

Chapter 1

Muhammad Yunus

From Vanderbilt to Chittagong

It began as one stubborn man's desperate attempt to make sense of his life in a country racked by famine. In 1974, Bangladeshis were dying by the thousands for lack of even the meager nourishment to which they had grown accustomed. The skies blackened with vultures in search of another corpse to devour.

Three years removed from the glorious war of liberation, the country's dreams of freedom had been cruelly broken, transformed into a nightmare of hunger, wanton violence, and despair. U.S. Secretary of State Henry Kissinger called Bangladesh "the world's basket case."

On the streets of this poor nation, human beings walked around like zombies, waiting to die. Some had only a touch of life left in them, yet still they breathed, for at least one more day. On a village path, one starving man would eat for the first time in days, only to vomit what he consumed because it left his system in shock.

For one Bangladeshi, this was intolerable. He had to do something, even if it could only begin as a small gesture. Exactly what, he didn't have the faintest idea. Still, there was one thing he understood: The economic theories he had mastered at American universities while earning his Ph.D. would be of little use. Professor Muhammad Yunus would have to mix with the poor and see what he could think up after immersing himself in their reality. He hardly had grand illusions about what one man could do, working alone. But he had to act.

This is how it began.

As he emerged from his ground-floor apartment in the Grameen Bank living quarters, a small, red brick building behind the training institute, Muhammad Yunus strode forward with a purposeful gait. It was 8:05 on a hot summer morning in 1993. He was unencumbered by the stacks of files he had pored over the previous evening; a junior staff person had carried them to his office 15 minutes earlier.

Yunus turned a corner, following a narrow brick road that connects the back of the two-acre complex to the five-story main building, and passed a new structure under noisy, round-the-clock construction. The jarring sound of metal striking metal rang out in the air, muffled briefly by several loud thumps.

Three laborers spotted him as he passed the construction site. They immediately alerted each other, stood stiffly at attention, and saluted, military style. Yunus returned the salute in a casual, yet respectful, manner. Some of his junior colleagues, he knew, looked down on laborers in their longhis (simple skirts worn by men) and tattered T-shirts, and either failed to salute them or performed the ritual perfunctorily. But it wasn't Yunus's style to upbraid his staff for acting that way; he merely tried to lead by example.

As he approached the front door of the complex's main office building, several more staff stiffened as they saluted the managing director. When he looked at them, he didn't smile—he knew it would most likely confuse them if he did—but he wanted to. This was the time of day when he was most relaxed and cheerful. Yet, when you run an organization with 11,000 employees, you have to keep up appearances by maintaining a professional demeanor. He sometimes yearned for the days when he knew the name of every person who worked for him.

It had been 19 years since famine had stalked the Bangladeshi countryside, and Yunus was shepherding the organization he'd created to relieve hunger and poverty through a major turning point in its history. While for many years his venture had been known simply as a pilot project making tiny loans to destitute women, it was finally gaining recognition in Bangladeshi financial circles for its ability to disburse more than \$1 million in loans each working day and earn a modest profit doing so. Later, in 1993, the nation's finance minister, who had long been a critic of Yunus's work, would agree to lend his program millions of dollars. At the same time, Grameen Bank was becoming recognized as a model for poverty alleviation programs in Southeast Asia, Africa, North America, and beyond.

As Yunus climbed the stairs to his fourth-floor office, he reflected on the new era that was dawning for his organization. He sometimes thought it was approaching a critical mass that would allow Grameen to conquer problems that had previously stymied it. Yet he knew that getting big and famous held its own dangers. He often warned his staff about getting complacent, about "basking in their worldwide glory." The job, he told them, would not be finished until poverty had been eliminated from Bangladesh, once and for all, and the only place one could find destitution was in history books.

He entered his office at 8:11, before most of his 400 Dhaka employees had arrived. Three of his four personal staff, who had long since become used to the hours he kept, were there to greet him in the waiting room outside his office where they worked. He sat down behind his desk, and read the newspapers for a few minutes, looking for any signs that Bangladesh's emerging political crisis was ebbing. A few minutes later, he began receiving a steady stream of guests. They sat in front or at the side of his simple, sturdy wooden table. The desk had no drawers, symbolizing his commitment to conducting all business openly.

The first to come into his office were Khalid Shams and Muzammel Huq, his two senior deputies. The men shared tea, reviewed the previous day's developments, and looked ahead. All three had well-cultivated senses of humor and liked to laugh when they huddled together. This demeanor provided balance to the rest of their day, when uptight, often humorless junior personnel would meet with them. After the two men left, others in Yunus's inner circle, many of them students from the time

when he was a university professor, began parading in and out of his office. A handful of foreign guests, including a journalist, were able to have a word with him. In between the meetings, he read letters, drafted responses, and made notes to himself in his diary.

Yunus owns a rounded, even pudgy face highlighted by expressive—some say magical—eyes and an eager smile. Visitors get the sense that their host is a jolly man, someone who takes his work considerably more seriously than he does himself. Quick with a witty remark in any of the several languages he speaks, Yunus has that rare ability to make nervous strangers feel like long-lost friends in a matter of minutes. Even when under stress himself, Yunus is known for giving guests his undivided attention. Akhtar Hossain, the managing director's unflappable personal secretary, often remarks that every visitor seems to emerge with an expression that says, "I must have been the most important person he met with today."

It has been a long and improbable road to building the Grameen empire to where it is today, reaching into remote villages of Bangladesh, poverty-stricken islands in the Philippine archipelago, clusters of mud huts in Malawi, and decrepit slums in Chicago, Los Angeles, and Paris. Sometimes he pauses between appointments to marvel at what he and his colleagues have accomplished and to wonder about what the years ahead have in store for his movement.

