as is put forward in the above mentioned publications.[3]

This paper will expose in a nutshell the nature of Myrdal's institutional approach, his criticisms on conventional development theories, and counter criticism and comments addressed to Myrdal by several writers. Such an exposition is offered with the hope of catching a glimpse of the nature of existing controversies and - to borrow the famous Kuhnian term - the need for a new "paradigm" in theories of economic development.[4]

2. Myrdal's Institutional Approach

In reality, according to Myrdal, there are no economic, sociological, or psychological problems, but simply problems, and that as a rule, they are complex. This means that to understand the problems of economic development realistically one cannot isolate economic conditions from non-economic conditions. The only permissible demarcation is between relevant and less

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[3] Two other publications which appeared after Asian Drama, are: Objectivity in Social Research; Gerald Duckworth & Coy., London, 1970; Against the Stream; Pantheon Books, New York, 1973.

[4] Thomas S. Kuhn, The Structure of Scientific Revolutions; University of Chicago Press, Second enlarged edition, (Chicago, 1970)

relevant conditions.[5] In Asian Drama Myrdal defined his institutional approach as an approach in which "history and politics, theories and ideologies, economic structure and levels, social stratification, agriculture and industry, population developments, health and education, and so on", are studied "not in isolation but in their mutual relationship".[6] This is the essence of Myrdal's institutional approach.

Beside the need to take all relevant conditions into consideration, any scientific approach, according to Myrdal, should state at the very outset the value premises upon which it is based and undertaken. Facts do not gather themselves just by being looked at. Facts are gathered according to a certain theoretical framework chosen by the scientist. Different theoretical frameworks will give different results. As any choice must be based upon value judgments, it is only by stating one's value premises that one could use his theoretical concepts clearly, and biases, caused by hidden valuations, could be avoided or minimized.[7]

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[5] Gunnar Myrdal, The Challenge of World Poverty, p. 13.

[6] _____, Asian Drama, p. x.

[7] Ibid., p. 49.

In his institutional approach to the problem of poverty and development in South Asia, Myrdal adopts a set of modernization ideals as value premises, i.e.:[8] rationality, desire for development and planning for development, rise in productivity, rise in levels of living, social and economic equalization, improved institutions and attitudes, national consolidation, national independence, political democracy in a narrow sense, democracy at the grass roots, social discipline. This choice is relevant to South Asian countries because modernization has been adopted in these countries as the national ideology by their leaders and educated class. The choice is also significant because the leaders and educated class are in the position to mould public policy to realize the adopted modernization ideals.[9]

In reality, however, tensions and problems arise because of the conflicts between the modernization ideals and the existing traditional values. The outcome of these conflicts is a continuous struggle for economic development and national consolidation without considerable success.

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[8] Ibid., pp. 57-69.

[9] Ibid., p. 49.

This is seen and described by Myrdal as a drama, in which the main actors are the South Asian countries, particularly their leaders and educated class. "This drama has a unity in a set of inner conflicts operating on people's minds: between the desire for change and improvement and mental reservation and inhibitions about adopting the consequences and paying the price".[10]

With his institutional approach based on the set of modernization ideals as value premises, Myrdal comes to his "theory" that poverty, development, and planning for development in South Asian countries are conditioned by five interrelated conditions: (1) output and incomes; (2) conditions of production; (3) levels of living; (4) attitudes towards life and work; (5) social institutions.[11]

Although these categories have a causal relationship with each other, which means that an increase in any one category will tend to engender an increase in each of the other categories, two of them are always

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[10] Ibid., p. 34.

[11] Ibid., p. 1860.

mentioned and stressed by Myrdal for South Asian countries, i.e,: attitudes towards life and work, and institutions. There can hardly be a considerable increase in output and incomes and levels of living, nor improvements in conditions of production, unless changes are instituted on attitudes towards life and work and social institutions. These non-economic conditions are left out of consideration in conventional economic theories which are so much dictated by the concept of capital-output ratio.

The causal interrelationship of these categories mentioned above has caught the South Asian countries in a vicious circle of poverty, which could only be broken up through a "big push" in development efforts. Small and gradual changes will be cancelled out by the level of poverty and population increase, fortified by the existing attitudes and institutions. This is particularly true if those changes are attempted half-heartedly and instituted one-sidedly to the economic conditions. "In many respects a large and rapid change of attitudes and institutions is not more difficult than a series of small and gradual changes - just as a plunge into cold water is less painful than a slow submersion".[12]

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[12] Ibid., pp. 1897-1900.

