

Gunnar Myrdal (1898-1986)

Gunnar Myrdal shared Nobel prize with Friedrich Hayek in 1974 for their pioneering work in the theory of money and economic fluctuations and their path-breaking analysis of the inter-dependence of economic, social and institutional phenomena.

→ Gunnar Myrdal maintains that economic development results in a circular causation process whereby rich are rewarded more favours and the efforts of those who lag behind are thwarted. The backwash effects pre-dominates and the spread effects are dampened. This tends cumulatively to accentuate international inequalities and also leads to regional inequalities within the underdeveloped countries.

Backwash Effect: All relevant adverse changes of economic expansion in a locality caused outside that locality.

Spread Effect: The centrifugal 'spread effects' of expansionary momentum from the centers of economic expansion to other regions.

→ Myrdal's analysis predated George Stigler's classic 1946 article detailing the harmful effects of the minimum wage law.

→ Books: • Economic Theory and Underdeveloped Regions (1957).

• Asian Drama: An Inquiry into the poverty of Nations (1968).

- Monetary Equilibrium (1930)

- The political Element in the Formation of pure Economic Doctrine (German edition in 1932 and English edition in 1953).

→ In his book *Asian Drama: An Inquiry into the Poverty of Nations*, he expressed that the only way to bring about rapid development in Southeast Asia is to control population, have a wider distribution of agricultural land and invest in healthcare and education.

→ Besides being an economist and a sociologist, Myrdal was also a politician. He was twice elected to Sweden's parliament as a senator (1934-1936, 1942-1946), was minister for trade and commerce (1945-1947), and served as the executive secretary for the United Nations Economic Commission for Europe (1947-1957).

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