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Book Review

The Odds Revisited: Political Economy of Development in Bangladesh

K. A. S. Murshid

Reviewed by: Haider A. Khan

University of Denver

Email: hkhan@du.edu

Bangladesh is now readily depicted by many western writers as a country that has succeeded in overcoming serious hurdles. This is certainly a change of perspective from the early days of the struggling country when it was beset by severe problems of economic and political stability and saddled with many years of military dictatorship until the return to the parliamentary democracy in the early 1990s.

The book reflects the many years of active involvement of the author with practical issues of development within a concrete geohistorical context. It also shows engagement with the relevant literature – particularly of the new institutionalist variety. Within the ten chapters it comes close to presenting a comprehensive picture of development dynamics in Bangladesh. It is fair to say that the author explores – at least to some extent – the complexities of the Bangladesh story quite objectively.

At over 300 pages, the book is quite ambitious and intends to be as comprehensive as possible. It succeeds to a large extent, and more so than other works of similar intent. Naturally, it cannot cover everything, and picks out certain aspects for greater emphasis. I will point out some of these in what follows.

This book starts with the observation that “[t]he story of Bangladesh is an extraordinary tale of struggle against immense odds” (p. 1). Chapter one that follows offers a broad brush background view of the economy. For those who are not familiar with the Bangladesh economy, this will be indeed very helpful.

Chapter two is very important as it lays out the difficult initial conditions for a war-torn devastated poor newly independent country. As modern analysis of complex systems, of which any economy is an example, has established clearly – such nonlinear systems are quite sensitive to initial conditions. Fortunately for Bangladesh, we also know that such systems are not completely deterministic (Khan 1998; 2004 a,b; 2021). Policies and institutions may be manipulated – within limits – by human agency once a minimum degree of political stability is achieved. In a sense, this book can be read as an illustration of the complex proposition that can be rigorously derived from recent advances in both ordinary complex systems modeling, and more specific neuro-fuzzy modeling.

However, the strength of the book lies not in offering any new formal models, but in providing careful empirically based arguments. This is as it should be for an important case study such as that of Bangladesh. Furthermore, the book not only provides snapshots of how odds were overcome in Bangladesh, but also offers important details, particularly in analyzing rural economy and the emergence of a new business class centered in Dhaka.

For the portion on the rural economy, chapters three to six are well worth reading with an eye for crucial details. In my view, these are the most rewarding for a reader who knows something about the evolution of the rural economy in Bangladesh and the local variations within the more general trends. A careful reader will come away being deeply impressed by the author’s knowledge and the scientific survey data-based analyses which offer evidence for the main thesis of the book, and unveil the complex causal connections between institutions, policies, and the roles of various agents including non-governmental organizations (NGOs). Chapter four, in particular, which is on the transition and change in the rice market, is a gem. It can claim its place among such classic studies as the ones by Hayami and Kikuchi (1981), and the great book by Leon Mears (1981) on the rice economy of Indonesia. Khan and Thorbecke (1988, 1989) and Khan (1999) point out the key role agriculture – particularly food production – can play in a disaggregated multisectoral model of a developing country. In particular, upgrading of physical technology,

including use of seed, fertilizers, irrigated water and other inputs, as well as the provision of credit and marketing facilities all are important in an interdependent developing economy. My own fieldwork in rural Bangladesh confirms many of Dr. Murshid's valuable findings.

The observations on rural nonfarm activities are also most pertinent. As employment in traditional agriculture decreases partly as a result of increase in productivity along with other, less positive factors, the need for creating opportunities will assume increased importance in Bangladesh. For this, it is necessary to have both public sector development activity and private sector engagement through pertinent policy interventions, using both older rural institutions as well as developing new rural institutions, particularly those that enhance governance.

The later chapters on industrialization, social sector puzzle, and capital formation in Dhaka offer important insights. One could argue that each of these chapters could legitimately deserve a full book length treatment. But these chapters can serve as synoptic introductions for deeper analysis.

Finally, it must be said that the limitations and weaknesses of RMG centered export-dependence, together with the dependence on remittances for external balance, plus the NGO-based social sector development approach are becoming clear as the global crisis deepens. The longer the global recession that is just beginning lasts, the more urgent will become the need for at least partly endogenous policy changes in Bangladesh (and other developing countries) toward better demand and supply management and regulatory regimes.¹ Admittedly, this will be difficult for countries with limited sovereignty and a small number of experts with independent analytical capacities; but the difficulties must be addressed before the multiple global crises deepen even further.

Endnotes

¹ On the complexities of feasible endogenous policy changes see Ranis and Mahmood (1992), Khan and Thorbecke (1988), Gang and Khan (1991, 1999), Khan (1993; 1994; 1997a,b; 1998; 2002; 2004a,b,c; 2005; 2006; 2018; 2020; 2021a,b,c; 2022) and Khan and Rahman (2022).

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