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Revisiting the methodology of Myrdal in Asian Drama 50 years on

WIDER Working Paper, No. 2018/109

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Suggested Citation: Stewart, Frances (2018) : Revisiting the methodology of Myrdal in Asian Drama 50 years on, WIDER Working Paper, No. 2018/109, ISBN 978-92-9256-551-0, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki, https://doi.org/10.35188/UNU-WIDER/2018/551-0

This Version is available at:
https://hdl.handle.net/10419/190157

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WIDER Working Paper 2018/109

Revisiting the methodology of Myrdal in *Asian Drama* 50 years on

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September 2018

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Abstract: This paper reviews the main methodological innovations in *Asian Drama*. It considers whether Myrdal's perspectives have been adopted by development analysts, and where fresh thinking is needed, particularly in the light of changes occurring in the half-century since he wrote *Asian Drama*. The paper concludes that many of his ideas have been accepted, especially among heterodox economists, some themselves putting forward similar arguments. Mainstream economics has, in general, been the least responsive, and renewed emphasis is needed—especially with regard to the effects of positionality on concepts, theories, and policies; and on the inappropriateness of some advanced country economic concepts. In *Asian Drama*, Myrdal fails to consider that some concepts are inappropriate for the analysis of advanced economies, too. The critical need to take into account environmental considerations in the 21st century provides an additional reason for seeking alternative frameworks for everywhere, whether North or South.

Keywords: development, Myrdal, values, institutions, attitudes
JEL classification: 010, 020, 050, 057, P50, N35

Acknowledgements: I am grateful to Michele Alacevich, Judith Heyer, Deepak Nayyar, Finn Tarp, and participants at the Hanoi Workshop in March 2018 for extremely helpful comments on an earlier draft.

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This study has been prepared within the UNU-WIDER project on 'Asian Transformations: An Inquiry into the Development of Nations'.

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Information and requests: publications@wider.unu.edu

ISSN 1798-7237 ISBN 978-92-9256-551-0

Typescript prepared by Joseph Laredo.

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The Institute is funded through income from an endowment fund with additional contributions to its work programme from Finland, Sweden, and the United Kingdom as well as earmarked contributions for specific projects from a variety of donors.

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In fact, most writings, particularly in economics, remain in large part simply ideological.[1]

1 Introduction

I read *Asian Drama* in 1967–68, when teaching at the University of Nairobi in my first encounter with development issues. The book made a huge impression, largely because it made sense of my own early reactions. Rereading it 50 years later, I thought I would be disappointed; to some extent I am, but in large part I am not. On rereading, it became clear that the Myrdalian approach has indeed affected the way I have approached most issues over the past 50 years. Much of the methodological discussion still seems valid, although no longer so original since many have caught up with much of what Myrdal said, and wider reading suggests that others had already come to similar conclusions. Many social scientists take much of what he says for granted. Yet many of the ideas are ignored by mainstream economists.

This paper aims to review the main elements of Myrdal's methodological innovations; to consider how far they were taken up (or independently developed) by others and have become accepted over these decades; and to provide a personal assessment of their validity. Section 2 of the paper will briefly review what Myrdal had to say on methodology. The third section will discuss how far his perspectives have been adopted by development analysts, in the light of the changes that have taken place across the globe in the 50 years since he wrote *Asian Drama*. Section 4 will provide a brief review and consider some limitations of his approach viewed from a 21st century perspective. Section 5 concludes.

2 The main elements of Myrdal's methodological approach

The following lists Myrdal's main methodological preoccupations.

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 multidisciplinarity;
6. The inapplicability of Western[2] economics.

Myrdal's approach needs to be viewed as a whole rather than in disparate parts, as he reminds us. Yet this makes analysis difficult, so I review his approach bit by bit, though some of the parts are virtually inseparable. The first two elements in the list above—the beam in our eyes and the political element in analysis—are closely interlinked and both relate to distortions and biases that are unavoidably involved in social science, particularly economics. Values and the definition of development are also clearly interlinked, as values inform how development—as a normative

[1] Myrdal (1970: 32).

[2] Myrdal uses 'West' and 'Western' to refer to non-communist, high-income, industrialized countries. Following Myrdal I use the terms here, and also 'North', to refer to the so-called advanced countries, and 'South' to refer to developing countries.

project—is defined; therefore, values and development are discussed together. The issue of values also relates back to the beam in our eyes, since the 'beam' means that each social scientist brings their own perceptions and values to the analysis. In contrast to the earlier discussion, which related to how social scientists' views are formed, the analysis of the social system with its five-factor approach, including the emphasis on the role of institutions, concerns the nature of developing countries and their economies as Myrdal sees them, rather than methodological issues. Elaboration of the five factors in fact forms the bulk of the analysis in the three volumes of *Asian Drama*, but will be treated only briefly here. A need for multidisciplinarity follows from this comprehensive analysis of the problems of development. Section 2.6 of this paper discusses Myrdal's major methodological conclusion—which concerns the inapplicability of Western economics to the economies of developing countries. This conclusion draws on the discussion in Sections 2.1–2.5: on the one hand, the deformed and opportunistic vision of economists explains why Western economists stick to Western economic concepts and theories even when analysing the very different situations to be found in underdeveloped countries; on the other hand, the analysis of values, the definition of development, and the nature of developing economies, including the constraints they face, explain why Myrdal concluded that Western concepts are inapplicable. All these issues, of course, continue to be strongly contested.

2.1 The 'beam in our eyes'

Here Myrdal disputes the idea that the social scientist/economist can be an impartial, objective observer seeking the truth, someone whose analysis is independent of their own position, history, education, and interests, or, as he puts it, independent of the 'personal and social conditioning of our research activity'. 'The direction of our scientific exertions, particularly in economics, is conditioned by the society in which we live, and most directly by the political climate', he argues (Myrdal 1970: 9), pointing to the myth of 'the "scientific" man, thought to be conditioned by nothing except his desire to discover the true nature of things, [which] is still commonly taken for granted' (Myrdal 1970: 7). Yet, according to Myrdal, '[a] "disinterested social scientist" has never existed and never will exist' (Myrdal 1970: 32).

The reasons Myrdal gave for this conclusion lay primarily in the political interests and values that economists bring with them and that inform their selection of topics of concern, concepts, and assumptions. He suggested that, while economists had devoted time to analysing the behaviour of others, '[o]nly about the peculiar behaviour of our own profession do we choose to remain naïve' (Myrdal 1970: 6). One reason that positioning matters is that, according to Myrdal, economic concepts and theories fuse normative and positive elements, with the normative, in particular, reflecting positioning. For Myrdal, this was not a new perspective but had clear origins in *The Political Element in the Development of Economic Theory* (Myrdal 1965, first published in 1930). In that book, he suggested that, given awareness of the issue, it might be possible to separate the normative and positive in economics. In *Asian Drama*—and also in *An American Dilemma* (Myrdal et al. 1944)—in contrast, he suggests that such a separation is *not* possible because the normative and positive are intertwined in the conceptual apparatus. The importance of the normative element is brought out in his discussion of the political element and of values.