At 10 minutes before 6:00, after nearly everyone had left, Yunus piled his files on his desk, tidied up the remaining papers, and checked his calendar for the following day. The sun was setting, and young boys were playing soccer on a grassy field adjacent to the complex, their screams and cheers drowned out by the relentless clanking and scraping at the construction site. As Muhammad Yunus left his office, his personal staff rose and saluted him, saying, "*As Salaam o Aleikum, sir*" in unison. He returned the traditional Muslim greeting and headed toward the stairs. Several minutes later, a messenger carried the pending files to his residence and stacked them on the floor, near the telephone. After eating dinner, catching up with his wife Afrozi, and playing with his seven-year-old daughter Dina, he began reading the files, making comments in red ink, followed by his initials. Most often, he wrote the words, *Tai houk* in Bengali script when a subordinate asked for his permission to move ahead on a project. The words mean, "Let it be." He believed in allowing people to make their own mistakes.

At 10:30, he retired for the evening, even as work continued apace at the construction site, located less than 50 yards from his bedroom.



In 1961, Muhammad Yunus, the son of a prosperous Muslim jeweler, was fresh from earning a master's degree at Dhaka University, which was Bangladesh's most prestigious seat of higher education. After graduation, he accepted a position as an economics instructor at Chittagong College. Yunus, just 21, was an impatient young man brimming with self-confidence, optimism, and ambition. With the first phase of his professional training complete, he felt it was time to launch one of the many projects he had toyed with during his student days.

While studying at Dhaka University, Yunus founded a nationally circulated literary magazine called *Uttaran* (Advancement). In the process of putting out the publication, he was surprised to learn that virtually all local packaging, up to and including the printing on cigarette packets, was being done in West Pakistan (today known as Pakistan). It occurred to him that opening a printing and packaging plant in East Pakistan (today known as Bangladesh) could be lucrative, and he promised himself to try to do so someday.

Soon after settling in Chittagong, Bangladesh's commercial capital and main port city, he began researching how he might follow through on this idea. With financial support from his father, Yunus made a fact-finding trip to West Pakistan and had the good fortune to meet a Bengali who was involved in a Swedish-Pakistani packaging venture. The man showed Yunus the ropes of the business and provided some tips on how to get started. By the time the next year rolled around, the long process of buying the necessary machinery, accomplished with the help of a half-million taka (\$12,500) loan from the Industrial Development Bank, and receiving government clearance was complete. In due course, the presses began to roll, providing gainful employment to 100 people and turning a small profit within two years. Yunus, responding to pressure from his father, repaid the loan to the Industrial Bank ahead of time, with interest. So rare was it that the bank had its loan repaid early and in full that it offered Yunus a 10-million taka (\$250,000) loan to finance the expansion of the operation.

After dividing his time between teaching and running the factory, Yunus realized that his first love was teaching. To get on the academic fast track, though, required a Ph.D. from abroad. In 1964, he applied for and received a Fulbright scholarship to study in the United States. Having expressed a preference on his application form for studying “development economics,” Yunus was rather improbably placed at Vanderbilt University in Nashville, Tennessee. He had never heard of Vanderbilt before, but when he located it on a globe he noticed that Tennessee had the distinction of being almost exactly halfway around the world from East Pakistan.

Already an experienced traveler, Yunus relished the opportunity to expand his horizons again. His only anxiety came from what he read about the civil rights movement in the southern United States. Yunus was concerned that he’d be considered black and be subjected to harassment. The fear, as it turned out, was unfounded: white classmates would inform him that only Negroes were at risk; brown fellows like him, he was assured, had nothing to fear. Much to his disappointment, Vanderbilt’s one-year master’s program turned out to be something of a bore. Yunus applied for the university’s Ph.D. program, and when he scored in the ninety-eighth percentile on the Graduate Record Exam, his acceptance was assured.

In his second year at Vanderbilt, Yunus enrolled in a statistics course taught by Professor Nicholas Georgescu-Roegen, a Romanian immigrant trained at the Sorbonne in France. Yunus found himself mesmerized by Georgescu’s lectures. By the second week of classes, he realized that despite having taken three statistics courses previously, he barely understood anything about the subject. The elegance of Georgescu’s two-and-a-half-hour orations touched something deep inside him; he and other admirers compared them to symphony orchestra performances. To Yunus, Georgescu’s genius was in reducing statistics to its essence, breathing life into vapid concepts by using storytelling and simple mathematics. Never had Yunus been in the presence of a master teacher, the kind who leads students down the long road to independent thought punctuated by “Aha!” realizations that are never forgotten. Now that he was under the wing of such a person, he couldn’t get enough of it.

Georgescu’s reputation as a difficult grader was, by all accounts, well earned. He was rumored to give no grade higher than a C.

Most students, trained to memorize and regurgitate information, would do poorly on his exams, which tested understanding of the fundamentals of statistical theory. Yunus, determined to beat the odds, immersed himself in his mentor's approach and received an A plus for his efforts. He would go on to take Georgescu's Economic Theory class and, later, become his teaching assistant.

Georgescu's influence on the young Yunus was profound. Never was he to forget the distinction between a mere conveyor of information and a master teacher. As he saw it, the former informs while the latter empowers. Twenty years after first coming into contact with Georgescu, Yunus would write, "All human problems in their basic manifestation are quite simple. [It is merely our] arrogance [that] prompts us to put these problems in more and more complicated formulations." On many occasions during the intervening two decades, he left learned audiences puzzled, unsure why they had been addressed in a manner a seventh-grade student could have understood.

With the exception of Georgescu and a computer center that, at the time, was state of the art, Vanderbilt had little of interest to offer Yunus as he pursued his Ph.D. By the time he completed his dissertation on "Intertemporal Allocation of Resources—A Dynamic Programming Model," he had already moved on and was teaching economics at Middle Tennessee State University in Murfreesboro.

Yunus happily passed his days in classrooms. By this time, he had married an American woman named Vera Forostenko and was preparing to wind down his life in Tennessee and begin anew in Bangladesh. Suddenly, his nation called. In March 1971, the West Pakistani armed forces took control of Dhaka, the capital of East Pakistan, following public calls for regional autonomy and independence by Bengali political leaders. A full-scale civil war was suddenly a distinct possibility. On March 26, Major Zia Ur Rahman defiantly declared Bangladesh to be an independent nation, and the War of Liberation, in which more than three million Bengalis were to die, began. Yunus, hearing all of this over the radio in Nashville, immediately formed the Bangladesh Citizen's Committee with five other Bengalis who also lived in Tennessee. Together, they began to visit local radio and television stations and newspapers to explain the Bangladeshi cause.

