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Review of Mats Lundahl, The dynamics of poverty. Circular, cumulative causation, value judgments, institutions and social engineering in the world of Gunnar Myrdal, Cham: Palgrave Macmillan, 2021

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***The Dynamics of Poverty. Circular, Cumulative Causation, Value Judgments, Institutions and Social Engineering in the World of Gunnar Myrdal, by Mats Lundahl, Palgrave Springer, Cham, 2021, 205 pp., £100, ISBN: 978-3-030-73346-9***

Mats Lundahl, Professor Emeritus of Development Economics at the Stockholm School of Economics, has written a valuable analysis of Myrdal's analysis of poverty and of his methodological approach to the study of socio-economic dynamics. Both topics are discussed in historical perspective, as they unfolded through the various phases of Myrdal's scholarship. Specifically, Lundahl discusses Myrdal's study of poverty in Sweden in the 1930s, in the United States in the 1940s, in the international economy in the 1950s, and in South and South-East Asia in the 1960s.

As for Myrdal's methodology, Lundahl identifies five major interconnected pillars. First, Myrdal holds the conviction that static analyses are of little value, and that processes of social change (or persistence, for that matter) must be described dynamically. Second, he debunks the myth of self-equilibrating social systems: In the real world, circular cumulative causation better describes processes of change. Third, Myrdal places great emphasis on the institutional framework of social dynamics. Fourth, he argues that the social scientist is not value-free, and that the only way to mitigate intrinsic analytical biases is to make value premises explicit. And fifth, he believes that the role of the social scientist is not only to try to understand social realities, but also to change them on the basis of accumulated scientific knowledge. In other words, Lundahl underscores Myrdal's confidence in social engineering. This last aspect, in turn, evolved rather quickly from a more modest view of how to affect social change by specific, targeted institutional reform, to a more ambitious and holistic vision of full-scale social transformation that encompassed all dimensions (or, at least, a

great many of them) of social life. At this point, he regarded himself no longer as an economist but as a social scientist unbounded by disciplinary fences. The shift to this all-encompassing analysis was virtually complete by the early 1940s, when Myrdal published his massive study of social, economic, and political segregation in the United States, *An American Dilemma* (1944). In it, Myrdal rejected the idea, widespread in the interwar years, that what was called “the Negro problem” in America was primarily an economic problem. Though true, he felt this was an insufficient explanation, and reframed the analysis in broader terms, relating the problem to the inconsistencies between an American creed based on egalitarian values and a racial discrimination engrained both in American institutions and in the minds of American whites.

A valuable complement to William Barber’s fine intellectual biography of Myrdal (2008), Lundahl’s book offers a clear and synthetic analysis of these major themes throughout Myrdal’s long and prolific scholarly career. He shows, for example, how the principles of dynamic analysis and cumulative causation originated in Myrdal’s absorption, criticism, and extension of Knut Wicksell’s discussion of cumulative movements in price levels. Later, Myrdal would apply this concept to the study of topics as diverse as racial segregation in 1930s-1940s America, and the polarising effects in the international (and interregional) economy in the 1950s. Similarly, the question of making value premises explicit emerged powerfully in Myrdal’s *The Political Element in the Development of Economic Theory* (published in Swedish in 1930 and translated into English only in 1953), after which it remained a staple of his analyses in the 1940s, the 1950s, and the 1960s. Likewise, *Asian Drama* (1968), Myrdal’s massive study of poverty in eleven less-developed Asian countries, puts the issue of valuations at the core of its analytical framework. Myrdal’s book has long sections devoted to the discussion not only of the value system of the studied societies, but of the social scientists who endeavour to study them.

Myrdal’s position on values in economic analysis became more radical with the passing of time. As Lundahl notes, in the 1930s, Myrdal believed that it was possible to separate positive from normative analysis. As Myrdal put it, “Economists are on safe ground as long as they describe actual events and their causal connections” (Myrdal as quoted in Lundahl, 21), implying that normative discussions about which course of actions for economic reform should be followed could be left to a separate phase of the analysis. In the 1970s, however, he no longer believed in the possibility of value-free positive analysis. “Value premises,” Myrdal wrote in 1972, “are necessary already when it comes to observing reality, establish the facts and the causal relations between facts” (Myrdal as quoted in Lundahl, 22).

If this seems uncontroversial today, it was less so in the early postwar decades in which modernisation theory was rampant. At the same time, by the late 1960s, a number of scholars were becoming impatient with Myrdal’s methodological stance and prolixity. Clifford Geertz judged *Asian Drama* stereotypical and moralistic. Hla Mynt considered it “rococo”, unconscionably long and boring and with a “forbidding array of appendices”, and

Gustav Papanek condemned it as superficial (Myrdal as quoted in Lundahl, 136-137). As Papanek wrote, "It is . . . no longer enough to point out that economists who assume simple, universal economic cause-and-effect relationships in development are naïve ... It is not enough to say that institutions are important" (Papanek as quoted in Lundahl, 139). Lundahl is clearly sympathetic to the subject of his analysis. In this like in other cases, however, he reports generously on the criticisms aimed at Myrdal, and highlights several of the limits of his work.

Lundahl has provided us with a well-organised, clear, even-handed and synthetic introduction to the work of one of the major social scientists of the twentieth century.

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**Reference:**

Barber, William J. 2008. *Gunnar Myrdal. An Intellectual Biography*. Basingstoke: Palgrave Macmillan