2.2 The political element

Myrdal argues that the political motives of the observer are a major influence on the normative content. When he was writing *Asian Drama*, the Cold War was at its height, and it was mainly this to which he was referring in claiming that political interests were paramount in determining economic analysis. He argued that Western economists aimed to advance the interests of the 'free' world (and that the opposite was true of economists from the East, i.e. communist countries). As he put it: 'A major source of bias in much economic research on poor countries is thus the

endeavour to treat their problems from the point of view of the Western political and military interest in saving them from Communism' (Myrdal 1970: 13).

It is difficult to remember, nearly 30 years after the Cold War ended, how deeply it affected all international relations and related analysis. There was a war of ideas and of success in promoting development—to which Myrdal was referring—as well as many violent proxy wars. This clear political motivation of analysis has lessened since the end of the Cold War. As I argue below, the ideological element has remained strong, but it has taken a different form in post-Cold War analysis.

2.3 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' (Myrdal 1970: 32). As far as the choice of approach is concerned, one major issue is whether the analyst confines their attention to the strictly economic or goes beyond this, to 'non-economic' factors.[3] Myrdal's analysis of the constraints on development—to be discussed below—suggests that it is essential to look beyond the strictly economic. He argues that Western economists generally fail to do this, and that they assume that what can be taken for granted in the West applies equally in developing countries. Moreover, they tend to use the concepts they have learned and applied in their own (developed) countries, which, for reasons that run through the whole work and will be discussed below, are frequently inappropriate for analysing developing countries. In selecting problems, for example, the major preoccupation of Western economists appears to be the generation of economic growth and the need to raise the investment ratio to do so, and they neglect the 'non-economic'. Myrdal cited, for example, Nurkse, Rosenstein-Rodan, and Hirschman.[4] Similarly, data gathering tends to follow Western concepts and approaches, not taking into account the differences in context, which require different data as well as concepts.

Choice of values

In the light of his view that the values of the observer are all-important, Myrdal explicitly lays out the values he adopts in *Asian Drama* and why he chose them.[5] As he states, there is a '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' (Myrdal 1970: 49). These values should not be selected arbitrarily but should 'reflect actual valuations held by people who are concerned with the problems being studied' and who are 'influential in molding public policy' (Myrdal 1970: 49). In this he omits the views of the majority of the population—a point I discuss below. The analysis should be carried out '*not* from the viewpoint of […] the foreign observer, but from the viewpoint of those valuations that have relevance and significance *in the countries*' (Myrdal 1970: 50; my emphasis).

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[3] '[T]he distinction between "economic" and "non-economic" […] is a useless and meaningless criterion from a logical point of view and should be substituted by the distinction between "relevant" and "non-relevant" factors' (Myrdal 1957: 21–22).

[4] Hirschman did in fact include non-economic factors. For example, Hirschman's work for the World Bank and the Colombian government in the 1950s (Alacevich 2009; Adelman 2013).

[5] These ideas broadly follow his analysis in *An American Dilemma* and *Values in Social Theory* (Myrdal et al. 1944; Myrdal et al. 1958).

He notes the difficulties in ascertaining these values—due to ignorance of local views; non-participation of the mass of people in politics so that the values of those who are influential in moulding policy tend to be confined to the educated elite; and heterogeneity of views—and proceeds to lay out the values to be adopted in *Asian Drama*, which are summarized as 'modernization ideals', held mainly by 'the politically alert, articulate and active part of the population' (Myrdal 1970: 53).

The modernization ideals include rationality ('Superstitious beliefs and illogical reasoning should be abandoned' (Myrdal 1970: 57)); 'development', which he defines, somewhat tautologically, as 'improvement in the host of undesirable conditions in the social system that have perpetuated a state of underdevelopment' (Myrdal 1970: 58); planning, involving coordinated policies to promote development; a rise in productivity and levels of living; social and economic equalization, 'to promote equality in status, opportunities, wealth, incomes and levels of living […] commonly accepted in public discussion of the goals for planning' (Myrdal 1970: 59); improved institutions and attitudes (including 13 ideals for changed attitudes, which read very much like the classic Protestant ideals of behaviour[6]); national consolidation and independence; and democracy.

2.4 The social system and its five major categories

While the previous sections concerned Myrdal's assessment of the way social scientists work, here I discuss his analysis of the process of development itself, identifying the major causes of 'underdevelopment'[7] in South Asian economies. He points to five broad categories, together constituting a social system that represents a powerful constraint on development[8]:

1. Output and incomes;
2. Conditions of production;
3. Levels of living;
4. Attitudes towards life and work;
5. Institutions.

The five categories interact with each other, and can result in a vicious cycle of underdevelopment. For example, conditions of production (primitive technology; limited industrialization) lead to low output and incomes and deficient levels of living, which in turn limit productivity, as workers have little education and poor health and are malnourished; this is compounded by prevalent attitudes (towards work, health practices, and so on[9]) and a variety of institutions that are ill adapted to development (land tenure systems discouraging investment; the caste system; weak government institutions; etc.), all rooted in a highly stratified social system. Viewing the system as an integrated whole leads to the conclusion that progress towards development is particularly challenging because operating on just one of the categories will be insufficient, since the system will be held back by limitations in other parts. For example, 'modernization' requires not only investment in new technologies, but also educated and well nourished workers with 'modern' attitudes to work.

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[6] Efficiency, diligence, orderliness, punctuality, honesty, rationality, preparedness for change, alertness to new opportunities, energetic enterprise, integrity and self-reliance, cooperativeness, and willingness to take the long view.

[7] Myrdal uses 'underdevelopment' to refer to the situation of poor countries.

[8] He adds a sixth category, 'policies'; these act on the other five elements, and may enforce or counteract them.

[9] '[L]ow levels of work discipline, punctuality and orderliness; superstitious beliefs and irrational outlook; lack of alertness, adaptability, ambition and general readiness for change and experiment; contempt for manual work; submissiveness to authority and exploitation; low aptitude for cooperation; low standards of personal hygiene and so on' (Myrdal 1970: 226).

According to Myrdal, advancing on one front only—e.g. investment—will not produce results in the absence of improvements in the other elements, including education, health, attitudes, and institutions.

The interconnectedness of the five elements led him to quite pessimistic conclusions about the possibility of accelerating progress. Oddly, here he took the opposite view from that in *An American Dilemma*, which was relatively optimistic about progress for the Afro-American population.[10] He also identified mutually reinforcing factors holding back the progress of Afro-Americans. But in their case he argued that progress on one factor would be likely to stimulate progress on others: 'any change in any one of these factors, independent of the way it is brought about, will, by the aggregate weight of the cumulative effects running back and forth between them all, start the whole system moving in one direction or the other as the case may be' (Myrdal et al. 1944: 1066–67, cited in Barber (2008: 73–74)).

