

JOHNSON, POWELL AND DEVELOPMENT AIDThomas Balogh*

I

I was as much puzzled by Mr. Enoch Powell's review of Myrdal's book**as by the decision of the Editor of the Bulletin to use it as a basis of a discussion on development aid.

What puzzled me about Mr. Enoch Powell's review is that we do not seem to have read the same book. But then I reflected that Mr. Powell, an undeniably intelligent man, came late in life and from an awkward - classical - literary - background into dealing with economic problems. He has by now enthusiastically absorbed economics such as is served up, e.g., in the late Freddie Benham's textbook. Much more, he fervently and obviously quite sincerely believes that this type of economics provides a basis for discussion and decision-making about economic policy in general and, if this review is a considered statement of his views, not only in industrial but also in semi-developed countries.

It is therefore not too strange that he knows nothing about Myrdal and his painful and perhaps somewhat zig-zag progress from his orthodox Wicksellian position as characterised by his contribution to Hayek's 'Beitrage zur Geldtheorie' (Wien, 1933) (coming as it did after the Politisches Element (1927)), towards the sociological-institutional orientation which finds its peak expression in his book on the U.S. negroes and lately in his Asian Drama. So I was amused to see in the Sunday Telegraph the great saga about Myrdal's Canossean recantation. I took it as a misunderstanding by a busy man of the Prologue to (not even of the Introduction of) Vol. I of the work.

I was more surprised that the I.D.S. should have picked this review as the basis for a serious discussion of Myrdal and of the problem of development. This I took to be the manifestation of

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the progressive Southern English middle class ethos well drilled in by the educational system of leaning over backwards in front of the enemy until one falls over. This drill was undoubtedly originated by the not-so-progressive upper class and paid off marvellously well, as the latter knows instinctively when not to practise it. Having mislaid my comments written when I was asked to contribute to the previous Bulletin I did not bother further, because I really thought that it was not worth it.

I see, however, now that Mr. Johnson, among his multifarious and surprising activities, - and not having read the book - has lent his pen to this myth. Now while Mr. Johnson has lately written a torrent of contributions which are of varying quality, his provenance is very different from Mr. Powell's. Before he began to work his passage to Chicago and the Robbinsian L.S.E., his papers on the sort of taxonomy he now practises, commanded respect and attention. His charge that I intentionally misinformed readers of my review about Myrdal's book cannot remain unanswered.

There is of course, not a word of truth about Myrdal's recantation except in the sense that he, with a great many of us now, no longer believes that neoclassical theory, and the sort of laissez-faire recommendations which it implies and which Messrs. Powell and Johnson peddle, are really a viable basis for policy-making. But, then, he has not believed in this for a very long time, and certainly not since the war. Already before the war, as I said, he had turned towards a sociological approach to economic problems such as the problem of the Negro in America and pursued his general studies in the same way. The volumes under discussion, for instance, in no way differ in their thesis from his book on Economic Theory and Under-developed Areas in which he very pertinently analysed the so-called backlash effect. Mr. Johnson's spleen was bound to be aroused.

II

Having disposed of Mr. Johnson's rather disagreeable comments on Myrdal, I now wish to turn to two questions which can be raised in connection with the transfer of Western practices to less developed countries, with or without aid.

The first is whether (given the horrifyingly rapid shrinkage of the earth's surface from the viewpoint of transportation and mobility, especially the mobility of the elite), there is any justification of talking about the "imposition" through aid of "Western standards" on under-developed countries? This question arises with even greater sharpness in those newly

independent areas where the imprint of the colonial possessors - often with the best of intentions - has become so pronounced as to determine the existing modes of life or at least so sharply colour any vestiges of such domestic culture as had existed before the European conquest that the result is not different. What is especially clear from Myrdal's work (and especially its first section on the political and ideological background of the emergent regimes, be they democratic or totalitarian in character), is that it is the elites of these countries that insist, indeed fervently, completely, enthusiastically and uncritically insist, on Western standards of life.

Now it is quite legitimate to ask whether the end of economic policy in underdeveloped areas should really be an adaptation to Western standards. In particular we may question how the cost of "progress" towards a Western type of existence should be measured in terms of traditional beliefs and attitudes as well as institutions and social arrangements. But surely these questions, the problem of maintaining old values and institutions, arise in a completely different sense from that usually put forward by Chicago and adopted by Mr. Powell (though not altogether by Mr. Johnson).