On March 27, Yunus left for Washington, D.C., to attend a pro-Bangladeshi rally and seek out other Bengali patriots. There he met with Enayet Karim, a Bengali who at the time was the second-ranking official in the Pakistani embassy and who would later become the foreign secretary of an independent Bangladesh. Karim and other Bengalis in the embassy were working secretly with the Bengali-American community while they planned to form a separate Bangladesh embassy, with the support of the Indian government.

For the first three days after Yunus arrived in Washington, he and other activists lived with Karim. On one of those evenings, the Pakistani ambassador paid an unannounced visit to Karim's apartment, ostensibly to convey his sympathy for the loss of life in East Pakistan. Horrified at the prospect of his boss's discovering Yunus and other activists living with him, Karim ordered his guests to grab the food they had been eating and flee into a room upstairs, where they had to remain completely still during the entire discussion. That was enough; Yunus moved into new living quarters the next day.

Yunus stayed in Washington to help run the Bangladesh Information Center. He relentlessly lobbied the U.S. Congress, particularly the Senate, and foreign embassies, hoping to win diplomatic recognition for the emerging nation. He organized an aggressive grassroots lobbying effort, principally by encouraging Bengali-Americans to educate their senators about the cause of liberation. Colleagues recall a young man who combined zeal and impressive organizational skills with the temperament of a diplomat.

The center's principal goal was to alter the Nixon administration's strong support of West Pakistan, to which it continued to send arms after the civil war began. Henry Kissinger was especially pro-West Pakistani. Yunus and his colleagues worked around the clock in an effort to counter Dr. Kissinger's exercise in realpolitik. But they failed to sway him, despite the support they received from a vocal minority in the State Department, including a small number of Dhaka-based diplomats who backed the Bengali cause.

When Bangladesh achieved its independence in December 1971, the young economist, swept up in the euphoria of victory and the prospect of helping to build a new nation, was eager to return to Bangladesh for good.



As Yunus prepared to leave the United States, a 14-year-old African-American girl named Connie Evans was living with her mother and siblings in Franklin, Tennessee (a town just outside of Nashville), and going to high school. She was being brought up to be an independent, self-assured, and achievement-oriented woman by a mother who supported the family as a self-employed caterer. While Connie understood what racism was, she knew little about conditions in Chicago, where she would move years later. She certainly didn't know much, if anything, about Bangladesh, and had never had occasion to meet Muhammad Yunus, though it is possible that they passed each other on the street, since Connie had traveled alone to school in Nashville from the age of six.

It would be nearly 20 years later that the two would be introduced. What Connie and Yunus would discuss in 1987 would be an approach to empowering the inner-city poor that few had ever heard of and fewer still believed would work. But that was later, much later.



Yunus and Vera arrived in Dhaka in June 1972. To his dismay, the only job he was offered at Dhaka University was a junior position in the Economics Department—an offer he declined. He was then recruited by Nurul Islam, a former teacher who was the chief of the new government's planning commission. When Yunus said he had no intentions of working for the post-liberation government, Islam refused to take no for an answer and pressed upon Yunus the contributions he could make to the process of nation building from inside the commission.

While he reconsidered the job offer, Yunus pondered the massive task of rebuilding the world's 139th independent nation. Despite the obstacles, he was far from discouraged. To the contrary, he felt that building the Bangladesh of his dreams, virtually from scratch, was the ultimate challenge. If Japan could become a powerhouse within a few decades of defeat in the Second World War, he reasoned that surely Bangladesh could reclaim its ancient glory and assume a dignified place among the nations of the world.

In the end, Yunus overcame his doubts and agreed to work for the government; his title was deputy chief of the General Economics

Division of the Planning Commission, but his responsibilities were left unclear. Yunus was naturally anxious to get busy, but he waited for days, and then weeks, for someone to give him work to do. For reasons he never completely understood, nobody obliged. He collected a paycheck and spent his days reading newspapers. Disturbingly, his situation was far from unique. Throughout the government, officials sat about drinking tea and basking in their self-importance while millions of people tried desperately to put their lives back together in the wake of the war, with little or no outside assistance.

Yunus realized that before there could be any economic development as described in the computer models he had studied in Tennessee, a transformation in the mentality of thousands of bureaucrats, indeed the entire government, was necessary. A sense of urgency and responsibility had to be developed.

Even though he would later meet dedicated civil servants, he came to believe that they were exceptions to a pervasive rule. In Yunus's view, bureaucrats seldom had any notion of serving the nation. Anyone who proposed new ideas was seen as someone likely to show up the boss. People learned to keep their mouth shut and to shower their superiors with compliments and gifts whenever possible. Most of those who figured out how to manipulate the system would use their positions primarily for personal aggrandizement. In the meantime, Bangladesh languished while neighbors like South Korea, Malaysia, Sri Lanka, and India progressed.

Not surprisingly, in his brief time in the civil service, Yunus developed a lifelong mistrust of government. He saw that without firm political leadership, bureaucratic inertia was inevitable and expensive programs and schemes were rendered useless, mired in red tape. After two months of government work, Yunus left a note of resignation on his desk and departed for his home district in southeastern Bangladesh, where he took a job as an associate professor of economics at Chittagong University.

At Chittagong, Professor Yunus was relieved to have some work to do: classes to teach, articles to write, and cultural events to organize and participate in. Based on his credentials as a Ph.D. from the United States with teaching experience, Yunus was named head of the Economics Department. He began talking to his colleagues about his interest in incorporating an aggressive program of "action-research"

into the curriculum. His argument was that a more practical and interactive curriculum would help break down some of the hostility between the university and nearby communities while tapping into the experience of those villages for conducting original research. It would also give the students who were involved a grounding in real-life rural development that their peers at Dhaka University would only read about in books.

