Countries that work more pollute more—both because their scale of production is larger (the GDP effect) and because time-stressed households and societies do things in more carbon intensive ways than societies in which time is more abundant. Longer hours of work lead people to travel, eat, and live faster-paced lives, which in turn require more energy.

The third benefit of shorter hours is the time itself. As a growing movement of "downshifters" attests, short-hour lifestyles allow people to build stronger social connections, maintain their physical and mental health, and engage in activities that are creative and meaningful. Time is especially valuable in rich countries where material needs can be met for everyone, and deprivation is caused by maldistribution of income and wealth.

So that's the triple dividend: reduce unemployment, cut carbon emissions, and give people quality of life. Austerity economics says we can't afford to work less. A serious reading of our economic history suggests we can't afford not to.

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Grameen Bank and "Microcredit:"

The "Wonderful Story" that Never Happened

by Patrick Bond

For years, the example of microcredit in Bangladesh has been touted as a model of how the rural poor can lift themselves out of poverty. This widely held perception was boosted in 2006 when Mohammad Yunus and Grameen Bank, the microfinance institution he set up, jointly received the Nobel Peace Prize. In South Asia in particular, and the world in general, microcredit has become a gospel of sorts, with Yunus as its prophet.

Consider this outlandish claim, made by Yunus as he got started in the late 1970s: "Poverty will be eradicated in a generation. Our children will have to go to a 'poverty museum' to see what all the fuss was about."

According to Milford Bateman, a senior research fellow at the Overseas Development Institute (ODI) in London, who is one of the world's experts on Grameen and microcredit, the reason this rhetoric resonated with international donors during the era of neoliberal globalization, was that "they love the non-state, self-help, fiscally responsible and individual entrepreneurship angles."

Grameen's origins are sourced to a discussion Yunus had with Sufiya Begum, a young mother who, he recalled, "was making a stool made of bamboo. She gets five taka from a business person to buy the bamboo and sells to him for five and a half taka, earning half a taka as her income for the day. She will never own five taka herself and her life will always be steeped into poverty. How about giving her a credit for five taka that she uses to buy the bamboo, sell her product in free market, earn a better profit and slowly pay back the loan?" Describing Begum and the first 42 borrowers in Jobra village in Bangladesh, Yunus waxed eloquent: "Even those who seemingly have no conceptual thought, no ability to think of yesterday or tomorrow, are in fact quite intelligent and expert at the art of survival. Credit is the key that unlocks their humanity."

But what is the current situation in Jobra? Says Bateman, "It's still trapped in deep poverty, and now debt. And what is the response from Grameen Bank? All research in the village is now banned!" As for Begum, says Bateman, "she actually died in abject poverty in 1998 after all her many tiny income-generating projects came to nothing." The reason, Bateman argues, is simple:

> It turns out that as more and more "poverty-push" micro-enterprises were crowded into the same local economic space, the returns on each micro-enterprise began to fall dramatically. Starting a new trading business or a basket-making operation or driving a rickshaw required few skills and only a tiny amount of capital, but such a project generated very little income indeed because everyone else was pretty much already doing exactly the same things in order to survive.

Yunus ... is an extreme neoliberal ideologue.

Contrary to the carefully cultivated media image, Yunus is not contributing to peace or social justice. In fact, he is an extreme neoliberal ideologue. To quote his philosophy, as expressed in his 1998 autobiography, *Banker to the Poor*,

> I believe that "government," as we know it today, should pull out of most things except for law enforcement and justice, national defense and foreign policy, and let the private sector, a "Grameenized private sector," a social-consciousness-driven private sector, take over their other functions.

The financial crisis should have changed Yunus's tune. After all, the catalyzing event in 2007 was the rising default rate on a rash of "subprime mortgage" loans given to low-income US borrowers. These are the equivalent of Grameen's loans to very poor Bangladeshis, except that Yunus did not go so far as the US lenders in allowing them to be securitized with overvalued real estate.

..."subprime mortgage" loans ... are the equivalent of Grameen's loans to very poor Bangladeshis....

