IN-DEPTH

Lunch with the FT: Muhammad Yunus

MARTIN DICKSON

The Nobel Peace Prize-winner and economist drinks a glass of water and talks about microcredit

HIS is awkward: I am about to sit down to lunch with a man who has just told me he does not want to eat anything with me.

Nothing personal, you understand. It is just that

Muhammad Yunus, the Nobel Peace Prize-winning Bangladeshi economist famed for starting the global microcredit movement, has already eaten when he arrives for Lunch with the FT, an interview whose essential feature over its 20-year history has been the sharing of a meal.

Yunus, who has spent a lifetime fearlessly challenging much bigger social conventions than this, confesses ignorance of the FT's tradition and seems by his silence disinterested in it. He is a busy man, constantly travelling, and I suspect that somewhere along the way an aide failed to brief him on the proposed nature of our encounter.

He is in New York for UN General Assembly week, when politicians, statesmen and development panjandrums descend on the city for a whirl of speechifying and networking. Yunus is a revered figure in this world, with a very packed schedule -- indeed, so tight that he arrives more than half an hour late for our 2pm appointment in the luxury Four Seasons Hotel's Garden restaurant, by which time it has closed for lunch.

Since he is not eating, and his aides seem to have chosen the venue purely as a convenient Midtown meeting point, this matters little. Hotel staff steer us to a lounge where music tinkles and snacks are served.

Is it unusual for him to have such a packed week? "No, everywhere I go this happens." People, he says, want to use every minute they can with him. He says he often misses out on meals because he has to talk while everyone else at a meeting is eating. Not today, clearly.

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As befits one of the most celebrated thinkers, and doers, in the world of poverty alleviation, he gives off an aura of quiet, charismatic charm and a mind focused on higher things than lunch. He has a full head of grey hair and an open face that defaults to a benign smile. His clothing is simple: a tan-coloured tunic, beige trousers, and a trademark collarless, blue checked shirt, handmade by Bangladeshi weavers. He has, he jokes, become a fashion model for the industry.

Aged 73, he projects the physical and mental energy of a

much younger man. And how he must need it: he tells me that this year he will spend 60 per cent of his time out of Bangladesh, travelling the world to promote his ideas and projects.

These range from the academic -- he is, for example,

chancellor of Scotland's Glasgow Caledonian University and while in New York will attend the inauguration of its fashion-oriented Manhattan campus -- to his vision of a new kind of business model, intermediate between charity and red-blooded capitalism. He calls it social business.

A waiter brandishes menus. Yunus asks for still water. I choose sparkling. I am keen that at least one of us abides by the rules of the FT game, so I scan the food offerings and order something that looks straightforward: a chicken club sandwich. This will turn out to be a terrible choice.

The roots of Yunus's fame go back to the mid-1970s, when he was head of the university economics department in the Bangladesh port of Chittagong. He was born just outside the city -- his father was a jeweller and the family lived above his shop -- and he had returned there after six years of study and teaching in the US.

Wanting to understand the reasons for the dire poverty all around, he paid visits to a village near the university campus where he discovered people so poor that they could not pay for the raw materials needed for their tiny businesses. They were reliant on usurious middlemen. Yunus was moved to lend 42 of them \$27 out of his own pocket to break the cycle.

It was the start of the microcredit revolution. Traditionally, banks shun the poorest as bad credit risks, since they have no collateral for loans. But with a series of increasingly ambitious experiments -- initially with himself as guarantor for bank loans -- Yunus established that many of the poorest could be good repayers: they knew a line of credit was their only chance to break out of indigence.

Out of this grew Bangladesh's Grameen Bank, dedicated to lending small sums to tiny entrepreneurs. Then, as now, many were illiterate and more than 90 per cent were female -- itself revolutionary in an Islamic country with a conservative attitude to women working.

Grameen (the word means rural) became a powerful model for poverty alleviation and female empowerment, widely copied around the world. In recognition, Yunus and the bank were awarded the 2006 Nobel Peace Prize. Meanwhile, he had established a raft of Bangladeshi companies and funds bearing the Grameen name, many of them social businesses set up with partners and independent of the bank. He has taken his ideas international -- even setting up a microcredit organisation in the US, Grameen America.

