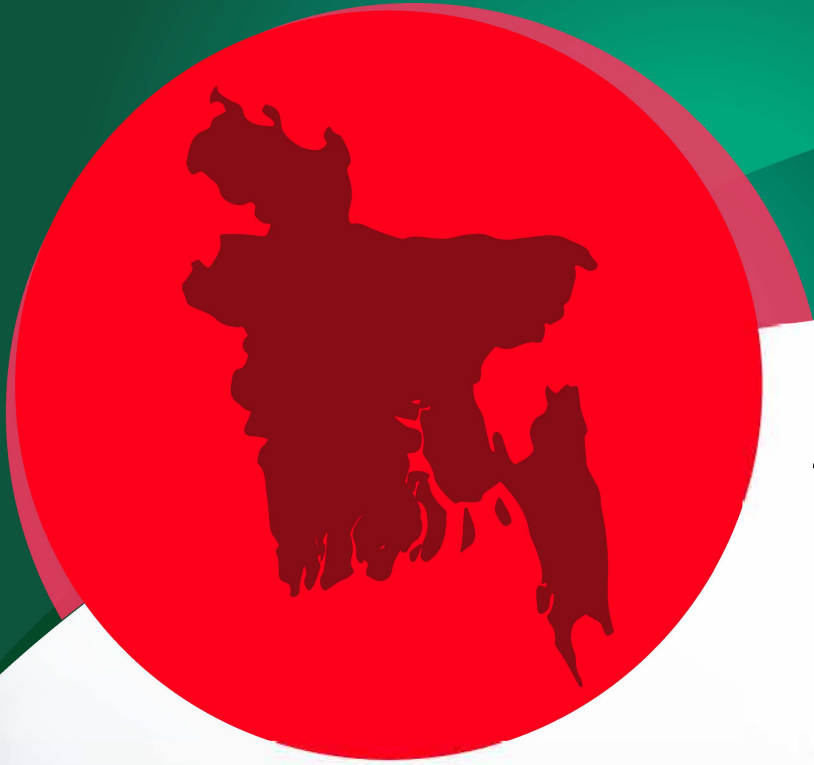


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## Book Review

# *Economic and Social Development of Bangladesh: Miracles and Challenges*

**Editors: Yasuyuki Sawada, Minhaj Mahmud, and Naohiro Kitano  
Palgrave Macmillan, 2019**

Review by: Nayma Qayum  
Manhattanville College  
Email: [Nayma.Qayum@mville.edu](mailto:Nayma.Qayum@mville.edu)

The book *Economic and Social Development of Bangladesh: Miracles and Challenges* packs a wealth of information. It unveils fresh quantitative data from a major donor-funded research project. The authors make compelling arguments regarding the role of structural transformation in Bangladesh's development, analyzing extensive data that encapsulate a range of development indicators. They establish interesting relationships between variables and provide remarkably extensive literature reviews. This in itself makes this work a useful handbook for anyone interested in Bangladesh's development. But given its massive scope, the book is often difficult to digest. It fails to connect the dots between chapters and bring them together as a coherent whole. There is little insight on what the findings mean – together – and what lessons Bangladesh can teach us about development.

The book seeks to explain Bangladesh's development miracle – in particular, its rise from a “test case for development” (p. 3) to one achieving remarkable economic growth and human development. It draws on a three-year research project “Empirical Study on the Risk and Poverty in Bangladesh” conducted by JICA research institute (p. xxiv). Authors of the introduction attribute Bangladesh's development success to a number of structural factors, particularly the change from farm to non-farm-based employment, and not entirely unrelated, the move from an informal economy to export-oriented development. They identify three major drivers for this transformation – industrialization, microfinance, and female empowerment (p. xxvi). They write that infrastructure “fueled the emergence of non-farm sectors in urban construction and the RMG industry,” which employs women, “a rich but underutilized workforce” and “accelerated their empowerment and their inclusion into society's development processes.” This assumption, heavily reliant on the women-in-development approach that sees women as untapped resources, has long been discredited for the burden it places on women without addressing the structural barriers that they face. It underlies many of the sections in the book that speak to women's development.

