I would like to start this paper by initiating a discussion on “Civil Society and People’s Empowerment,” the title of this session. According to the Longman Dictionary of Contemporary English (3rd edition, 1995), the term civil is used as an adjective i.e., people who live in a country and before a noun i.e., matters connected with the ordinary people or things in a country rather than the military. The word society indicates people in general, similar is true for the word, people. The word empowerment indicates “giving someone more control over their own life or situation.” (Longman, 1995.pp. 450). Thus in total, by civil society and people’s empowerment it is meant that giving people more control over their life; where life incorporates every aspect, economic, social and political.

Before we move to our discussion I would like to suggest to modify the word “giving,” instead, I would suggest the definition of empowerment as “having more control over one’s life,” because when someone is “giving” someone something, that means someone else is “receiving” (used here both for material and non material sense). I don’t have a problem in
"giving" and "receiving" love or charity; but I have a problem with the idea of someone "giving control over someone's life." "Control over life" is a powerful concept and if we accept that 'giving of empowerment concept' then we accept a group that is "dominating" the political, social and the economic order of the society and another group that is treated as mere "subordinate." When we talk about "empowering people," we are in fact breaking away from the traditional social structure and creating a new "social order" where "people have the choice" to be themselves, to design their "future" as they seem necessary. Of course, designing one's future is a tough road. One of the major issues to achieve that goal depends on having enough disposable income or resources.

Before we move further in this line of discussion, we need to point out clearly that the word "giving" does not seem to be in line with the idea of "empowerment." Of course, this word has been used to indicate "the aim of course is to empower women (ibid. pp. 450)." The definition then clearly states that, women are subjected to powerlessness situation and we are trying to correct that wrong. Now, we are i.e., the men, are giving them control over their own life or situation. If I still have the readers attention, then by now we will agree that, that kind of idea does not empower women, it only creates an environment where superficial control over one's life is given, real control depends on making choices. Where individual both men and women have the choice to control their own life/lives. Even my definition has some limitation, because this definition cannot be applied to each and every citizen of a nation. Major reason is that there are some people in the society who are vulnerable. For example, the children and the mentally retarded. Other than these two groups, rest of the population including physically disabled, the old, or the chronically sick can establish their "choices" as they seem
necessary. When I am using the word “choice,” I am assuming that each and every individual follows the axiom of rational choice (Nicholson, 1985.pp 78).

I am well aware that for societies where significant population are illiterate and poor and do not have access to basic social services, and are always “chronically poor” in that situation, making rational choice is a difficult idea. In that situation people are pushed to the wall. They are happy to receive whatever is given to them and the dominant group or class feels extremely satisfied with what ever they can give to the subordinate group or class, and empowering the women is that kind of empowerment which is given and is received in a “power” and “powerlessness” context. Due to limitation in scope of this paper I will limit my discussion here. I will only focus on economic empowerment, using the axiom of rational choice. I strongly believe that each and every individual is capable of making rational choices regarding their economic life if they have the freedom to choose. The concept of freedom is normally used in connection to politics. Here it is used in relation to having access to resources, and making investment of those resources so that they can design their life as it seems necessary.

Is micro -credit a viable way to reduce poverty?

We have so far established that economic empowerment will lead to political and social empowerment. We have established that irrespective of gender having the right to vote does not make that much sense as long as the politicians are from the rich class. With the changing global economic and political climate expectation of empowering people by changing the social structure is a mere dream. Only way seems now is having a long term planning where poor in addition to credit
have access to quality basic social services i.e., quality education, quality health care, water and sanitation services. Access to credit with low interest rate will allow them to earn income to maintain a standard of living. The rich in that situation are allowed to function in the market place as they see it necessary. In that situation poor are not left to struggle as it seems at present, rather they are active members and a very important part of the society. It is important to mention here that according to Dr. Sen (Binayak Sen, 1998) micro-credit has achieved "micro-success," but has failed at the macro level or termed as "macro failure." It is also said that micro-credit allows only for self-employment not wage employment, therefore, it cannot impact at the national level in accounting for gross domestic product. In reference to this argument I would like to say that if this idea has been successful at the micro level, cumulatively it is supposed to have an impact at the macro level. Moreover, I think we are under-estimating the poor if we think that they do not calculate their wage rate while calculating total cost. If each household with the availability of credit added one egg in their consumption list, that itself makes a significant improvement in their nutritional status at the household, at the thana, at the district and cumulatively at the national level.

