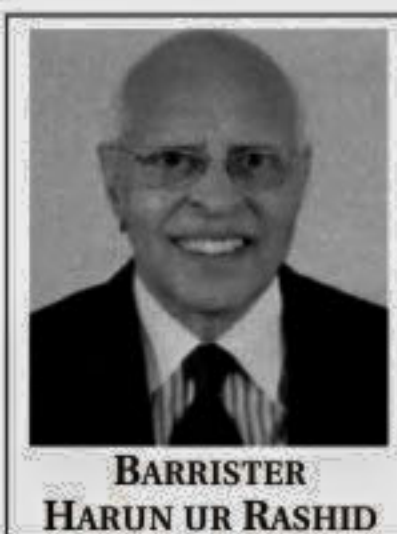


BOTTOM LINE

Civilian rule in Myanmar: Prospects for us



MYAN MAR state television made an unscheduled announcement, on March 30, signed by Senior General Than Shwe,

approving a new president and 30 ministers for five-year terms. Thein Sein 65, a retired military officer and a former prime minister, was sworn in as the president who heads the military-backed majority party in a newly elected parliament. "The legislative power, jurisdictional power and administrative power being exercised by the State Peace and Development Council (SPDC) has been transferred to the Union level government," it said. Myanmar's military government, which called itself SPDC, made way for a new government, ushering in a new era of civilian rule dominated by former generals who have ruled the country for nearly two decades. Members of the SPDC retained prominent roles, with its former members taking posts as president, vice-president, parliament speakers, cabinet ministers or regional chief ministers. The incoming government includes three serving military officers, 23 ministers with a military background and four civilian technocrats. There was a landslide victory for

the military-backed Union Solidarity and Development Party (USDP) in the November elections. The opening marks one of the final steps in the military's so-called "roadmap to democracy," in accordance with the 2008 constitution. The National Democratic League led by Nobel Laureate Suu Kyi boycotted the election, claiming the process was unfair and undemocratic. Her party was dissolved. Recently, she wanted to revive the party through a court but the court rejected her petition. It may be recalled that, on January 31, Myanmar's 440-seat lower house and 224-seat upper house met under security for the first time in the capital Naypyitaw (meaning Abode of Kings), about 460 km north of Yangon (Rangoon), where the administration moved in 2008. The army has a reserved quota of a quarter of the seats in both chambers, as well as in regional parliaments. That leaves parliament dominated by serving or retired soldiers loyal to the present regime. Currently, the military and its allies hold more than 80% of seats in both houses of parliament. The new government dissolved the powerful State Peace and Development Council (SPDC). It provided an exit strategy for 78-year-old paramount leader Senior General Than Shwe, ending months of speculation of his retirement. Experts agree he is likely to maintain broad behind-the-scenes influence on the government.



Time has come now for the two neighbours to work together to achieve their potentials for progress, prosperity and peace in the region.

The installation of the nominal civilian government is seen as a new era, and UN Secretary General Ban Ki-moon hopes that it leads to the formation of a more inclusive civilian government that is broadly representative of all parties relevant to national reconciliation and more responsive to the aspirations of the people of Myanmar. Suu Kyi has sought urgent talks with the new government about a bigger role for pro-democracy forces and a reconciliation process with armed ethnic groups. She hopes relations with the new government will be better.

Priscilla A. Clapp, Chief of Mission at the US Embassy from 1999-2002, has reportedly said that the new structure of government spreads power through a broader base and opens the way, at least, to new ways of thinking. She also said: "I think we have now to begin making distinction between uniformed military and the ex-military who find themselves elected and/or appointed to civilian positions. Although they are cut from the same cloth, there is nonetheless a big psychological and practical difference in their minds between the two camps."

