

DR MUJINUL ISLAM

Stop Yunus-bashing: He is our national icon

I voted for the Awami League in the 2008 parliamentary election. I was chosen in 2007 to deliver the memorial lecture commemorating the 7th March address of Bangabandhu Sheikh Mujibur Rahman by the present Prime Minister Sheikh Hasina herself. I delivered that address on 6th March 2007 in her presence at the Institution of Engineers, Dhaka. So, please consider this article as an ardent appeal to all concerned from a true friend, well-wisher and voter of the Awami League.

I am immensely pained that Prof. Muhammad Yunus, the lone Nobel Laureate of Bangladesh, has recently been targeted by the Government of Bangladesh and the ruling party, Awami League, for a well-orchestrated campaign of character assassination, harassment and vilification.

There are reasons to believe that some in the high-up may have some personal grudge against Prof. Yunus. Some top people in the Bangladesh Bank and the government at that point took advantage of that grudge against Yunus and the vitiated mindset. They were believed to be instrumental in starting the special audit of the Grameen Bank (GB) conducted by the Bangladesh Bank in 1999. That audit report included an objection about the extension beyond 60 years of Prof. Yunus' tenure as the Managing Director of GB by the board of directors of the Bank headed at that time by Prof. Rehman Sobhan. In the last 11 years after that objection, the Bangladesh Bank authorities under four governors did not raise the issue again even once, though they conducted routine audits on the GB every year.

Sheikh Hasina's first public outburst against Prof Yunus started in February 2007, right after he announced his intention to float a political party, by terming him a loan shark (Shudkhor). I myself was apprehensive that Prof. Yunus' decision to float a political party at that juncture of military-backed caretaker government would bring criticisms for him. The Norwegian television film on transfer of donor funds to the Grameen Kallyan, a sister organization of the Grameen Bank, in November 2010, which started the present episode of an organized campaign of vilification both in Bangladesh and many other foreign lands, was used, I believe, by a group of organized adversaries of Yunus to drag her into this present character assassination campaign.

In the 11 years since 1999, Prof. Yunus made some enemies from amongst the disgruntled and compulsorily retired senior executives of the Grameen Bank, who lost their jobs for their own follies. Mr. Mozammel Hoque, a retired general manager of GB, has recently been nominated as the chairman of GB by the government. It is quite significant that the government found it proper to nominate Mr. Hoque as the chairman of the Bank after about a year of Yunus' request letter written to the finance minister regarding a smooth succession and exit plan for him! Prof. Yunus suggested the names of three illustrious persons like Mr. Saiduzzaman, Prof. Jamilur Reza Chowdhury and Mr. Khaled Shams for the chairmanship, but the government chose Mr. Hoque for the job instead. I am sorry to say that a vitiated mindset is exposed through this nomination, because, it should be obvious to everybody that Mr. Hoque too may have an axe to grind

against Yunus after his retirement from GB!

Another such enemy made by Prof. Yunus is one of his former students (unfortunately my student too), who was being groomed by Yunus himself for a long time to be his successor. But, some serious issues, dealing with some award money, which ultimately led Yunus to send him on forced retirement while he was holding a top managerial position in the Bank. He had publicly vowed to take revenge. "I'll make Yunus naked before the world," he is reported to have said. Thus started the tirade against Yunus in the national and international press in 2010 with a series of false information and disinformation, allegedly, fed by the disgruntled persons with the help of some journalists. There are reasons to believe that they soon linked up with the government machinery to orchestrate the hate campaign and Yunus-bashing going on in the country as well as in a few other countries.

Now, let me ask, what will Awami League gain from all these vilification? The government intelligence reports should have made it clear by this time that except for die-hard followers of the Awami League no one else likes what is going on. It has already become a very damaging political burden for the party. The BNP has already grabbed this issue for gaining a big political mileage at the cost of Awami League. A large number of leaders and workers of the Awami League do not like the episode at all. But, they are too afraid of Sheikh Hasina's wrath to open their mouth on this issue!

At this point I want to clarify some major objections against micro credit as a tool for poverty alleviation and the issue of high interest rates charged by GB and the major NGOs like BRAC, ASA and Proshika.