To alleviate poverty, in addition to credit, people irrespective of their class background should have access to quality education (public and private), should have access to quality health care (public and private) and should have access to clean water and sanitation and a clean environment to live. I am assuming that if people have access to resources, such as credit, people will use their education, skill and creativity to make a decent living. I am assuming that in the long run with the access to quality social services, such as education, health and sanitation and sufficient amount of
credit, people will be able to maintain a decent standard of living. If this is followed for a significant number of years, it is proved that people of a nation are capable of maintaining a decent living. Thus public sector investments can be removed gradually from education, from health and sanitation and also from other areas such as subsidy for the industrial sector, subsidy for the agricultural sector and housing sector etc. In Figure 1 below, I have shown a path probability model. Figure 1 shows that once the choice is made to provide credit to the needy poor individuals then we see some specific outcomes that can be expressed in the following way:

**Impact of micro-credit**

\[ a_1 = b_1; \]

\[ a_1 = \text{will lead to consequence } b_1 = \text{probability of employment generation (self or other) increases both at the local i.e., household, thana, district and cumulatively at the national level} \]

\[ a_2 = b_2; \]

\[ a_2 = \text{with the increase in disposable income } b_2 = \text{probability of increasing nutritional intake both at the individual and at the household level will increase} \]

\[ a_3 = b_3; \]

\[ a_3 = \text{with the gainful employment of women, and improved access to health sanitation nutrition and lower mortality will lead to } a_3 = \text{affect on the fertility rate of the household, thana and at the national level.} \]

\[ a_4 = b_4; \]

\[ a_4 = \text{with higher income and availability of credit for housing will lead to } b_4 = \text{living conditions of the poor will improve} \]
all together, \( a5 = b5 \); people in general and women in particular will feel empowered, a sense of achievement and fulfillment will be achieved. Thus, when people have access to credit and are able to make choices that is most favourable to them, that will allow them to maximize an individual’s utility or satisfaction and collectively, the nation as a whole will be in a better state of affairs (see figure 2). Before moving on to explaining Figure 2, we have to explain a little bit about Figure 1. Figure 1 shows that once the choice is made that appropriate amount of credit should be available to the needy then, the chance or probability of improvement in outcome increases significantly measured in different time frames such as 1 year to 5 years or 5 years to 15 years. Probability is measured in 0-1 scale, where 0 means totally negative outcome and 1 means perfect outcome. Figure 1 is also showing expected utility, when utility is measured in 0-1 scale, 0 meaning negative utility and 1 full satisfaction or utility. Expected utility is calculated by multiplying probability with utility, for an individual or collectively for people residing in a thana or district at the national level.
Figure 1

Is micro-credit a viable way of reducing poverty, find out your answer?

Final Outcome: 

\[ \mu_i = r + \text{dist} \]

See and try to measure impact on GDP ???

Probability of women's empowerment*

Probability of improving housing condition

Probability of reducing fertility impact on family size

Probability of increasing nutritional intake; individual and household level

Probability of employment generation (self or other) at the local and at the national level

Initial stage of poverty as reflected in income, employment, nutritional status, fertility rate, housing condition etc.

