

Book Review

ENTREPRENEUR AND ECONOMIC DEVELOPMENT: THE REMARKABLE STORY OF GARMENT EXPORTS FROM BANGLADES

Munir Quddus and Salim Rashid, The University Press Limited, Dhaka.

The book by Quddus and Rashid (2000) is about garment exports of Bangladesh. It is based on a survey conducted among garment entrepreneurs and focuses primarily on the relationship between entrepreneurship and economic development. The authors take a multidisciplinary approach by analyzing the intertwined roles of politics, history, sociology, and economics in this vital industry.

The book starts with a conceptual framework of trade versus aid dilemma in which the authors contend that encouraging an open trade regime (e.g., garment industry of Bangladesh) is a much more effective form of assistance to a poor nation than providing massive foreign aid. Next, the book provides an excellent literature survey of the garment industry, thus compiling and presenting previous research conducted in this field. However, Quddus and Rashid's work provides a much more holistic picture of the garment industry than previous studies do. Further it also introduces the role of the entrepreneur, a very important determinant of garment export growth.

Chapter 2 overviews the global clothing market. The authors broach the question of whether quotas in the global clothing market have fostered garment sector growth in Bangladesh. Their answer is affirmative. Following the imposition of nation specific quotas on Korea and Hong Kong by United States, Korea and Hong Kong moved to quota-free countries (like Bangladesh) where they opened their offshore operations. As a result, Bangladesh benefited from the quotas USA placed on Korea and Hong Kong, or broadly on the overall supply.

In chapter 3, the authors elaborately discuss the Bangladesh apparel industry, its inception (both official and unofficial), statistical profile of the interviewed entrepreneurs and firms of this industry, and other economic factors. The authors approach these issues by tracing the history of the garment industry in Bangladesh, especially keeping in mind that the garment business in Bangladesh has not developed in a legislative framework. The authors interviewed garment entrepreneurs to sketch the history and to identify the factors responsible for the

success of the garment industry. Among the factors identified, bonded warehouse facilities, participation of female workers, and dynamic entrepreneurship were deemed most influential. However, another major contributor to the growth of this industry, the exchange rate, has received scant attention in the book. The exchange rate plays a crucial role in export, especially when the domestic currency, such as the Taka, is overvalued. A further devaluation of the currency, therefore, tends to increase exports.

The nucleus of the book, chapter 4, is devoted to identifying the traits of garment entrepreneurs. In this chapter, the authors present the survey results using tables and graphs. Tables 13, 14, and 15 render useful statistics regarding the social and demographic characteristics of apparel entrepreneurs, conditions that apparel entrepreneurs find attractive to their trade, and an evaluation of the initial steps required to set-up a business in this industry. Interestingly this chapter undermines the role of several policy-making bodies like the Government of Bangladesh (GOB) and the Export Promotion Bureau (EPB). The authors conclude that entrepreneurs are the prime contributors to the growth of this industry. Quddus and Rashid highlight the point that the nature of the investment framework was not favorable towards entrepreneurs at the outset. For example, commercial banks were reluctant to issue a Letter of Credit (L/C) and the GOB seemed confounded in deciding the type of license to issue and delegating the licensing role to a particular governmental body. Entrepreneurs, thus, had to face a myriad of bureaucratic obstacles in their quest to start a business. Under such circumstances it was solely the courage of the entrepreneurs that helped to build the industry. In this connection, the authors also reveal the dark side of entrepreneurs; operating in a tough business environment, the entrepreneurs derived many benefits at the cost of the economy. The authors identify these costs. For example, garment entrepreneurs are shown to frequently engage in questionable practices such as shirking custom duties and evading corporate taxes. Furthermore, garment entrepreneurs are shown to lack social commitment as evidenced by the industry's conspicuous absence in the capital markets and in social projects such as

education, healthcare, and disaster relief. The chapter ends by providing valuable lessons learned from the garment industry for policymakers and development planners.

Apart from economic factors the apparel industry also encountered some non-economic forces like bureaucracy, donor organizations, non-governmental organizations, labor unions, child labor, and the influence of the different administrations with varying political and ideological commitments. These issues are discussed in chapter 5, which takes a political economy approach by showing how changes in the political environment affected the industry.

Chapters 6 and 7 discuss the problems, challenges, and the future prospects of the garment industry. Among the problems and challenges the issues of natural calamity (with special reference to the 1998 flood disaster), corruption, child labor, labor unions, and low value addition are thoughtfully presented. However, none of these issues appear to pose any major obstacle for the industry's remarkable growth. For example, even during the 1998 flood, the industry continued to show a normal rate of growth. This was possible due to the dynamic role of the garment entrepreneurs and their dexterous and loyal workforce. Finally, the authors suggest some general prescriptions for future growth of the industry. The book is meticulously written and easy to read. Although some concepts are overarching throughout

the book, they are presented in an engaging manner, thus avoiding monotony. The appendices are rich in content. Appendix 3 is useful and can be adapted as a guideline for surveying other export industries such as leather. Appendix 4 contains some important tables. For example, table 30 (p. 234) shows the major competitors of apparel exporting nations from developing countries. By studying this table, readers can deduce that India, Pakistan, and Sri Lanka will become major competitors following the phasing out of The Multi-Fiber Arrangement (MFA) by 2005. The role of the exchange rate becomes particularly important at this point. The real effective exchange rate of the Taka is overvalued relative to its competitors (especially India). Thus Bangladesh remains at a competitively disadvantageous position relative to its counterparts. Maintaining a competitive exchange rate would help Bangladesh compete more aggressively in the future.

This book is full of optimism, optimism regarding the remarkable feat of the garment entrepreneur. The authors hope that other industries will learn lessons from the garment entrepreneurs. The authors address some frequently asked questions throughout the book that have policy implications. This book is valuable for a wide range of audience for its interdisciplinary approach.

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