The book is divided into four sections, titled economic transformation, social transformation, welfare improvements, and risks and challenges. The chapters are an assorted bunch. In the absence of section summaries, the logic for their grouping remains unclear. Part I, economic transformation, brings together chapters that address some of the causes of Bangladesh's miraculous economic growth. The first chapter by Mahmud et al. provides an overview of Bangladesh's development, the second examines the miraculous rise of the garments and pharmaceutical industries, the third studies subsidies in the microfinance industry, and the last two, resting closer to the mission of the book, address how infrastructure and remittances respectively impact Bangladesh's economic development. The three chapters in Part II, social transformation, address the impact of non-farm sector growth on female empowerment, the education sector, and the NGO sector as a potential for youth employment. Part III, welfare improvements, brings together two chapters on microfinance with two that address well-being. And the last section, risks and challenges, examines the role of trust in disaster management and governance, particularly corruption. In the rest of this essay, I will discuss selected chapters, followed by some critiques of the volume. The essays I choose include chapter 1, which provides an overview of development in Bangladesh, and the chapters that examine microfinance, women's empowerment, and migration.

In the first chapter, Mahmud et al. identify three major causes of Bangladesh's development transformation. First, they argue that Microfinance Institutions (MFIs) relaxed credit constraints on poor rural households. Second, the Ready-made Garments (RMG) industry shifted the economy from agriculture to industry. Finally, government investments in infrastructure, including bridges, propelled the shift from farm to non-farm-based economy. Foreign migration – a major contributor to Bangladesh's economic growth – gets a token mention here under non-farm-based economy. The chapter traces Bangladesh's development over time and compares the change to some other comparable countries. It could have benefitted from taking a wider view of development, incorporating human development indicators, such as those relating to health, gender, and education. A mention of gender is particularly important for Bangladesh, a country whose development rests significantly on the shoulders of its women.

The three chapters on microfinance – the “driver” that gets the most weight in this volume – address a range of issues and provide some new insights. Sawada et al.'s chapter in part I provides a welcome relief from the saturated literature on this subject. The authors shift their gaze from the often-studied microfinance recipient to the demand side – whether subsidization of MFIs affects their coverage in the villages. They find that there is high borrower substitution – as a new lender enters a village, up to 22% of borrowers can switch from their current institution – and such “business stealing” determines whether MFIs enter markets (pp. 55-56). At the same time, they find little justification for subsidizing MFIs. One would need to provide a very high level of benefits to recipients to justify the subsidies that the Palli Karma-Sahayak Foundation (PKSF), “a wholesaler of microfinance loans established by the Government of Bangladesh,” provides for its partner organizations (p. 54). This finding has monumental implications for an industry that is high-profit, but still heavily subsidized by the government.

In Part III, Khandkar and Samad's chapter provides updated data on an old debate – whether microfinance has improved poverty levels. They find that poverty has decreased across the board, but more so for microfinance participants. Women have done better than men. In their literature review, the authors discuss studies that have contending insights on whether microfinance improves poverty. While the authors mention that microfinance is “under attack for its high interest rates” by critics who use mainly anecdotal evidence to argue that “high interest rates and inadequate benefits of microcredit relative to the cost of borrowing as reasons for rising indebtedness among borrowers,” they present only a partial view, overlooking a long growing critique of microfinance by gender scholars (p. 178).

In the same section of the book, Sawada et al.'s chapter on multiple borrowing compares India and Bangladesh. The authors find that in both countries, there have been increases in multiple borrowing. However, these increases are lower in Bangladesh compared to India. In Bangladesh, people typically borrow from multiple sources to pay back previous loans whereas in India, they borrow for consumption purposes. Moreover, in Bangladesh, borrowers rely on formal sources such as MFIs, whereas in India, they tend to borrow from informal moneylenders. The findings are alarming, since they illustrate that rural Bangladeshis are continuing to get embroiled in cycles of debt as earlier studies have found.<sup>1</sup> The authors open the chapter with the suggestion that loose corporate governing structures in these two countries can explain these differences. However, the chapter provides no elaboration on these different structures or insight on how they lead to different outcomes.