Yunus has long argued that "credit is a fundamental human right," not just a privilege for those with access to bank accounts and formal employment. But reflect on this matter and you quickly realize how inappropriate it is to compare bank debt — a liability that can be crushing to so many who do not survive the rigors of neoliberal markets — with crucial political and civil liberties, health care, water, nutrition, education, environment, housing and the other rights guaranteed in the constitutions of countries around the world.

Microcredit mantras

By early 2009, as the financial crisis tightened its grip on the world, Yunus had apparently backed away from his long-held posture. At that time, he told India's *MicroFinance Focus* magazine the very opposite of what he had been saying: "If somebody wants to do microcredit — fine. I wouldn't say this is something everybody should have." Indeed, the predatory way that credit was introduced to vulnerable US communities in recent years means that Yunus must now distinguish his Grameen Bank's strategy of "real" microcredit from microcredit "which has a different motivation." As Yunus told *MicroFinance Focus*, "Whenever something gets popular, there are people who take advantage of that and misuse it."

To be sure, Yunus also unveiled a more radical edge in that interview, interpreting the crisis in the following terms: "The root causes are the wrong structure, the capitalism structure that we have," he said. "We have to redesign the structure we are operating in. Wrong, unsustainable lifestyle." Fair enough. But in the next breath, Yunus was back to neoliberalism, arguing that state microfinance regulation "should be promotional, a cheerleader."

For Yunus, regulators are apparently anathema, especially if they clamp down on what are, quite frankly, high-risk banking practices, such as hiding bad debts. As the *Wall Street Journal* conceded in late 2001, a fifth of Grameen Bank's loans were more than a year past their due date: "Grameen would be showing steep losses if the bank followed the accounting practices recommended by institutions that help finance microlenders through low-interest loans and private investments."

A typical financial sleight-of-hand resorted to by Grameen is to reschedule short-term loans that are unpaid after as long as two years; thus, instead of writing them off, it lets borrowers accumulate interest through new loans simply to keep alive the fiction of repayments on the old loans. Not even extreme pressure techniques — such as removing tin roofs from delinquent women's houses, according to the *Wall Street Journal* report — improved repayment rates in the most crucial areas, where Grameen had earlier won its global reputation among neoliberals who consider credit and entrepreneurship as central prerequisites for development.

By the early 2000s, even the huckster-rich microfinance industry had felt betrayed by Yunus's tricks. "Grameen Bank had been at best lax, and more likely at worst, deceptive in reporting its financial performance," wrote leading microfinance promoter J. D. Von Pischke of the World Bank in reaction to the *Wall Street Journal*'s revelations. "Most of us in the trade probably had long suspected that something was fishy."

Agreed Ross Croulet of the African Development Bank, "I myself have been suspicious for a long time about the true situation of Grameen so often disguised by Dr Yunus's global stellar status." Several years earlier, Yunus was weaned off the bulk of his international donor support, reportedly $5 million a year, which until then had reduced the interest rate he needed to charge borrowers and still make a profit. Grameen had allegedly become "sustainable" and self-financing, with costs to be fully borne by borrowers.

To his credit, Yunus had also battled backward patriarchal and religious attitudes in Bangladesh, and his hard work extended credit to millions of people. Today there are around 20,000 Grameen staffers servicing 6.6 million borrowers in 45,000 Bangladeshi villages, lending an average of $160 per borrower (about $100 million/month in new credits), without collateral, an impressive accomplishment by any standards. The secret to such high turnover was that poor women were typically arranged in groups of five: Two got the first tranche of credit, leaving the other three as "chasers" to pressure repayment, so that they could in turn get the next loans.

Grameen ... lets borrowers accumulate interest through new loans simply to keep alive the fiction of repayments on the old loans.

At a time of new competitors, adverse weather conditions (especially the 1998 floods) and a backlash by borrowers who used the collective power of non-payment, Grameen imposed dramatic increases in the price of repaying loans. That Grameen was gaining leverage over women — instead of giving them economic liberation — is a familiar accusation. In 1995, *New Internationalist* magazine probed Yunus about the 16 "resolutions" he required his borrowers to accept, including "smaller families."