If micro credit Yes

Choice node

If micro credit No

*Used Hashemi and Shuler's definition. See for detail. Sidney Ruth Schuler and Syed M. Hashemi, Credit Programs, Women's Empowerment, and Contraceptive Use in Rural Bangladesh: Studies in Family Planning, Volume 25, Number 2, March - April.
About Figure 2:

In Figure 2, I tried to show that with the access to credit, an individual’s budget line shifts outside and her/his flexibility to make a choice between goods available in bundle x and bundle y increases. As a result, he is in a better state of affairs than before he had any access to credit, which gradually affects his standard of living. Slowly he becomes prosperous, cumulatively a community becomes prosperous such as a thana, district and finally I am assuming that a nation will overcome the shadow of poverty.¹ But I also understand that it is rather presumptuous of me to glorify credit as a vehicle of change. As I have mentioned before, this is the beginning of a series. I plan to explain in detail my vision of social change and how much influence this variable has on the overall process of change.
Figure II
Impact of Micro-Credit

Source: See the original diagram in K. Nazneen 1998a (Language Barriers to Health Care: Cost-Benefit Analysis)
Figure 3
Global Question: Micro Credit and Macro Impact

Is micro-credit a viable way to reduce poverty? Is it applicable in a Global Context? Solve this puzzle!

Bangladesh

If Yes

- Probability of employment generation at the local/national level resources generation at the household, thana, district and cumulatively at the national level
- Probability of increasing nutritional intake, less sick, lower use of public health facilities resources saved

If No

- Will design for other countries individually and collectively such as Africa, Asia, Latin America, Europe and former Soviet Union

A. USA

- Probability of employment generation
  - When probability of higher income increases people will reduce using free-health care resources saved from free care
  - Measure both social cost and accounting cost for an individual a country a sub-continent when people do not have access to either free social services or do not have access to resources so that they design their life according to their skill, creativity and

B. Resources saved

- Probability of increasing resources from the interest on the resources used as credit resources saved
- Probability of women men empowerment use this word as defined by Hashemi and Shuler less govt. subsidy resource saved
- Probability of increasing resources from the interest on resource used as credit

C. Subsidy

- Empowerment of the poor in general and ethnic people in particular less depending on government resources resources saved
- Will increase their dependence on food stamps/increase personal/household nutritional intake resources saved

D. Food stamps

- Probability of dependence on housing subsidy resources saved

- Will not be applicable to either free social services or do not have access to resources so that they design their life according to their skill, creativity and
Chapter II

Introduction:

In Chapter I, we have tried to establish that having access to micro-credit may and can be a viable way to reduce poverty. In this chapter, I would like to prove that assumption by giving a few examples. Before we move to that stage, I would like to reiterate the fact that I have moved away from the traditional set of indicators used by the traditional economists. Instead, I am trying to say that new set of indicators should be used at the macro level to measure the impact of micro credit. Using new set of indicators is a challenge in itself. The challenge lies not in the indicators per say, but making the economists and policy makers accept new ideas and new set of indicators. Figure 3 above is designed as a global model. Due to limitation in scope and time, I have only designed the model for Bangladesh and USA. I plan to design the indicators for Africa and Latin America in the future series. It should be pointed out that the indicators for Africa and Latin America will be similar in nature.

Section I:

Creating new indicators; a journey to find evidence of positive thinking: The case of Grameen Bank

In this Section, I am tinkering with my assumptions and hypotheses. First, I am examining some quantitative data collected from the Grameen Bank. Professor Yunus through his Grameen Bank has been working to eradicate poverty by providing credit to the poor people in general and poor landless female in particular. He claims that he has been achieving success both at the micro level and at the macro level. But I am not going to discuss about the processes
through which micro credit is provided to the poor women. That is not the focus of this paper. Here, I intend to examine a few simple variables and test them by using before and after method. I have used variables in two phases. In the first phase, the variables that have been examined are year, amount disbursed, amount disbursed to landless female, amount disbursed to landless male, membership size, number of centres and number of branches in operation. In the second phase of analysis, which will be published in near future in Part Two in this series on Civil Society and Economic Empowerment. In that series I plan to examine these variables in a more detailed fashion, such as examining each one of those variables by zones such as Chittagong, Tangail, Rangpur, Dhaka, Patuakhali, Bogra, Sylhet, Rajshahi, Dinajpur, Faridpur, Comilla, Mymensingh, Narayanganj. Grameen Bank, in order to distribute its credit efficiently has divided the country into zones. I have only analysed the data that I have collected from them.

