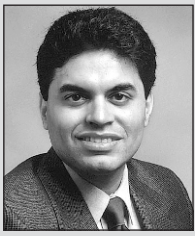


Job one: Solve the Sunni problem

The political problem the United States faces is simple: a significant element of Iraqi society fears that it will do badly in the new Iraq



FAREED ZAKARIA
writes from Washington

THE only thing Arabs understand is force: this is the central dictum that has governed the Bush administration's foreign policy in the Middle East, an old line peddled by traditionalist scholars of the region. But it seems to be a better description of the Bush administration.

Two months ago, the administration heaped scorn on a European proposal to transfer power more quickly to Iraqis. "They are not ready," administration officials explained, outlining what they said was a more orderly process of transfer. Two months of escalating attacks against American forces, however, and suddenly the administration has discovered that the Iraqis are ready for self-rule after all. This does not bode well for a democratic Iraq: it is not even likely to solve America's most urgent problem -- winning the guerrilla war.

It has become increasingly clear that the resistance in Iraq is not the work of a small band of dead-enders, but is in fact a more widespread movement. We can tell this because still, months after the attacks began, we know very little about them. Gen. John Abizaid says that the enemy is 5,000 strong. A leaked CIA report puts the number at 50,000. One day, an administration official says the attacks are the work of Baathists. The next we are told foreign fighters are the culprits. The reason for this lack of information must be that the guerrillas are able to merge back into the population, and that the locals are not actively informing on them.

For months before the war, the United States (intentionally or unintentionally) signalled its support for the Shiites and Kurds of Iraq. It made clear it was comfortable with the fact that a democratic Iraq was likely to be a Shiite Iraq (the Shiites make up 60 percent of the country)...When the Sunnis hear the phrase "Iraqi democracy," they probably think "tyranny of the Shiites."

A purely military response, while necessary, will not address this problem. In fact, it exacerbates it. The purpose of guerrilla warfare, the Brazilian guerrilla leader Carlos Marighella once explained, is to force the occupying army to militarise its presence, to engage in reprisals and roundups, to show force, to patrol in tanks. These measures alienate the population and generate sympathy among the population for the guerrillas. In recent days, American forces have been dropping bombs, taking prisoners and generally showing more force. In other words, the strategy -- the guerrillas' strategy, that is -- might be working.

The political problem the United States faces is simple: there is a significant element of Iraqi society that fears that it will do badly in the new Iraq. These are the people who are not helping the Army hunt down the guerrillas. What compounds this problem is that these people, the Sunnis, have been Iraq's governing elite for 500 years.

For months before the war, the United States (intentionally or unintentionally) signalled its support for the Shiites and Kurds of Iraq. It made clear it was comfortable with the fact that a democratic Iraq was likely to be a Shiite Iraq (the Shiites make up 60 percent of the country). It cosied up to exiles, almost all of whom are Shiites. It assured the Kurds that they would retain the autonomy that they had developed under the umbrella of American and British air power.

All these are perfectly understandable, honourable and intelligent goals. (One certainly would not want a Shiite problem in Iraq!) But the effect has been to make the Sunnis of Iraq believe

that they will be the victims of the new order. When the Sunnis hear the phrase "Iraqi democracy," they probably think "tyranny of the Shiites."

The Sunnis have good reason to be worried. They know a thing or two about tyranny, having ruled Iraq for all of its modern existence. (And before that, they were the favoured sons under two colonial administrations: the British and the Ottomans.) But they are also a key to stability, a powerful and well-connected element in Iraqi