When *New Internationalist* suggested this "smacked of population control," Yunus replied, "No, it is very easy to convince people to have fewer children. Now that the women are earners, having more children means losing money." The long history of forced sterilization in the Third World is often justified in such narrow economic terms.

In early March, Yunus was fired by the government of Sheikh Hasina Wazed. The power struggle between state and bank began, according to Hasina's son, Sajeeb Wazed, when "massive financial improprieties at Grameen" were revealed by a documentary on Norwegian state television at the end of 2010. The film, *Caught in Micro Debt*, showed how 15 years ago, $100 million in aid was irregularly moved from the (non-profit) bank to one of dozens of lucrative private firms controlled by Yunus, Grameen Kalyan. On April 5, the Bangladeshi Supreme Court confirmed that notwithstanding huge aid inflows he catalyzed for one of Asia's poorest countries — based on Bangladesh's world-leading 25% microfinance market penetration rate — Yunus must be ousted from Grameen Bank's leadership.

In the same spirit of commodifying everything, Yunus set up a relationship with the biotechnology giant Monsanto to promote biotech and agrochemical products in 1998, which, *New Internationalist* reported, "was cancelled due to public pressure." As Sarah Blackstock reported in the same magazine the following year:

> Away from their homes, husbands and the NGOs that disburse credit to them, the women feel safe to say the unmentionable in Bangladesh — microcredit isn't all it's cracked up to be ... What has really sold microcredit is Yunus's seductive oratorical skill.

Grameen was gaining leverage over women — instead of giving them economic liberation...

But that skill, Blackstock explains, allows Yunus and leading imitators to ascribe poverty to a lack of inspiration and depoliticize it by refusing to look at its causes. Microcredit propagators are always the first to advocate that poor people need to be able to help themselves. The kind of microcredit they promote isn't really about gaining control, but ensuring that the key beneficiaries of global capitalism aren't forced to take any responsibility for poverty.

The big lie

Microfinance gimmickry has done huge damage in countries across the globe. In South Africa in 1998, for instance, when the emerging-markets crisis raised interest rates across the developing world, an increase of 7 %, imposed over two weeks as the local currency crashed, drove many South African borrowers and their microlenders into bankruptcy. Ugandan political economist Dani Nabudere has also rebutted "the argument which holds that the rural poor need credit which will enable them to improve their productivity and modernize production." For Nabudere, this "has to be repudiated for what it is — a big lie."

Inside even the most neoliberal financing agency (and Grameen sponsor), the World Bank, these lessons were obvious by the early 1990s. Sababathy Thillairajah, an economist, had reviewed the bank's African peasant credit programs in 1993 and advised colleagues:

> Leave the people alone. When someone comes and asks you for money, the best favor you can give them is to say "no"... We are all learning at the Bank. Earlier we thought that by bringing in money, financial infrastructure and institutions would be built up — which did not occur quickly.

But not long afterwards, Yunus stepped in to help the World Bank with ideological support. When I met Yunus in Johannesburg, not long before South Africa's April 1994 liberation, he vowed he wouldn't take World Bank funds. Yet in August 1995, Yunus endorsed the bank's $200 million global line of credit aimed at microfinance for poor women. However, according to ODI's Bateman, the World Bank

> insisted on a few changes: the mantra of "full cost recovery," the hard-line belief that the poor must pay the full costs of any program ostensibly designed to help them, and the key methodology is to impose high interest rates and to reward employees as Wall Street-style motivation.

Bateman also remarks on the damage caused to Bangladesh itself by subscribing to the microcredit gospel: "Bangladesh was left behind by neighboring Asian countries, who all choose to deploy a radically different 'development-driven' local financial model: Taiwan, South Korea, Thailand, China, Vietnam." And the countries that were more reliant on neoliberal microfinance soon hit, Bateman insists, "saturation, with the result of over-indebtedness, 'microcredit bubbles,' and small business collapse."

Yunus's model actually "destroys social capital and solidarity"....

