

## Myrdal on Underdevelopment : An Investigation into the Theory of Cumulative Causation

Nanako Fujita

Gunnar Myrdal is well known as a pioneer in development economics, but his theories have not been investigated thoroughly enough to enable comparison with other development economists who were his contemporaries. Apart from his famous work *Asian Drama* (1968), Myrdal's development economics has been almost forgotten.

The aim of this paper is to revisit and reevaluate Myrdal's theory on underdeveloped countries: the theory of cumulative causation. He has been often criticized as overly pessimistic. His theory has been dismissed as mere lists of facts and lacking concrete substance. Persuaded that those views are not justified, I attempt in this paper to demonstrate why Myrdal's theory merits greater attention.

Myrdal's theory on underdeveloped countries can be interpreted properly only after careful consideration of its relationship to his other studies, especially his methodology of

“explicit value premises.” He criticized some development theories that incorporated colonial theory and Rostow's theory of the stages of growth, for example, for having implicit political bias. We can, then, understand Myrdal's critiques through the interpretation of his methodology.

The theory of cumulative causation constituted an alternative in at least two respects: First, it focused on the process of enlarging inequality, which resulted in making the notion of stable equilibrium relative to other kinds of equilibrium. Second, it gave serious attention to non-economic or institutional factors. Hence Myrdal called for an “institutional approach.” He considered overall linkage among factors and argued the possibility of another, more egalitarian process for growth.

JEL classification numbers: B 25, B 31, O 10.