These are remarkable accomplishments, though he is not without critics in the development community. Some argue that Yunus -- who has sometimes been scathing about large development agencies and more commercial forms of microfinance -- oversimplifies problems, is too inflexibly committed to the Grameen model and thus no longer at the cutting edge of microfinance thinking.

But these criticisms pale in comparison to the assault on his reputation mounted by the Bangladesh government, led by Sheikh Hasina, the prime minister. Far from hailing Yunus as a national hero -- in 2007 his head was on a set of Bangladesh postage stamps -- the government has mounted what looks to many like a vicious campaign of persecution. In 2011 Yunus was forced from his post as managing director of Grameen Bank, which the government is now threatening to nationalise. More recently, the government has accused him of tax evasion, which he has denied. Many western politicians have offered him support, including Hillary Clinton when she was US secretary of state.



Hasina's motives are unclear. Some analysts suggest she has seen the popular Yunus as a potential rival since 2007 when he briefly aired the idea of entering politics. Others speculate that she may be jealous of his fame or is hoping to use Grameen Bank to electoral advantage.

Yunus tells me early on that he does not want to talk about Bangladesh politics, lest his critics accuse him of doing the country down while he is abroad. But later in our meeting I ask if the attacks on him are wearing.

"Very wearing," he says with feeling. "Because, constantly, you are under attack. You wake up in the morning, you are afraid to open the newspaper -- an attack is waiting for you ... You are always busy with damage control. You have to have documents, evidence. It is very easy to malign a person."

Instead, he is keen to talk about something more positive -- his concept of social businesses and his efforts to start them around the world.

A social business, he explains, is one whose owners are motivated by solving a social problem, often unemployment, rather than making money for themselves. This is different from the non-profit charitable model, which he thinks has an inherent weakness -- its reliance for survival on donations.

A social business, he says, is profitmaking, which makes it sustainable. But it does not pay dividends. Any income remains with the company to be reinvested. An owner can take out their original investment but no more.

"People say, 'Well, conventional businesses do the same thing. They create a company, they employ five people, 10 people, 200 people. So what's the difference between a social business and a regular business?'

"I say, 'In a conventional business you go into business to make money ... To do that you need some people to work for you. So they are a byproduct of your main objective. In a social business, creating employment for these five people is the objective.'"He breaks off as a waiter delivers my sandwich. It is huge. We stare at the great oval slabs of toasted bread, the thick wedge of oozing, meaty filling, and the little silver cup of French fries glistening on the side. In the context of our discussion of poverty, this seems a grotesque example of western excess.

I tell him I feel embarrassed.

"No, go on," he says. "It doesn't interest me" -- and he starts an animated, laughter-filled conversation in Bengali with the waiter who, like several staff in the hotel, hails from Bangladesh and is clearly a fan.

But I have no appetite to stuff this slab of protein down my throat, watched by one of the world's most decorated experts on extreme poverty, while he sips only water. It would be hard to manoeuvre such an ungainly creation to my mouth without mess and a loss of the concentration I

BEETLE BAILY

need to follow Yunus's fast, accented and closely argued conversation. So the sandwich just sits there, cooling.

We return to social business. Over the past seven years, Yunus has experimented with the model in Bangladesh, notably in a joint venture with Danone, the French foods group, to make high-nutrient yoghurt. After a shaky start, this appears to be running more smoothly and aims to create some 1,600 jobs in the local community. Yunus says he is now busy raising a \$35m fund to create businesses in seven other countries, which he hopes will be widely copied. "We are developing the seed," he says.

Haiti, still struggling with the aftermath of the 2012 earthquake, is to be one of the beneficiaries. One of Yunus' projects there will be a poultry business, in partnership with Brasil Foods, the giant Brazilian chicken processor. Its origins give an insight into his creative thinking, networking skills and entrepreneurial drive.

Yunus says he got the idea for the business at a dinner in Haiti where he was informed -- as a matter of pride -- that all the food being served was imported. He tells the story of what happened next in a style he employs several times during our meeting, and which seems characteristic: a lengthy dialogue, employing much use of the first person singular, in which he dispenses wisdom to someone less enlightened.