There are, perhaps, two reasons why Myrdal was pessimistic about cumulative causation in South Asia but optimistic for blacks in the USA: first, in the American case, he believed that the progressive, liberal, and egalitarian values of the American people would support progressive change. In South Asia, he claimed that the mass of the population did not share the 'modernization' values of the elite. Second, he suggested that a 'soft state' was prevalent in South Asia (and, implicitly, not in the USA), which would be unable or unwilling to implement the institutional reforms needed, including tackling corruption.[11]

2.5 A tentative approach to multidisciplinarity

In the light of the multi-factored social system preventing development, Myrdal argued for a fundamental change in approach, in particular putting the analysis of institutions, interpreted broadly to include norms and values as well as structures, at the centre—'our approach is broadly "institutional"' (Myrdal 1970: 27). As a consequence of this and his multidimensional account of development, 'in the South Asian countries the "economic" cannot be understood in isolation from other social factors' (Myrdal 1970: 28). This conclusion led him to appreciate the contribution of non-economists; yet, despite his emphasis on the need for a focus on the non-economic, he regarded economists as more suited than others to the dynamic and political analysis required, and he was tentative in his attitude towards non-economists: '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' (Myrdal 1970: 29). But he saw 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 1970: 29). Thus Myrdal did not abandon the imperialism of economics completely, and his own team working on *Asian Drama* consisted mostly of economists.

2.6 The inappropriateness of Western economic concepts

This is his most fundamental conclusion, which follows from the previous points. Indeed, Myrdal states right at the beginning of *Asian Drama*: 'That the use of Western theories, models and concepts in the study of economic problems in the South Asian countries is a cause of bias seriously distorting that study will be the main theme of this book.' (Myrdal 1968: 15). The reasons

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[10] He referred to Afro-Americans as 'negroes' but here I use the currently more acceptable term.

[11] 'These countries are all "soft states", both in that policies decided upon are often not enforced, if they are enacted at all, and in that the authorities, even when framing policies, are reluctant to place obligations on people.' (Myrdal 1968: 66).

for this view are that Western concepts and models reflect the values of Western economists and do not explicitly incorporate attitudes and institutions because it is implicitly assumed that Western attitudes and institutions exist, or that attitudes and institutions will adapt automatically (termed 'adapted *mutatis mutandis*'). Since Myrdal's fundamental view of development is that attitudes and institutions matter, and that those prevalent in South Asia (and other developing countries) are very different from those in the West and do not adapt automatically, he concluded that it is wrong to ignore institutions, and that Western economic concepts that do so are generally inappropriate.[12]

A prominent example concerned the concepts of unemployment, underemployment, and disguised employment, which, he argued, assumed a Western labour market, in which almost everyone of working age was either formally employed or formally unemployed and the cause of unemployment and disguised unemployment was demand deficiency (Robinson 1936). Given that people had to survive and unemployment insurance was not available in South Asia, relatively few people were openly unemployed, and the majority of the workforce was working in low-productivity activities. A rise in effective demand would not eliminate low-productivity activities because of a deficiency of capital in modern high-productivity occupations, nor could a Western-style standard working day be assumed, while differences in attitudes had pervasive effects. Hence the concepts had to be radically reinterpreted if used in connection with South Asia. A second example was the distinction between investment and consumption in Western concepts, in particular the classification of expenditure on education, health, and daily essentials such as food as consumption. Myrdal argued that resources devoted to health, education, and food raised future incomes and should be classified as investment. Arguably, this criticism of the consumption/investment distinction also applied in the West, especially with respect to education. Be that as it may, the use of such clearly inappropriate concepts in developing countries arose from the 'beam in our eyes', or the effects of positioning, education, and culture, as well as the ideological/political element in economics, which led Western economists to adopt the concepts.

3 Has analysis changed in a Myrdalian direction?

In many respects, the analysis of development has changed in a Myrdalian direction, but mostly not among 'mainstream' economists. Here I shall consider more closely the elements reviewed in the previous section.

3.1 Political motivation and ideology

Myrdal's analysis of the Cold War motivation for much development analysis was shared by later political scientists, particularly in relation to aid (for example, Latham 2011). However, as the Cold War waned, the ideological motivation changed from being primarily political to being primarily economic, although economic motives had been present in the Cold War period (largely ignored by Myrdal), and political elements remain in the post-Cold War era. In relation to political motives, for example, during the Cold War, development and foreign aid were regarded as crucial for US

[12] '[I]t is characteristic of model building that "non-economic" conditions, which we call attitudes and institutions, are assumed to be both constant (often as an implicit assumption) and fully adapted to the development process (usually implicit). This assumption maybe fairly realistic for developed countries [but] it is quite unrealistic for the underdeveloped countries of South Asia' (Myrdal 1968: 1947–48). These ideas were evident earlier in his 1955 Cairo lectures, reproduced in Myrdal (1957).

national security (McNamara 1968), while in the 21st century they are increasingly viewed as a way of countering extremism.[13]

The development strategy recommended after the Second Word War met both the political and economic objectives of the West. The strategy of investment using Western technologies in import-substituting industrialization while maintaining a focus on primary production for export supported the economic interests of the West by extending their markets and profitable opportunities for their companies, while sustaining supplies of primary products. At the same time the strategy contributed to the Cold War political objective of promoting development. Moreover, this approach to development reflected the Western economic concepts and policies then prevalent in the context of Keynesian interventionism.

The dramatic turnaround in economics and economic policy in the West in the early 1980s, with the revival of monetarist and neo-classical approaches, which were then incorporated into Western government policies—notably by Thatcher and Reagan—was associated with a similar turnaround in the advice of Western economists and the recommendations of the World Bank concerning developing country policies. (IMF advice and conditionality had always been monetarist and favoured markets.) This turnaround also served the interests of Western economies, particularly Western banks and companies. First, Western economies benefitted greatly from the fall in commodity prices[14] that followed. Second, loans from the IFIs financed the repayment of some of the debts owed to Western banks, which allowed the banks to survive and indeed prosper.[15] Third, the expansion of private markets in developing countries due to trade and capital account liberalization and privatization opened up additional space for multinational companies in production and sales.

The economic advice given thus broadly reflected the economic interests of advanced countries—its ideological nature can be seen not only from this perspective but also because the many theoretical and empirical flaws in the system advocated were ignored.[16] Some debt-write was eventually permitted as developing country debt accumulated, but only in return for countries' further 'good' behaviour on market liberalization policies.[17] Thus the ideological component of Western economic analysis has continued, but the underlying motivation tilted towards economic interests rather than purely political considerations. This has persisted, despite increasing focus on social objectives (i.e. on Human Development, the MDGs, and then the SDGs), as the pro-market approach has continued to form the dominant content of policy advice from Western economists. Similarly, the recent switch to micro-economic randomized experiments, which have come to dominate development economics, leaves the nature of the economy, market approaches, and monetarism untouched.