3. Criticism and Counter-Criticism

a. Postwar Theories and Myrdal's Theory

Myrdal criticizes the postwar theories about underdeveloped countries as being diplomatic and overoptimistic.[13] Political change after World War II has attracted economists of the developed countries. Unlike the prewar situation, studying the underdeveloped countries has now become politically important. This kind of interest tends to color the studies undertaken with opportunism. In the sphere of cold war between the big world powers it would appear undiplomatic if one touches upon the awkward problems of underdeveloped countries in his study. Corruption, low social discipline, various attitudes and institutions have been delaying the development process in the underdeveloped countries. Hundreds of books and articles have been written about economic development of underdeveloped countries, however, without mentioning these awkward problems. As these awkward problems are not quantifiable, bypassing them has become more easy by constructing purely economic development models, expressed in mathematical terms. All this end up

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[13] Gunnar Myrdal, The Challenge of World Poverty, pp. 4-45.

in an optimistic picture about the development of underdeveloped countries. Political climate and purely economic development models are thus seen by Myrdal as sources of biases that converge and reinforce each other in the postwar development theories.[14]

To avoid biases and to come to a realistic picture of what is happening in South Asia, Myrdal offers his institutional approach. The outcome of this approach is a theory of the five interrelated conditions, which determine underdevelopment, development, and planning for development in South Asian Countries.

While Myrdal criticizes postwar theories as being unrealistic because of their narrowness of interest, his own theory is criticized by some writers as being too broad and, therefore, not suitable for policy making.[15]

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[14] Ibid., p. 11.

[15] Richard J. Ward and Henry H. Schloss, "Two Views on Myrdal"; Indian Economic Journal, Vol. XVII, No. 1, 1969, pp. 143-160.

R. Ulyanovsky & V. Pavlov, "Asian Dilemma: A Soviet View and Myrdal's Concept"; Progress Publishers, Moscow, 1973.

Lauchlien Currie, "Myrdal on South Asia", Journal of Economic Issues, Vol. III, No. 2, 1969, pp. 166-176.

R. Diaz, "Myrdal's Mechanism of Underdevelopment and Development", in Occasional Papers, UN Asian Institute for Economic Development and Planning, Bangkok, 1969, Vol. 1, No. 2, pp. 27-57.

The general statement that there are five interrelated conditions that one should take into consideration in any development plan does not offer any real guide to the hands of a planner. One has to know how those conditions are interrelated before one can come to an index of development[16] that can be utilized by planners. As long as we are far from that accurate measurement, planners will go on planning economic development, and measuring it, by using existing "reliable" knowledge about the interrelationships of economic factors.[17]

Myrdal is fully aware of the difficulty in describing accurately the interrelationship of the five categories mentioned above. People's valuations of improvements of the several conditions differ, and the existing knowledge about the actual conditions in South Asia and their interrelationship is very poor. "Subject to this inescapable indeterminacy, according to Myrdal, "the movement of the whole social system upwards", i.e, improvement in all the five categories, "is what all of us in fact mean by development".[18]

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[16] R. Diaz, op. cit., pp. 37-42.

[17] Jan Drenowski, "Social Indicators and Welfare Measurement: Remarks on Methodology", Journal of Development Studies, Vol. VIII, No. 3, 1972, pp. 77, 78, 88.

[18] Gunnar Myrdal, Asian Drama, p. 1868.

Such a general statement, if accepted, leaves a very large room open for further research. This is what Myrdal actually expects from other social scientists. According to him, his "theory" is, as any other theory should be, nothing more than "a logically correlated system of questions to be answered by further detailed research".[19] The results of his study on South Asian countries "were very often merely a demonstration of our ignorance and a clearer statement of what we do not know.[20]

To come to know what we do not know, we should first of all destroy "constructs that we have rapidly put together and expose to criticism masses of more or less worthless statistics collected within the framework of these constructs which we are using all too confidently.[21] By this statement Myrdal means the concepts and statistics about employment and unemployment, income, consumption, savings, investment, supply and demand, and so on, which have almost no meaning in the situation of South Asian countries, and therefore "stand in the way of scientific

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[19] Ibid., p. viii.