Murata's chapter on international migration and remittances provides an admirable synthesis of international migration policies and patterns. The author finds that remittances have a range of impacts – they improve household welfare, such as poverty reduction and food security, social conditions, and even contribute to local economies. Indeed, Bangladesh owes much of its development to international migration and remittances. This chapter is a valuable resource in this critical but under-researched area.

Finally, Mahmud et al.'s chapter on women's empowerment traces the role of the non-farm sector for driving changes in women's lives. The authors develop an analytical framework linking the non-farm sector – via MFIs and the female stipend program – to empowerment indicators, such as fertility, marriage, labor force participation, and decision making in the household. They find an important link between non-farm sector employment and both school enrollment and age of marriage, but suggest that this correlation could be attributed to evolving household norms. It should be pointed out that Mahmud et al. use female labor force participation, fertility, marriage, and household decision-making as measures of empowerment. Scholars have long questioned the accuracy of using economic indicators to measure women's empowerment. On fertility, women's authority over fertility decisions would be a more accurate indicator than fertility itself. The chapter lacks indicators that measure women's mobility and confidence, particularly in seeking access to resources and institutional benefits.

This book provides valuable data on Bangladesh's current development status. The individual chapters are meticulously researched and test interesting relationships among variables with sophisticated analysis. But as a whole, the book suffers from a number of shortcomings.

It feels rather disjointed at times. The introduction makes an argument but does not provide a framework incorporating the different chapters. The reader is left with little insight on the larger picture of development in Bangladesh. The individual chapters, while impressive in themselves, do not speak to each other or to the book's argument; indeed, the editors describe them as "self-contained."

Many of the authors approach development with rose-tinted glasses. While Bangladesh can boast many successes, the neoliberal development paradigm is no longer sacrosanct. From this perspective, this book feels like a missed opportunity. It builds on a wealth of data, but speaks of the RMG sector without addressing labor rights – neither Bangladesh's ongoing labor movement, nor major calamities like the Tazreen factory fire or the Rana Plaza collapse. None of the three chapters on microfinance discuss the sector's ongoing critique by feminist scholars. And finally, save for the lone chapter on empowerment, women's issues get only a passing glance.

The book suffers from some weaknesses with conceptualization and measurement. In part II, the authors do not specify what they mean by social transformation. Two of the three essays in this section deal either directly or indirectly with economic development. The social aspects of development extend beyond individual-level indicators, especially those relating to respondents' economic lives. There is a dearth of analysis on people's social and political worlds – their connections to formal governing institutions, issues pertaining to informal institutions – for example, dowry, child marriage, and violence against women – and the degree to which their voices are represented in their communities. The study is understandably limited in scope due to its focus on JICA's work. However, the authors mention in the introduction that JICA played a role in "a project aiming at establishing a link between people and public servants, unions, the lowest administrative body in Bangladesh" (pp. xxiv-xxv). Exploring projects like those mentioned would have made this book stronger.

Two of the chapters use trust as the sole measure of social capital. Social capital is most often measured through relationships<sup>2</sup> – individual connections, organizational memberships, solidarity in the community, etc. – and the precise relationship between trust and social capital is subject to much debate. Shoji and Murata's chapter examines disaster evacuation, and finds that people are unwilling to evacuate despite warnings of a cyclone crisis because of poor access to shelter and poor accuracy of early warning systems. The authors write that higher social capital leads to less likelihood of staying at home. This is an important finding as long as there is recognition that the authors are talking about trust in particular – which is really only one component of social capital.

This book gives readers some new answers to old questions. It showcases where Bangladesh is situated at this particular point in time. It will be of interest to development scholars and practitioners seeking to understand Bangladesh's development trajectory and how particular structural factors contributed to its current status. Given the remarkable literature review undertaken by some of the authors, it also serves as a reference for anyone working on development issues. However, despite a wealth of data, analysis, and literature reviews, this book embraces a rather narrow approach. Development is no longer an unquestioned construct. The book could have benefitted from situating itself within a wider interdisciplinary scholarship – works by political scientists, anthropologists, and sociologists. To write from a singular perspective is no longer fitting for the times.

## Endnotes

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<sup>1</sup> Chaudhury and Matin (2002); Qayum, Samadder, and Rahman (2012)

<sup>2</sup> Krishna (2002); Putnam, Leonardi, and Nanetti (1993)

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