On Unresolved Issues in Regional Development Thinking

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1 INTRODUCTION

Two survey articles on the state of the art in regional planning have recently appeared: one by Lloyd Rodwin (1978) and another by Harry Richardson (1978). In a volume dedicated to identifying areas of theory formation as well as of research and policy making for the 1980s, it would not make sense to leave them undiscussed. Lloyd Rodwin, with sensitivity to the environment, notes a shift in pre-occupation among regional planners 'from a technical' to a 'socio-political' emphasis over the past 25 years. Richardson - who had a different objective than Rodwin - takes up the thread spun by Meyer (1967) and looks at how regional economics has progressed over the past 10 or so years, while apologizing for not taking into consideration a trend towards multidisciplinarity.

This diversity in outlook at almost the same moment is exemplary of the break in the profession of regional planning and in the theoretical thinking that lies behind it. Various causes can be indicated as responsible for the emergence of new schools of thought. First of all, a number of scholars (Coraggio 1974, 1977, 1978; Slater 1978; Castells 1972; Friedmann 1976 to mention but a few) have come to reject not only several of the basic assumptions that underly theorizing within the neo-classical tradition (Isard and Smith 1969; Czamanski 1972; Klaassen 1967 to mention again a few), but also the philosophical background and view of society this tradition entails. A second break is found among the latter group and those who, although perhaps accepting its general view of society, attempt to go beyond the assumptions of neo-classical theory and seem to be in search of a multidisciplinary paradigm to guide them in the elaboration of theory on

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regions, regional development and regional planning.

Members of this third group would seem to include Mabogunje (1968, 1972), Misra (1972), Kuklinski (1975), Lambooy (1975), Stöhr (1975), Rodwin and, in all modesty, myself.

There is no doubt that this last group, originating from various disciplines, is confronted with considerable problems. The development of a new paradigm, multidisciplinary in character at that, is no simple task and it would seem likely that most efforts will be handicapped by partial knowledge of other disciplines. It is the advantage of the Isard school of thought, of course, that it largely remains within the formalized framework of a single discipline, which enables its members to use building blocks that have proven their quality within that framework.

Although no one will deny that Regional Science has found a considerable number of followers in the Third World, it is equally difficult to deny that critical observations are found, especially in work by those authors from these countries who have specialized in studying problems of regional development in poor countries. This phenomenon can be ascribed - as some authors have done (Coraggio 1972; Hilhorst 1971; Friedmann 1966; Misra 1972; Stöhr 1975; Richardson 1978; Rodwin 1978) - to differences in the institutional environment in which regional planning is carried on in the two types of worlds. Many of the propositions that are made by regional economists carry implicit assumptions, that may be valid in rich but certainly are not valid in poor countries. Thus, for example, economic base multiplier analysis assumes implicitly that the entire labour force in a given area functions within a monetized economy whose sectors are interrelated by the market. The classification of labour force into two types required by this analysis, however (either in base or in non-base
activities, the level of employment in the latter being determined by the former) completely overlooks the fact that the level of the economic base activities cannot explain the number of subsistence peasants in certain areas since they are at best marginally interrelated to either the base or the non-base activities.

Richardson has recognized this problem of the relevance of regional economics for the Third World and he mentions it from time to time in his survey. Discussing Cameron's (1974) and Sant's (1975) contributions in relation to problems of migration, he has to conclude that 'Few of these arguments apply in developing countries' (Richardson 1978: 26). On growth centre theory and policy hedevotes more attention to the question of relevance for the Third World. He says: 'These arguments suggest that there are major problems with growth pole strategies. However, this does not mean that they have no value, particularly in developing countries where most of the criticisms about implementation have been made.' It would seem that much more could have been said. And, to be sure, Richardson has done so on other occasions (Richardson 1975, 1976, 1978).

In this paper, the emphasis will be on problems that seem to preoccupy authors from the third strand of thinking. In addition, and although some research results from the rich countries will be discussed, the focus will be on the problems of Third World countries.

Rodwin's emphasis is also on regional planning in the less developed countries. The major issues he mentions are (1) technical versus political approaches; (2) equality and decentralization; (3) spatial aspects of inequality, and (4) regional, national and autonomous versions of regional planning.