"I say, 'Why are you giving imported foods? Don't you

produce anything?'" "'Not much, even the salt is imported.'"

"I say, 'Why? You are an island. You are surrounded by

salt ... just take the water and dry, and there's salt. That's what we do in Bangladesh.'"

He is then told that eggs are imported from the Dominican Republic. "I say, 'The Dominican Republic

and you are living on the same island. If they can produce eggs, why can't you produce your own eggs?'"

At that point, he tells me, he remembered that Brasil Foods was keen to work with him, and a business idea was

Social businesses sound admirable but I suggest a potential weakness of the movement is that to reach any scale it relies on a pool of wealthy investors or companies wanting to do good. Are there enough of them out there to

succeed?

He gives a long reply that does not really address the issue. Economic theory has, he says, reduced humans to one-dimensional "moneymaking robots". He wants to "open a door" so another part of them can come out.

Is capitalism OK? Yes, but "this capitalism stands on one leg -- it's very unstable, it runs into problems, it doesn't move very well." It needs to add a humanitarian leg.

I return to my original question: is there a large enough investor pool? He says billions of dollars are given to foundations, which pass money to charities, which do good work but do not recycle money in the way a social business would do. This could be "an enormous resource". Another source of money is corporate partners. I suggest they may only commit small sums, just enough to burnish their social responsibility credentials.

Journalists, he says, accused him of being used by Danone in their Bangladesh joint venture. His response was that he thought *he* was using Danone -- because until that point the world had not registered his idea of social business. "The moment Danone did it, everyone knew it!"

He looks at my untouched sandwich. "You are not eating!" he says, and laughs.

I turn to another sensitive subject -- a lively debate in academia about the role of microcredit in economic development. While the industry still has strong advocates, some recent studies -- such as David Roodman's *Due Diligence: An Impertinent Inquiry into Microfinance* -- suggest there is little evidence to show it reduces poverty.

I expect Yunus to bristle but his response is measured: no one, he says, suggests microcredit is "killing poor people" and should, therefore, be stopped. The question worth asking is how to improve it. "It's like banking. Should banking be shut down because it created the financial crisis? No. Similarly, shouldn't banking for poor people continue? How to do it more systematically, more formally, these are the questions."

Our time is nearly up. I ask whether -- now in his eighth decade -- he can continue with his globetrotting. He smiles. "I enjoy it. That's the important thing for me. The fact that people listen to me, they don't walk away, they rather gather around me. And the young people get very excited -- that's what attracts me the most. Young people are looking for things to do."

As if to underline his energy, Yunus moves to his next appointment -- at the neighbouring table, a full 10 feet away -- and seamlessly starts another animated conversation.

I get the bill. The waiter asks if I want a doggy bag. I wrestle with the guilt of wasting good food and the indignity of leaving the Four Seasons' lounge clutching a congealed sandwich. Pride wins over social responsibility. I fear Yunus would not approve.

This articles first appared in the *Financial Times* on October 25, 2013.

The writer is the FT's US Managing Editor.

Waiting for the Verdict



Saquib Rahman

waiting eagerly for the verdict of the Peelkhana massacre trial due on 30th October. The Supreme Court's decision to try the mutineers directly involved in the killing, under the Penal Code 1860 has to be appreciated since many of the accused deserve the maximum penalty for their heinous crime on February 25-26, 2009.

It is still unclear as to the real story behind the carnage. So far no inquiry report has been made public. It

HE family members of the martyred officers are

nage. So far no inquiry report has been made public. It was a terrible tragedy where soldiers not only shot their officers but defiled them by bayoneting and later by dragging their bodies to previously dug mass graves or throwing the bodies down the manholes -- the type of behaviour certainly not expected from a disciplined force. What could have been the motive or instigation behind this?

Different people have different views with regard to the Peelkhana tragedy. Some talk of conspiracy, some talk of the government's inaction during the incident while some choose to point fingers at the intelligence agencies for their failure. People in general have been left to speculate for lack of any reliable information on the matter. Therefore, it is important that a fair trial is held to unearth the actual mystery. The conspirators and

An investigation may be conducted by a Judicial Inquiry Commission that may be headed by a retired Supreme Court Justice which can question anybody and have access to any document it wants.

their abettors must be brought to book without any further delay. The families of the Shaheed Officers expect the highest punishment to the criminals and want to know the reasons behind the carnage. Questions like 'why the BDR Jawans would engage in mutiny', 'who backed them up', 'what did they expect out of this' and 'who gained at the cost of so many brilliant army officers.' Was it a conspiracy to weaken the Army, the government or the country forever?