If governments of newly independent states "let things happen" (as Mr. Powell suggests) or even positively stimulate the emergence of a "free" market economy (as Chicago and its allies fervently hope), they would not preserve ancient institutions and attitudes. They would hand over the destiny of their countries to the (often rapacious) upper classes either created (as in Latin America and parts of Africa and Asia) by colonial powers or used and moulded by them (as in other parts of Asia and Africa), upper classes who have had a taste of modern "Western" standards and liked them. The "arrogance" of Mr. Powell's innuendo is not at all Myrdal's but that of the Kiplingesque (or for that matter Liauteyesque) conquerors; and even more the Macaulay/Mill-like conviction of the inherent superiority of Western values which had been implanted since the XIX Century into the East and South in both hemispheres. The opening of these countries to colonial supremacy meant the automatic denial of their balanced growth in an economic and cultural sense.

If we wanted to rescue developing countries from the "Western Values"; if they wanted to be preserved as they are or were before the European conquest, then elaborate and pervasive defensive measures would have to be taken.

To permit the expansion of the economies of the smaller less developed states in an environment of established industrial giants needs careful nursing and international co-operation. The first need is to establish large enough areas for common planning for progress to be able to support large scale industry. This is

very important because private and public consumption burden the available resources of these countries and reduce the margin available for investment. The welfare state as well as modern social factors (such as trade union pressure for higher wages and spread of the desire for durable consumer goods) are new elements not encountered by the industrialised countries when they emerged from the state of primitive agriculture.

All this reduces the relative capacity for economic progress of the less developed areas below the level which their erstwhile predecessors had enjoyed at analogous stages of their development. Nor is this all. The rise of prosperous strata of urban elites together with the development of classical educational institutions in the sea of primeval rural misery will perpetuate inequality in these countries. The costliness of this type of education is likely to prevent the even spread of education and advance to the rural areas, unless some extraordinary transformation in educational strategy takes place. The sort of material status-symbol seeking which goes on in America now (where it perhaps can be said to have some function in maintaining employment) has spread to countries where scarce foreign exchange resources ought to be used for the development of essential industries which demands foreign capital goods. Instead luxury cars and television sets are imported.

If the adoption of "Western Values" means a resolve to eliminate obvious and measurable ills of communities, such as the lack of rural health facilities and the lack of training (rather than educational) facilities; a resolve to lift income and with it consumption and nutrition standards; and to assure the elimination of the patent inequality between rural and urban areas and between the owning and disowned classes, I am quite willing to be accused of arrogance. In the same way "arrogant" foreign aid could smooth the path towards the rise of co-operatives and new, rather less harsh motivations than are now dominant - mainly because of the poverty of the countries concerned. Nor do I think that Mr. Johnson's charge against the progressive economic advisers of Governments of less developed countries of harming the Governments to which they are accredited could be sustained.

All this is shown plastically in Myrdal's analysis of the "development" or modernisation ideology or mentality in India and elsewhere. He shows how difficult it is to find the transition to a new and balanced autochthonous development. In no way do I feel that his criticism can be taken as a recantation.

The second question arises out of the fact that a very large part of the world has won or was given its independence in a manner as to exacerbate divisive, primitive forces. This leads to a multiplication of political units. In these circumstances international action might be needed in order to prevent the worst.

socio-economic consequence of this misfortune because action by the (small) new states might be politically impossible and economically ineffectual. In large areas of Central and South America and in parts of Asia, fractioned states have emerged, incapable of supporting large-scale industry. Thus the maximum future limits of the productive potential of these areas (in any case rather poor relative to their teeming population) has further been lowered by these divisions in territory. If this could be overcome, handsome dividends could be reaped in terms of labour productivity. A transference of techniques and motivations which permit large economic unions at least, is not only permissible, but imperative. Often this is not feasible from inside. It would have to be helped from the outside and can be stimulated only from the outside.

What seems indefensible - having connived at the creation of these elites and having tolerated the fractioning of these territories - is to stand back and advocate the festering of the penetration of free market forces into these areas. Sufficient evidence is available to suggest that the result will be exacerbation of inequality, the continuation of misery, and eventually of unrest. Arrogance indeed there is - in Mr. Powell's attitudes.

Editor's comment:

Enoch Powell's article was used because it contained a number of themes which could become current in debate. It was thus precisely his political commitment which made his article interesting. We made every effort to get radically different views.