"There is a critical window of opportunity to encourage greater openness and reform. Unfortunately, this opportunity is likely to be squandered," the International Crisis Group said in a report, adding some "countries apply a higher priority in appearing tough on Myanmar than being effective." Analysts say that the political scenario in Myanmar is a question of glass half empty or half full from the perspective of a country which wants to engage with the new government. It is a question of whether political opposition within Myanmar will grow and how the Western powers continue to engage with the new government. The end of formal military rule is seen as an opportunity to tap the rich natural resources of a country that just over 50 years ago was one of Southeast Asia's most promising and wealthiest countries, and the world's biggest rice exporter and major energy producer. Its proven gas reserves, for instance, doubled in the past decade to 570 billion cubic meters. China's Communist Party's fourth-highest ranking official, Jia Qinglin, arrived on April 2 for a four-day visit and pledged cooperation for political and economic development. He is the first high-ranking foreign visitor to meet with Myanmar's new president since a civilian government took office. Western nations are expected to seek engagement with the new

government after decades of frosty ties with the earlier military government. It is reported that US will appoint a special envoy for Myanmar. One of the planks of Bangladesh's "Look to the East" foreign policy is to be implemented by accelerating economic growth, social progress and cultural development between South and South East Asian countries. Geography, resource endowments and inter-connectivity of the region are keys to the region's peace and prosperity. The Bangladesh government has consolidated good and friendly relations with Myanmar, the only other neighbour, through the visit of its foreign minister in May 2009 and January 2011. During the visit, cooperation in many areas, such as road and rail link, direct air and shipping services, hydro-power projects, trade, and agriculture, had been discussed and agreed. The government may follow up and reinforce its engagement with the new government through a visit at the highest political level to Myanmar. Time has come now for the two neighbours to work together to achieve their potentials for progress, prosperity and peace in the region.

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

Why Yunus was done wrong

JACQUES ATTALI

RARELY does a man in the mold of Muhammad Yunus come along who has devoted his life to the least fortunate among us. Instead of living the peaceful and comfortable life he could have had, he chose to engage in a crusade against poverty through the use of micro-credit that has succeeded far beyond any expectations. Yet, as happens so often in history, no man seems to be a prophet in his own country. The Nobel Peace Prize he received in 2006 -- along with the organisation he founded back in 1983 -- symbolises for millions of people today the best chance to create "a world without poverty." Starting from an experiment led in the village of Jobra, Yunus worked day and night, helped by a team of dedicated associates, to patiently and progressively build up the Grameen Bank. Today it is the largest and most famous organisation dedicated to microfinance in the world. Its 8.4 million active borrowers -- of which 96% are women villagers -- received more than \$1 billion in loans during the year 2010. Grameen Bank has become the flagship enterprise of an industry that in 2009 enabled 190 million poor families all around the world to access financial services. Even as he tirelessly pushed forward this remarkable revolution on behalf of the world's poor, Yunus has encountered difficulties in dealing with his own government. For years the government of Bangladesh has argued against high interest rates -- which are part and parcel of the microfinance system because they permit it to cover intense administrative costs and to develop sustainably -- as a way to bring down Professor Yunus. Recently, an excuse was served on a silver platter to government officials. A Norwegian documentary accused Yunus of improperly diverting funds in 1996 that had been donated by the country's aid agency. Bangladeshi Prime Minister

Sheikh Hasina promptly used the opportunity given by this documentary to assert that Dr. Yunus treated the Grameen Bank as his "personal property" and claimed that he was "sucking blood from the poor." As a result, on March 2 Yunus, who at 70 is full of youthful energy combined with sagacity, was relieved of his duties as managing director of the Grameen Bank on the legal basis that he was beyond the mandatory retirement age of 60. This is morally reprehensible. Clearly, the more likely reason was Yunus' criticism of the government

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in recent years and his 2007 bid to start a political party. On April 6, his appeal against forced retirement was rejected by the top court in Bangladesh. The fact that the Norwegian government has said there was no indication Grameen ever engaged in corruption or embezzlement apparently was not taken into account in the Bangladeshi government's action. Nor did it take into account the fact that before the Nobel Committee decided to award the Peace Prize to Professor Yunus and Grameen Bank in 2006, it had thoroughly vetted them and found nothing to question their integrity. (A later study by David Bergman showed the allegations in the documentary were untrue). Only 25% of Grameen Bank is owned by the Bangladeshi government while the borrowers themselves control 75% of the board seats and have supplied 96.5% of the paid-up share capital. These