Here is a proposal for the government's consideration. An investigation may be conducted by a Judicial Inquiry Commission that may be headed by a retired Supreme Court Justice which can question anybody and have access to any document it wants. And their findings must be made public. People, particularly the families of the victims have the right to know the facts of the massacre starting from the initial movement of the mutineers, to distribution of leaflets instigating the Jawans to revolt a day before the Darbar of February 25 and the killings.

The government has done a lot to accommodate and help the families of the deceased officers. But it's not enough. Can Taka 15 lacs given by the state to the victims' families recompense the life of the dead officers, most of whom were outstandingly brilliant? And who were recognised for their bravery like, for example, Col. Quadrat Elahi, who, as Sector Commander in the Sudan peacekeeping force, received the Gallantry Award from the UN Secretary General Ban Ki Moon who flew to Sudan to present the award. The reward of this illustrious soldier was to be shot and bayoneted inside Peelkhana.

Who shares the heart-rending pains and agony of the officers who left behind their wives, children, parents, brothers and sisters? Even today many of them wake up from sleep in a nightmare or a dreadful dream of their beloved one.

My humble appeal to the government on behalf of all the Shaheed families is to consider my request in order to unveil the actual truth behind one of the most tragic incidents in our history when 57 high ranking officers were so brutally killed in one single day -- more than the number of officers who became Shaheeds during the entire nine months of the Liberation war.

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by Mort Walker



DOWN 1 Pilot's

place

A XYDLBAAXR is LONGFELLOW

On letter stands for another. In this sample, A is used for the three L's, X for the two O's etc. Single letters, apostrophes, the length and formation of the words are all hints. Each day the code letters are different.

9-28 CRYPTOQUOTE KT UJE K USYSEG HFUG, GZGEX

RKQ RSTY LSODG UJE CFRTGHU
NGYBGGQ MJQUHFMYFQD
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— MCKEHGT OKEBFQ

Yesterday's Cryptoquip: AN EXPERT IS A PERSON WHO HAS MADE ALL THE MISTAKES

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THAT CAN
BE MADE IN A VERY
NARROW FIELD.
-- NIBLS BOHR



DIVING GEAR?

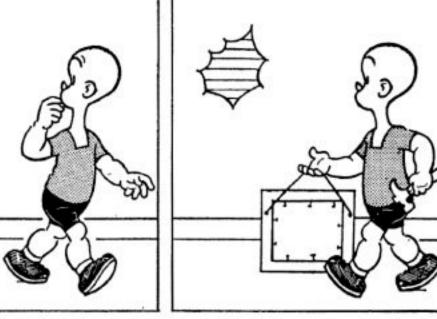
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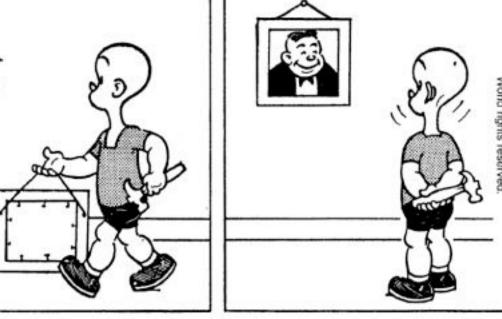
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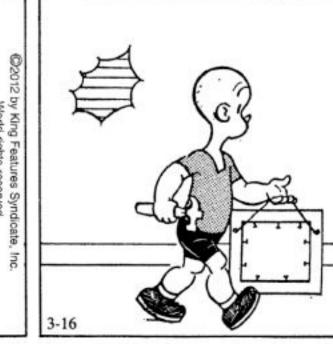
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GRA

HENRY by Don Tranchte







QUOTABLE Quote

The happiest people I know are always evaluating and improving themselves.
The unhappy people are usually evaluating and judging others.

Lisa Villa Prosen