

BOTTOM LINE

Cricket diplomacy in South Asia



BARRISTER
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DURING the tense cold war era between the United States and the People's Republic of China, no one would have guessed that the break in hostility would begin over a game of table tennis, known as Ping Pong.

After more than two decades, "Ping Pong diplomacy" in 1971 led to the restoration of Sino-U.S. relations, which had been cut for more than two decades. Blending statecraft and sport, table tennis matches between American and Chinese athletes set the stage for Nixon's breakthrough with the People's Republic of China.

It happened that the 31st World Table Tennis Championships was going to be held in Nagoya (Japan) from March 28 through April 7, 1971. It was decided by Prime Minister Chou Enlai to send the Chinese delegation to Nagoya.

While in Nagoya, Song Zhong of the Chinese delegation met with Steenhoven, manager of the U.S. delegation, who told him that on the eve of its departure the U.S. State Department had decided to lift all restrictions on travels to China for holders of American passports. The contact ultimately led to the secret visit of the then US National Security Adviser Henry Kissinger to Beijing in

July, 1971

Similarly, cricket diplomacy is being played to break the uneasy relations between India and Pakistan. Teams from India and Pakistan faced each other on March 30 in the semifinal of the Cricket World Cup match and the game was billed as cricket diplomacy between the two arch-rivals in regional politics.

In South Asia today, cricket is diplomacy. On March 30, Indian Prime Minister Manmohan Singh and his Pakistani counterpart Syed Yousaf Raza Gilani watched the game together.

India's Wagah border was opened for Pakistani cricket fans and thousands had come and left disappointed when Pakistan lost to India. Pakistan's captain Shahid Afridi said "sorry" to his nation.

Indians and Pakistanis -- whenever they meet socially -- fraternise in a perfectly friendly way. The unique feature of the prime ministers' meeting, which occurred in Mohali in the Punjab, is that both of them are in fact from the Punjab. Speculation is that they not only spoke in English but also in Punjabi. After the match, the Indian PM also hosted a dinner in honour of the Pakistani PM.

India's Foreign Secretary Ms. Nirupama Rao reportedly said that the prime ministers had very wide-ranging conversations on various bilateral issues. Like the Thimphu spirit generated in April 2010, when the two prime ministers met on the



REUTERS

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margins of the Saarc Summit, she said that there existed a Mohali spirit that was an extremely positive and encouraging character reflected at the summit meeting.

She said further that there was wide-ranging conversation against the backdrop of what was a sporting contact, a cricket match between the two countries. And indeed sporting contacts "such as this epitomised the essence of people-to-people exchange," which contributed a

great deal in cementing understanding and friendship between the two countries.

Ms. Rao added the two prime ministers also spoke about the importance of such exchanges, like those between the parliamentarians of the two countries. The chairman of the Rajya Sabha and the speaker of the Lok Sabha have invited their counterparts in Pakistan to send a parliamentary delegation to India.

The home secretary of India and

the interior secretary of Pakistan concluded a positive round of discussions. There are a number of issues flowing from that meeting which India reportedly intends to follow up on, and that would generate a positive momentum.

It is reported that the commerce secretaries of the two countries will meet this month in Islamabad. This will be followed by a sequence of other meetings, including those between the surveyors general and the defence secretaries of the two countries. The foreign secretaries of the two countries will also meet towards the middle of this year. And this will be followed by the meeting of the foreign ministers of the two countries.

According to sources in the prime minister's office, Pakistan Prime Minister Yusuf Raza Gilani, during his Mohali visit, had urged Singh and the International Cricket Council and International Cricket Council (ICC) Chairman Sharad Pawar, who also happens to be India's agriculture minister, to help bring international cricket back to his country and also to revive bilateral cricket series between the two neighbours.

Sources said that, during the meeting, Singh told Gilani that he agreed that sporting links between India and Pakistan must resume. An announcement to this effect was likely to be made soon.

The United States has welcomed the "promising" cricket diplomacy during the Cricket World Cup match

between the two teams.

"The expansion of dialogue between India and Pakistan is a welcome and encouraging development for both countries, for the region, and for the world," State Department spokesman Mark Toner said in a press statement.

On the other hand, the Indian opposition party said cricket should be treated as a game, and sports and diplomacy should not be mixed, senior Bharatiya Janata Party (BJP) leader Sushma Swaraj said.

Former Pakistan President Pervez Musharraf welcomed Prime Minister Manmohan Singh's invitation to his Pakistani counterpart to watch the Indo-Pak World Cup semi-final match but said that cricket diplomacy could not lead to resolution of disputes. "I think it is an opportunity. I think it can be used as an ice-breaker in case the two opposing groups' leaderships are not in touch with each other."