[20] Ibid., p. xii.

[21] Loc. cit.

progress".[22] In this respect, Myrdal's theory is a negative contribution to the existing development theories.

b. Economic Equality and Economic Growth

One of the modernization ideals adopted by the South Asian countries is: social and economic equalization. This means that a movement toward this ideal will tend to mean development, and the situation of being away from it concerns underdevelopment. Inequalities and the tendency toward inequalities is seen by Myrdal as a complex of inhibitions and obstacles to development in these countries.[23]

Myrdal is against the idea held by some people, that at the outset of development, economic inequality is an unavoidable 'price' that has to be paid by a nation for development. Such an idea is based on the reason that a redistribution of income aiming at a greater economic equality will keep down savings and investment,

[22] Loc. cit.

[23] Gunnar Myrdal, Challenge of World Poverty, p. 50.

which are so badly needed to speed up production and enlarge national income. According to Myrdal, economic growth and economic equality are often in harmony, and that in South Asian countries this harmony is almost a condition for more rapid growth, for the following reasons:[24]

(1) In underdeveloped countries, the upper class are known to squander their incomes for conspicious consumption and conspicious investment, and sometimes in capital flight.

(2) Economic inequality holds down productivity and production because the masses of people are suffering from undernutrition, malnutrition, poor housing, poor health, poor education, and the like.

(3) Social inequality and economic inequality are both cause and effect to each other. As social inequality is detrimental to development, the reinforcing of it by economic inequality will be more detrimental to development.

(4) Behind the quest for greater equality lies the idea of social justice which supports national integration. Inequality will therefore weaken national integration and worsen the climate for development.

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[24] Ibid., pp. 54-56.

Social and economic inequalities in South Asian countries are seen by Myrdal as outcomes of: the causal interrelationship between poverty and social and economic inequalities; popular religion and habits, which justify and sanction the existing social and economic stratification; monopoly of political power by the upper-class groups whose interests stand against greater social and economic equalities, and the inarticulateness of the underprivileged masses.[25]

Myrdal's opinion that distributive justice is in harmony with economic growth has aroused criticism from various scholars.[26] According to Tinbergen, in an extreme situation where A is extremely poor and B is extremely rich, we can take it for certain that the transfer of one rupee from B to A will increase social welfare. But it is still a question, according to Tinbergen, whether such a transfer will increase social welfare if we are in an in-between situation.[27] This was the prototypical question of marginalists and utilitarians of the past century, based on a hedonistic philosophy.

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[25] Ibid., pp. 56-77.

[26] See United Nations Asian Institute for Economic Development and Planning: "Seminar on Gunnar Myrdal's Asian Drama", Occasional Papers, Vol. 1, No. 1, 1969.

[27] Jan Tinbergen, "Myrdal's Asian Drama", Pakistan Development Review, Vol. III, No. 4, 1968, p. 624.

A similar stand is taken by Kulkarni and Ramana when commenting on "Asian Drama". According to them, although one of the major objectives of development is the redistribution of income and wealth, one should not bypass the efficiency of the economic system. Inequality also has the function of increasing production. The motivation, morale and efficiency of producers depend on the assurance that they can reap the fruits of development in which they have contributed their shares. This means that, equity considerations should only be emphasized, given the maximum productivity efficiency.[28]

Such kind of reasoning, according to Myrdal, is based on the conventional Keynesian theory, which clearly demarcates consumption from saving, and singles out investment as the most important factor to increase production and income. With this kind of theoretical framework, statistical data are gathered, development problems analyzed, and development plans set up. Upon close investigation, Myrdal comes out with the conclusion that: "In underdeveloped countries where 'underconsumption' is normal, the basic dis-

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[28] United Nations, op. cit., pp. 30-33.

tinction between investment and consumption does not hold, and reasoning based on it is irrelevant and invalid. Higher consumption forms 'investment' - that is raises production - and at the same time remains consumption".[29] If this conclusion is right, it means that not only the existing kind of statistical data should be changed, but also, and most of all, the theoretical framework within which these data are collected should be changed. But that means refusing the whole conceptual apparatus of income, consumption, saving, and investment, which conventional theorists are so accustomed in using. This is, according to Tinbergen, an incorrect generalization.[30]

Singer takes more sympathy with Myrdal than with Tinbergen.[31] He takes the same position with Myrdal in criticizing the overemphasis of conventional theorists on investment, and their underemphasis on consumption in underdeveloped countries. Better nutrition, according to Singer, is the whole purpose of development. Con-

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[29] Gunnar Myrdal, Asian Drama, p. 1916.

