

Interactive Exercise: Comparing Marxism with NIE

Session 7: Marxist and Dependency Theories of Development

Background: The Bangladesh Garment Industry

On April 24, 2013, the Rana Plaza building in Bangladesh collapsed, killing over 1,100 garment workers and injuring more than 2,500. The building housed several garment factories producing clothes for major Western brands. Despite visible cracks appearing the day before, workers were ordered to return to work under threat of lost wages.

Bangladesh is the world's second-largest garment exporter after China. The industry employs over 4 million workers (mostly women) who earn among the world's lowest wages - approximately \$95-100 per month at the time of the collapse. Western retailers benefit from these low labor costs, while Bangladeshi factory owners compete intensely for contracts by minimizing costs.

Your task: Analyze this situation through two different theoretical lenses - New Institutional Economics (NIE) and Marxist Development Theory. How would each framework explain what happened and why?

Your Task

Instructions

As a group, discuss and fill out the comparison table below. Consider how each theoretical framework would analyze this situation differently.

Comparison Framework

Question	NIE Perspective	Marxist Perspective
What's the core problem?		
Why does this problem exist?		
Who benefits from current arrangements?		
Who loses?		
What would solve the problem?		

Guiding Prompts

💡 For NIE perspective, consider:

- “Extractive” vs “inclusive” institutions
- Property rights and their enforcement
- Rule of law and contract enforcement
- State capacity and governance quality
- The role of colonial institutional legacies

💡 For Marxist perspective, consider:

- Class relations and who controls means of production
- Surplus extraction and value appropriation
- Contradictions of capitalism
- Global core-periphery hierarchy
- Structural position in the world system
- Unequal exchange mechanisms

Class Discussion

Be prepared to share:

- One key difference you identified between the two perspectives
- Which aspects of the situation each framework makes visible or invisible

- Your reflections: Can these perspectives be complementary, or are they fundamentally incompatible?
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Reflection Questions

After the group discussion, consider these questions individually:

Explanatory power: Which framework do you find more convincing for explaining the Bangladesh case? Why?

Blind spots: What does each perspective miss or downplay?

Policy implications: How would policy recommendations differ based on which framework policymakers adopt?

Normative assumptions: What values or political commitments are embedded in each framework?

Note: This exercise is designed to help you understand that development theory is not neutral. The framework you adopt shapes what you see, what questions you ask, and what solutions you imagine. Critical thinking requires understanding multiple perspectives and their implications.

Optional: Submit your reflections to the Moodle forum or keep them for your own study notes.