Whatever may be the views for and against, it seems that cricket diplomacy has broken the icy relations between the two countries, and a series of meetings at the level of secretaries between the two countries are in the offing in order to seek cooperative solutions to the problems that confront the two countries. It is a good augury for the future not only for the two countries but also for the region.

The writer is a former Bangladesh Ambassador to the UN, Geneva.

Bhagwati is wrong about Grameen and Bangladesh

M. SHAHIDUL ISLAM

PROFESSOR Jagdish Bhagwati, a noted economist of Columbia University, USA, has written a provocative piece about the ongoing spat between the Government of Bangladesh and Grameen Bank. The Project Syndicate and the Times of India carried the article.

Unfortunately, he has got many issues wrong as far as the role of Grameen Bank and micro-credit and Bangladesh's growth trajectory are concerned. Bhagwati's comments about Muhammad Yunus also undermine Bangladesh's lone Nobel Laureate's contribution to microcredit and social development.

The need for microcredit in Bangladesh and elsewhere in the world hardly needs any introduction. There is rampant market failure as well as government failure with regards to extreme poverty. Against this backdrop, the intervention made by Professor Yunus through microcredit has been widely recognised as a success story.

According to the Microcredit Summit Campaign, a record 128 million of the world's poorest families received micro-loans in 2009, inspired by Grameen. A recent survey by an international advocacy group reveals that 10 million of Yunus's fellow countrymen moved above the \$1.25 a day earning threshold between 1990 and 2008.

However, Professor Bhagwati believes that the true pioneer of microfinance is Ms. Ela Bhatt, a follower of Gandhi, who established Self-Employed Women's Association (SEWA) as a bank in April 1974, two years before Yunus founded his Grameen Bank Project in Bangladesh. I do not discredit Ela Bhatt for her noble work. However, there are scores of Ela Bhatt's who have made some contribution in the field of microcredit, but it is none other than Yunus who institutionalised the idea of collateral-less credit.

Terming Grameen as a losing concern Bhagwati writes: "Yunus is suspected of covering up losses at Grameen with huge sums of money from abroad." However, the reality is that Grameen stopped accepting foreign money of any kind in the 1990s. Its deposits (\$1.4 billion) exceed its loans to borrowers in excess of \$500 million. Moreover, Grameen's balance sheets, which are

audited by professional accountancy firms regularly, show that it incurred losses for only three years since its inception. More importantly, Grameen has never faced a situation, as many state owned banks in Bangladesh have, that required a government bail-out.

Indeed, one of the basic philosophies of Yunus is that charity cannot alleviate poverty. His new vision -- again concentrated on poverty -- is to develop social business based on the principle that investors and owners can gradually recoup the money invested, but cannot take any dividend beyond.

Downplaying the role of microcredit, Bhagwati argues that

Grameen and Yunus are not beyond criticism, but a misleading analysis is the last thing that the entity's over eight million clients and the global microcredit industry can afford.

India's massive economic reforms, which began in earnest in 1991, have had a far greater impact on poverty, and indeed on the incomes of several disadvantaged groups, including women. However, citing the NSS data, Professor Pranab Bardhan of the University of California, Berkeley, debunked this conventional view. The statistics shows that the rate of decline in poverty had not improved significantly in 1993-2005, the period of intensive opening of the economy, compared to the '70s and the '80s.

Moreover, had the economic liberalisation in India helped the poor in such a big way, as Bhagwati thinks, India should have witnessed better performance of its social sector indicators. India remains home to the world's largest population of the poor, hungry and illiterate. Moreover, the demand for microcredit has not declined in the country.

Bhagwati discounts the country's steady economic growth. He has gone after key Bangladeshi economists, who were trained in economics in England, for their policy failure with regards to the recipes of economic growth. According to Bhagwati: "As Sheikh Hasina has seemed to appreciate since returning to office two years ago, Bangladesh has for decades been handicapped by doctrines that undermine growth. Unfortunately, Bangladesh's most influential econ-

omists, and hence the country's policies, remain mired in the growth-killing socialist economics that they learned at Cambridge and the London School of Economics a half-century ago."

There is no denying that the growth trajectory that India witnessed in the post-1992 reform era is nothing short of a miracle, and that Bangladesh's economic performance has been lower than its optimal level. However, here the key constraints to growth are not the lack of right economic policies, rather high degree of corruption, poor governance and undeveloped institutions, inter alia. That said, since 1992 the growth

rate of Bangladesh has been no less impressive. According to World Bank data, the average annual growth rates in India and Bangladesh were 6.7% and 5.4% respectively in the period of 1992-2009.

It is not clear how Sheikh Hasina's team of economists have done anything radical in the past two years. Indeed, the recent IMF assessment of the Bangladesh economy is worrisome. The equity markets in the country have wiped out the life-long savings of millions of small savers owing to the authorities' poor regulations. The economy faces near double-digit inflation. More worryingly, Bangladesh's hard-earned macroeconomic stability is now at stake.

