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Is Bangladesh Trying to Take Over Grameen Bank?

By [NICHOLAS KRISTOF](#)

Very strange things are happening in Bangladesh these days.

There seems to be a multi-pronged assault on Grameen Bank and on Muhammad Yunus, who won a Nobel Peace Prize for his role pioneering microfinance. Kimimasa Mayama/Bloomberg News Muhammad Yunus, Nobel Peace Prize winner and founder of Grameen Bank, a microfinance institution that has recently come under attack in Bangladesh.

The Bangladeshi press has lately been full of denunciations of Yunus. On Tuesday, for example, [one Bangladeshi news organization](#) quoted an economist as saying of him: “A lot about him is just myth. [He] had never been selfless in any of his initiatives.”

Meanwhile the Bangladeshi government has [ordered a corruption investigation](#) of Grameen after a Norwegian television documentary raised questions, even though [the Norwegian government said there was nothing to the charges](#). There have also been (false) published reports that Yunus will resign and suggestions that he should retire for reasons of age. And it seems the government of Sheikh Hasina Wazed wants to revise the ownership of Grameen Bank so that it would be 60 percent government-owned. That was the situation in the 1980’s, but then the law was revised to state that ownership would be 75 percent by Grameen borrowers, and 25 percent by the government; in fact, despite the law, Grameen borrowers have paid in more capital, and so the government stake is down to 3.4 percent as of 2009. (An earlier version of this post had incorrect figures here).

Finally, a court has ordered Yunus to appear on Jan. 18 to face charges of defamation, apparently for saying in 2007 that politicians pursue only money. He could be arrested and tossed in prison for that. And given the timing, it sure looks as if this is an orchestrated campaign to take him out, and seize the bank for the government. If this is a concerted campaign, then presumably it could happen only with the approval of Prime Minister Sheikh Hasina. And she does seem to have changed her pitch: a former supporter of microfinance, she [recently denounced it](#) as “sucking blood from the poor in the name of poverty alleviation.”

Look, Professor Yunus is no more above the law than anyone else. He and Grameen deserve close scrutiny. Microfinance should be debated. But the present campaign against Yunus doesn’t ring true to me, or to some others who are watching. (I’ve spoken to people on three continents, on all sides of this issue, but people are afraid to speak openly). I just don’t know what is going on. It may be that the government worries that Yunus will enter politics, or criticize politicians — and they may also be salivating at the prospect of gaining control over Grameen, which touches 1 person in 3 in Bangladesh.

I've often made the point in my columns, and Sheryl WuDunn and I also made it in our book [“Half the Sky,”](#) that Bangladesh has thrived in recent decades because of the strength of its civil society — especially Grameen and the equally amazing organization BRAC. Government governance has frankly been disappointing, but civil society has helped account for Bangladesh's enormous gains. If the government is now going to crush the country's strongest sector, heaven help it. And if Yunus is arrested on some trumped-up charges Bangladesh will have destroyed its credibility.

Microfinance is in a crisis these days, particularly because of problems in Andhra Pradesh, India ([here's one excellent background piece](#) and [here's another](#)). There is no doubt that the sector's very success has attracted bad apples. But it's also clear that Grameen and Dr. Yunus have had an enormous positive impact upon Bangladesh and the world. He deserved that Nobel Peace Prize. The international community needs to make sure that funny business in Bangladesh doesn't savage one of the great successes of development. For her part, Sheikh Hasina should forthrightly declare that the government will continue with its 25 percent stake in Grameen and won't try to increase it.

Let's hope this is all a tempest in a teacup. If not, and if Grameen is turned into a state bank, that would be a catastrophe — above all for the impoverished people who depend on it. And if a Nobel Peace Prize winner can be shunted aside, then all of civil society is in jeopardy.

Postscript: an earlier version of this post said that the government owns 25 percent of Grameen Bank. That's the law but in fact, as noted above, the government stake was 3.4 percent as of 2009. Mea culpa.