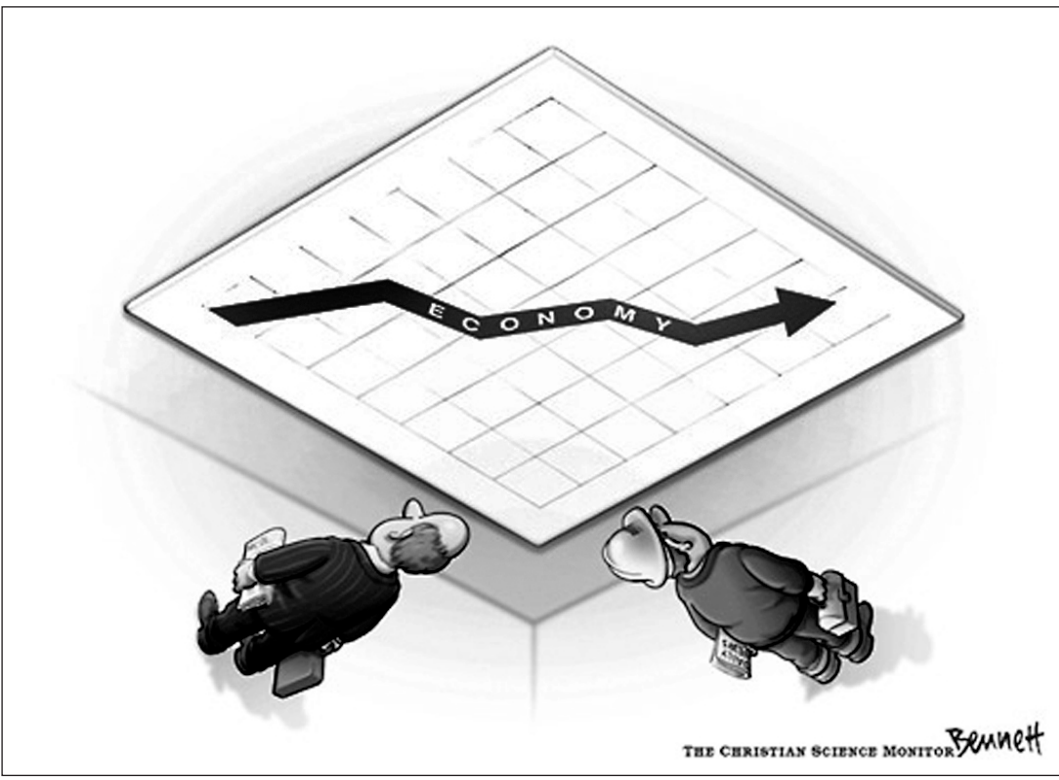
society that for centuries has produced the majority of politicians, generals, merchants, professors and doctors. They can help -- and they can certainly spoil -- the chances of building a new Iraq.

Beyond effective counter-insurgency operations, the United States will have to develop a political strategy to bring Sunni leaders -- tribal, religious and political -- into the new order. This might involve political promises, bribes, spending

projects in Sunni areas and some symbolic gestures, such as appointing a figurehead Sunni president (to balance the real head of government, a Shiite prime minister). The military historian John Keegan noted last Saturday in *The Daily Telegraph* that the British have done better in their sector than the Americans because, in part, they have accommodated themselves to Iraqi society rather than trying to reconstruct it along ideological lines. Washington will have to strike a balance because, rightly, it wants to change Iraq, not accommodate itself to it. But first it must end the war. And to do that, it must solve its Sunni problem.

Fareed Zakaria is the editor of *Newsweek International*

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Microcredit and microfinance

Ideas need to be differentiated

KHANDAKAR ELAHI AND M. LUTFOR RAHMAN

IN his presentation to the *International Seminar on Attacking Poverty with Microcredit*, organised by the PKSF in Dhaka during 8-9 January 2003, Professor Yunus identified several significant problems that the worldwide microcredit movement had been grappling with. One of these problems was the lack of conceptual clarity. In the words of Professor Yunus, "The word microcredit did not exist before the seventies. Now it has become a buzzword among the development practitioners. In the process, the word has been imputed to mean everything to everybody... I think this is creating a lot of misunderstanding. We really don't know who is talking about what. I am proposing that we put levels to various types microcredit we are talking about... I am arguing that we must discontinue using the term 'microcredit' or 'microfinance' identifying its category."

It is both encouraging and appreciable that Professor Yunus has finally noticed the lack of clarity in the use of the microcredit and microfinance ideas in the current development discourse. His idea of microcredit seems quite different from the microfinance idea that is being advocated and advertised from the both bilateral and multilateral donor agencies and distinguished western academic scholars. This conceptual confusion is hurting the cause of microcredit that Professor Yunus had in mind when he experimented the idea in the 1970's and established the Grameen Bank in the early 1980's.

Microcredit

The microcredit idea evolved as part of a paradigm shift in the Third World (TW) development thinking, which led to dramatic changes in the development policies pursued by donor agencies. Western interests in the TW development were inspired after WWII, when most of these countries gained political independence. To help improve socioeconomic conditions of these decolonised countries, national and international agencies were created to transfer western monies and materials. This policy is popularly known as the 'top-down' approach to international development, because international aids and loans were given to the TW governments, who were primarily responsible for their utilisation.

