

Today is a Black Day

RELEASE IN
FULL

Muhammad Yunus
August 23, 2012

This day will go down in history as a black day for our nation. Our government has taken over a globally admired and Nobel Prize winning institution from its rightful owners—rural poor women—and has brought the bank under their management control. In so doing, the unique feature of Grameen Bank has been fundamentally compromised. It is very difficult for me to absorb this sad news.

What has Grameen Bank done to deserve this sudden stripping off of its fundamental character?

By buying shares with their hard earned income, more than 8.4 million women became the legitimate owners of 97% share of Grameen Bank. The government owns only 3% of the bank. This bank, which operates with the capital of millions of poor women, is essentially a huge cooperative of poor women. The bank is self-reliant and operates with its self-generated funds. The bank does not take any loans or grants from the government, donor organisations or any other institutions. So why is it that this bank, which is well-known, highly admired and widely replicated throughout the world, has to be converted into a traditional government run enterprise?

The government says that a “deadlock” has emerged over the issue of appointing the next Managing Director (CEO) of the bank. Who has created this deadlock? The board of the bank lawfully created a selection committee to appoint the next Managing Director as the bank’s law requires. Because the board proposed my name as the chairman of this selection committee

and Dr. Akbar Ali Khan and Khaled Shams as members of the committee, the government appointed chairman of the board continued not to accept the decision of the board. What a strange situation! The law which governs Grameen Bank did not give a veto power to anybody on the board. And yet by refusing to accept the decision of the board, the chairman has in effect vetoed the board decision in three consecutive board meetings. This situation has been termed by the government as a “deadlock”. And because of this, the Grameen Bank law has now been amended to place the future of the bank in the hands of a single person—the chairman of the board of Grameen Bank.

The government has repeatedly stated that it has not taken over the bank and has no intention of taking it over. The government has accused me of lying and spreading false rumors about this takeover. They keep on assuring that the rights of the owners of the bank will remain just as it was before. They explain that, the chairman will set up a selection committee after consultation with the board. When does one need to consult, and when does one vote? When one has the power, one consults with people who do not have it. One votes when one has the power to be counted in the decision making. By changing the Grameen Bank law, the government has taken away the power of voting from the owners and has instead given them the passive role of being consulted by the chairman. The selection committee, which the chairman constitutes, will propose to the board three names of the candidates for the CEO position. Obviously the owners of the 97% shares will have every reason to suspect that whoever is chosen as the CEO, that person will be loyal to the chairman and not to the majority owners.

The government repeatedly claims that the power of the board remains unchanged. Yet, the government lets it be known that what the board wants will not be allowed to happen. Why is it that the will of the board will not be allowed to be carried out within their own organisation? The answer is because the government wants it that way. The government has already announced that a “Selection Committee” will be set up within one week. Is

this the decision of the board or that of the government? The board is not even aware of it. And in this "selection committee", there will be no place for Yunus. Why? Because the government has decided it to be so. An international advertisement will be run for the post of Managing Director for Grameen Bank. Is this the decision of the board? Of course not. The salary and benefits for the Managing Director will be of an international standard; otherwise qualified persons will not be interested in the post. Is this the decision of the board? Of course not. The government has already made these decisions and has publicly announced these decisions, before the board even has the chance to consider all these issues.

And yet the government continues to say that the government will not interfere with the business of Grameen Bank. If the government feels competent in making all these decisions on behalf of Grameen Bank even before the law was amended, we can easily imagine what will happen now that the law has been amended.

By changing the law and giving the government a strategic role in selecting the Managing Director, it has in effect taken over the management of Grameen Bank. There is not a single case in the world where enterprises with multiple owners, the minority shareholders, holding only 3% shares, are given the responsibility to select a CEO for the enterprise.

After the cabinet made the decision to amend the law, I had appealed to my fellow citizens to impress on the government not to proceed with its decision to change the law. And many people of all walks of life have made their feelings about this issue known to the government through their public statements, meetings and protests, discussions in TV talk shows and writing op-eds in the media. Top women leaders, irrespective of their political affiliations, have appealed to the government not to proceed with their decision preserve the uniqueness of Grameen Bank. I express my gratitude and sincere thanks to all of them who stood up for upholding the rights of the poor women. My only regret is that the government did not listen to any of our appeals.

This amendment marks the beginning of the end of Grameen Bank's amazing history. From now on, this remarkable bank will come under the direct and indirect influence of the government in its management. There is no precedent in history, where an institution has gained from such a move by the government.

I am unable to find the language to express my feelings. Through the efforts of their entire working lives, thousands of Grameen Bank employees transformed a dream into reality. Through their efforts, they have created an institution that is unique in the entire world. They, too, are finding it difficult to bear their sadness, knowing that the institution that they have built with their hard work will soon fall apart. The poor women, who had learnt to think of this bank as "our bank", learnt to take pride in their bank, will now learn that even though it is still their bank, in reality they have no power in making important decisions for the bank. To them, it will appear like: The house belongs to me, I live in the house, but I have no say in the running of the house.

But I am an optimist. I do not want to lose my hope. I want to keep the flame of hope alive in my heart. Like before, I again request my fellow citizens to take steps to remedy this situation. I appeal to the youths of the nation to make a commitment, that one day they will make this nightmare disappear and full control of the bank will be returned to the rightful owners. I hope that the youths who are growing up in the families of the owners of Grameen Bank will take a vow that one day they will restore their mothers' property to them; their mothers will again have total control over their bank with full ownership rights. I hope that someday in the future, a government will come to power whose first task will be to hand over this bank to its rightful owners with a grand national ceremony. When it happens, the bank will be able to go back to its glorious mission at full speed. The nation will feel that a wrong has finally been righted. Well-wishers of Grameen Bank throughout the world will feel relieved from their agony.

On this sad day, the only way I can keep my mental peace is to think of that happy day.