1. No one can deny that the micro credit concept institutionalised by GB challenged the collateral-based banking principle. GB has proven in the last 28 years of its existence and phenomenal progress that the poor are more bankable than the richer customers, provided suitable mechanisms are innovated and applied to ensure proper utilisation of credit in income-generating activities. Group lending approach based on peer pressure, field-level supervision, minimisation of paper works and complex formalities, 'bank to the people' approach and participatory

institutions have provided the rationale behind the success stories of the 'Grameen Model'. The Grameen Model's use of group formation of five loan applicants, strict adherence to the condition that loan approval of the members of the group is contingent upon regular and timely repayment of loan instalments of other member or members of the group who have already received the loan(s), the use of resulting 'peer pressure' generated within the group and the cluster of groups known as 'a centre' for motivating the loan recipients for regular repayment of the loan instalments and the regular weekly meetings of the borrowers

Bangladesh has been witnessing a dramatic proliferation of NGOs operating in the field of micro credit throughout the nook and corner of the country. Most of the NGOs have successfully introduced micro credit programmes of different 'customised' varieties and ever-new target groups in both rural and urban areas of the country, which transformed the micro credit delivery system into a virtual movement and a 'development buzzword' in Bangladesh. Simultaneously, the Grameen Bank model has been gaining ever-growing world fame, and in the last 28 years, the model has been replicated in more than 150 coun-

tries of the world, both developed and developing countries. Lately, the United Nations Organisation has adopted micro credit as an effective development strategy for fighting poverty through the Micro Credit Summit Conference. Therefore, it can be safely asserted that following the pioneering footsteps of the Grameen Bank the micro credit movement has been spreading fast throughout the world and that the 'Grameen Model' has provided a viable mechanism to the world to deliver collateral-free credit to the poorer target groups of the population of all countries of the world.

2. In the last three decades, NGOs have become the main vehicle in the fight for poverty reduction in the developing as well as the least developed countries of the world without social transformation, which is understandably preferred by the developed capitalist countries. Therefore, it was quite logical that since the early eighties, with the fast-spreading fame of the 'Grameen Model', the non-government organisations (NGOs) of Bangladesh, some of which had already been active in the field of rural development with foreign aid-financed programmes and some others initiated primarily as micro-credit institutions (MCIs), were quick to adopt the 'Grameen-type' group banking programmes of their own with suitable modifications introduced in their individual versions of micro-credit operations. Consequently, in the last 28 years, Bangladesh in their micro credit operations become as high as 38.6 per cent to 40.8 per cent when calculated by the average balance method. (Ahmad 2007: 32). These high rates of interest make micro credit quite burdensome and almost usurious for the poor, the critics contend.

3. But, we strongly believe that it has not yet evolved as a viable model of poverty alleviation, for which a total re-orientation of the credit delivery system is a necessary, though not sufficient, requisite. It is even debatable whether 'credit' can successfully bear the burden of poverty alleviation within a system of 'poverty creation and re-creation' perpetrated by the capitalistic system of surplus expropriation and appropriation getting stronger and stronger in the context of the ongoing capitalist globalisation becoming all-pervading as an integrating force throughout the world under the

philosophy of the 'open market economy' propagated by the neo-liberal 'market fundamentalist ideologues' currently dominating the mainstream development thinking. The inequality-augmenting forces actively creating and re-creating poverty through different dimensions of the 'system' are too dominant in Bangladesh to be counterbalanced by economic empowerment process of the landless rural women stimulated by micro credit, we believe.

4. Moreover, micro credit may make life and livelihood somewhat easier and tolerable for the target groups, but a sustainable process of graduation from poverty seems to be happening only in a very small percentage of cases of loan recipients of the Grameen Bank and other NGOs. Several other criticisms of the micro credit operations also seem very pertinent. Firstly, the rate of interest charged by the Grameen Bank comes to about 26.6 per cent, if it is calculated on the basis of average balance method or reduced balance method. Critics claim that this is too high a rate of interest to charge from the poor borrowers. They also show that interest rates charged by the major NGOs in Bangladesh in their micro credit operations become as high as 38.6 per cent to 40.8 per cent when calculated by the average balance method. (Ahmad 2007: 32). These high rates of interest make micro credit quite burdensome and almost usurious for the poor, the critics contend.