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[13] See Curtis (2007). In December 2017, London's International Development Centre held a debate entitled: 'Can aid help counter violent extremism and terrorism'.

[14] The oil price was an exception due to the activities of OPEC.

[15] We see a similar phenomenon in the case of Greek debt and loans from the EU and IMF in the late 2000s and after (Varoufakis 2017).

[16] For example, the assumption of perfect information (Greenwald and Stiglitz 1986) and the justification for industrial policy and trade interventions (Krugman 1986). Moreover, empirically, it was soon apparent that the policies reduced economic growth and worsened poverty (Cornia et al. 1986; Kakwani 1995).

[17] In Africa, countries benefitting from HIPC (Heavily Indebted Poor Countries) debt relief had to have first undergone two three-year periods (later reduced in duration) of orthodox pro-market adjustment.

Regarding economic analysis as ideological has, of course, long traditions in critical analysis, including Marxism, in which theorizing is regarded as 'superstructure' reflecting the underlying interests of capitalists. Myrdal was a firmly non-Marxist but heterodox economist and, perhaps as a consequence, saw economic analysis not as exclusively or mainly reflecting economic interests, but rather as the outcome of a range of circumstances, general as well as personal, political as well as economic. Other non-Marxist heterodox development economists, such as Seers and Hirschman, adopted a similar perspective, agreeing with Myrdal that economists' methods were strongly influenced by their origin, education, and ideology (Seers 1962, 1963, 1983; Hirschman 1969).

Post-modern analysis, which developed from the 1960s, had much in common with Myrdal's views, arguing that there is no single 'objective' truth and that it is necessary to uncover or deconstruct the context and motives underlying any analysis, recognizing the critical role of the observer's positionality (see e.g. Freire (1972); Foucault and Rabinow (1984); Derrida (1997)). However, going beyond Myrdal, post-modern thinkers explicitly recognize the role of power in influencing analysis, especially in indigenous post-colonial studies and in feminist literature (Freire 1972; Smith 1999). Yet, despite the prevalence of post-modern analysis throughout the social sciences, mainstream economics has remained broadly untouched: as Myrdal said (quoted earlier): 'Only about the peculiar behavior of our own profession do we choose to remain naïve' (Myrdal 1970: 6).

3.2 The selection of values

Given the ideological and value-laden element in economics, Myrdal argued that the values assumed in any study should be presented explicitly and should not be those of the foreign observer.

The idea that values should be locally determined is now almost universally accepted by external development researchers and policy advisers. The IFIs recognize the need for local 'ownership', albeit largely instrumentally, as necessary to get policies implemented. Sen's capability approach regards agency and freedoms as essential components of individual flourishing and of desirable development; consequently, the values selected must be those of the population where development takes place (Sen 1985).

Yet Myrdal's belief that only the views of the 'politically alert, articulate and active' should be considered is *not* accepted. The presumption is that *all* those affected by policies should be involved—i.e. in principle, the mass of the population, who are the agents and intended beneficiaries of development. Moreover, Myrdal's method of arriving at his selected values seems quite amateurish compared with the extensive consultations that are thought appropriate today. He claims that the values he puts forward were derived from the national plans and political speeches of the politically active, and 'it turns out that this official creed of the South Asian countries is composed mainly of the ideals long cherished in the Western world as the heritage of the Enlightenment' (Myrdal 1970: 55)—perhaps not surprising since many of the political leaders were educated in the West and their plans and speeches were often drawn up after consultation with foreign experts. This context, and Myrdal's method of arriving at the selected values, led to a set of values very much in line with the values Myrdal himself held, as he accepts in the quotation above.

Since he wrote, consultations have become more comprehensive and systematic. Yet even these efforts still appear to generate values that largely reflect the perspective of the observer. The IFIs, for example, in drawing up the Poverty Reduction Strategy Papers (PRSPs), had meetings with groups from many classes, regions, and occupations. Yet they ended up with a set of policies that

were entirely in line with their own (IFI) perspectives (Bretton Woods Project 2001; Booth 2003; Stewart and Wang 2006). Similarly, Nussbaum produced a 'list' of values and objectives which she argues emerge from an 'overlapping consensus' (Nussbaum 2000). Her list, too, appears to reflect those of a progressive, liberal Westerner.

Robert Chambers has been a powerful critic of the casual consultations typical of most foreign experts and their failure to consult poor people properly. He initiated participatory research involving the poor, and his methodology has been widely taken up (Chambers 1997). Chambers guided the World Bank's Voices of the Poor project, which involved massive efforts to consult the poor on priorities and seems to have come much closer to getting at actual values held by local non-elites than most attempts (Naraya et al. 2000). Although it, too, can be criticized for assuming an absence of conflict within the groups consulted about priorities, and, once more, as tending to reflect the perspectives of those conducting and interpreting the enquiries (Ruggeri Laderchi 2007), the Chambers approach comes nearest to the ideal of deriving values from the people themselves. And Chambers' approach is poorly suited to ascertaining local priorities on macro-economic policy, and never properly used to do so.

In principle, the SDGs were drawn up after extensive world-wide consultations, many following the Chambers model of deriving values and priorities from focus groups. Yet the outcome of these consultations was again entirely in line with those of 'enlightened' Westerners, and did not incorporate the opposing views of some in the South, for example with regard to the role of women or child labour. In general, heterogeneity of views makes it easy for those orchestrating the consultations to impose their own values. In any case, Myrdal would not have wanted to adopt Chambers' participatory approach, since an important component of his modernization values is radical *changes* in prevailing attitudes. True consultation of the mass of people would thus not have led to modernization values, as interpreted by Myrdal, if his assumption about the prevalence of 'non-modern' attitudes is correct.

In sum, later developments have borne out Myrdal's views on the importance of ideology in economics; and the view that the values adopted should be local ones, rather than those of foreign observers, is also accepted. But his own methods of identifying local values—as to both whom to consult and how to consult—no longer appear appropriate. Yet, even with the apparent intent of full consultation and more sophisticated methods of doing so, the perspectives of those orchestrating the consultations (often still the foreign observers) remain highly influential, as they retain power in terms of framing and interpretation, especially where views conflict. And for much policy advice—especially in relation to macro-economic policy—very little genuine consultation takes place.

3.3 The nature of development

Myrdal recognized that the concept of 'development' was difficult to define, or 'clearly suffers from indeterminacy' (Myrdal 1968: 1840). He interpreted development as all encompassing. It involved 'modernization'; a rise in standards of living; social and economic equalization; improved institutions and attitudes; national consolidation and independence; and democracy—a list which includes both intrinsic objectives and instrumental ones, most elements being wanted in themselves and helpful for promoting other elements. It thus goes well beyond the growth-promotion strategy commonly adopted at the time and is in the spirit of the widening of development objectives that has occurred since—from a focus on economic growth to basic needs, human development and capability expansion, poverty reduction, the MDGs, and the

SDGs.[18] Myrdal includes some elements that have *not* been included in the human-oriented objectives that followed: for example, national consolidation and independence, which formed a natural objective in the years immediately following countries' political independence but has been less emphasized since then and has much in common with the contemporary objective of promoting 'social cohesion' (de Haan and Webbink 2011; Langer et al. 2017). Institutional improvements are currently accepted as critically important, but instrumentally rather than as a central, intrinsic objective.