[30] Jan Tinbergen, op. cit., pp.619-620.

[31] Hans Singer, "Keynesian Models of Economic Development and Their Limitations: An Analysis in the light of Gunnar Myrdal's Asian Drama", Occasional Papers, UN Asian Institute for Economic Development and Planning, 1969, Vol. 1, No. 2, p. 1.

sidering the existing poverty in underdeveloped countries, according to Singer, we cannot work with the assumption of the Keynesian model, that a reduction in consumption will increase production and income. It is a very risky business to reduce consumption without reducing productivity and production. "However, if it is a very risky assumption that consumption can be cut without reducing productivity, why should physical investment be singled out as the key variable? Why not nutrition of the people? Why should consumption, constructive consumption, developmental consumption, which is the purpose of development - why should not one of these be singled out as the key variable?".[32]

It seems that the root of the above controversial opinions lies in the difference of values attached by each scholar to redistribution of income. Redistribution of income in itself has an independent value, as well as instrumental value in relation to production. Tinbergen seems to look at redistribution of income more from the efficiency side than from the social side. Myrdal, on the other hand, looks at it not only from the efficiency

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[32] Ibid., pp. 1-17.

side but also from the social side. For Myrdal and other institutionalists, who consider economics more as a social science than a technical science, a rupee which is not redistributed does not have the same value if it causes tensions and frictions in the society. Technically, a redistributed rupee may not increase social welfare. But if redistribution of income is not undertaken on that reason, that rupee which is not redistributed may cause social tensions and frictions in a society where people have become increasingly aware of their poverty and inequalities of incomes between individuals and groups.

As there can never be a proof that one value premise is better or worse than another one, different opinions derived from different value premises can never be reconciled. The only thing that one can do is to state his value premises openly so that other people may either accept or reject them.

c. Planning Models

Myrdal criticizes the existing planning models on four focuses: (1) too often they use constant coefficients; (2) they usually have only one strategic variable, i.e.

investment; (3) they are too aggregated; (4) they are too abstract because of isolating economic factors from non-economic factors.[33] When addressing a seminar about the above mentioned charges of Myrdal, Tinbergen stated that:

> "... although I am a believer in the use of models, I don't think that models are the complete truth. On the contrary, I think they are only a help. They're a help to the planner, but unless we add a good deal of common sense, models may very easily lead us astray".[34]

Having said this, Tinbergen went on dealing with Myrdal's critics.

Upon the first charge of Myrdal, that planning models are using too many constant coefficients, Tinbergen avows that this is often so, but by no means always. He mentions the works of Slow, Denison, and numerous exercises using Cobb-Douglas-like functions, in which the constant coefficients are changed into non-constants in a step-by-step way.[35]

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[33] Gunnar Myrdal, Asian Drama, pp. 1946-1956.

[34] Jan Tinbergen, "Gunnar Myrdal on Planning Models"; United Nations Asian Institute for Economic Development and Planning, Bangkok, 1969, p. 5.

[35] Ibid., pp. 6-7.

The second charge of Myrdal is, that planning models usually have only one strategic variable, i.e. investment. Tinbergen avows that there have been a lot of models which single out capital as the only bottleneck, and this is to be true in many cases. However, recent developments in linear programming have introduced numerous bottlenecks, hardly to be listed, into the planning models. People from the Chenery's school, for instance, usually treat in the first phase absorptive capacity as the bottleneck. In the next phase they treat savings function as the bottleneck. Finally, the import requirements are the bottleneck. Regarding these recent developments, Tinbergen considers Myrdal's second charge to be no longer applicable.[36]

Myrdal's third charge is that the planning models are too aggregated. According to Tinbergen, in some cases it is a virtue to work with aggregates, and in some cases we need disaggregation. If one deals with some overall financial problem of an economy, one should use aggregates. Such is also the case if we deal with "tradables" and "non-tradables", or "national industries"

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[36] Ibid., p. 8.