facts alone suggest it is the government that has abused its property rights, not Muhammad Yunus. More is at stake than the personal conflicts that appear to be at the centre of this political fiasco. Grameen Bank could probably withstand the departure of Muhammad Yunus. The 25,000-employee institution is strong and well managed. Professor Yunus himself had expressed his intent to retire on many occasions, and hand over his responsibility to a competent person who can maintain the confidence of the millions of members who own the bank. But he has more than the right to say a word in this matter. The notion that he could be simply replaced is irresponsible, since such a sudden break risks undermining confidence among employees, savers, and borrowers alike, perhaps even triggering a run on savings and loan defaults. If the impression is left that political manipulations are taking over, the repercussions would be irreversible and could jeopardise the bank's future. Grameen Bank is unmatched in the world of traditional banks. Its workers care tremendously about helping the poor, all spending nearly a year living among the population they are going to serve. With the organisation being so intimately associated with the precepts of its founder, the leadership transition has to be handled with great care. Any responsible observer has to ask: "What is the point of destabilising the leading institution of the

microfinance industry?" After a golden age of expansion, the field of microfinance has become a mature sector of the global economy. To be sure, it still has to face some very legitimate questions about profitability, interest rates, over-indebtedness, and the ability to generate real economic activity beyond subsistence. Answering these tough questions requires the presence of someone as experienced and authoritative as Muhammad Yunus. I personally know Yunus very well. We first met in 1998, when I came to implement a G7 project that aimed to help Bangladesh prevent its regular flood disasters. We became close friends and created PlaNet Finance together. What has most impressed me about him is that he has never said he knows the answers. He has always experimented and adapted his organisation to the needs and opportunities on the ground. Though he might have sometimes overestimated the direct impact of microfinance, he never closed his eyes to the concerns that were raised on the path he followed, particularly that some in his own organisation might start to think more about profitability than poverty. For that reason, he has been one of the primary advocates of intelligent microfinance regulation, which is essential in order to permit this industry to fulfill all its promises. Political decisions should never be motivated by personal conflicts, especially when dealing with global poverty. The Bangladeshi government's treatment of Muhammad Yunus is shameful. It does nothing to help so many who are so desperately poor in his own country.

The writer, the founding president of the European Bank for Reconstruction and Development, is president of PlaNet Finance.

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Removing illiteracy by 2014

M. ASHRAF ALI

IT has been constantly repeated by the government that the country will be freed from illiteracy by 2014. Authorities forget that there are 10 crore illiterates in the country, and the number is increasing every year because of poor population control programmes. Unless it is "Kun Faya Kun" it may take 100 years to educate 10 crore illiterates. Besides 10 crore illiterates, those whom we consider literate can perhaps sign their names only. But being able to sign one's name does not make one func-

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tionally literate as one cannot read a newspaper or make simple calculations. Being able to read a newspaper is very important because it increases the knowledge base of the reader. Once it was said that each one will teach one and this way literacy will spread. But this is highly wrong. In order to implement a literacy programme, we need a

curriculum suitable for adults, text books, trained teachers and a place to gather. The programme has to be carried out on a war-footing. It will need at least 6 month's teaching for the neo-literates to read a newspaper with comprehension. That is why Unesco called this system of literacy "Each one cheat one." "New paths to learning-six essential learning needs for the rural poor," written by Phillip Coombs and Manzoor Ahmed, was published by ICED USA in 1976 and was considered an effective handbook for literacy teaching. Besides literacy and numeracy, family planning practice and many income generating activities were outlined for the rural poor farmers in the book. Unless literacy is taught in this way it will never be functional, and will be forgotten within a short time. It may be mentioned here that in 1978, General Ziaur Rahman stated a countrywide mass education programme involving thousands of party workers and thousands of crores of taka were spent. Obviously, it was an election stunt as there was no suitable curriculum, textbooks or training for the literacy teachers. No effective supervision system was introduced. The then DPI Mr. Ferdus Khan and Dr. A.H. Latif of IER, DU, were engaged to evaluate the programme after two years. They found that it was a total failure and the money was completely wasted. I want to caution the present government that unless it wants a repitition of the result of a hurriedly started literacy programme, it would be better advised to make adequate preparations before launching the programme. It must be realised that teaching adults is more difficult than teaching young people, and it involves discreet psychology.

The writer is a former Director, IER, DU.