind of thing. You can move on. You find business opportunities in things.

When the flood was over, we didn't see people crushed under the flood. They were weakened, but they were ready to move on. They wanted to get ahead with it, fix their homes. So we came up with a rehabilitation plan with 475 crore taka. We were looking for this money and we applied to Bangladesh Bank to give us a loan. Ultimately we got 100 crore taka from Bangladesh Bank and we are now in the process of taking 200 crore taka by issuing bonds from the commercial bank. So we will be getting about 300 crore taka for the rehabilitation.

DS: What happened to the repayment schedule?

MY: Under Grameen Bank's rules, when a disaster takes place, all the banking activities stop. That means you don't have to pay. Nothing happens. The immediate goal of the bank is to help people, to protect people, save people, find shelter for them, find dry place for them, find food for them, find housing for them and so on. That was what the staff was busy with. Bringing medicine for them like saline and other things.

Then you went back to your homes looking for seeds and

things so that immediately you could plant, you could move on and get on with your life. So this is the plan that we had during the period of the floods.

DS: Now looking at micro-credit as a whole. How would you describe the micro-credit philosophy? Is it a means to the end of poverty alleviation or is it an end in itself, that you provide credit?

MY: You can look at it both ways. People need credit always. Particularly, poor people need money to start their businesses and carry on their businesses. They have their own skills, traditional skills that they can use, labour that they can put in, create new products and so on. So even if you look at that, opening the door of the bank is a business. This was a business that was denied to the poor people on the ground that the poor are not credit worthy. So in our work we have demonstrated that the poor are credit worthy.

In the Bangladesh context you can say that the poor are more credit worthy than the non-poor, the rich. So, to that extent, forget about poverty alleviation. It's a good business. You give money and they pay back. It harms nobody. On top of that, if they can improve their lives, that's good news because, in the name of poverty alleviation, we pour in lots of money, donor money, our own resources and so on with very doubtful results. But here, you give your money, get your money back, plus you get the cost of that operation back and you create fund surplus within your institution. At the same time people improve their own lives.

DS: So you are saying it's a win-win situation all the way ...

MY: Starting from '76, our focus has always been on demonstrating that the poor are credit worthy. People who are rejected by conventional banks are credit worthy. They need not be rejected. They can be brought in. At each stage we were told, this is not good enough a demonstration. You did it in only one village. It can work in one village, but two villages, probably not. So we did two villages. Our main focus was to grow big so they take us seriously. At one time it was said, you can work, but you are not viable. You are not earning enough to pay for yourself. So we concentrated on that one. We are viable, we cover our costs and so on. Then they said you can do it in one area of Bangladesh, but probably not in the other areas. The other area is conservative. We had to do it all over Bangladesh in demonstrating that.

In the process, maybe we have not paid attention to the poorest. We only took the people who came in on their own willingness rather than reach out and persuade them because it is not only that the institution wasn't showing interest in the poorest. The poorest too are not showing any interest in the institution. They are afraid that they cannot do that. I am a beggar woman, how can I do and this sort of thing. Initially we did. Our history has many

anecdotes about the beggar women and so on as far as that. Probably if you see it in a global Bangladesh way, probably not enough extremely poor people are included in the Grameen Bank structure. So all we need to do is pay attention and reach out to those people.

I'm sure the methodology would work or needs fine tuning of the methodology itself. Probably it will take time to reach out to them, build that confidence because even if you are not reaching the poorest, the poor segment that you have reached already demonstrated how much this confidence-building is needed before you can get them to come up and say yes to accept loans. So we have to intensify that.

DS: During the micro-credit summit, several NGOs suggested that, if you want to reach the poorest, you have to provide subsidised credit, without interest rates. What is your view on that?

MY: I don't think that kind of idea came to the summit. The summit was very clear. It had two messages. Reaching 100 million poorest families with micro-credit, preferably through the women of the families, that's one thing. Reaching the poorest is a goal. Being sustainable is a goal. The moment you bring in sustainability, subsidy doesn't enter the picture. So if one may criticise that this sustainable micro-credit programmes will not reach the poorest, this is inconsistent. That's a challenge. We have to show that it can be done. We can be sustainable and reach the poorest.

People argue that subsidised credit is needed, but if you are not charging full cost, who is going to pay it for you? If you want to run it as a business, somebody has to pay it for you. So if you are running a business depending on somebody's mercy, you don't go too far and you cannot reach a large number of people. Only when you are commercial, only when you are sustainable, only then you can go as far as you want. If your goal is to reach 100 million poor families, I don't think subsidy is the answer. The answer is sustainability. We are all committed to sustainability. We are all committed to reaching the poor.

DS: Critics say that micro credit has become a fad, and that it would divert money from the more important sectors such as education, health etc.

MY: We see micro-credit coming up around the world. There is a lot of attention, a lot of things. We see negative things being said about micro-credit because it's getting too much attention. People are saying maybe this will drive out resources from the health area, the education area. Our position is driving out other areas. We are saying, keep on doing everything that you are doing. We have no kind of conflict with health and education. We are saying that these are mutually supportive. Micro-credit is supportive of health, supportive of education.