Most of his colleagues did not initially support his approach to experiential learning. Indeed, the idea that generated the most discussion was his proposition to vacate the large office reserved for the department head so that his 12 staff members, until then crammed into an office fit for one or two people, could have something approaching a dignified place to work. He constructed partitions for his staff with his own money and began to work in the office into which they had been squeezed. Nobody could quite understand why he was willing to forgo his privileges, and even several junior faculty members who stood to benefit from his plan tried to talk him out of it.

Faced with the unexpected reluctance of his staff to embrace his ideas, Yunus decided he needed an institutional base outside of the department to build the program he envisioned. In 1973, after he had tried to resuscitate the university's moribund Rural Development Program, he established his own Rural Studies Program (RSP). The RSP had no budget, no permission from the university to operate, and no staff. What it had, simply, was its founder's enthusiasm and some stationery he had printed up at his own expense.

As part of the curriculum offered by the RSP program, Yunus developed a course called "Issues in Rural Development" in which students would do original field research in the neighboring villages of Jobra and Fatehpur. His aim was to break the tradition in higher education, particularly prevalent in Bangladesh, of merely expecting people to read scholarly works and then repackage those views in their own papers. Rural development was happening right at the university's doorstep, so why should students rely only on books?

Initially, students responded slowly. Many were clumsy interviewers, eager to retreat back into the world of books. After a few semesters, however, a small number started to catch on. Over time, the courses offered by the program became more popular, and by the late 1970s, enrollment

was high. The Rural Economics Program (REP), as it was renamed, also began putting out research reports on issues such as agricultural development and community organization.

One of the program's earliest initiatives was to encourage farmers in Jobra to adopt high-yielding varieties (HYVs) of rice.* Students, together with Yunus and H. I. Latifée, one of the few departmental colleagues who had shared Yunus's enthusiasm, went into the fields to work with cultivators to grow rice using modern methods. The farmers were initially amused, but in a short time, Yunus and Latifée struck up warm friendships with many villagers. People were impressed at how the two men were developing an encyclopedic knowledge of Jobra, including the names of hundreds of farmers and their family members.

Unfortunately, most of the students dropped out of the program within weeks. Many were uneasy doing farmwork, feeling that the reason they were at university in the first place was to ensure that they never had to stand knee-deep in mud planting rice seedlings. A university publication put it bluntly: ". . . the program was not a success. . . . Compared to the cost incurred, the achievement was negligible. Many students joined this program just as a fad to show off." The education of the professor had begun.

Another program that Yunus inaugurated was the designation of plots of land on campus as student vegetable gardens. To spur some friendly competition, close attention was paid to whose plot was the most productive. The program, established in the famine year of 1974, initially set aside one-third of an acre to be cultivated by 30 first-year students. All but five of them, however, commuted from the city of Chittagong and were usually gone by noon (prompting Yunus to once write a report in which he criticized C.U. for being a "part-time university"). Dipal Chandra Barua, a member of Bangladesh's tiny Buddhist minority who bicycled to class each day from his home in Jobra, was asked by his peers to look after their plot. When Yunus noticed that the vegetable garden was thriving under Dipal's meticulous care, he invited the young economics student to get involved in the REP. At the time, Dipal was something of a hippie—Bangladeshi-style: skinny with long hair and eager

*Traditional varieties yield less per acre but do not need the constant attention that the HYVs do.

to try new things. He easily fit into the offbeat rhythms of the Rural Economics Program, and Yunus was quick to take him under his wing.

While he worked on the REP, Yunus kept abreast of the floundering efforts to jump-start the nation's economy. National politics, in particular, sapped his optimism. Yunus became increasingly frustrated by how little he was able to do something that could bring tangible benefits to Bangladesh's poverty-stricken populace. Years later, he would say, "After a few years at the university, I felt the classroom was like a movie house, where professors have all the answers and the tale works out so neatly at the end of the day. But it's make-believe. When you turn on the lights and go outside, it's a completely different world, with problems about which professors have nothing much useful to say."



Bangladesh had not always been the famine-ravaged shambles it had become by 1974. In the second century A.D., the historian Pliny commented that dresses made from muslin fabrics imported from Bengal were in such demand among wealthy ladies in Rome that unthinkable amounts of precious metals were flowing from the coffers of the empire to Bengali traders and weavers. In the sixteenth century, Bengal—made up of present-day Bangladesh and the Indian state of West Bengal—was an important part of the vast Mughal Empire and known for its booming textile trade and agriculture. Most historians agree that the average Bengali during this period was somewhat better nourished than his counterpart in Europe. Indeed, Bengal was known to be among the most prosperous regions in the world. A European visitor wrote, "Money is so plentiful in Dhaka that it is seldom counted, but always weighed. There is a profusion of food and other articles in the numerous bazaars of the city. The vastness of the wealth is stupefying."

For centuries, economic activity in the rural areas was conducted principally at the level of the household, with complex supply networks based largely on the barter system linking cotton and silk cultivators with spinners, weavers, and traders. A British traveler touring Bengal during the Mughal period wrote, "When at some distance from the high road, or a principal town, it is difficult to find a village in

which every man, woman, and child is not employed in making a piece of cloth. . . .”

The eighteenth century marked the gradual dissolution of the Mughal Empire in India and the establishment of British rule, initially under the auspices of the East India Company. The company, in search of quick profits, assumed control of Bengal’s lucrative textile industry, which produced one-third of all cotton textiles used in Europe at the time. It appointed its own network of much-hated middlemen, the most important of whom were called *gomastas*, under the agency system of 1753. In the words of a former company employee, “. . . [the *gomasta*] makes [the weavers] sign a bond for the delivery of a certain quantity of goods, at a certain time and price, and pays them part of the money in advance. The assent of the poor weavers is in general not deemed necessary. . . .” Rights to the production of individual weavers were freely traded among the *gomastas* as if their clients were slaves. Those who refused to participate in the system were flogged, and on occasion killed. The prices the weavers received were, by one estimate, 20 to 40 percent less than they could have gotten in the marketplace.