Just as dangerous, Yunus's model actually "destroys social capital and solidarity," says Bateman. It is used up when repayment is prioritized over development. No technical support is provided, threats are used, assets are seized. And governments use microfinance to cut public spending on the poor and women, who are left to access expensive services from the private sector.

The Yunus phenomenon is, in short, a more pernicious contribution to capitalism than ordinary loan-sharking, because it has been bestowed with such legitimacy.

Bateman records extremely high microfinance interest rates "everywhere." In Bangladesh, for instance, these are around 30–40 %; in Mexico, they go up as high as 80 %. No wonder that in the most recent formal academic review of microfinance, by economist Dean Karlan of Yale University, "There might be little pockets here and there of people who are made better off, but the average effect is weak, if not nonexistent."

As the *Wall Street Journal* put it in 2001, "To many, Grameen proves that capitalism can work for the poor as well as the rich." And yet the record should prove otherwise, just as the subprime financial meltdown has shown the mirage of finance during periods of capitalist crisis.

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Cars and Capitalism

by Yves Engler

"Let's make sure we get the business and economic message out first. Bikes mean business."

— Gary Sjoquist, Bikes Belong spokesperson.

If you care about safety, livability or fresh air it's hard to criticize someone pushing for bike infrastructure. But compared to what do "bikes mean business?" A pedestrian's socks and shoes? Bikes can't compete with buses or trains let alone personal cars as a source of profit. In fact, part of the bike's appeal is that it is a relatively simple and inexpensive product, even if the manufacturers and travel companies funding Bikes Belong want to promote high-end recreational cycling.

Those who promote cycling should be careful about reinforcing the idea that business interests ought to direct public policy. Bikes, feet and trolleys play a subordinate role in the North American transport hierarchy largely because transit policy has been designed to serve business interests.

An anecdote about the lobbyists who launched the Good Roads Movement helps illustrate the point. Begun by bike makers in the 1890s, the Good Roads push for government-funded roadway failed to gain much momentum until bike magnates (and others) started producing automobiles and lobbying for roads for cars. (Early US carmakers Pope, Peerless, Rambler, Winton and Willis all began as bike makers.) Financed by the world's leading bike magnate, Albert Pope, the League of American Wheelmen (LAW) promoted road building for cyclists. Yet LAW's political clout was limited and change came slowly. In 1902 the American Automobile Association, which included former bicycle manufacturers, emerged as a successor to LAW. Many lobbyists remained, but they were far more influential lobbying for roads to serve cars than they had been in the bicycle movement.

The bicycle lobby achieved relatively little because it could not attract a host of associated industries.

The bicycle lobby achieved relatively little because it could not attract a host of associated industries. Unlike the car, a bicycle is a simple product. Just two skinny tires and a frame. While some bike companies were profitable, they did not generate near as much economic activity as the auto industry.

Stephen Goddard describes the attitude during the 1910s resource boom spurred by the car: "To the industrialists, who were now selling glass, rubber, steel, concrete and their end products in numbers beyond their wildest dreams, whatever needed to be done to sustain the boom and to build pressure for good roads simply had to [be] accomplished."

Today, the economic might of the automobile is hundreds, probably thousands, of times greater than the bike. During their recent lobbying effort on Capitol Hill, Bikes Belong told John Sarbanes, a Democratic representative from Maryland, that 51 stores in his district selling bikes grossed $20 million in 2009. Compared to the car, this is a drop in the bucket.

All 435 congressional districts have at least one car dealership, and most of these do more than $20 million in sales. New US car sales topped $450 billion in 2007, with the used car market generating another $260 billion. For government statisticians, automobile sales warrant their own category of retail trade. At its high point in 1977, auto dealers accounted for a whopping 28.5% of all US retail trade.

In 2005 the global automotive industry was worth $2,100,000,000,000 and ranked eighth among the world's largest economies. Yet only about one in three automotive dollars is generated directly by carmakers. The rest comes from repairs, fuelling, finance and insurance, among other allied ventures. Gasoline is a trillion dollar industry and banks do $700 billion in car loans each year. At $160 billion annually, the US auto insurance industry is one of the more successful offshoots of the automotive sector.