and "international industries". On the other hand after constructing a macro model it could be disaggregated into tens of sector models, and hundreds of project models. This has been done by model builders, which means that the third charge of Myrdal is also not applicable anymore.[37]

The final charge of Myrdal is that planning models are too abstract because of the problem of isolating economic factors from non-economic factors. Tinbergen takes the stand with Myrdal that isolating economic factors from non-economic factors is not realistic. However, Tinbergen is of the opinion that it is not completely true that planning models are isolating economic factors from non-economic factors. To support this statement, Tinbergen refers to the works of Irma Adelman and Cynthia Taft Morris Chenery, and Drenowski. In the works of these writers, economic and non-economic factors are put into correlation in one model. "The difficulty, however, is that the data needed in order to deal with these matters are scanty and have just begun to be collected in the last decade. So that the experience we have with them and the knowledge we

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[37] Ibid., pp. 8-11.

have about their influences are more restricted than the knowledge we have of certain of the so-called purely economic variables."[38]

With the above mentioned accounts, Tinbergen comes to the conclusion that Myrdal seems to be "out of touch with these more recent developments",[39] and that therefore, his "criticisms are slightly obsolete",[40] or "outmoded".[41]

One might pose a question to Tinbergen: could the complicated models, developed in the developed countries, be applied to the underdeveloped countries? To this question, Tinbergen has the following reservation:

> "It is true that in developing countries it is very often difficult to find material that would enable us to use these more subtle instruments of analysis at present, but this may be just a question of time, and on many counts we are improving statistics in many developing countries".[42]

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[38] Ibid., p. 12

[39] Ibid., p. 13.

[40] Ibid., p. 5.

[41] J. Tinbergen, "Myrdal's Asian Drama", p. 622.

[42] J. Tinbergen, "Gunnar Myrdal on Planning Models" p. 7.

In other words, according to Tinbergen, the underdeveloped countries only lack statistical data to utilize the improved planning models. This same stand is also taken by J. Edward Ely when commenting on Myrdal's Asian Drama.[43] According to Ely, statistical methodology has made great advances in the developed countries during the last 40 years, and that "many of the statistics of South Asian countries can be brought to a comparable state of development by similar methods and perhaps more rapidly than the advance which was accomplished elsewhere".[44]

Myrdal's reply to Ely might also be addressed to Tinbergen. Myrdal "did not look upon the task of building statistics" in underdeveloped countries "as hopeless". He stated that he was "aware of the advances in statistical methodology". But, "if the presently very deficient statistics were the only hurdle to overcome in development and planning for development in underdeveloped countries, the outlook would be bright - once we turned our attention to the need for improving them".[44]

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[43] J. Edward Ely, "Some Comments on the Treatment of the Problems of the Inadequacy of Statistics of South Asian Countries in Asian Drama by Gunnar Myrdal", Journal of Economic Literature, Vol. VIII, No. 1, 1970, pp. 46-53.

[44] Ibid., p. 47.

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What Myrdal criticizes is not only the existing deficient statistical data, but also the theoretical framework that stands behind the collection of these data. As long as one puts the stress on investment, data collected would be on investment. When one shifts to social factors, data collected would be different.[46]

After mentioning the works of Drenowski and Adelman-Morris, Tinbergen concluded that Myrdal's criticism on planning models was outmoded. That was in 1968. When

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[45] Myrdal's Reply, Ibid., p. 52.

[46] Dudley Seers, "What are We Trying to Measure?," Journal of Development Studies, Vol. VIII, No. 3, 1972, p. 27.

criticized by Peter Eckstein and Sara Berry[47] about their article, "An Econometric Model of Socio-Economic and Political Change in Underdeveloped Countries",[48] Adelman-Morris defended that:

> "We have not claimed to offer a "reliable guide to policy making". We have not attempted to explain differences in rates of change per capita GNP. We certainly have not claimed at this early stage of inquiries into the process of economic development to have "separated out causes, effects, and joined effects". We have used an empiricist approach to construct an exploratory model and have described cause and effect relationships implied by the model. There are no statements about cause and effect in our discussion of the regression model or in our conclusions which do not explicitly say "according to the model", or "in the model".[49]

This was in 1969.