This progressive impoverishment led directly to several famines during the next two decades, the worst of which killed one in three people living in Bengal. By the last quarter of the eighteenth century, many weavers, faced with declining revenue that barely covered their costs, had given up the trade and taken up day-laboring, fishing, or other work.

While it was developing its own textile industry during the early nineteenth century, Britain began pricing Bengali textiles out of its domestic market through high tariffs, while at the same time making a handsome profit trading them with the rest of the world. By the 1820s, a series of technological innovations, including the spinning jenny, the power loom, and the use of chlorine for bleaching, had made the north of England the foremost producer of textiles in the world.

British yarn was soon being spun at less than half the cost of Indian yarn, and the drive to aggressively market British textile goods in Bengal and throughout India virtually finished off the indigenous industry. Between 1824 and 1837, the value of yarn imports from England increased 55-fold. Bengal’s silk industry lasted somewhat

longer, but by 1876 the value of silk exports had declined to less than 3 percent of what it was at the beginning of that century. It would take Mahatma Gandhi's campaign in the early twentieth century to shame people of the Indian subcontinent into wearing cloth spun at home to make any dent in this historic reversal.

By the second half of the nineteenth century, famines had become so common in Bengal that the British regime was pressed by growing unrest in the countryside into passing a series of reforms, including the creation of representative government at the village level and the promulgation of a famine code that was effective enough to prevent mass death from hunger for more than 50 years. But the province often teetered on the brink of starvation, and in 1943, with the British Empire focused on the Second World War and Japanese aggression in Asia, a famine killed three million people in eastern India.

When India gained independence from Britain in 1947, the colony became two separate sovereign nations—India and Pakistan. As part of the complex and improbable agreement negotiated among the British, Indian Hindus, and Indian Muslims, the regions where there was a Hindu majority became India and the remaining Muslim-dominated areas, with the exception of Kashmir, became Pakistan.

Of the many problems this compromise presented, the most obvious was that West Pakistan (known today simply as Pakistan) and East Pakistan (present-day Bangladesh) had no common border and were more than one thousand miles apart. It was as if California and Pennsylvania constituted one country and the rest of the United States a second, hostile nation. Furthermore, the two provinces of East and West Pakistan (or *wings*, as they were called), despite sharing a common faith, had profound cultural and economic differences. Most fundamentally, East Pakistan was made up of Bengali speakers, while most West Pakistanis spoke Urdu.

The Bengalis were initially pleased to be part of a Muslim-dominated Pakistan, their political leaders having been among the most vocal pro-Pakistan partisans during the negotiations with the British. But within a decade after partition, many Bengalis had come to feel betrayed. Their motherland, it seemed, had once again come under foreign domination, this time by the arrogant West Pakistanis.

Upon independence, East Pakistan was also separated from Calcutta, its former capital, whose jute mills were essential to the production of

its primary cash crop.* It was this division that prompted Muhammad Ali Jinnah, the man whose efforts led to the creation of Pakistan, to complain that he had been given a “moth-eaten” state. The sudden separation of Bengal’s head from its body plunged East Pakistan’s already precarious economic situation into dire straits. Sir Frederick Burrows, the last British governor in Bengal, assessed these conditions and predicted that East Pakistan would become “the greatest rural slum in history.”

After partition, East Pakistan slowly resumed exporting jute, though the money thus earned largely flowed to the coffers of West Pakistan. East Pakistan’s “gold fiber” went a long way to financing West Pakistan’s rapid post-independence industrialization. Ultimately, East Pakistan became little more than a colony of West Pakistan.

Tensions mounted during the 1950s and 1960s over calls in the Bengali-speaking East for regional autonomy. Bengali anger was ignited by proposals to have Urdu, the predominant language in West Pakistan but virtually unknown in the East, adopted as the national language. Shortly before his death, Jinnah came to Dhaka for the only time in his life and, to the dismay of Bengalis, declared, “The state language of Pakistan is going to be Urdu and no other language. Anyone who tries to mislead you [on this issue] is really the enemy of Pakistan.”

The West Pakistanis feared that the economically backward Bengalis of East Pakistan would create a single political party and gain control of the Parliament. They worked to ensure that positions of influence were held by West Pakistanis, while largely ceremonial ones were occupied by Bengalis. During the 1950s and 1960s, the West Pakistani elite tried to institutionalize a civilian government that would be more responsive to Bengali aspirations while ensuring that West Pakistanis retained most of the power. Their efforts, however, were too little, too late. By 1971, negotiations between Sheikh Mujib, a charismatic Bengali political leader, and West Pakistani politicians had failed to produce a compromise on the issue of regional autonomy. Consequently, Mujib declared Bangladesh to be an independent nation. As a result, Mujib was arrested, the military took control of Dhaka, and what is known in Bangladesh as “The Independence War” began.

*Jute is the raw material from which gunnysacks are made.

A campaign of genocide was unleashed by the Pakistani (almost entirely *West* Pakistani) armed forces, assisted by an influential minority of Bengalis who stayed loyal to the regime. In the spring of 1971, the Mukti Bahini (Bangladeshi Freedom Fighters) began filtering back into the country after receiving training and arms in India. Full-scale war was under way by June.

After the monsoon subsided, the pace of the battles picked up, with outgunned Mukti Bahini divisions often retreating into India when they were on the run. As Pakistani forces followed them, there were a series of escalating border clashes between Indian and Pakistani troops, culminated by a preemptive strike by the Pakistani air force in early December. Indian forces joined the conflict and helped the freedom fighters rout the Pakistani forces, leading to the signing of a peace treaty on December 16 in Dhaka and the birth of Bangladesh.

The new nation had its work cut out for itself. The communications and transportation networks, and hundreds of thousands of acres of standing crops, had been destroyed during the war, and more than 20 percent of the nation's food had to be imported. A black market developed for weapons that had accumulated during the conflict, and violence raged. Real or imagined collaborators of the Pakistanis were slaughtered.

