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
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50TH ANNIVERSARY BOOK REVIEW COLLECTION

5

AQ1 Economic theory and underdeveloped regions,

▲ Gunnar Myrdal, Duckworth, London, 1957▲

10 AQ3 I first encountered Gunnar Myrdal's *Economic Theory and*
 ▲ *Underdeveloped Regions* (1957) as an undergraduate in Bristol
 University's then-quantitative Geography Department in the
 early 1970s. We were learning about location theory and
 regional economic equilibrium, and were directed to his
 15 book – along with Albert Hirschman's *The Strategy of Economic*
Development (1958) and John Friedmann's *Regional Develop-*
ment Policy: A Case Study of Venezuela (1966) – as alternatives.
 They each argued that regional economic growth is character-
 ized by uneven spatial development rather than convergence
 toward equilibrium (e.g., Borts & Stein, 1964; Siebert,
 20 1969). I was intrigued: this seemed like a revolutionary
 claim to someone yet to be exposed to Marx's notion of uneven
 geographical development or Latin American dependency
 theory. In a regional science dominated by geographical econo-
 mics it still feels like an outlier.

25 Myrdal had been something of an *enfant terrible* within the
 powerful 1920s' Swedish school of economics, dominated by
 Gustav Cassel and Kurt Wicksell who mentored the emergent
 generation including himself, Hecksher and Ohlin. Wicksell
 and Cassel were equilibrium theorists of the pro-market ilk,
 with links to the Austrian school. Myrdal agreed with Cassel,
 30 his *doctoral thesis* supervisor, on just one concept: cumulative
 causation. Cassel had argued that departures from equilibrium
 could be self-reinforcing (Barber, 2008). Myrdal's doctoral
 thesis eventually resulted in a book, translated as *The Political*
Element in the Development of Economic Theory (1953), in
 35 which he pioneered the argument that mainstream economics
 was plagued by subliminal value judgments, notwithstanding
 its claims to science and value neutrality. Deconstructing
 mainstream economic discourse long before Derrida came
 up with the term, Myrdal spent his career constructing an
 economic argument based on critiques of the mainstream neo-
 40 classical presumption of general capitalist equilibrium and its
 underlying assumptions (a project dear to my heart; Sheppard,
 2016).

45 Cumulative causation was at the centre of his thinking; in
Economic Theory and Underdeveloped Regions he applied this to
 regional development. This was written late in his career when
 he was Executive Secretary to the United Nations' Economic
 Commission for Europe (ECE: much less well known than its
 Economic Commission for Latin America [ECLA], a pro-
 50 genitor for dependency theory), after a towering collaborative
 analysis of race in the United States and public service for the
 Swedish welfare state. His argument breaks into two parts.
 The first seeks to account for emergent spatial economic
 inequality between nations and regions. The second, reiterat-
 55 ing the leitmotiv of *The Political Element in the Development of*
Economic Theory, is a critique of the ideological underpinnings
 of general equilibrium economics.

Myrdal begins by stressing widening international econo-
 mic inequality, and then details the notion of circular and
 cumulative causation. A longstanding concept in his thinking,

60

central to his landmark *Monetary Equilibrium* (1939) as well as
An American Dilemma (1944), he described cumulative causa-
 tion as follows: 'In the normal case a change does not call forth
 countervailing changes but, instead, supporting changes,
 65 which will move the system in the same direction as the first
 change but much further' (p. 13). Acknowledging that cumu-
 lative causation could describe how an 'underdeveloped
 country can hope to "lift itself by its own bootstraps"' (p.
 21), Myrdal focused on widening spatial inequality: 'The
 70 main idea I want to convey is that the play of the forces in
 the market normally tends to increase ... the inequalities
 between regions' (p. 26).

Myrdal distinguished between what he called spread and
 backwash effects linking regions, with the latter tending to
 trump the former. As backwash, he stressed consequences of
 the selective nature of migration, the flow of finance capital,
 and the ways in which the benefits of commodity trade
 redound to the more prosperous trading partners. In each
 case, he contradicts his contemporaries' claims (e.g., Borts &
 Stein, 1964; Ohlin, 1933) that free trade and mobile pro-
 80 duction factors engender international and interregional econo-
 mic convergence – claims remobilized after the 1980s to
 legitimate neoliberal globalization. He also stresses that econo-
 mic processes 'work through many causal chains' not
 accounted for in economic theory, placing him closer to con-
 temporary economic geographers than geographical econom-
 85 ists (Sheppard, 2011). Spread effects, by contrast, can result
 from how demand from the core for raw materials stimulates
 employment in the periphery, from agglomeration and growth
 diseconomies (including wage increases) in the core, and from
 Malthusian population constraints in fast-growing regions.