Speaking about an earlier related work of Adelman-Morris, "Society, Politics & Economic Development",[50] 1967, which was praised by Tinbergen in 1968, Drenowski stated in 1972 that:

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[47] Peter Eckstein, "Quantitative Measurement of Development Performance: A Critique of the Adelman-Morris Model"; in Discussion Paper No. 7, Center for Research on Economic Development, University of Michigan, Ann Arbor, Michigan, April 1969, pp. 1-32.

[48] American Economic Review, December, 1968, pp. pp. 1184-1218.

[49] Irma Adelman & Cynthis Taft Morris, "A Reply"; Discussion Paper No. 7, Center for Research on Economic Development, University of Michigan, Ann Arbor, Michigan, April 1969, pp. 1-2.

[50] Johns Hopkins Press, Baltimore, 1967.

> "Perhaps the most remarkable work ... is provided by Adelman and Morris ... The impressive ingenuity and technical skill did not unfortunately bring much in the way of tangible results. In my opinion this may be due to a great extent to an imperfect understanding of the varied nature of social indicators".[51]

Evaluating all the efforts so far being done to bring economic and non-economic factors into one development model, Drenowski further stated that:

> "What has been created so far is an incoherent maize of variables, the definitions of which are muddled, quantification procedures questionable and practical uses, if any, extremely doubtful".[52]

This is a statement of Drenowski, made in 1972, whose work was cited in 1968 by Tinbergen to back his rejection against Myrdal's critics on planning models. To quote Drenowski again:

> "The origin of the critical approach to purely economic indicators of development should probably be traced to a pioneering United Nations Report (United Nations, 1954), but by now this attitude is endorsed by practically every work discussing development objectives. As they are numerous to be quoted here we mention only that this idea is raised by Myrdal (1968), by several United Nations reports on

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[51] Jan Drenowski, op. cit., p. 88, n. 3.

[52] Loc. cit.

> the preparation of the Second Development Decade, and by Rosenstein-Rodan (1969). It must be admitted that so far this critical attitude has not brought much change in the practice of development data collection or planning".[53]

If this last quotation of Drenowski is right, it means that despite all the strenuous efforts to improve planning models, Myrdal's critiques about them are not yet outmoded. It is Myrdal's sincere hope that his critics will some day be outmoded. To hasten that day to come he believes that the existing theoretical frameworks should be destroyed.[54] In the light of Kuhnian theory, this will mean a scientific revolution in the field of economic development.

4. Myrdal's Critiques and Theory in the Light of Kuhnian Scientific Revolution

Normal science, according to Kuhn, develops within a scientific framework, which has been acknowledged and accepted by some scientific community for its further practice.[55] Within the boundaries of that accepted frame-

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[53] Ibid., p. 88, n. 1.

[54] Gunnar Myrdal, Asian Drama, p. xii.

[55] Ron Stanfield, "Kuhnian Scientific Revolutions and the Keynesian Revolution", Journal of Economic Issues, Vol. VIII, No. 1, 1974, p. 106, n. 3.

work, which Kuhn calls "paradigm", data are collected and analyzed, and puzzles are solved. Increased data collecting and puzzle-solving activities lead to a steady extension of the scope and precision of the respective body of knowledge.[56] As specialization deepens and sophisticated concepts develop within the ruling paradigm, the subject matter becomes more and more alien to the lay public.[57]

Within the ruling paradigm it is assumed that whenever a puzzle cannot be solved, it is the solver, not the puzzle, that fails.[58] At times, however, despite strenuous puzzle-solving efforts, new empirical discoveries may happen not to fit into the ruling paradigm. Anomalies result, and puzzle-solvers begin to question the validity of the ruling paradigm. Empirical discoveries may kick and rebel against the ruling paradigm with its established conclusions. A new paradigm may appear. The replacement of the old paradigm with a new one is seen and described by Kuhn as scientific revolution.[59]

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[56] Ron Stanfield, op. cit., p. 99; R.G. Fabian, op. cit., p. 47.

[57] Ron Stanfield, op. cit., p. 98.

[58] Loc. cit.

[59] Ibid., p. 100.

As we look back, we see this revolution as having happened when Keynes refused the old paradigm of classical economics and replaced it with his new one.[60] Dissenters before Keynes had accumulated the body of collected facts that did not fit into the existing paradigm. Facts, however, are not enough to replace an existing paradigm. Facts are unstructured and do not gather themselves into categories. A paradigm can only be replaced by another paradigm. It was Keynes who appeared in the period of anomaly with a new paradigm.