In January 1972, Mujib, who had been hours away from being executed when the cease-fire was declared, triumphantly returned to the new nation and became its prime minister. Overwhelmed by the task in front of him, Mujib lamented to a friend shortly after his return, "[When I returned] I was brought face to face with the greatest manmade disaster in history. I could never imagine the magnitude of the catastrophe. They have killed more than three million of my people. They have raped our mothers and our sisters and have butchered our children. More than thirty percent of all houses have been destroyed. . . . What do you do about currency? Where do you get food? Industry is dead. Commerce is dead. How do you start them again? What do you do about defense? I have no administration. Where do I get one? Tell me, how do you start a country?"

Mujib was a better rhetorician than administrator, and had only limited success in dealing with these challenges. By 1973, frustrations with his inept leadership were being vented in public protests. Attempting to retain control of the fragile and violent nation, Mujib, the once-beloved *Bangabandhu* (Friend of the Bengalis), created the Jatiyo Rakhi Bahini,

a shadowy paramilitary force responsible directly to him. Violence began violence, with more than 2,000 politically motivated murders occurring in 1973 alone. Among the victims were several members of Parliament. In May of 1974, after the country's Supreme Court reprimanded the Rakhi Bahini for having tortured and killed a seventeen-year-old boy, Mujib stripped the court of its powers to pass judgment over his personal terror force.

If 1973 was the year of violence, 1974 was the year of famine. As thousands of people died, the prime minister's party, the Awami League, disintegrated into warring factions. To impose order, Mujib declared a state of emergency in late December. His famine relief effort was poorly conceived and executed. Among the more odious aspects of the relief program was the herding of 50,000 Bangladeshi destitutes who had migrated to Dhaka into a camp bordered by a barbed wire fence and bereft of any medical or sanitation facilities. One unfortunate resident told a visiting journalist, perhaps mistaking him for an aid worker, "Either feed us or shoot us."

In June 1974, Mujib moved decisively toward a one-party state. He wanted to create a leftist government of national unity in which all power would be vested in a single authority—himself. As for an economic program, Mujib declared his intention to create compulsory rural cooperatives in every village. The system was to take effect on September 1.

Two weeks before his sweeping reforms were to come into force, Mujib, and most of his family, were assassinated in his home in Dhanmondi on the orders of a group of army officers. The plotters announced over Radio Bangladesh that Mujib was dead, martial law was in force, and Khondokar Mushtaq, one of Mujib's ministers, was to be sworn in as president. The senior commanders of the armed forces went along with the coup and initially recognized the legitimacy of Mushtaq, even attending his swearing-in ceremony.

The brief embers of democracy had been snuffed out; it would be 16 years before they would begin to glow again. During that time, great damage was done to the country and its people. Several remarkable success stories emerged, however, prompting people across the world to take notice of a country known to many in South Asia as "the land of poets and lovers."



As Muhammad Yunus contemplated the famine of 1974, he wondered what he should do. He recalled how aggressively U.S. intellectuals spoke out on controversial social, political, and economic matters. Yet, his colleagues at Chittagong University were unwilling to break the conspiracy of silence concerning Mujib's disastrous policies and his maddening unwillingness to even admit that there was a famine.

Yunus approached Abdul Fazal, the university vice chancellor, and suggested that he publish a formal statement to the press criticizing the government's role in creating and prolonging the crisis. Fazal was a well-known writer with a close personal relationship to Mujib. To the young professor's surprise, the vice chancellor agreed, provided that Yunus draft the statement and join him in signing it.

Within days, other faculty members signed, and the harshly worded antigovernment statement was sent off to the newspapers, where it was printed and widely commented on. In the following weeks, groups of academics at other leading universities followed suit and presented their own critiques. In subsequent years, as histories were written of Bangladesh in the mid-1970s, the statement was frequently mentioned as having stimulated a robust public debate about the causes of the famine.

Yunus decided that another opportunity to speak out publicly would be the occasion of *Ekushey* (literally, "on the twenty-first")—the annual remembrance of the martyrs who had died on February 21, 1952, while protesting Pakistani government efforts to make Urdu the single national language. Each year, *Shaheed Dibosh* (Martyrs' Day) is observed in a diverse manner typical of Bengali culture. At dawn, wreaths are laid on *shaheed minars* (martyrs' monuments), citizens are expected to walk barefoot out of respect to the martyrs, festive book fairs are held, and pledges are made to ensure that "the Bengali language is used in all walks of life."

After the emergence of Bangladesh as an independent nation with Bengali as its language, continuing to observe Martyrs' Day in the traditional manner seemed to Yunus somewhat like observing the Fourth of July in the United States by having people take a pledge to continue resisting British rule. With so many other challenges facing the country, Yunus thought that the martyrs should be remembered as people willing to die to ensure that Bangladesh actualized itself as a nation, rather than simply as supporters of the Bengali language. He submitted an article to a local newspaper proposing that *Shaheed Dibosh* be made more relevant to the contemporary reality. He proposed, for example, that Martyrs' Day

be a time to honor the farmers coming in with sheaths of paddy and scientists improving agricultural yields.

His article was roundly criticized for being unfaithful to the legacy of the martyrs. Bangladeshi politicians, then, as now, feeling safer fighting yesterday's battles than today's, dismissed the idea out of hand.

During his first few months on the Chittagong University faculty, Yunus had noticed that farmland adjacent to the university campus lay fallow during the dry season, and he joined his local member of Parliament in petitioning the government to sink an irrigation tube well—a driven well—in Jobra. Their lobbying was successful, and Yunus felt that this was one instance in which the government had been responsive and would make a difference in the lives of the rural people.

Yunus was surprised to find out that only 9 of 60 acres were irrigated during the first cropping season. Local farmers assured him that the well's use would improve once kinks in the management system were worked out. But the second season was hardly any better, with barely 10 acres receiving water. As the third year approached, Yunus was informed that there were no plans to operate the tube well at all.