There are 60 billion dollars a year, or at least 55 billion dollars a year in international assistance and international aid programmes. Out of that, only probably two billion dollars a year is to be devoted to micro-credit as a loan. We are not saying that should come as a subsidy. For the entire programme of reaching 100 million poor people, the total estimated amount that is needed is 22 billion dollars up to 2005. Out of that 22 billion dollars, eleven billion dollars is to come from the international aid resources. Another 11 billion dollars to come from the commercial side, from the banking side. That has nothing to do with anybody doing out money or anything. The 11 billion dollars which has come from the donor side, five and a half billion dollars is to come from grant sources and another five and a half billion dollars are to come from the soft loan. So again the soft loan portion is not something that you are competing with. You compete only for the grant part of it. Out of a five year period if you are looking for 100 million poor people, that's slightly more than half a billion dollars a year out of a budget of 55 billion dollars grant and loans.

So this is not something that you are driving out anything. This is misunderstood. So we are trying to say that if that half a billion dollars a year of grant money and half a billion dollars of soft loan money comes into the picture, this would be an additional help to health, education and other programmes. Besides, micro-credit is not simply money going in, money going back. It is institution building. It is people's organisation building, people's capacity building. Micro-credit builds up people's capacity. It's not just like any other loan that you give, they give you back, you look at your balance sheets, it looks fine and you are okay. Here you have a lot more, social, political and other benefits particularly for women. If you can reach 100 million poorest women in the world, this will be a very different situation with dignity would be restored for the poor. Women would be raising their children with dignity. Children would be learning how to move on with hard work and build their own lives. It's a very different kind of situation. You have a lot more extra benefits out of micro-credit than just figures and amounts.

In next week's Daily Star on Friday, Sabir Mustafa talks to Muhammad Yunus about the role of NGOs in the development process, the criticism they face and the future of Grameen Bank itself.

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Week in Review

Ship breaking industry at Sitakundu dying

A persistent slump in the ship breaking industry due to decreasing demand for scraps is threatening units with closure and workers with unemployment. The industry built 20 years ago was once a source of huge revenue for the govt, but is now facing a major setback, with the absence of any technological innovation.

Amartya Sen's prize money

Nobel laureate Amartya Sen announced on December 27 the setting up of a charity trust named after his residence 'Pratichi', with his prize money for work in the fields of education and healthcare in India and Bangladesh, after paying taxes on the money. He made the announcement while speaking at a reception in the Netaji Indoor Stadium in Calcutta amidst thunderous applause.

Protesting students attacked at DU

At least eight were hurt on December 27 when activists under the banner of Students' Protest Against Sexual Harassment (SPSH) came under attack from their 'rivals' on the DU campus. The rival group styled 'conscious students' whose declared objective is to 'save the image of teachers at the university' swooped on SPSH students when they set fire to effigies of teachers accused of sexual harassment. Vice-Chancellor A K Azad Chowdhury appealed for restraint and blamed both groups for trouble.

Child patient hit by doctor?

A child patient fell unconscious on December 27 after he was allegedly pushed on to the wall by a young doctor in the children's ward of Dhaka Medical College Hospital. Family sources said that an assistant CA pushed the 11-year-old when he uttered obscenities at the doctor. He was admitted there on the 26th in a critical condition of fever.

Mandatory for motor vehicles from today

Bangladesh Road Transport Authority (BRTA) has made it mandatory for all public and private motor vehicles to display tax, fitness and route permit labels from Jan 1, 1999. The new rules are meant to easily detect vehicles that do not have necessary fitness, tax clearance and route permit. As per issued specimen, the tax label is circular red, fitness triangular blue and the route permit quadrangular green. Police have been directed to intercept vehicles without the labels and take legal action.

BB Bows to Beximco

The Bangladesh Bank has finally allowed Beximco's fictitious loans to be rescheduled, but the terms and conditions would mean huge financial losses for IFIC Bank (owned by owners of Beximco). Under the new arrangements, a simple interest rate with be applied on the consolidated loans of Beximco taken under fictitious accounts. This means that IFIC will have to incur losses and the shareholders will have to share the burden.

CPA, Dock Workers Sign Accord on Incentive Scheme

A memorandum of understanding was signed on Dec 25 to introduce the much awaited incentive scheme for the dock workers of Chittagong Port. The agreement was signed between the authority of Chittagong port and leaders of three dock workers union in presence of Deputy Minister Saber Hossain Chowdhury.

Russia, Belarus will Merge

Boris Yeltsin and Belarusian President Alexander Lukshenko agreed on Dec 25 to take moves to merge the two former Soviet Republics into a single state as early as next year. They also agreed to introduce a single currency and harmonise taxes.

Iraq bans all UN flights to Baghdad

Iraq banned all United Nations flight into the country on Dec 23. Iraq ordered the UN to re-scheduled flight of military observers headed towards Baghdad. For this, Baghdad offered no explanations. Iraqi air defences were still alert for further possible attacks, and the cancellation of the UN flights was thought to be the result of Iraq's fears that it could have come in harm's way. Iraq warned that it would never forgive Kuwait for allowing the US and UK to use its military bases to launch the air strikes against the country.

Film Star Da'ra Shiko Dead

Eminent film and TV actor, film director and producer Dara Shiko died on Dec 25 at a city clinic here. He was 65. Iraq fighting fire with fire.