5. Secondly, there is serious problem of duplication of coverage of target groups of the Grameen Bank and a number of other NGOs in many areas of Bangladesh. So, the same person is taking loans simultaneously from different institutions working in the same area. This trend is seriously harming the quality of borrowers and the productive use of micro credit as well as the repayment record of the loans. This is also creating loan syndicates in many areas, where unscrupulous persons and criminal minded groups are operating to siphon off disbursed credit through organised fraudulent tactics involving fictitious borrowers. More seriously, this duplication is creating a chronic 'credit dependence' among the poor villagers of Bangladesh.

6. Thirdly, calculations show that regular repayment of loans by the micro credit recipients has raised the

velocity of credit circulation to about 3.53 or 353% in a year (Ahmad 2007: 37). This high velocity implies that the micro credit institutions (MCIs) have emerged as highly profitable businesses, whereas the majority of the borrowers are not coming out of poverty trap because of the demanding repayment routine imposed by the MCIs and high percentage of failures of projects pursued with the help of micro credit. Also, the multiplicity of micro credit delivery organisations vying for borrowers at the field level is adversely affecting the quality of borrowers as well as the quality of projects or livelihood activities financed by the credit. This high velocity makes the case for reducing the interest rate charged by the Grameen Bank and the NGOs even stronger.

7. Fourthly, the proportion of borrowers coming out of poverty trap by successfully using loan money is remarkably low. Only 28 per cent of borrowers experience some improvement in their condition even after more than two decades of world-wide replication of the 'Grameen Model' (Ahmad 2007: 46). More seriously, many families successfully graduating from poverty situation temporarily are found to be getting back into the poverty trap again after some serious health problems in the family or crop failures or occasional flood devastations and environmental catastrophes causing serious damage to the life and livelihood as well as assets of those families.

8. Fifthly, in increasing number of loan cases, the father or husband or son misuses the women members of the family just to collect the loan money. In such cases, the money is often wasted on marriage ceremonies, dowry, communal feasts, and festivals or even for purchasing consumer durables. This indicates the serious fall in quality of supervision and monitoring systems with the achievement of widespread coverage of target population by the micro credit delivery organisations.

9. From such evidences, the suspicion is getting stronger that micro credit alone does not offer a sustainable way out of poverty. The need for social transformation becomes more and more urgent for societies fighting poverty in the context of this realisation about the true nature of poverty as 'a systemic problem' after all.

The above discussion should make it clear that I am not a blind fan of micro credit. In spite of my 53-year-old relationship with Prof. Yunus I have made my position clear as an academician on the issue in my book titled *The Poverty Discourse and Participatory Action Research in Bangladesh* published in 2009. But, I have great respect for Prof. Yunus' lifelong search and action research on the issue of poverty and human deprivation. I consider it his sacred mission. He deserves the honour that has been bestowed on him by the whole world. Therefore, my ardent appeal to all concerned: Please do not dishonour this great icon of Bangladesh. We may not agree with his thinking on poverty, but he deserves the unqualified support of the whole nation for his great innovations in social engineering. The present orchestrated Yunus-bashing must stop, immediately. Please! Please!

The writer is Professor, Department of Economics, University of Chittagong and ex-president, Bangladesh Economics Association.



We may not agree with his thinking on poverty, but he deserves the unqualified support of the whole nation for his great innovations in social engineering. The present orchestrated Yunus-bashing must stop, immediately.

belonging to the groups included in 'a centre' conducted by a bank employee have successfully built a system, where repayment rates of loans disbursed stay at remarkably high levels, almost above 95 per cent in general (Yunus consistently claims that the repayment rate of Grameen Bank's loans is above 98 per cent!).

