

CUMULATIVE CAUSATION THEORY : GUNNAR MYRDAL

by

**Dr. Sourama Saha, Asstt. Prof. in Geography,
Barasat Govt. College**

MYRDAL MAINTAINS THAT
ECONOMIC DEVELOPMENT
RESULTS IN A CIRCULAR
CAUSATION PROCESS LEADING
TO RAPID DEVELOPMENT
OF DEVELOPED COUNTRIES
WHILE THE WEAKER COUNTRIES
TEND TO REMAIN BEHIND
AND POOR

MYRDAL BELIEVES THAT INTERNATIONAL AND INTER-REGIONAL ECONOMIC RELATIONS IN PRACTICE INVOLVE UNEQUAL EXCHANGES IN THE SENSE THAT THE WEAK IS ALWAYS EXPLOITED BY THE STRONG.

HE DESCRIBES THE BACKWASH EFFECTS OF MIGRATION, CAPITAL MOVEMENT AND TRADE IN THE BACKWARD REGIONS.

THE MAIN CAUSE OF BACKWARDNESS AND REGIONAL DISPARITIES HAS BEEN THE STRONG BACKWASH EFFECT AND WEAK SPREAD EFFECTS.

DEVELOPED REGION IS DEVELOPING AT A FASTER RATE AT THE COST OF BACKWARD REGION. INCOME EARNED BY DEVELOPED REGION IS NOT REINVESTED IN BACKWARD REGIONS BUT IS REPATRIATED TO THE DEVELOPED SECTORS/REGIONS LEADING TO MORE DEVELOPMENT IN THESE AREAS.

SPREAD EFFECT CONTINUES TO BECOME STRONGER IN DEVELOPED COUNTRIES WHILE BACKWARD EFFECT CONTINUED TO BECOME EVEN MORE SPREAD IN BACKWARD COUNTRIES.

THERE WAS SOME SPREAD EFFECT FROM NODAL REGIONS TO THE HINTERLAND. THE HINTERLAND SUPPLIES RAW MATERIAL, LABOUR, ETC. TO THE CENTRES OF DEVELOPMENT AND IN TURN RECEIVE CONSUMER GOODS AND SERVICES. HOWEVER, THESE SPREAD EFFECTS NEVER HELPED IN SELF-EXPANSION PROCESS IN RURAL AREAS.

CUMULATIVE CAUSATION THEORY OF ECONOMIC DEVELOPMENT

THE CUMULATIVE CAUSATION ACTION HAS BEEN BUILT UPON SPREAD EFFECT AND BACKWASH EFFECTS.

THE THEORY EMPHASIZES THAT “POVERTY IS FURTHER PERPETUATED BY POVERTY” ($BWE > SPE$) AND “AFFLUENCE IS FURTHER PROMOTED BY AFFLUENCE” ($SPE > BWE$).

IN BACKWAED REGIONS PROBLEM CREATES MOREPROBLEMS. IN DEVELOPED REGIONS AUTOSOLUTIONS SOLVE ALL PROBLEMS.

UNDER SUCH SITUATIONS CAUSE BECOMES
ITS OWN EFFECT.

BACKWARDNESS →



REASON

BACKWARDNESS



EFFECT

CONCLUSION:

A REGION IS BACKWARD BECAUSE
IT IS BACKWAED.

- MYRDAL CONTENTION IS THAT THE FREE PLAY OF MARKET FORCES AND OPERATION OF PROFIT MOTIVE IN THE CAPITALIST SYSTEM NORMALLY TENDS TO INCREASE INEQUALITIES BETWEEN REGIONS RATHER THAN DECREASE.
- WHEN BACKWASH EFFECT DOMINATES DIVERGENCE WILL DEVELOP; PERIPHERY WILL REMAIN WEAK, ONLY CENTRE WILL DEVELOP AND DUALISM IN GROWTH IS PROMOTED.
- WHEN SPREAD EFFECT DOMINATES CONVERGENCE WILL DEVELOP; PERIPHERY WILL DEVELOP, THERE WILL BE ECONOMIC INTEGRATION BETWEEN CENTRE AND PERIPHERY.

CUMULATIVE CAUSATION THEORY PROVES THAT

- MARKET MECHANISM WILL NOT BRING EQUALITY BETWEEN REGIONS BUT WILL INCREASE INEQUALITIES.
- NOTHING SHORT OF GOVT. INTERVENTION WILL CHECK BACKWASH EFFECT FROM GETTING CUMULATIVE.

THE THEORY IS CENTRE PERIPHERY MODEL BECAUSE

- THE FAVOURABLE EFFECTS FLOW FROM CENTRE TO PERIPHERY. PERIPHERY SUPPLIES RAW MATERIAL AND HUMAN POWER TO CENTRE.
- CENTRE SUPPLIES FINISHED OUTPUT FOR CONSUMPTION AND INPUT.

CRITICAL EVALUATION

- THIS MODEL COMBINES NATIONAL AND INTERNATIONAL FORCES WHICH TEND TO KEEP BACKWARD COUNTRIES IN THE MORASS OF CUMULATIVE PROCESS WHERE POVERTY BECOMES ITS OWN CAUSE.
- THOUGH NOT A COMMUNIST HE PROVED THAT THE SO CALLED COMPETITIVE MARKETS INSTEAD OF SOLVING THE PROBLEM OF BACKWARD REGION IT WOULD ACCENTUATE THEM.
- MYRDAL THESE HAVE MADE IMPORTANT CONTRIBUTIONS TO THE THEORIES OF CONVERGENCE AND DIVERGENCE, AGGLOMERATION AND LOCAL ECONOMIES AND THE THEORY OF VICIOUS CIRCLE.

- MYRDAL WAS A SUPPORTER OF BALANCED GROWTH AND WANTED IT TO BE INITIATED, DIRECTED AND SUSTAINED BY GOVT. HE WAS A STRONG SUPPORTER OF THE THEORY OF SPONSORED GROWTH.
- THE ANALYSIS PART OF MRYDAL'S WRITINGS IF FOUND TO BE MUCH MORE SATISFACTORY THAN THE RECOMMENDATORY PART.
- THE THEORY HAS BEEN CRITICIZED REGARDING "ACCIDENTAL FACTORS" AS THE ONLY FACTORS WHICH START THE GROWTH PROCESS.

- THERE ARE SETBACKS IN DEVELOPING REGIONS AND THERE CAN BE DEVELOPMENT IN VICIOUS CIRCLE REGION.
- THE AGGLOMERATING FACTORS (SAME FACTORS WHICH MRYDAL EMPHASIZED ON) CAN ALSO BRING DECREASING RETURNS WHEN DISECONOMIES OVERCOME THE ECONOMIES.
- IT CAN ALSO BE ARGUED THAT EVEN MARKET MECHANISM CAN REDUCE INEQUALITIES AND DISPARITIES BETWEEN TWO REGIONS.

THANK YOU