The idea that modernization is the overall normative development project truly reflects the 'beam' in Myrdal's eyes. For anthropologists and post-modern analysts this represents an unacceptable imposition of values by the foreigner—just what Myrdal himself criticized, although most contemporary economists implicitly take a 'modernist' perspective. A casual look around the world indicates that many groups and people would reject modernization as an ideal, particularly among religious, environmental, and 'indigenist' groups; but that same casual glance would pick up many others who would accept Myrdal's modernization ideals, with growth and Western-type consumerism as their preferred objectives. One thing is sure: in the 21st century, it is not possible to be so confident about declarations of objectives, when talking for others.

3.4 The five elements of the social system

Myrdal's five elements were a far cry from the emphasis on physical investment made by many economists at the time. Myrdal regarded levels of living (including health and education) as essential *inputs* into economic progress and not only desirable *outcomes*. This was also the view of some other contemporary economists. For example, both Leibenstein and Nurkse recognized that extreme poverty would reduce productivity and could trap countries into a low-level equilibrium (Nurkse 1953; Leibenstein 1957), while Schultz (1963) pointed to the critical importance of education.

Myrdal gave institutions and attitudes paramount importance; indeed an early subsection of the book is entitled 'A plea for an institutional emphasis' (Myrdal 1968: 26).The institutions at issue—which he argued inhibited development—included land tenure systems, caste, some beliefs (such as the Hindu attitudes to cows), a 'soft' state, and corruption. In his emphasis on institutions, he can be seen as a precursor of North, who wrote some 30 years later (North 1986, 1990). Most late 20th- and 21st-century explanations of patterns of development give institutions (encompassing attitudes) a central role, a view shared by both neo-classical economists and heterodox ones (North 1986; Rutherford 1994), although the neo-classical approach involves a narrower definition of institutions than that of Myrdal. Heterodox analysis of institutions comes much closer to a Myrdalian approach—for example, in Thorp and Parades' (2010) investigation of the economic history of Peru, Lall's (1987) examination of factors affecting technological capabilities, discussions of states and markets, and Stewart et al.'s (2018) analysis of the determinants of progress in human development (see also Colclough et al. 1991).

Since the publication of *Asian Drama* there has been a vast amount of empirical work on the determinants and consequences of institutions and attitudes—much analysis of agriculture in India has focused on land tenure and alternative contractual arrangements (Mazumdar 1975; Bardhan and Rudra 1980), for example—and there has been extensive research on the role of caste, ethnicity, corruption, 'governance', and 'social capital', among other institutions (Premdas 1993;

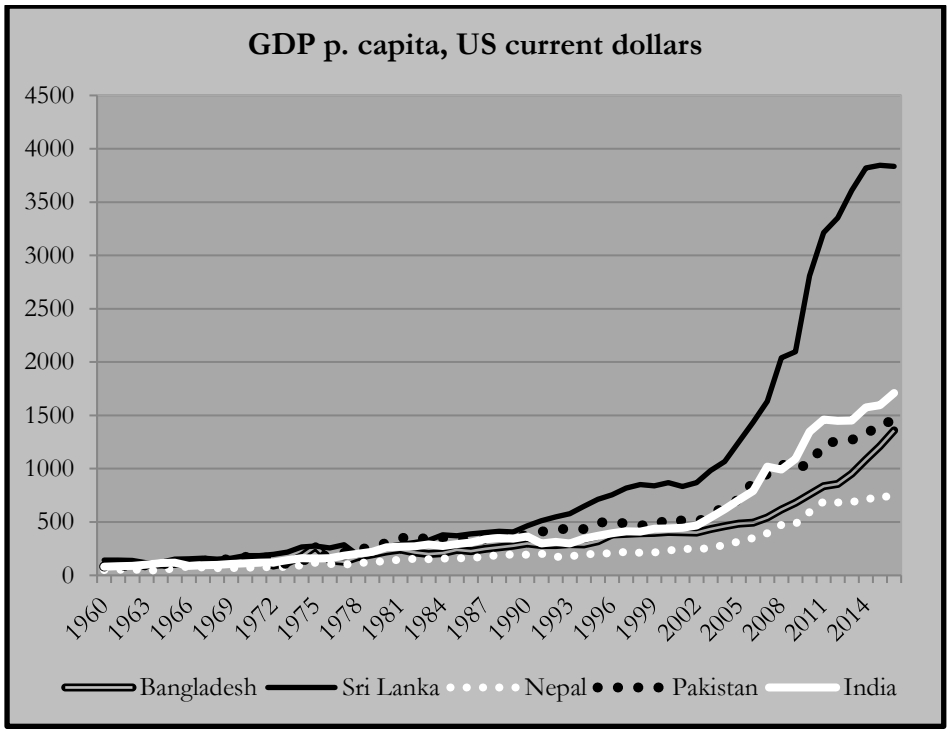
[18] See Seers (1969), Streeten et al. (1981), UNDP (1990), Sen (1999), Stewart et al. (2018).

Easterly and Levine 1997; Khan and Jomo 2000; Bangura 2006; Harriss-White 2003; Borooah and Iyer 2005; Thorat and Newman 2010; Gören 2014).

Myrdal's emphasis on the importance of the nature of the state in determining whether developmental policies are adopted and implemented would now be widely accepted. For several decades, the state was regarded by mainstream economists as the problem rather than the solution to development issues, 'rational' analysis suggesting that states would inevitably be predatory and their role should be minimized (Brennan and Buchanan 1980; Lal 1983); and this remains the view of some economists. But the evidence that some states have clearly effectively promoted development has led to a return to the Myrdalian issue of how and why some states are more developmental than others. Evans' (1995) insightful analysis of states with 'embedded autonomy', which he contrasted with predatory states, is a leading example.