90 Myrdal then took up policy implications for situations
 where backwash is prevalent, stressing that a European-style
 welfare state, creating 'complex networks of systems of state
 interferences, preventing any region, industry or social group
 from being left behind in its development' (p. 47), is uniquely
 95 equipped to address regional inequalities via state expenditure
 (and that 'underdeveloped nations' should replace 'oppressor
 states' with such welfare states). If this feels like spatial Keyne-
 sianism (Brenner, 2004) perhaps it has been misnamed: Myrdal's
Monetary Equilibrium anticipated many of the core tenets
 of Keynes' *General Theory* (1936). Myrdal, while showing little
 100 interest in Marx, walked a tightrope between social democracy
 and democratic socialism that at times got him into trouble
 even in Sweden. (He had to resign his position as Sweden's
 Minister of Commerce in 1947, after advocating for a trade
 pact with the USSR (Barber, 2008).)

105 Throughout the first part, Myrdal's arguments proceed by
 drawing parallels between international inequality and interre-
 gional inequality (e.g., citing Raul Prebisch's ECLA research
 on how unequal terms of trade reinforce the economic gulf
 separating Latin American from North Atlantic capitalist
 110 economies in his argument about interregional trade). His
 ECE responsibilities no doubt made him aware of widening
 economic inequalities at both scales within Europe.

Myrdal devotes the second part of the book to critiquing
 mainstream economics' broader neglect of economic

inequality—examined, albeit with little reference to regional issues. He identifies and critiques natural law theory, what he dubs the equality doctrine that ‘on the whole — and with a number of reservations — everything will come out to the satisfaction of all if the natural forces of the market are left their free play’ (p. 137), but also the free-trade doctrine. More broadly he attacks with gusto presumptions that capitalist economies entail a harmony of interests among participants, that laissez faire is desirable, and that equilibrium is approaching. Acknowledging that data are always theory-laden and stressing that science must engage with moral questions, he concludes as follows:

This is the logical crux of all science: it assumes in all its endeavors an *a priori* but its ambitions must constantly be to find an empirical basis for this *a priori*. A worth-while theory of underdevelopment and development, if it ever could be formulated, would have to be based on ideas distilled from the broadest empirical knowledge of social change in all its manifold aspects, acquired only under the greatest freedom from tradition-bound predilections.

(p. 167)

Myrdal clearly has in mind, here, the neoclassical predilections that still are foundational to much of geographical economics. Geographical economists also theorize the emergence of spatial inequality, or morphogenesis (Krugman, 1996), but in a very different way. Geographical economics examines equilibrium polarization governed by certain parameters; Myrdal focuses on disequilibrating dynamics. In geographical economics, spatial inequality references place-based differences (e.g., industrial versus agricultural regions); for Myrdal it reflects uneven, asymmetric interregional connectivities.

For students of Myrdal, *Economic Theory and Underdeveloped Regions* is one of his lesser works. For regional scientists, it seems to be a rarely-read classic. For myself, re-reading it after all these years, I see remarkable resonances with how geographers, writing from the political economy tradition underlying critical economic geography, approach the question of uneven geographical development. Again and again, I recognized core elements of my own thinking, even terminology, developed here almost half a century earlier. Myrdal failed to develop a sustained alternative theory of regional development, preferring to operate via critique of the mainstream, leavened by eye-catching metaphors (circular and cumulative causation, spread and backwash remain very useful pedagogical devices in teaching uneven geographical development to undergraduates). Nor would he have had much time for squarely Marxian theories. Nevertheless, and given that the mathematical theory-language he engaged with can be applied within critical economic geography, he would recognize within contemporary economic geography an amenable way of thinking — disequilibrium-oriented, deeply critical of neoclassical presuppositions, capable of explaining why uneven geographical development is the norm not the exception, and raising distinct moral questions about capitalism to those prioritized under neoliberalization. He would fit within, and can be read as a neglected *eminence gris* of, geographical political economy (Sheppard, 2011).

One might argue that Myrdal, not Paul Krugman, was the first economic geographer to receive the Nobel Memorial Prize in Economics. Yet the Nobel Committee did not recognize this aspect of his thinking (stressing his contributions to monetary economics and his work on race in America). Moreover, this rare Nobel medal for a Swedish economist came with what Myrdal saw as a catch, indeed a snub (Barber, 2008): His co-awardee was Friedrich von Hayek who, while sharing Myrdal’s (and Keynes’) taste for controversy and distaste of mathematical equilibrium economics, embodied everything that Myrdal opposed: the untrammelled pro-market philosophy that is now known as neoliberalism. More than that, in the 13 years remaining to him, he likely would have commented caustically on how the annual Nobel ceremony came to be dominated by Hayekian Chicago School economists, marginalizing his thinking within economics even as it flourished in such heterodox borderlands as geography, anthropology and sociology. It would have been cold comfort to note neoliberalization’s close association with increasing socio-spatial economic inequality at sub-national and international scales since 1980 (Milanovic, 2011; Piketty 2013/2014), even as this offers an empirical basis for *Economic Theory and Underdeveloped Regions*.

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