International aid programmes failed, many believe, to achieve their objectives -- a fact that was recognised as early as the end of 1950's. Most of

these failures were attributed to the perception that the people -- supposed to be benefited from the development projects -- were not included in the process of designing, formulating and implementing these projects. With this understanding, development activists and practitioners advocated for ending the prevailing 'top-down' approach and adopting 'participation and participatory methods of interaction as an essential dimension of development'. The idea received World Bank's recognition in 1973. In the Annual Meeting of Board of Governors in Nairobi, the then Bank President Robert MacNamara told his audience that no programme would help small farmers if it was designed by those who had no knowledge of their problems and operated by those who

For both intellectual clarity and sound policy formulation, the current practice of using the microcredit and microfinance terms synonymously demands critical evaluation. It is obvious that they are very different kinds of organisation that attract very different kinds of people. Therefore, for the sake of sound policy-making of international development, these terms ought to be used in their proper context.

had little interests in their future. Thus, the terms, participation and participatory development, became the key ideas of a new development paradigm called, 'bottom-up' approach, which currently dominate the policies of bilateral and multilateral donor agencies.

Since the central idea of the 'bottom-up' approach is to reduce government's influence in utilising development aids, and the private sector is not an ideal candidate to substitute them, the new policy regime emphasised the involvement of civil organisations popularly known as Non-Governmental Organisations (NGOs). These organisations have three major characteristics: (i) largely independent of government; (ii) not operated for profit; and (iii) exist to serve humanitarian, social or cultural interests. In terms of function, they usually (i) provide goods and services, not ordinarily supplied by the State or the private sector, (ii) help the government achieve its development objectives by providing public information, education, communications campaigns etc., and (iii) organise citizens to voice their aspirations, concerns and alternatives for consideration by policy makers.

The Grameen-type organisations, whose fundamental objective is to serve rural poor with small loans and related services, meet these condi-

tions. These credit programmes usually have the following features: First, the loan size is small, averaging about US \$100. Second, the primary customers of these loans are rural poor, women in particular, who have little access to conventional banking facilities. Third, the purpose of these loans is to create income generating activities in rural non-formal sectors through selfemployment. Fourth, these loans are collateral-free. Finally, the micro lenders have integrated the loaning and savings mobilisation functions. Unlike the conventional banks, regular savings are a precondition for getting loans from the micro financial enterprises.

Apparently, the microcredit organisations have three distinctive characteristics: First, they are part of

sations from all over the globe in Washington, D.C. This popularity, in turn, inspired academic interests in the topic, leading to the coinage of the concept, microfinance, in the late 1990's. Thus, the term, microfinance appears to be a transformation of the popular poverty-alleviating idea, microcredit. This is perhaps one reason why the two terms are often considered synonymous in the development literature.

Princeton University professor, Jonathan Morduck's survey article, "The Microfinance Promise," published in the *Journal of Economic Literature*, makes no difference between microcredit and microfinance ventures. The same practice is followed in the *Microfinance Handbook* published by

the World Bank. This book defines microfinance as a development approach that provides financial and/or social intermediation. The financial intermediation includes the provision of savings, credit and insurance services, while social intermediation involves organising citizens' groups to voice their aspirations and concerns for consideration by policy makers, development of self-confidence etc. The microfinance institutions include all kinds of lenders, who supply small loans to poor people -- NGOs, government and commercial banks, nonbank financial institutions, informal lenders like moneylenders, pawnbrokers etc.

Conceptual confusions

The confusion in the conception seems obvious. For, one of the most important characteristics of micro-lending is collateral free loans supplied by the NGOs to the poor who have little access to formal financial institutions. Some of the above micro-lenders clearly violate these conditions.

This confusion is continued in the renowned recent book -- *Microfinance and Poverty Alleviation: Case Studies from Asia and Africa* -- edited by Joe Remenyi and Quinones Jr. In their introductory article titled, "Financing a Revolution: An Overview of the Microfinance Challenge in Asia-

Pacific," Getubig, Gibbons and Remenyi say that the most notable microfinance providers come from Bangladesh, who include Grameen Bank, the BRAC and the ASA. These small-loan providers are, however, microcredit organisations, not microfinance ones. Then in his own article, titled "Is there a 'State of the Art' in Microfinance?" Remenyi gives a very different idea of microfinance. He takes the traditional definition of banking -- financial intermediation that involves bringing together 'the independent acts of savers and borrowers to facilitate one another's goals'. Microfinance is no different from this traditional banking concept except that, unlike formal banks whose activities mainly involve rich clients in urban areas, the market for microfinance consists primarily of poor people in rural areas of TW countries who need credit for pursuing small enterprises in the informal sector. The microfinance entrepreneurs are business people with usual profit motives, who are supposed to be self-financing eventually. "Subsidised credit and subsidised banking with the poor are inimical to 'best practice' in microfinance." This idea is supported in recent publications.