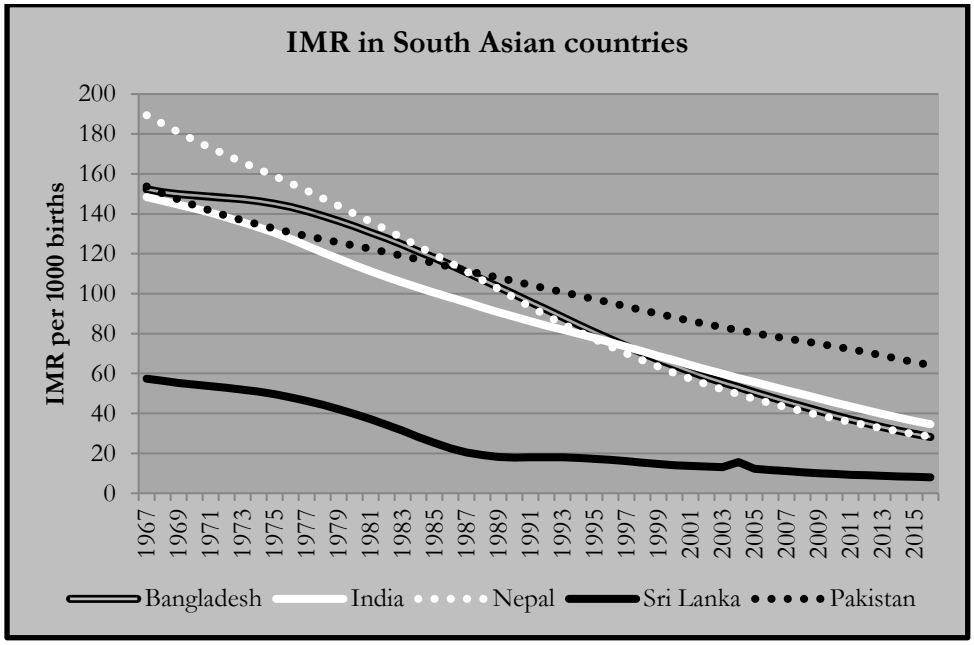
Myrdal's belief that 'soft' states prevailed in South Asia, together with his analysis of the interconnected nature of the elements leading to development, led him to take a pessimistic view of development prospects in the region. Yet, in the 50 years that have elapsed since he wrote, there has been substantial economic and social progress in the region (Figures 1 and 2) despite limited institutional change in terms of the nature of the state, corruption, caste, etc. It has turned out that even 'soft' states can promote, or are consistent with, development. South Asian populations appear to be highly adaptable and quick to learn and exploit new opportunities; attitudes, if not institutions, have adapted, contrary to Myrdal's expectation. Institutions of various kinds (including deficiencies in state functioning) have shaped and probably slowed progress, but have not prevented it. While, clearly, Myrdal was right to suggest that more was needed than simply physical investment, progress in education, rising investment, and policy changes have led to accelerating growth and modernization, suggesting that the prevailing attitudes and institutions were not insuperable obstacles.

Figure 1: Incomes per head, South Asia, 1967–2015



Source: World Bank, World Development Indicators.

Figure 2: Change in IMR South Asia, 1967–2015



Source: World Bank, World Development Indicators.

In this respect, developments followed Hirschman's observation that

> 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).

Nonetheless, as the more rapid growth in East Asia suggests[19], progress could have been faster had more of the institutional deficiencies been overcome[20], and the non-economic constraints were probably obstacles to advancing some of the elements in the development goals on which progress has been slow, or absent, including advancing equality, eliminating malnutrition and ill-health, and reducing insecurities of many kinds.

When Myrdal wrote *Asian Drama*, his comprehensive approach to the causes and constraints on development—embracing education and health, and institutions and attitudes—represented an important advance over the way many development economists approached development issues. Today, such an approach is broadly accepted, even though it is not always apparent in the teaching or practice of economists.

[19] East Asia had many advantages in 'initial conditions' compared with South Asia, including more homogeneous populations and higher levels of education.

[20] Caste discrimination has seriously impeded efficiency (Thorat and Newman 2010), while the revival of cow-worship in India, with new laws to protect cows and vigilante monitoring, is affecting some industries adversely ('Modi's holy cows disrupt Indian industry', *Financial Times*, 23 November 2017).

3.5 Multi- and interdisciplinarity

As noted earlier, Myrdal recognized that a much more comprehensive view of the determinants of development, with non-economic factors as central components, required a broadening of disciplinary approach beyond economics. But he was quite tentative about it, and left the lead role to economics. Since then, there has been wide acceptance of the desirability of multi- and interdisciplinary approaches. Multidisciplinary development journals abound and there are many multidisciplinary university departments of Development Studies and inter- as well as multidisciplinary courses. Competitions for grants for research on issues of development in the West frequently require a multidisciplinary approach.

The IFIs, however, were slow to accept the need to broaden the disciplinary background of their staff. The World Bank employed its first non-economist among its professional staff in 1974. The number of non-economists had risen to almost 60 by 1995 but was still just a fraction of the economists employed. In 2010, the Bank's 150 non-economists represented about 1.5 per cent of its total staff, or 3 per cent per cent of its professional staff (assuming professional staff make up about half the 10,000 employees) (Cernea 1995; World Bank 2004; Mosse 2006). Michael Cernea, the first sociologist at the World Bank, argued that while he was working there, the view of sociologists 'changed from [the Bank] seeing them as the Bank's own luxury species […] to treating them as rather respected and desirable' (Cernea 1993). Yet economists continue to be dominant. In an in-depth study of the role of non-economists at the World Bank, Mosse concluded that they are 'a marginal professional group' who 'make the organization work better without changing what it does' (Mosse 2006: 1). Moreover, the IMF remains substantially monodisciplinary. The IMF only began to employ a few non-economists in 2004, to assist in analysing the social aspects of its programmes (Vetterlein 2010). As Vetterlein (nd) states: 'the Fund is very homogenous and made up of macroeconomists and financial experts'. Bilateral development agencies have a stronger non-economist component, and multidisciplinarity has become a genuine feature of teaching and research in Development Studies departments, but rarely in Economics departments. In short, practice tends to reflect Myrdal's somewhat tentative views about the role of non-economists, even as the understanding of the constraints and determinants of development broaden in a Myrdalian direction.

3.6 The inapplicability of Western economic concepts

This was, perhaps, Myrdal's most fundamental methodological conclusion. It arose because of the importance he gave to non-economic factors—especially institutions and attitudes—which, he asserted, were substantially different in South Asia from those in the West, while Western economic concepts were (implicitly) built on the assumed existence of Western institutions and attitudes.

In two classic papers—which predated *Asian Drama*, though not some of Myrdal's earlier writings on values and economics—Seers came to very similar conclusions on most elements of Myrdal's methodological approach—including the inappropriateness of many Western economic concepts—on the basis of similar arguments. 'An economist is by no means immune to chauvinistic or ideological influences, and these are strong today', he stated in 'Why Visiting Economists Fail' (Seers 1962: 326). He argued that visiting economists typically used the models they had been taught, which were suitable for a developed country and underestimated qualitative and non-economic factors. Like Myrdal, he stated that 'even apparently technical questions such as choosing variables considered significant, deciding what ranges for these variables are plausible, and assessing the scope for policy, raise issues which are fundamentally social and political' (Seers 1962: 334).