Partly out of his frustration with the misuse of the tube well in Jobra, Yunus researched the state of irrigation nationwide. By the early 1970s, a significant number of irrigation pumps called deep tube wells (DTWs) had been sunk with foreign-aid funds to irrigate a dry-season rice crop using modern, high-yielding seeds developed in the Philippines. It was hoped that this would bring the nation's chronic food deficits under control.

Unfortunately, it turned out to be far easier for the government to sink a tube well capable of irrigating 60 acres than to find an institutional mechanism ensuring that it actually irrigated five. The management structure for the tube wells was supposed to be a cooperative that local farmers would join to ensure fair and judicious use of the machinery. In practice, within a short time, most tube wells fell under the control of the wealthiest person within its command area. In most instances, the cooperatives existed only on paper. Huge bribes were often given to ensure that the DTW was sunk on a politically well-connected person's property. Worse still, slivers of poor people's land were often seized to build the canals that would carry the water to the wealthy farmers' fields. Over time, most of the pumps fell into disuse.

Without maintenance of the machinery and the use of fertilizers in the paddy fields, irrigated agriculture is a risky venture.

On a fall day in 1975, Yunus asked Dipal Chandra Barua to find out why the irrigation pump in his village was not going to be used during the upcoming season. Dipal reported that over the two and a half years since it was sunk, the farmers had been unable to afford the diesel fuel and the parts to keep it running. Those who had contributed toward the cost complained that because others refused to pay their share, the water had been shut off during critical periods. Rice harvests had been ruined, and participating farmers were sometimes worse off than if they had simply left their land fallow. On several occasions, unhappiness about mismanagement had boiled over into violence.

Yunus studied the problem, talking to farmers in the fields and at his home. He decided to convene a meeting of farmers whose land fell within the pump's command area. His aim was to persuade them to work together to ensure that there was a dry-season crop in the coming months. The gathering was held outdoors, in front of a tea stall in Jobra. As it is customary in Bangladesh, most of the farmers who attended arrived late, and it was past midnight when Yunus interrupted the shouting matches that had broken out, and presented a plan.

In this plan, Yunus and people he appointed to a management committee would run the tube well and supply all the seeds, fertilizer, and insecticide. In exchange, Yunus would receive one-third of all the crops harvested. The other two-thirds would be split equally between the owner and the cultivator of the land. Yunus would sell his share to recover the costs of running the program, and any surplus would be reinvested into the upkeep and improvement of the tube well. He liked the simplicity of *tehbhaga* (three share)—three parties shared the work, and the same three parties shared the fruits of the work. Each had incentives to make the initiative a success, and the farmers had the rare opportunity to cultivate under a scheme in which someone else bore most of the risk of crop failure.

When Yunus opened the meeting up for questions, he felt a strong undercurrent of hostility. Old wounds and jealousies from earlier efforts to manage the tube well had been reopened. The larger farmers seemed particularly mistrustful. They were interested in increasing their yields, but resisted the idea of receiving only one-third of the harvest as

opposed to the traditional one-half. They suggested that Yunus accept one-sixth of the crop instead. They also wanted no part of any loss the scheme might generate. If the government could sink the tube well without charging the villagers anything, why couldn't the university put together a management plan for free as well?

Yunus announced that he was willing to make up any loss with his own money, figuring it was the only way to gain everyone's agreement, but he stood firm on the issue of his share. He announced a cooling-off period of a week, during which several of Yunus's students aggressively talked up the program in the village. A procession of small farmers and sharecroppers called on Yunus at the university. Many of those who came had not even attended the original meeting, but had got word of the proposal and were eager to get involved. The elites in the village, anxious to maintain their positions of influence, requested that they be given special status by being included on a largely symbolic advisory committee. Yunus agreed. When it was time to make a formal decision on whether to agree to the proposal, it was adopted nearly unanimously.

Yunus named the project the *Nabajub Tehbhaga Khamar* (New Era Three Share Cultivation Scheme), divided the participating farms into four blocs, and assigned a student to manage each. Assaduzzaman, a recent graduate of the Economics Department whom Yunus had hired to be the secretary of the Rural Economics Program, was named the project coordinator. Yunus and Assad (as Assaduzzaman is commonly known) began procuring the necessary seeds, fertilizer, diesel fuel, and insecticide with a 40,000 taka (\$1,000) loan from a local branch of Janata Bank.

During the management and advisory committee meetings that were held soon after the water began flowing, farmers who had originally declined to participate asked to join in. Yunus resisted, fearing that if the command area were expanded too much, the pump might run dry toward the end of the season. Yet the farmers persisted. Finally, someone suggested that additional irrigation could be arranged by building an inexpensive cross dam in a nearby stream and digging a canal through which the water could flow to the rice fields. When objections were raised by farmers who lived seven miles downstream, it was agreed that Tehbhaga would divert water only two days during the

week. To finance the expansion, Yunus took out an additional 25,000-taka loan from Janata Bank.

Everyone associated with the project was impressed by the degree of Yunus's personal involvement. The expectation was that he would have his students organize everything and simply come back after the harvest to inspect the results. Instead, he attended every committee meeting and spent considerable time in the fields talking to the farmers. His and Latifée's familiarity with every aspect of life in Jobra grew.

When the harvest was completed in early June 1976, the results were impressive. The land under cultivation had ended up reaching 85 acres, and the yield exceeded 1.2 tons per acre, double the national average. Yet, the program posted a 13,405 taka (\$335) loss after the bank loan was repaid because of an unexpected drop in the price of rice, the high cost of overseeing the program, storage problems, and some pilferage. Yunus, refusing to go back on his word, went ahead and covered the amount out of his own pocket. When word leaked to the village that the professor had absorbed the loss, many farmers were surprised and distraught. Some expressed a feeling of shame at having six months' worth of rice in their houses while the man who had organized the program was out thousands of taka.

When the 1976–1977 dry season began, the farmers begged Yunus to recognize the program. The professor refused, but agreed to advise the farmers as they worked out their own management system and to provide the necessary introductions to the bankers and the wholesalers from whom he had bought the agricultural inputs. Yunus argued that he was a professor, not an irrigation specialist, and that his job was merely to demonstrate what was possible. It was now their job to institutionalize the program, or, if they so chose, to discontinue it.

