

Nobel for Class Peace

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Not a few eyebrows were raised when the 2006 Nobel Prize for peace went to microcredit messiah Muhammad Yunus and his Grameen Bank (GB) rather than to the more likely candidates like the parties to the agreement between the Indonesian government and rebels in the Aceh region. But the choice comes as a natural sequel to the celebration of 2005 as the international year of microcredit and reflects the Nobel Committee's growing concern for rewarding those who work for the amelioration of the devastating social and environmental effects of neoliberal globalisation. After the 1998 economics Nobel to Amartya Sen, the 2004 peace prize went to the Kenyan environmentalist Wangari Maathai, who fought resolutely against deforestation in Africa, for her contribution to "promoting democracy and human rights", as the Nobel Committee put it. To be sure, a degree of democracy, poverty alleviation and things like that have always been considered essential for maintaining social stability and class peace, and the Nobel peace prizes to personalities like Mother Teresa and Muhammad Yunus are intelligent moves to promote just that.

Professor Yunus' project of microcredit to poor women's groups without conventional collateral is well-known. Conceptually, what he seeks to popularise is "social-consciousness-driven entrepreneurs" and "home-based production by the self-employed masses" as the best available means for poverty alleviation. On the face of it, the achievements of his GB would appear quite impressive. The Bank has over six million members, 96 per cent of them women. It lends to nearly a million micro-enterprises in the face of strong opposition from the fundamentalists who believe the bank is anti-Islamic. Arguably, this might have contributed, in some measure, to Bangladesh's progress on the human development front (as per the UNDP's Human Development Report 2005, Bangladesh is now ahead of India in health, education, and gender equality). According to the 2005 State of the Microcredit Summit Campaign Report, 92 million families worldwide accessed microcredit by the end of 2004, including in countries like the USA and France. Of these, 73 per cent were extremely poor at the time of their first loan.

Having appreciated all this, one should also be mindful of the serious limitations of this 'model'. One frequent criticism is that the GB charges too much interest - initially 16 per cent and for the last four years 20 per cent. Studies of microcredit programs have found that Grameen's high repayment rate does not reflect the number of women who are repeat borrowers, and have become dependent on loans for household expenditures rather than capital investments. Moreover, women often act merely as collection agents for their husbands and sons, such that the men spend the money themselves while women are saddled with the credit risk. According to a recent survey conducted by Anne Marie Goetz and Rina Sen Gupta, after 8 years of borrowing, 55% of Grameen households are still not able to meet their basic nutritional needs; so many women are using their loans to buy food rather than invest in business. As regards its overall impact on the rural economy, Grameen loans to women have remained a mere 5% of the total amount lent in the Bangladeshi countryside since the 1980s. No wonder, then, that the Vanderbilt-educated economist was rewarded not for any theoretical or practical contribution to bourgeois economics — call it development economics or whatever — but for his strategy of poverty alleviation without disturbing the existing property relations in the slightest way.

To look beyond the specifics of the Bangladesh project, the microcredit concept as such has been criticised as a privatization of public safety-net programs which allows governments to go in for cuts

in public health, welfare, and education spending. In other words, such initiatives pave the way for selective 'retreat' of the State — retreat from social responsibilities coupled with growing intervention in the promotion of the liberalisation agenda.

No one should grudge Professor Yunus the honour of being an innovator and a man with a mission. His 1998 tie-up with Monsanto, which he cancelled rather quickly in the face of well-grounded criticism, remains a grim pointer to the pitfalls a well-meaning but ideologically disoriented individual or institution is prone to fall into, but even that may perhaps be condoned as an aberration. The more important point is that his mission can pass from the realm of illusion to that of reality only when his concept of "collective responsibility" in matters of entrepreneurship and loan repayment is matched with and placed on a firm foundation of collective ownership of land and other means of production. Till then, all such poverty alleviation programmes will be sponsored, encouraged and utilised by the ruling classes as a means for keeping the downtrodden away from the path of revolt and thereby perpetuating the structures of exploitation and domination.

P.S.

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