In 'The Limitations of the Special Case' (Seers 1963), Seers expounded the view that concepts developed for an advanced economy were likely to be inappropriate to less developed countries. He cited earlier analysts who took the same view, including John Neville Keynes (father of J.M. Keynes) and quoted Joan Robinson:

> 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 and other periods […] a great deal of confusion and argument at cross-purposes arises (Robinson 1960: xvii [sic]).

According to Seers, '[a]nalysis focuses on the wrong factor, and the models do not fit at all closely the way in which non-industrial economies operate' (Seers 1963: 83). The Indian economist and sociologist Mukerjee made just the same point: '[T]he postulates of western economics were entirely different from a realistic study of the Indian pattern' (Mukerjee 1955: 9).

Have economists' analyses of developing countries responded to these criticisms? The answer is that some have and more have not. With regard to Myrdal's specific examples, there has been a vast amount of work on the question of how best to define underemployment in a developing country context, and on the need to analyse work in the 'informal' sector (Turnham 1971; Sen 1975; Stewart 1975; Tokman 1978). Analysis has also focused on the non-marketed production of the household, especially the contribution of women (Evans 1991; Mertz et al. 2005), although national accounts have not been amended accordingly. Myrdal was undoubtedly right that the simple import of Western concepts was inappropriate here. In relation to the investment/consumption distinction, it is widely accepted that much of what is conventionally classified as consumption is in effect investment, raising productivity over time, notably by those who point to the contribution of 'human capital' to economic growth (Dasgupta 1993; Schultz 1993; Psacharopolous 1994). Yet, again, national accounts have not been revised to take this into account.

There has been progress regarding these particular concepts and quite a few others—for example, by structuralists recognizing the problems for theories of inflation raised by structural constraints, as well as the recognition that institutions are an important determiner of development. Nonetheless, macro-economic concepts are generally transferred wholesale by mainstream economists, without regard for their appropriateness (Stiglitz 2006; Nayyar 2007), as is the neo-classical apparatus of market efficiency in resource allocation. The situation in both these areas has worsened since Myrdal was writing. On the macro-front, Keynesianism—though strictly not applicable to developing countries with limited spare capacity in the formal sector and a propensity to consume approaching 1, as pointed out by Rao (1952)—has been discredited in the West, along with state activity in the economy generally. A strict monetarist approach tends to be adopted by the IMF and by most developed countries including the European Union, with a requirement of balanced budgets (including capital as well as current expenditure), often involving cuts in infrastructure and the social sectors, which can severely constrain growth. At the same time, market optimization is assumed, despite its limitations, which are widely acknowledged by theorists, and are greater in developing countries where there is a lack of complementary facilities and highly imperfect knowledge. Import liberalization is advocated, despite the learning and scale economies which incipient industrialisers experience (Chang 1993). The consequence has been to inhibit industrialization, especially in much of Africa.

In general, most heterodox economists would agree with much of what Myrdal stated about the need to adapt concepts to context. But orthodox economists would not. Indeed, in line with this, the whole idea that development economics should be different from economics in general,

requiring different concepts and models, was explicitly challenged by Robbins as early as 1945 (Robbins 1945), then by Bauer (Bauer 1957), and later by Lal (1983). As Hirschman noted in 1979, neo-classicals—on the ascendant in the West—claimed that their approach was relevant to all types of economy (Hirschman 1979). Implicitly, this view is widely accepted. In practice, most economists working on developing economies continue to adopt the economic concepts and theories accepted in mainstream Economics departments in Western universities.

4 The relevance and irrelevance of Myrdal today

In this section, I discuss three issues: first, the areas where Myrdal has influenced the profession, or where at least it has moved in his direction—as shown in Section 3; second, the areas where Myrdal was correct, in my opinion, but his views have rarely been incorporated into analysis, even by heterodox economists; and third, areas where I would depart from Myrdal's methodological analysis, or where developments over the past half-century require new approaches.

4.1 The acceptance of Myrdal's ideas

Acceptance is mainly among heterodox economists, but on some issues extends to more orthodox ones:

- Development is recognized as a normative project, and there is now considerable debate about the normative content, although few would accept Myrdal's modernization ideals. Rather, there has been movement towards human-centred and plural objectives, with particular attention to (multidimensional) poverty and the reduction of inequality.
- There is general acceptance of the idea that local people should ultimately choose their own priorities, but there remain problems about who and how to consult, and how to deal with conflicts, among other issues.
- There is recognition that the determinants of the state of (under)development are holistic, involving many 'non-economic' factors; most of Myrdal's elements would be agreed on, including the investment aspects of education, health and nutrition, and the critical role of institutions, as well as circular causation among elements.
- There is agreement, especially among heterodox economists, that *context matters*, and considerable efforts are made to ascertain the contextual factors through empirical work. But others take a 'one size fits all' approach.

4.2 The ideas that have not been taken up

Preeminent here is 'the beam in our eyes'. With the major exception of Seers[21], development economists, whether heterodox or orthodox, rarely analyse or declare how their own positioning, their home society, education, and so on is likely to have affected their analysis. Rather, most economists believe (or at least write as if) there is 'truth' out there, unrelated to their own positioning. Values are typically implicit, not laid down explicitly. On Western concepts, new concepts have emerged in development analysis that are more appropriate to local conditions—such as the informal sector and governance—but mostly this has occurred without discarding the old concepts.

[21] In his Preface, Seers (1983), for example, gives a potted biography of his life.

4.3 Moving on …

Several important critiques of Myrdal have emerged from the discussion, pointing to the need to move on. First, despite espousing the need for multidisciplinarity, Myrdal retained a belief in the primacy of economists and suggested only a minor role for other social scientists. Second, while advocating the incorporation of local values, Myrdal deferred to the values of elites, and explicitly rejected those of the masses, even though he firmly favoured democratic institutions. Moreover, while he emphasized the importance of deriving local values (albeit from the elite), in practice the values he put forward were basically those of a progressive Scandinavian (i.e. his own). Third, despite rejecting Western economic concepts as inappropriate, in practice, *Asian Drama* gives little recognition to the contribution of local thinkers. These are all areas where analysis and practice of many social scientists has moved on. Beyond these areas, two other issues relevant to contemporary analysis go beyond Myrdal's approach: first, the inappropriateness of many economics concepts to *developed* as well as developing countries; and second, the increasing convergence between North and South in their economies and the social and economic problems they face. This section briefly discusses these issues.

The recognition and practice of multidisciplinarity

In many cases both recognition and practice go well beyond Myrdal's somewhat tentative bow towards multidisciplinarity. Political scientists, sociologists, anthropologists, and (increasingly) 'hard' scientists contribute to the analysis of development issues, while many individual scholars themselves adopt a multidisciplinary perspective, even if the economist remains 'king', especially in the arena of macro-policies and the work of the IFIs.