Conclusion

The fundamental differences between microcredit and microfinance ideas are (a) profit motives and (b) the means of operation. By definition, the microcredit programmes are NGOs', for which they cannot run their operations with the objective of making profits. This, in turn, suggests that they must depend upon external financing. The microfinance, on the other hand, is a profit-making private venture, which must aim at operating its activities without external help, because profit-making and public objective do not go hand in hand.

For both intellectual clarity and sound policy formulation, the current practice of using the microcredit and microfinance terms synonymously demands critical evaluation. It is obvious that they are very different kinds of organisation that attract very different kinds of people. Therefore, for the sake of sound policy-making of international development, these terms ought to be used in their proper context.

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Economic inequities and political frailties

A national stand is imperative

HAFEEJUL ALAM

WHILE the market manipulation, the unrest in the RMG and other industrial sectors, and the mismanagement of the economy as a whole is upsetting the nation, the northern region is beset with severe 'monga' or famine. However, it appears that an ostrich policy is reigning everywhere and that there is none to look after the endless glitches. On the other hand (thanks both to the electronic and the print media), we are kept abreast of the grandiose state Iftar parties and dinners almost every evening, of course at the cost the tax-payers' money! It looks as if we have a government by the people, for the elite and of the elite! As ill luck would have it, the so called elites are also the role models of our society wielding the real state power and again they misuse that power rather ruthlessly, causing thereby a virtual breakdown of the socio-economic order. It seems that no one is there to think about the hapless people, who live as if in another world not affected by the awful inflation and exploitation, need not go for shopping against sky-high price-rise, and who are but outcasts in a crude and rude society. Pertinently, it may be worthwhile to quote a few lines from the recently published famous best-seller "Living History" where Hillary Rodham Clinton wrote: "Bangladesh, the most densely populated country on earth, presented the starkest contrast of wealth and poverty I saw in South Asia....Here, the authorities made no effort to the destitute behind brightly coloured cloth."

The real problem in Bangladesh is not that we have too many poor but that our governments have been awfully rich, rather too rich to understand the pangs of the poor. Had it not been so, the national budgets couldn't prescribe every possible means to make the rich, richer and the poor, poorer. Continuous regressive taxation has made Bangladesh a country of cruel contradictions. Probably, it is the only country in the world where the poor are compelled to pay for the well being of the rich, where the infant food items are made relatively dearer than the diamonds and drinks, where junior employees in the private sector are made to pay income-tax but the big bureaucrats in the public sector are exempt from that and where the establishment remains stark silent over the collusion of the business elites and the bureaucrats, plundering billions from the national exchequer through blatant corruption, 'system loss', tax evasion, fictitious books of accounts, under-the-table dealings, and many other guises. Again it is the only country where the rich people become bank-defaulters by billions and remain unscathed, but the poor women in the remote villages rearing cows or goats or doing some handicrafts are put under obligation to pay high interests on their small loans and there are many more such heart-rending instances. Thus Mrs. Hillary's comments have been proved beyond any doubt by the barefaced policy of appeasing the affluent and preaching austerity for the deprived. A novel social justice indeed!

We are told that the garments sector is the major forex earner, but if one visits a garment factory at Dhaka, Narayanganj or Chittagong, he or she would find hundreds of skeletal young girls working day and night with unbelievably paltry wages of Tk.800 or so per month with no other benefits, sometimes not even festival bonus. It is really lamentable that even after three decades of our independence, the successive governments could not prescribe even a subsistence-level minimum wages for our workers. They die or get hurt in the street because of their genuine demands of minimum subsistence wage, Eid-bonus, and eight hours-a-day working period. In the man-power export sector, which is regarded as the highest contributor to the national exchequer (more than 3 billion US \$ per year) in terms of remittance from the hard-earned wage earners, an unskilled poor worker has to spend Tk. 100,000 to Tk. 150,000 (whereas the actual cost should be no means exceed Tk. 25,000) for getting a job in the Gulf countries which can hardly fetch him Tk. 5000 to Tk. 6000 pm. In sharp contrast to other South Asian countries, our governments miserably failed not only to control the limitless lusts of a section of our manpower exporters, but also to negotiate a

better deal with the Gulf countries. In the public sector, the situation is even worse. Billions are being looted in the name of system losses and at the cost of strained tax-payers. These are only a few amidst the vast sea of exploitation and inequality which are breaking the backbone of this nascent nation.