In the second year, under the farmers' direction, overall production rose an additional nine tons. This time, however, the program recorded a profit of 8,522 taka, or about \$210. By the fifth cropping season, the harvest reached 235 tons, more than double the inaugural year, and its profit exceeded 39,000 taka. Yunus never considered asking to be repaid the money that he lost during the first year from the surplus generated later on.

In 1977, while Yunus was out of the country, a senior civil servant asked Dipal to draft a nomination that he would submit so that Yunus

could receive the President's Award for his involvement with Tehbhaga. Not only did Yunus receive the award, but a nationwide government initiative called the Package Inputs Program (PIP), designed on the Tehbhaga experience, began to be planned.*

By the late 1970s, Yunus kept himself apprised of the developments of Tehbhaga and PIP, but he was by then deeply involved in another demonstration project from which it was proving much harder to extricate himself.



The interrelated problems of poverty and misuse of resources were not unique to Jobra. If anything, conditions there were somewhat better than those in far-flung villages in the western half of the country. For the most part, however, as control of the central government changed hands during the second half of the twentieth century, conditions in the rural areas worsened as the politicians in Dhaka squabbled. On more than one occasion, Yunus said he believed Dhaka to be virtually a foreign country. He told people that he would never agree to be based in Dhaka because he felt that people who lived and worked there got hopelessly out of touch with their countrymen.

As the years passed, the situation outside the urban centers was becoming progressively more desperate. Periodic famines, chronic ill health, and uncertain food grain prices that punished marginal farmers and rewarded speculators combined to ensure that the number of landless poor families steadily increased. In the process, small farmers became sharecroppers and sharecroppers became day laborers. As the pool of day laborers grew, their wages were forced lower. Even such traditional work as raising livestock and manufacturing handicrafts was done on the basis of sharecropping, in which middlemen reaped the lion's share on the benefits produced by someone else's labor.

By 1983, despite nearly 10 years of an "assault on poverty" declared in the wake of the 1974 famine, real wages were 2.3 percent lower than in the last year of Pakistani rule, and a day's work in the fields bought a

*Sadly, it was imposed from above, without the active involvement of the farmers it was supposed to benefit, and as a result, it failed.

laborer three kilograms of rice instead of the four it had fetched in 1970. At the same time, the nation had three million new mouths to feed every 12 months. By the mid-1980s, per capita consumption reached an all-time low of 1,943 calories and 48.9 grams of protein. (According to the Food and Agriculture Organization, the minimum daily requirement to sustain sedentary life is 2,150 calories and 65 grams of protein.)

Under the stress of this impoverishment, the Bangladeshi family unit began to disintegrate. Deprivation drove fathers to abandon their wives and children in previously unheard-of numbers. It was no longer routine for sons and daughters to take care of their parents when they became old and infirm. In a society historically characterized by strong ties between the generations, it became increasingly common for parents to spend their final days in a state of semi-starvation, with their children, refusing to deplete what little cushion they had against destitution. Fathers were often bullied into handing over their inheritance to their grown children as early as possible. After doing so, any assistance they had been promised by their offspring was often cut off.

The glory of independence wore thin, and many tea stall conversations in the rural areas centered on the strengths of the British and Pakistani regimes, perceived deficiencies of the Bengali race, and people's dreams of sending their sons to the United States, Europe, or the Middle East. A growing cottage industry of agents claiming to be able to place young men in jobs abroad came to cheat thousands of poor families out of millions of taka.

As people searched for answers to these vexing problems, Islamic fundamentalism gained ground. Although the Bengali people were known throughout Asia for their tolerance, relations between the Muslim majority and the nation's Hindus, Buddhists, Christians, and animists slowly deteriorated. Politicians fanned ethnic and religious hatred and used student-front organizations as pawns in their quest for power. Violence, politically inspired or otherwise, became commonplace, and thievery a popular profession. Prostitution and abuse of drugs and alcohol were on the rise, while gambling, an old problem, was reaching epidemic proportions.

The plight of women in rural Bangladesh became increasingly severe. Even in good times, women prepare the feasts but are only permitted to eat the leftovers after the men are finished; wash their

husband's new clothes while wearing tattered saris; and hope, often in vain, that the money their guardians earn is being saved or productively invested rather than being gambled away. In bad times, women go the hungriest, work the hardest, and have to stand by helplessly while their children cry out for food. All year round, in good times and bad, women suffer constant humiliations. They are unable to initiate a legal divorce, though their husbands need only say "I divorce you" three times to end their marriage. They cannot travel outside their immediate home after puberty without becoming the subject of lurid rumors. They are the victims of frequent beatings and verbal abuse by husbands and in-laws, and against all reason, are blamed for floods, droughts, and disappointing harvests.

Life for a Bangladeshi woman is, more than anything else, one of isolation. In certain parts of the country, it is common to find women who have not strayed from an area smaller than a few hundred square yards for decades at a time; who have never held currency in their hand or seen a market; who have no friends; who have never played any meaningful role in the politics of their family, their village, or their country.

With an annual per capita income of around \$200, and a population of roughly 115 million people packed into 68,000 villages in a country the size of the state of Wisconsin, the fundamental problems in the political and economic management of Bangladesh are manifest. Blame can be liberally spread among the government, the private sector, and the foreign aid agencies. But to understand the depth of the sorrow this nation has suffered, one need not open a single history book or read a fancy economic printout. One need only stand in a village for a few hours and look around at all the frail women with sunken, toothless faces hunching over earthen stoves or carrying water on one hip and a child in their arms as they walk barefoot down muddy village paths strewn with animal and human feces.

Particularly striking will be the moment a woman in rural Bangladesh realizes you're looking at her; reflexively, she will pull her sari over her face in shame. A brief conversation with any of these women is almost too much for those unaccustomed to life in rural Bangladesh—a lesson of what life is like when it is nasty, brutish, and short, and when the only legacy you can leave any of your offspring who survive childhood is a life of poverty deeper than what you inherited at birth.