The identification of local values

As noted, this has become a much more systematic and sophisticated exercise, no longer confined to capturing the views of the elite, but with attempts to involve the whole population. Yet deficiencies in the identification of local values remain, especially with respect to macro-economics. In interpreting local values, there is a clear tendency to neglect views that are inconsistent with those prevalent in the West, as indicated by the SDGs, which essentially reflect progressive liberal values—for example, any local questioning of democracy or opposition to gender or other types of equality is ignored. More fundamentally, the difficulty (in part, impossibility) of incorporating the views and interests of future generations raises questions about whether local contemporary values should be supreme.[22]

Recognition of the contribution of local social scientists

A major defect of *Asian Drama* is the very limited attention paid to South Asian economists, let alone other social scientists. In fact, Indian economists in the 1930s and before had analysed many of the issues that Myrdal discusses, and come to similar conclusions. Rao, for example, recognized the holistic nature of development constraints, the need to analyse non-economic factors, and the inappropriateness of some Western economic concepts, while Krishnamurty (2017) describes important contributions made by Indian economists in the first half of the twentieth century, such as:

[22] See Stewart (2018) for some suggestions about how the interests of future generations might be included in current deliberations.

- Radhakamal Mukerjee's (1934) 'highly original paper on the "Broken Balance of Population, Land and Water", dealing with the ecological problems of the Gangetic valley […] long before environment economics became part of professional and popular discourse.' (Krishnamurty 2017).[23]
- Gyanchand's 1935 paper 'The Essentials of Economic Planning for India' 'questioned the then current euphoria over economic planning' and the possibility of achieving redistribution with growth in a colonial setting. 'This paper was a precursor to the debates after independence on […] whether growth by itself would lead to better redistribution.'
- '[P]erhaps the most original paper published in the *IJE*[,] in 1938 […] was V.K.R.V. Rao's paper "The Problem of Unemployment in India".' Rao radically adapted Robinson's concept of disguised unemployment to conditions in India, arguing that 'there are on the land a number of people who do not really contribute to the production of agricultural output and that if they give up agriculture output would be much the same. They are the disguised unemployed of India' (Rao 1938: 631 [sic]).

Other significant Indian contributions included that of B.R. Ambedkar on industrialization as the solution to surplus labour and the Indian agrarian problem, published in 1918, and those of A.K. Dasgupta, including a Lewis-type model, developed earlier in lectures and published in 1954 (Krishnamurty 2008).

None of these papers appears in the index of *Asian Drama*. There are many references to Indian economists, but almost entirely to empirical studies, ignoring their methodological contributions.

The inappropriateness of 'Western' economic concepts to the West itself

In *Asian Drama*, Myrdal rarely challenges the appropriateness of the economic concepts for the West itself, but argues that the concepts become inappropriate when applied to the very different situations of South Asia (although earlier he had questioned the relevance of static equilibrium in analysing Western economies). This may be due to the dominance of Keynesianism when he was writing *Asian Drama*, since Keynesianism did appear to be relevant to the analysis of Western economies, in contrast to the static equilibrium analysis that preceded it (Myrdal 1958).

The inappropriateness of many economic concepts and theories to Western economies has become particularly evident in the post-Keynesian era. For example, Solow's neo-classical growth model 'explains' only a small portion of Western economic growth because it was unrealistic about the nature of technical change, learning economies, and returns to scale (Solow 1956; Balogh and Streeten 1963; Scott 1989). Similarly, neo-classical theories of trade have serious deficiencies, again largely owing to a failure to incorporate learning and scale economies (Helpman and Krugman 1986; Krugman 1986). Equally, the view that free markets would lead to Pareto optimal equilibria was based on incorrect assumptions about technology and information, whatever the economy (Greenwald and Stiglitz 1986). In addition, the view that the distributional consequences of markets could be corrected by governments ignored universal political constraints. Moreover, the need to broaden objectives beyond growth maximization applies as much in the North as the South. The need to do so becomes overwhelming once environmental considerations are taken into account. In short, objectives, concepts, models, and policies need to be substantially amended

[23] In other work, Mukerjee (1926, 1934, 1939, 1940) emphasizes the need for multidisciplinary work, and the role of institutions in the economy. And already in 1917, he had lectured on the 'incommensurability of the western economic models with the Indian reality' (Thakur 2012: 95).

in the North as well as the South, a perspective which I am sure Myrdal would accept, were he around.

A convergence

Over the last 50 years, there has been considerable convergence between the economies of the North and South, especially among the 'emerging' economies of the South. Many developing economies have grown much faster than developed economies, resulting in a substantial catch-up with the high-income countries and a rising share of the South in the global economy. The structure of many economies has been transformed, moving from heavy reliance on primary production to an increasing share of industry and modern services, becoming much more like that of the high-income economies (Nayyar 2014). Investments and technologies flow from the South to the North as well as from North to South; problems of debt and adjustment are universal; countries everywhere face employment problems and Northern economies, too, have substantial informal sectors; issues of poverty and social protection are universal, as are inequalities and discrimination; governance is a shared problem; political economy is universally relevant; and so on. In every case, context matters. Economic concepts are often inappropriate to a particular context, but this is the case for the North as well as the South. Institutions and attitudes matter everywhere.

Concepts need to be reformulated to fit the context. Some issues and concepts may be applicable in the North and not the South, and conversely. Some may be applicable universally. And some may be inapplicable everywhere. It is no longer correct to differentiate sharply, as Myrdal did. Rather we need to revise economic concepts in the light of the best parts of his approach in both North and South.

5 Conclusion

The methodological contributions in *Asian Drama* are of fundamental importance, pushing the economic analysis of development in a holistic and multidisciplinary direction; recognizing how values and politics permeate analysis as well as policy, and how the position of the observer affects the analysis. These ideas all challenged the unthinking transfer of advanced country economic concepts and theories to the analysis of underdevelopment. Myrdal's methodological approach was not entirely original. Others, including Seers, Hirschman, and Rao, had made similar points. Yet put together in *Asian Drama* (and earlier works), they made a major contribution to a radical rethinking of development analysis.

Paradoxically, as Myrdal interpreted his own vision, the approach led to a deep pessimism about the possibilities of development which subsequent events have shown to be wrong, certainly in the Asian case. Yet the central points he made—on values, on the importance of institutions, on the non-economic determinants of development, and on the need for multidisciplinarity—reflected much of the reality of the situation on the ground not only in Asia but also beyond, as I found when I began to study development issues in the late 1960s in the Kenyan context. The main points he made remain valid not only for the South but for the North, too. Although some of his ideas seem commonplace now, since they have been widely incorporated into critical analysis, it continues to be important to turn to them, as many economists remain trapped in conventional perspectives.

The world has moved on since *Asian Drama* in one particular vital respect. Myrdal was writing before environmental considerations became dominant. These require a radically new look at

values, objectives, concepts, and theories, which need to be incorporated into any analysis of the development drama today (Gough 2017; Raworth 2017). While this will necessitate substantial revisions of the positive analysis in *Asian Drama*, the latter's open and critical methodological approach is well suited to providing guidance for the changes needed.

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