

Revisiting Myrdal's methodology

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Myrdal's methodological contributions in *Asian Drama*

- Context
- 6 main elements
- How far were they taken up
- Lessons from today

Context: 1960s

- Cold War intense
- Indian Independence recent
- Growth overwhelming objective
- Economics in West, mainly Keynesian
 - Economic advisers from West emphasised investment (Harrod-Domar growth model) – Nurkse, Rostow..
 - Rarely reflected on their role, or on the limits of economics.

Myrdal's critique of prevailing methodology central to Asian Drama

- Had big effect on me when I started out.
- Here consider 6 elements of the critique
 - What he said
 - How far they were taken up by others (or developed independently) and have become accepted
 - Relevance today and missing elements.

Six elements

1. The 'beam in our eyes'
2. The political element in analysis.
3. The question of values and the definition of development.
4. The social system and its five major categories.
5. A tentative move towards multidisciplinary.
6. The inapplicability of Western economics.

NB. Interconnected and artificial to separate them

1. The beam in our eyes

- Social scientists NOT impartial observers, but have own prejudices arising from: *‘personal and social conditioning’*. *‘Direction of..scientific exertions ...conditioned by the society in which we live ..and the political climate’*
- *‘Disinterested scientist social society’.. has never existed’*.
- Re-Economists: *‘only about the peculiar behavior of our own profession do we choose to remain naïve’*.
- Beam influences normative and positive statements - approach, concepts used, data collection etc.
- Widely recognized today by post-modern analysts, BUT NOT BY MAINSTREAM ECONOMISTS. Also by Seers at the time.

2. The political element in analysis

- For M. Cold War was political element. Cold War influenced policy set ('freedom', non-socialist); theory to justify it; and distribution of aid.
- CW approach seems dated today, although politics still important in aid distribution.
- M. did not refer to economic interests. Today I would put this as paramount: Western economic interests served by Western economics, free markets, free trade, privatization, free flow of finance, direct investment, technology, debt repayment...

3. Values and concepts

- *‘Valuations enter into the choice of approach, the selection of problems, the definition of concepts and the gathering of data and are by no means confined to the practical or political inferences drawn from theoretical findings....In fact, most writings particularly in economics, remain in large part simply ideological’ (M 32)*
 - Choice of approach: strictly economic, or beyond economics?
 - Which problems to focus on – e.g. stabilization and inflation, growth, or poverty, malnutrition and inequality, social cohesion or individual wealth....
 - Definition of concepts: unemployment and employment; investment and consumption...
 - Data gathering. Focus e.g. on trade data, not nutrition. Little data by ethnicity.....
- Progress on all areas since 1960s. But still has some validity.

Values

Western values typically assumed, without discussion.

Myrdal argued that:

1. Transparency needed: *'need to make explicit the value premises applied in a social study, for both logical clarity of the conceptual apparatus utilized in the research and the avoidance of hidden valuations that lead to biases'*.

2. Values should be local: ***'not from the viewpoint of the foreign observer, but from the viewpoint of those valuations that have relevance and significance in the countries'***.

Should *'reflect actual valuations held by people who are concerned with the problems being studied'* and who are *'influential in molding public policy'*. (i.e. elite decision-makers not general population, who, he argued were against modernization).

How to arrive at values?

- Myrdal drew up values for the study from **‘the politically alert, articulate and active part of the population’**, by reading speeches, talking to them...
- Method of arriving at values quite amateurish.
- Defined values identified as *modernization values*:
 - included rationality [*‘Superstitious beliefs and illogical reasoning should be abandoned’*]; development; planning; equalisation; changed attitudes and institutions; national consolidation; democracy.

Basically Western/Scandinavian values after all!

Values today

- Today accepted *in theory* that people should be consulted
 - Development economists, participatory processes
 - Sen, deliberative democracy.
- More sophisticated methods of consultation than Myrdal. E.G. Robert Chambers work
- Yet still problems.
 - E.g. PRSPs. (Poverty Reduction Strategy Papers).
 - Problems with heterogeneity of views; conclusions tend to reflect views of conductor of exercise.
 - No consultation on macro-policy...or overridden (Greece...).
 - Overridden on social protection: Mongolia and Kyrgyzstan.
- Much is lip-service and tokenism – e.g. drawing up SDGs.