Growth-obsessive economists often forget the issues of social justice and equity. With relatively lower GDP growth rates than India's, Bangladesh's social sector indicators are much better than most South Asian countries. It has outshone even India in many social indicators. How Bangladesh fares in this regard is perhaps best captured in a recent UN Human development report that says: "Bangladesh is one of the countries that has made the greatest progress in recent decades as measured by a new version of the HDI." The percentage of the population living under the poverty line came down to 30 in 2010 from 40 in 2005, according to the latest household

expenditure survey by Bangladesh Bureau of Statistics.

This has also not gone unnoticed by one of India's top economists, Nobel laureate A.K. Sen, who incidentally studied at Cambridge and is an authority on social sector and poverty issues. He frequently cites the successes of Bangladesh's social sector and acknowledges the role of Grameen, among others, in empowerment of women and poverty alleviation.

Bhagwati's article, which is misleading in many instances -- both in terms of facts and arguments -- comes at a time when the people in Bangladesh are hoping that order will be restored in Grameen sooner rather than later. Further, the deadlock in Grameen is highly disturbing for the burgeoning microfinance industry, which has been undergoing a fundamental shift as a number of microcredit institutions are evolving from "not-for-profit" to "for-profit" outfits by going public, inter alia. Thus, Yunus's and Grameen's roles are even more important in guiding the global microcredit industry at this critical juncture with their three-decade-long experience.

Grameen as an institution and Yunus as a person are not beyond criticism, but a misleading analysis is the last thing that the entity's over eight million clients and the global microcredit industry can afford. Bangladesh, once widely seen as a "basket case," has emerged as a socially strong and economically viable state thanks to the role played by the government, the private sector and NGOs. The country needs more scholars and friends to globalise its many social virtues that are widely seen as "quasi-public goods." Disingenuous remarks about Bangladesh's growth dynamics without understanding the country's political economy will not help, if not hurt, the nation.

The Bhagwati article reveals the fact that there are abundant arm-chair economists in our times who only sit back and criticise those of their colleagues whose labours have actually contributed to the welfare of human kind. Jagdish Bhagwati, sadly, represents the former, and Yunus, happily, the latter.

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A tale of Asian authors



AT an International book festival in France, the Asian delegation was very small: just three people.

A journalist from Paris glared at us, asking: "How come Asia has four billion people but only three authors?"

I told her: "Of course there's more than three. There's at least four."

I told her about Jiang Rong, a first time Beijing author whose book had sold a million copies, not to mention an estimated six million pirate copies.

"You even fake your own products?" she said, shaking her head in amazement.

I replied: "Well, someone's got to do it."

It was May 2005, and I was on a European book tour with two other authors, Su Tong and Bi Feiyu. As we trundled around France on trains, we were puzzled: how come we got more attention in France and Germany than anywhere else, including Asia?

Most worryingly, Bi had been writing for many years, and while his book was available in French, there was not one English edition.

My companions lamented that Asian authors in Asia got no respect or money. I told them that my friends and I had asked the financiers of the Man Booker Prize to create an award for Asian authors, providing respect AND money.

They nodded politely but didn't get excited. I couldn't blame them. I didn't mention this, but to be honest, the famous prize sponsor's

response had been, er, less than entirely positive. (They'd said "No").

But I was planning to keep asking until the answer changed. (This technique, pioneered by children, works surprisingly well with adults too).

The train arrived at a place called St Malo, famous as a lair for pirates, full of castles and beaches and men in piratical gear. (Thanks to my odd dress sense, I fitted in very well, not having to dress up at all).

Our French host explained why people here liked Asian things: "We French like to experiment, to dip our fingers into exotic tastes."

This sounded worrying so we backed away and told her that Asians were conservative types who were "seriously not into the whole finger-dipping thing."

In India last week, a judge was sacked after it was revealed that he used a ghost-writer to compose his summing-up speeches. One presumes that court officials blew the whistle after noticing a fictional feel to his trial judgments.

"Harry Potter tensed as the three-headed dog lurched at him..."

Anyway, the good news is that the Man Group eventually said Yes. The first winner of the Man Asian Literary Prize was the abovementioned Jiang Rong.

Last year's award went to Su Tong, also abovementioned.

Earlier this month, I met Bi Feiyu at a dinner at which the latest winner was to be announced. "It's been a long time," he said to me.

Two hours later, he had won the title, plus US\$30,000, and journalists were snapping his photo to appear in newspapers all over the world.

For Bi Feiyu, it really had been a long time. Well done, old friend. I ought to say something serious and memorable at this point, so here goes: Told you so.

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