



Bangladesh's Grameen Saga

If an annual prize was given to the government that most effectively shoots itself in the foot, Bangladesh would be the odds-on favorite to win the award for 2011 for its sacking of Mohammed Yunus as managing director of the Grameen Bank. Yunus, an internationally renowned pioneer in the field of microcredit, received a Nobel Peace Prize in 2007 for his work. He is the only Bangladeshi in the four-decade history of the country ever to be seriously considered for a Nobel prize or any other global recognition. The award helped change the way the world viewed Bangladesh. But on March 2, after months of harassing and defaming Yunus, the government of Sheikh Hasina Wajed ousted him for what it claimed was his violation over the past eleven years of a statute requiring its approval of his annual reappointment. He has appealed the decision.

Unless the government changes its position or the matter is otherwise amicably settled, the decision could have a serious impact on the Bangladeshi economy. This will be even greater if, as widely reported, it tries to take control of Grameen. (It now has a 25% share.) Under Yunus's leadership, Grameen has become involved in a wide array of enterprises, especially a mobile telephone network, and is a major player in the country's economic life. Its operation under government auspices will not match its performance in the private sector.

Perhaps even more important, Yunus's exit under such shoddy circumstances will badly damage the country's international image. Specifically, and most troubling, it could lead the foreign donors on which this poor country greatly depends for economic assistance to reexamine their positions and significantly lessen their support. Bangladesh's major effort to win friends in high international places will also be sorely hurt. Prime Minister Hasina's reportedly ardent hopes for a White House visit have probably been dashed by her handling of the affair. Nor is it likely that Secretary of State Hillary Clinton will visit Dhaka, as the Bangladeshis have urged her to. Clinton traveled to Bangladesh in 1995 as first lady and came away greatly impressed by Yunus's work at Grameen. She won't want to return there under these new circumstances, and shouldn't. Yunus, who will be visiting Washington in the next few days, will have an opportunity to make his case personally to her and other American leaders.

The United States, other donor nations, and international economic organizations have tried hard both publicly and behind closed doors to get the Bangladesh government to understand the stakes involved for the country. We were glad to see that our friend Jim Moriarty, the U.S. ambassador in Dhaka and one of the leaders in these efforts, called the government's action "an unusual way to handle a Nobel laureate, who is considered outside the country as one of the greatest Bangladeshis." Washington was "deeply troubled," by the decision, Moriarty said. But he added that it had no role to play in reaching a solution. That was the responsibility of the Bangladeshis.

It will be difficult for them to do so even if there is continuing strong pressure from influential outsiders, as we urge. The decision to oust Yunus reflects the often nasty, back-biting, winner-take-all character of Bangladesh politics. The prime minister's dissatisfaction with the praise the world has lavished on Yunus, and her resentment at his brief effort to organize and lead a party in opposition to her own Awami League, have almost certainly played a role in her handling of the case.

The United States should continue to use its considerable influence to convince Hasina and others of the folly of their policy. She is a strong and determined woman and it won't be easy. But as prime minister since January 2009 she has made some smart and courageous moves, notably her politically risky effort to develop closer economic ties with India. Now 64, she is reportedly considering retiring at the end of her present five-year term. She ought to consider whether she wants positive steps such as this potentially historic regional rapprochement to be her legacy, or to be remembered as the prime minister who beat up on her country's only Nobel Peace Prize winner.

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