4. Myrdal's five categories of the social system

1. Output and incomes
2. Conditions of production
3. Levels of living
4. Attitudes towards life and work
5. Institutions. Big emphasis. 'our approach is mainly institutional'; includes the nature of the state

M. criticized economics for neglecting most of these factors

Myrdal's categories

- NB. Some overlapping; and many connections among categories.
- No clear distinction between instruments and objectives.
- Pointed to circular causation: Elements interact so can hold back progress – vicious cycle. Overall was pessimistic on this – contrast with views on black Americans (*American Dilemma*, 1944).

Current views

- Today most of the five factors recognised:
 - Recognise that ‘levels of living’ affect productivity.
 - Importance of institutions (North....), but interpreted narrowly. And little emphasis on attitudes.
 - Critical role of the state agreed (Evans, Acemoglu and Johnson), especially among political scientists.
 - Circular causation agreed (e.g. HD and EG)

Myrdal over-pessimistic?

- Paradoxically, Asian economies did grow fast without major change in institutions – e.g, caste system.
- Economies followed Hirschman's views:
our researchers have uncovered a long list of 'prerequisites' for economic development, which range all the way from adequate transportation facilities to basic psychological attitudes, aptitudes and propensities. But many developing countries have a disconcerting habit of disregarding the absence of these and to put them into place a little late (Hirschman 1969).

5. The need for interdisciplinarity

- The 5 categories pointed to need for interdisciplinary approach – e.g. to understand institutions etc.
 - *If we are correct, there is room for more interdisciplinary research and we should welcome efforts by sociologists and others to improve our system of theories and concepts*
- But problems in multidisciplinary work:
 - *Despite the strivings for “cross-fertilization” and interdisciplinary research, the barriers hampering transmission of ideas among our disciplines remain considerable.*
- Myrdal argued economics should lead, more political and dynamic than other disciplines. Did not abandon the imperialism of economics; own team almost entirely economists.
- Today need for interdisciplinary approach widely accepted. Yet not always practiced.

6. The inappropriateness of Western economic concepts

- Because
 - reflect the values and motivation of the Western economists;
 - abstract from attitudes and institutions as a result of assuming either that they don't matter to outcomes; or that Western attitudes and institutions can be assumed; or that they will adapt automatically (termed 'adapted *mutatis mutandis*').
- Examples: employment and unemployment; consumption and investment.

Others made similar point

- Joan Robinson (1960)
English economists from Ricardo to Keynes have been accustomed to assume as a tacitly accepted background the institutions and problems of the England each of his own day; when their works are studied in other climes ...a great deal of confusion and argument at cross-purposes arises.
- Dudley Seers (1963) (quotes Robinson)
‘Analysis focuses on the wrong factor, and the models do not fit at all closely the way in which non-industrial economies operate’
- Mukerjee (1955) : **‘the postulates of western economics were entirely different from a realistic study of the Indian pattern’.**

Is this now accepted?

- Particular examples generally accepted (employment; consumption/investment).
- But need for special economics rejected by mainstream economists.
 - Death of development economics, Lal 1983.
 - IMF same approach to North and South in macro;
 - Market policies advocated by mainstream broadly based on general equilibrium, not adapted.
- Heterodox economists more likely to accept importance of context.
- And also that the concepts, particularly general equilibrium and monetarist macro – may be wrong for Western economies too.
- This point made by Myrdal earlier (*The political element in the development of economic theory* written in 1930s.) But not in AD.

In sum, Myrdal ideas that are now broadly accepted

- Development is a normative project
- Local people should decide on priorities
- Holistic and interconnected determinants of development
- Context matters.
- Interdisciplinary approach needed.
- Not entirely due to Myrdal: others making similar points, notably Seers and Hirschman. Oddly little dialogue among them.

Accepted but often not applied in practice

Ideas that are not accepted

- ‘Beam in our eyes’: most economists assume there is a ‘truth’ irrespective of perspective of observer. More deconstruction needed.
- The under-development trap (also pointed to by Nurkse): in Asia rapid development has occurred *despite circular causation*. But does seem to be a factor in some countries (low HD-low growth).

Where we need to go beyond Myrdal

- Practice of multidisciplinary.
- Identification of local values in a more sophisticated way.
- Recognition of contribution of local scientists (staggeringly weak in AD).
- Questioning of appropriateness of **concepts in general in every context**, including the North itself.
- Convergence of problems of North and South.