2. In the last three decades, NGOs have become the main vehicle in the fight for poverty reduction in the developing as well as the least developed countries of the world without social transformation, which is understandably preferred by the developed capitalist countries. Therefore, it was quite logical that since the early eighties, with the fast-spreading fame of the 'Grameen Model', the non-government organisations (NGOs) of Bangladesh, some of which had already been active in the field of rural development with foreign aid-financed programmes and some others initiated primarily as micro-credit institutions (MCIs), were quick to adopt the 'Grameen-type' group banking programmes of their own with suitable modifications introduced in their individual versions of micro-credit operations. Consequently, in the last 28 years,

tries of the world, both developed and developing countries. Lately, the United Nations Organisation has adopted micro credit as an effective development strategy for fighting poverty through the Micro Credit Summit Conference. Therefore, it can be safely asserted that following the pioneering footsteps of the Grameen Bank the micro credit movement has been spreading fast throughout the world and that the 'Grameen Model' has provided a viable mechanism to the world to deliver collateral-free credit to the poorer target groups of the population of all countries of the world.

3. But, we strongly believe that it has not yet evolved as a viable model of poverty alleviation, for which a total re-orientation of the credit delivery system is a necessary, though not sufficient, requisite. It is even debatable whether 'credit' can successfully bear the burden of poverty alleviation within a system of 'poverty creation and re-creation' perpetrated by the capitalistic system of surplus expropriation and appropriation getting stronger and stronger in the context of the ongoing capitalist globalisation becoming all-pervading as an integrating force throughout the world under the

Thoughts on the Japan quake



WHEN I was a kid, an adult said to me: "It never rains, but it pours." I looked out the window. Huh? It was a hot, dry, cloudless day. But this didn't really bother me, since I'd already decided adults were insane.

Their always looked at me and said "he's grown," with surprise in their voices, as if they thought children

shrunken every year. Eventually I worked out that the rain idiom means "bad things happen in clusters."

People kept using the phrase about Japan last week. First, there was an earthquake, then a tsunami, and then nuclear plants started exploding. You can't blame unfortunate residents for saying life couldn't get any worse. Then a volcano started erupting.

The scale of the disaster can be gauged by the fact the news even penetrated the reality-proof bubble in which modern children live. My son looked up from his computer and told me an urgent bulletin of shock news had been posted on the

Pokemon fan club site.

"There's been an earthquake in Japan. But the Nintendo factory is safe," he said, wide-eyed that his world had come so close to ending.

Reader Chaminda da Silva, based in Tokyo, sent detailed reports from his shaken office.

Everyone was amazingly calm and dignified, he said, with almost no panic-buying. In fact, almost everyone who commented via the internet was deeply sympathetic, except for YouTube users who said stupid things like: "Karma is punishing them for eating dolphins."

To digress for a moment, tell me, why are YouTube commentators so imbecilic? Do you have to have a

degree in stupidity before you're allowed to post on that site?

Under a video called "Killer Whale Attacks Woman" is the question: "Did he died?"

Under a Michael Jackson video is the comment: "Almost every song he maked is 999999 percent good."

Under a clip from Gulliver's Travels was the question: "Is this actual documentary footage?" One of my videos attracted a nasty response: "Lean 2 speak english u retard."

I replied: "After you."

The guy was so annoyed he sent me what he thought was the ultimate insult: "I unsubscribed u!!!"

But back to Japan. While residents reacted calmly, people in other

places, such as Hong Kong, China and America, panicked. Troy Jones of nukerpill.com told reporters he'd sold 6,500 orders of "anti-radioactivity" pills in four days. Buyers were from Washington State, Oregon and California, none of which are in North Japan.

Anyway, if you are reading this in Japan, you have our sympathy. And a warning: the US Republican Party is planning a mission to your country -- as soon as the "no travel" advisory note is lifted. I just hope if accident-prone amateur hunter Dick Cheney is on the trip, he remembers to leave his gun at home.

Chaminda tipped us off about a website which acts as a "wall of

shame" for journalists who exaggerate. For example, a CNN headline which said: "Radiation could reach US Friday."

Or a big Scottish newspaper, the Record, referring to "mass panic" and thousands "fleeing in terror" from Tokyo. Says people in Tokyo who have not fled are locked in their homes. Refers to the situation as "apocalyptic meltdown;" using the words "deadly radiation cloud."

Tokyo friends say the best way to show support is to buy Japanese fish. Now that's a campaign I can go for! Who fancies heading out for sushi with me later this week?

To know more, visit our columnist at www.vittachi.com