Section II

Performance at the national level: An examination of the ‘consolidated cumulative statement’ collected from the Grameen Bank:

Tables 1 and 2 below (see appendix 1) show cumulative performance of Grameen Bank at the national level. Table 1 shows total amount of loan disbursed to Grameen group members during 1990-1997. Measured in million taka, it is quite obvious that a large amount of money has been disbursed as loan to Grameen members. This itself indicates that people have access to money and they may be utilizing that money for consumption purposes such as for food, medicine, housing, etc. Data also show that the amount of
loan repaid by the members was significantly high. Between 1990 and 1997, percentage of loan overdues was highest in 1997, 6.82 percent. Similar pattern is shown for loan disbursement and in repayment pattern for items, such as housing, over these years by Grameen Bank and the group members.
Table 1

Growth of Grameen Bank’s Lending Programme since 1990

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan disbursement</td>
<td>75901</td>
<td>10230</td>
<td>15434</td>
<td>26056</td>
<td>39968</td>
<td>53632</td>
<td>65510</td>
<td>81780</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>6320</td>
<td>8645</td>
<td>12265</td>
<td>19889</td>
<td>32075</td>
<td>45393</td>
<td>56949</td>
<td>71330</td>
</tr>
<tr>
<td>% of loan overdues</td>
<td>1.24</td>
<td>2.18</td>
<td>1.83</td>
<td>0.99</td>
<td>0.63</td>
<td>0.72</td>
<td>3.78</td>
<td>6.82</td>
</tr>
<tr>
<td>housing loan repayment</td>
<td>798.54</td>
<td>1100</td>
<td>1660</td>
<td>3333</td>
<td>4671</td>
<td>5384</td>
<td>5553</td>
<td>6241</td>
</tr>
<tr>
<td>housing loan repayment</td>
<td>218.94</td>
<td>336.73</td>
<td>506.00</td>
<td>764.00</td>
<td>1338</td>
<td>2054</td>
<td>2419</td>
<td>3062</td>
</tr>
<tr>
<td>total members</td>
<td>869538</td>
<td>1066426</td>
<td>424395</td>
<td>1814916</td>
<td>2013130</td>
<td>2065661</td>
<td>2059510</td>
<td>2272503</td>
</tr>
<tr>
<td>total savings</td>
<td>778.40</td>
<td>1074.0</td>
<td>1498</td>
<td>2334</td>
<td>3370</td>
<td>4216</td>
<td>5256</td>
<td>6596</td>
</tr>
<tr>
<td>no. of village covered</td>
<td>19536</td>
<td>25248</td>
<td>30619</td>
<td>33667</td>
<td>34913</td>
<td>35533</td>
<td>36420</td>
<td>37937</td>
</tr>
<tr>
<td>no. of district</td>
<td>47</td>
<td>50</td>
<td>55</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>58</td>
<td>60</td>
</tr>
<tr>
<td>no. of branches</td>
<td>781</td>
<td>915</td>
<td>1015</td>
<td>1040</td>
<td>1044</td>
<td>1055</td>
<td>1079</td>
<td>1105</td>
</tr>
</tbody>
</table>

Source: Collected from the Research and Evaluation Department, Grameen Bank
Table 2 covers data for the years 1984 to 1990. From these two tables we see that total amount disbursed to Grameen members both in lakh (1984-1990) and in crore (1991-1998) has increased over the years. Both these tables show that over the years the size in Grameen group membership, number of centres where Grameen Banks are operating and the number of branches that are fully operating have increased significantly over the years. I have provided data to show change in amount disbursement and in repayment by gender and by year. We can calculate percentage change from year to year for selected variables such as total amount disbursed, total amount disbursed to landless female, amount disbursed to landless male, total number of members, total number of centres and total number of branches in operation. Examination of year to year variation will allow people to see changes that is happening through micro credit at the national level as well as at the district level. If the rate of change is positive in each of these variables that may indicate that both demand and supply for micro credit is functioning quite efficiently. We can also assume that with the availability of resources as credit, landless poor people's situation has improved as measured in amount of food intake at the household level, fertility rate (Shuler and Hashemi), generation of self and wage employment at the household level, at the thana level and cumulatively at the national level.
Table 2


