

partner and facilitator of development, complementing markets through strong economic policies that promote equitable and sustainable growth (Chang & Rowthorn, 1995). This is demonstrated by effective government support for the market operations in Hong Kong and South Korea with state and private sector working together in maximising the economic capacity yet also delivering social requirements of infrastructure and subsidised housing (Thirlwall, 2011).

As seen in countries such as England, US, Germany and Austria during the post-war period, they exerted directed efforts from governments to help the initial development process and then successfully "let go" as the macroeconomic environment stabilized (Aubrey, 1957).

### Cumulative causation

- clash with equilibrium concept; Myrdal argues that any deviation from equilibrium is far from self-correcting and creates further deceptions
- no such reality as automatic self-stabilising tendency - differences magnify
- Myrdal: a change calls forth supporting changes which move in the same direction as the first change but much further → reinforces original position
- clashes with convergence concept that growth rates and income levels will converge as late developers take advantage of the knowledge and technology due to their backwardness

### Cumulative causation vs. equilibrium theory

- It is a hypothesis of geographic dualism which can be advanced to account for the persistence of spatial differences in a wide variety of development indices including wages, per capita income, employment rates
- Process of CC is a direct challenge to static equilibrium theory, where the latter predicts that the working of economic and social forces will cause spatial differences to narrow
- **"there is no such tendency towards automatic self-stabilisation... the system is by itself not moving towards any sort of balance b/w forces, but is constantly on the move away from such a situation."**
- similarly, the antithesis of convergence theory, which argues GDP per head of all countries/regions will catch up
- Re geographic dualism, Myrdal argues that the process of labour migration, capital movements and trade tend to widen regional and capital country differences in income and welfare by benefiting the already prosperous regions at the expense of the poorer regions

### Labour migration

- Myrdal's theory of CC is the idea that economic and social forces will tend to strengthen the disequilibrium situation by leading to cumulative expansion in the favoured region at the expense of other regions, which then become comparatively worse off, retarding their future development