Do we need a new paradigm in the field of economic development? If we let Myrdal speak again, he will not stop rejecting the existing theoretical framework within which problems of development are analyzed, statistical data collected, and development plans set up. He believes that for the advancement of our scientific knowledge, the existing theoretical framework should be destroyed. But let us turn to other writers to see whether this kind of rejection to existing development theories is great and urgent enough to create the need for a new paradigm.

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[60] Ibid., pp. 101-105; R.G. Fabian, op. cit., pp. 54-58.

Prasad welcomed Myrdal's Asian Drama as a landmark publication in the field of development and planning, which "descended on the scene at a time when the whole methodology of planning is under some sort of review in the South Asian countries".[61] Asian Drama, according to Prasad, arrived at the right psychological moment as Keynes' General Theory did in 1936, voicing "in a systematic way the many doubts about the conspicious lack of realism in the plans for development of the South Asian countries, and equally important the conspicious lack of understanding of the mechanism of development at the back of it all".[62]

Tarlok Singh considered Asian Drama as Friederich List's "National System and Political Economy", which more than a hundred years ago had to fight against the stream of thought of classical economists. Like List, Myrdal "felt the same necessity ... for reinterpreting facts, questioning assumptions and putting new propositions in place of the old".[63]

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[61] United Nations Asian Institute for Economic Development and Planning, "Seminar on Gunnar Myrdal's Asian Drama", Occasional Papers, Vol. 1, No. 1, 1969, p. 9.

[62] Loc. cit.

[63] Ibid., p. 11.

Speaking on a larger plain, i.e. about the whole body of the present economic science, Heilbroner sits in the same boat with Myrdal.[64] Like Myrdal, Heilbroner claims that "conventional economics is not 'relevant' to the contemporary world",[65] because it "stresses avoidance of explicit value judgement", and uses mathematical models that rule out of bound matters that need value considerations.[66] Caught up in that kind of thralldom of technique, economists had been refraining from discussing critical social issues like economic imperialism, poverty, and environmental decay. When economists came to discuss these critical issues, it was because investigators outside the economic science had been ahead making their inquiries, or because these issues had already turned out as actual disturbances in the society. For economics to come to greater relevance to the contemporary world, according to Heilbroner, three

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[64] Robert L. Heilbroner, "On the Possibility of a Political Economics", Journal of Economic Issues, Vol. IV, No. 4, 1970, pp. 1-22.

[65] Ibid., p. 2.

[66] Loc. cit.

kinds of change should happen: (1) explicit political[67] consideration should be introduced into economic research - for this end, institutional economics seems to be pre-eminently qualified to take the lead; (2) the scope of conventional economic theory should be widened to include a political dimension; (3) the existing paradigm of 'scientific' economics should be superseded by a more far-reaching one.[68]

On a larger boat we find a larger group, the institutional economists, heading in the same direction as Myrdal and Heilbroner. This group of institutional economists look at this era as the "era of Samuelson and Friedman",[69] in which economics is narrowly defined as a technical science, a science of decision-making, which is concerned primarily with alternative means to reach given ends. According to Samuelson: "As a science, economics can concern itself only with the best means of

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[67]The word "political" is used by Heilbroner in the broadest Aristotelian sense, op. cit., p. 1.

[68]Ibid., p. 14.

[69]John S. Gambs, "What Next for the Association for Evolutionary Economics", Journal of Economic Issues, Vol. II, No. 1, 1968, p. 69.

attaining given ends".[70] "Ends", according to Lionel Robbins, "do not form part of this subject matter",[71] i.e. economics. To institutional economists, ends of a society are not given, but always changing with the social institutions. Assuming them to be given means working on an unrealistic basis. Any society is not only goals-achieving but also goals-possessing and goals-creating.[72]

The above statements of conventional economists reflect their thinking that economics is a science that is value-free. But, if it is value-free, it will refrain from analyzing social issues that demand value considerations, which in turn will make economics irrelevant to the contemporary world. To avoid irrelevancy, according to institutional economists, economic problems should be studied in their institutional relations with other social problems. This means that economics should be freed from the thralldom of its present 'value-free' paradigm.

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[70] Allan G. Gruchy, "Neo-Institutionalism and the Economics of Dissent"; Journal of Economic Issues, Vol. III, No. 1, 1969, p. 10.