<table>
<thead>
<tr>
<th>Year</th>
<th>Amount disbursed</th>
<th>Disbursed to landless female</th>
<th>Membership size</th>
<th>Total no of centres</th>
<th>No of branches in operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>4992.79</td>
<td>2187.34</td>
<td>121051</td>
<td>4763</td>
<td>152</td>
</tr>
<tr>
<td>1985</td>
<td>9277.29</td>
<td>4460.23</td>
<td>171622</td>
<td>7210</td>
<td>266</td>
</tr>
<tr>
<td>1986</td>
<td>14694.62</td>
<td>8737.25</td>
<td>234343</td>
<td>10279</td>
<td>295</td>
</tr>
<tr>
<td>1987</td>
<td>22794.88</td>
<td>15181.72</td>
<td>339156</td>
<td>14390</td>
<td>396</td>
</tr>
<tr>
<td>1988</td>
<td>35599.16</td>
<td>26007.93</td>
<td>490363</td>
<td>19663</td>
<td>501</td>
</tr>
<tr>
<td>1989</td>
<td>53281.97</td>
<td>41618.77</td>
<td>662263</td>
<td>26976</td>
<td>641</td>
</tr>
<tr>
<td>1990</td>
<td>75906.63</td>
<td>62159.15</td>
<td>869538</td>
<td>34206</td>
<td>781</td>
</tr>
</tbody>
</table>

Source: Research and Evaluation Department, Grameen Bank

Something about part two of the series:
Disaggregating the National Story: Grameen’s Loan Repayment and Disbursement Performance at the District Level

It is extremely important that before finishing this part of the paper I should provide some idea about the issue that I plan to discuss in part 2, the second part on civil society and economic empowerment series.

In the second part, Part 2 of the series, I plan to examine Grameen Bank’s performance at the district level. Data shows that in 1984, Grameen Bank had its branches in the districts of Chittagong, Tangail, Rangpur, Dhaka and Patuakhali. As of December 31st, 1988, Grameen added branches in a few more districts. These were Rajshahi, Dinajpur, Sylhet and Bogra. In early 1990, Faridpur was added to their list. The districts of Khulna and Narayanganj were added in the mid 1990s. This disaggregation at the district level is extremely important. Moreover, I plan to add a few more indicators in that section.
Conclusion:

This is the beginning of a serious discussion on whether micro-credit can be used as a viable tool for reducing poverty at the household level and at the national and global level. I have just initiated that discussion by some figures and some numbers. My main point was that poor (both landless female and landless male) have been taking advantage of the institution of micro-credit in Bangladesh and in other places of the world. Unfortunately, the importance of credit has not been explained properly in the traditional economics. This is the attempt to overcome that problem. Once we are clear in our theory and if we can prove that theory with specific indicators, then appropriate policies can be designed to improve access to credit.

I should also mention here that in order to have a serious impact through micro-credit in Bangladesh and elsewhere we need to rethink about the amount of money given as credit, the kind of information, skill, and creativity necessary at the individual level and at the household level to make a decent standard of living by using credit for both self employment and wage employment. During the initial years, in addition to credit government should provide people quality social services such as education, health, clean water and sanitation services and improve easy access to information so that they can function in the market with definite knowledge and skill. If this idea is implemented properly, then the impact of credit would be quite visible.

I have also suggested that in the present day, it would be misleading the poor if politicians make commitments that they will change their life through a social revolution. We are going through a very tough time both nationally and globally,
politically and economically. It is time we accept the reality and make a real difference.

Notes

1. Mobilized, GF and EF.

2. These words are used from data statement collected from the Grameen Bank, August, 1998