In the national context, it is not important which political party comes to power or which one leaves it, but it

It is high time that the major political parties including the government take a national stand to get rid of the endless malfunctions, and go for necessary constitutional provisions, so that the independence of judiciary and setting up of an independent anti-corruption body are ensured, members of the parliament can speak and vote freely in the interest of the people rather than of a particular party, and people can evaluate the performance of the government every three years instead of five long years, through a system of free and fair election where only the voice of the people shall reign, not the money or the muscle.

is absolutely important to contain the sizzling state of affairs. It is a pity that the leaderships of the major political parties are dependent almost totally not upon their own abilities, but upon the legacy of the kindred celebrities who are no more in this world. For Bangladesh, it has almost become a craze to support or not to support a political party on the basis of one's acceptability of the deceased leaders instead of the living ones. Here lies the Achilles' heel of our polity. No wonder, Frederick T. Temple, the former World Bank Representative in Bangladesh once so aptly pin-pointed

two basic weaknesses of our democratic system. He pointed out that our political parties do not follow the democratic system themselves and that only the very rich people can get elected in the parliament. It may be relevant to mention here a statistical fact that more than 80 percent of our members of parliament are from the rich business community. It is a disgrace that our political system could not yet devise any procedure by which honest professionals, intellectuals, and dedicated leaders could find their way in the parliament and speak for the people. If the parliament consists of only the rich entrepreneurs, it would better serve as a chamber of commerce and industry as opposed to a parliament. One may be amazed to find out that the successive national budgets reflect nothing but the hopes and aspirations of the chamber bodies in contrast to those of the vast spectrum of professionals and people.

In the backdrop of such a state of affairs, no one can expect that Bangladesh would be able to face the challenge of the new millennium unless immediate steps are taken to stave off the stark inequities in the economy and bleak frailties in the polity. If our total economic planning is not made people-oriented and if the state is run as a business establishment caring only for the profit and loss statement rather than for the social statement, the things may rapidly go out of control. Just calling the armed forces and apprehending a few criminals or frequently reshuffling the police force would not change the chaotic scenario at all, as we have seen before that such cursory actions result in further messing up of the problem, instead of unraveling the same. It is high time that the major political parties including the government take a national stand to get rid of the endless malfunctions, and go for necessary constitutional provisions, so that the independence of judiciary and setting up of an independent anti-corruption body are ensured, members of the parliament can speak and vote freely in the interest of the people rather than of a particular party, and people can evaluate the performance of the government every three years instead of five long years, through a system of free and fair election where only the voice of the people shall reign, not the money or the muscle.

Hafeejul Alam is a management specialist



All health information to keep you up to date

Sugar is not always sweet

Too much sugar in the diet can make you put on weight and it is not good for health. Some people may stand quite large amounts without noticeable immediate ill effects; but the enduring liabilities of consuming sugar are such that it is better to reduce sugar consumption to a minimum amount.

Sugar is more precisely known as sucrose. It is a refined carbohydrate and occurs in a number of fruits. Most sucrose consumed in Bangladesh comes from cane sugar. Although there are a number of clinical situations in which sucrose is of value; but as a food sugar has come in for substantial criticism from doctors. In fact, there are some vitamins and minerals present in the original cane sugar plant; but the raw materials of sugar-cane are washed with water, and the sugar extracted by first crushing and chopping and with lot of processing before crystallising. Unfortunately the final form of sugar is almost devoid of vitamins and minerals.

Sugar has been used as a thin paste applied to the area to treat infected wounds and ulcers. As well, chronically ill patients can be maintained for months or years on carefully planned management of intravenous feeding, which usually include glucose derived from sucrose, amino acids, fatty acids, vitamins and minerals.

Distasteful effects

Sugar is very easy to eat in large amounts. Some consider sugar as 'empty calories'. Because, sweet foodstuff available these days in the market are packed with calories which provide energy and nothing else. These calories simply transform into fat and can fabricate fatness. It is interesting to know that men consume more sugar than women, and the highest consumption is amongst teenagers. The following conditions can be strongly linked with significant sucrose consumption. Some on occasion, but not all, benefit from a reduction in sucrose consumption.

*Hypertension or high blood pressure *Diabetes mellitus (adult) *Indigestion, Irritable bowel syndrome *Hyperacidity, Reflux *Tooth decay *Diarrhoea may be caused by sucrose intolerance (soft drinks) *Increased susceptibility to infection *Gallstones *Hyperactivity in children *Seborrheic dermatitis, Acne *Allergies.

Did you know?

The three leading causes of death in the first thirty days after a stroke are not related primarily to the stroke itself or to neurologic deficits.

They are 1. Pneumonia 2. Ischaemic heart disease and 3. Pulmonary embolus (embolus is a mass of undissolved matter present in a blood or lymphatic vessel).