[71] Ibid., p. 13.

[72] Ibid., p. 11.

Will that mean that there will be scientific revolution, in the Kuhnian sense? Myrdal is sure that within the next one or two decades we will be using theoretical concepts which are totally different from the present ones. The fact that econometricians have been experimenting with new development models, in which they try to introduce non-economic factors into their models, is a proof that dissenting voices of institutional economists have reached their ears. Levels of living, attitudes and institutions, according to Tinbergen, are now not neglected anymore by econometricians, because "in the end we have learnt something from Myrdal".[73] However, the last word of these experiments have not been spoken yet. Considering the present large variety of approaches and models, increasing dissatisfactions and dissenting voices in the field of economic development,[74] we would say that the present situation resembles more or less the Kuhnian anomaly, bearing a 'saviour' in its womb: the would-be paradigm.

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[73] J. Tinbergen, "Myrdal's Asian Drama", p. 621.

[74] See, for instance:
Stephen Enke, "Economists and Development: Rediscovering Old Truths", Journal of Economic Literature, Vol. VII, No. 4, 1969, pp. 1125-1139.
Paul E. Koefod, "Prospects for Essential Theories of Economic Development and Growth"; Indian Economic Journal, Vol. XVIII, No. 3, 1971, pp. 271-289.
Nancy Baster, "Development Indicators"; Journal of Development Studies, Vol. VIII, No. 3, 1972, pp. 1-19.

5. Concluding Remarks

Every would-be paradigm should stand above the dissatisfactions and controversies of the period of anomaly. It seems that the heart of the present dissatisfactions and controversies in the field of economic development theories lies in the difference of values and meanings attached to: development and objectives of development. This means that a new paradigm should start with redefining development and objectives of development. Radical steps to this end have been tried by people like Dudley Seers,[75] Mahbub ul Haq,[76] and Bendavid.[77] Their ideas and suggestions are radical, in the sense that they deviate far away from the ruling ones.

More deeply and more fundamental than redefining development and objectives of development should be a redrawing of the picture of "man and society" that we

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[75] Dudley Seers, "What Are We Trying to Measure?", Journal of Development Studies, Vol. III, No. 3, 1973, pp. 20-34.

[76] Dorothy H. Jacobson (Ed.), "World Division or World Development: A Report of International Development Conference"; International Development Conference, Washington D.C., 1972.

[77] Avrom Bendavid & Leah Bendavid, "Developed and Underdeveloped: A Radical View of Constructive Relationships"; International Development Review, Vol. XVI, No. 1, 1974, pp. 9-14.

want to reach. In the end, every development effort is for the welfare of man and society. Although conventional economists claim that this very business is outside the subject matter of economics, their reasoning in conventional economic theories is actually more or less based on the picture of "man and society" drawn by Adam Smith two hundred years ago, a picture which was firmly based on the ruling philosophy of natural law: economic man, invisible hand, free competition, natural price, harmony of interests, and all that. As the picture of Adam Smith does not fit anymore to the situation of this century, any theory based on that picture must be hanging somewhere in the air.

Without a clear picture of "man and society" that we want to reach, any progress in the field of economic decision making will not tell us "whether we are moving toward Paradise or Purgatory".[78] If we want to reach Paradise, we should draw a picture of it. That means planning with a visible hand. As every picture is culturally bound, we have to put our values and valuations on the table, that other people may accept or reject them. In this respect, more than any other scientist, Myrdal has spoken clearly.

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[78]Allan G. Gruchy, op. cit., p. 17.

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1. Introduction

If one goes through the writings of Gunnar Myrdal on underdeveloped countries, one will find three main themes appearing again and again, i.e.: (1) the gap of material progress between developed and underdeveloped countries has been widening; (2) policies based on conventional development theories cannot narrow this gap; (3) governments of underdeveloped countries should undertake radical reforms in their development efforts if development is to be achieved. These main themes appeared again and culminated in Asian Drama[1] and The Challenge of World Poverty.[2] Dissatisfied with the existing development theories, Myrdal constructed his institutional approach,

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[1] Gunnar Myrdal, Asian Drama; An Inquiry Into the Poverty of Nations, (New York, 1968)

[2] Gunnar Myrdal, The Challenge of World Poverty: A World Anti-Poverty Programme in Outline, (New York, 1970).