On the first of these four issues Rodwin says:
A quarter of a century ago the problems of regional planning were deemed to be largely technical. Today they are not. In the main, the shift has occurred because pressing the political issue has become a way of challenging or even discrediting what is considered a wrong or inadequate technical approach, just as raising the technical issue under some circumstances can become a way of skirting or discrediting a wrong or inadequate political approach. The conviction has spread that the wrong groups and interests are benefiting or failing to benefit from these programmes and effective change can occur only in the political arena.

In fact, Rodwin poses three questions here: first, who is entitled to make decisions; secondly, is it relevant to analyse problems from more than the political perspective; and thirdly, what should be the objectives of government policy in general and of regional policy in particular?

The other three major issues seem to form part of one complex in the sense that they are all concerned with administering the objective of more social justice. On the one hand, these issues raise the relatively old problem of what decisions should be taken at what levels of decision making, while on the other they take account of the problem the transnational corporation poses to regional planning, a problem that has perhaps most explicitly been raised by Stuart Holland (1976a, 1976b). Although Rodwin does not say so explicitly, it is clear that this latter problem is closely related to that of growth pole policies (Boudeville 1969, 1972).

Taking stock of what for the purposes of this paper seems to be the most relevant in the two surveys, the following stand out:

(1) The concerns of regional planners seem to have undergone a remarkable change; this is reflected in three ways:

(a) there is considerably more discussion about the goals of regional development planning than in the past;
(b) regional planners who no longer accept the neoclassical framework of thought have increased considerably in number and in influence in the profession;
(c) the debate on the administrative aspects of regional development planning has only recently started.

2) The relevance for poor countries of much of the theorizing in matters regional as it emerged in the rich countries is seriously put in question. In the following sections some aspects of these concerns will be discussed. In addition, some other issues will be raised. In the first instance, some attention has to be devoted to the concept of region. Then, in section 3, I shall go into some of the general aspects of regional policy making. More specifically, attention will be given to the locational behaviour of firms and its effects on regional development. In section 4 I propose to discuss some aspects of growth pole policies; and finally, I shall raise some issues in connection with the limitations of regional planning.

2. THE CONCEPT OF REGION

Although many seem to agree that the concept of region is a mental construct that finds no counterpart in reality, for others it remains an important issue. As will become clear in section 3, where attention is given to the notion of territorial integration, some authors are convinced that the phenomenon 'region' is threatened with disappearance due to an over-emphasis on sectoral development. Whether this view is correct or not is not at stake here. It would seem to be more important to clarify whether the differing conclusions with regard to the concept of region might have their
origin in differing assumptions with regard to locational behaviour.

One of the most important aspects of neo-classical economics is that it has constructed not only the abstraction of *homo oeconomica*, but also the dichotomy that consists in the rational producer and the rational consumer. There is no doubt that in the study of market behaviour on the part of producers and consumers it makes considerable sense to employ this dichotomy. Putting producers and consumers in this situation requires recognizing that their interests are opposed, standing as they do on opposite sides of the counter.

Whether Weber (1929), Lösch (1954), Christaller (1965) and Isard (1956) and many more, were wise to adopt this approach when trying to explain locational behaviour remains to be seen. Studies of locational behaviour on the part of entrepreneurs such as that by Greenhut (1965) and that on the part of 'consumers', seem to indicate that the various theories that hold within this framework are not entirely supported by the facts, to put it mildly. Isard's (1969: 93-97) introduction of decision making cost into the locational analysis he had developed in his earlier work (Isard 1956) certainly improves on the analysis as is shown by evidence on the importance that certain types of entrepreneurs attach to proximity to decision-making centres (Hamilton 1974). The divergence of observed from predicted locational behaviour, however, seems to indicate that other forces are at work that cannot be introduced into the theory, since by doing so one would abandon the paradigm.

One might argue as follows. Consider the Weberian entrepreneur looking for a location. On the basis of the type of analysis advocated by Isard he will be able to specify profits as a function of location. Let us
now humanize this abstraction and consider him together with his wife and children with whom he forms a 'consumer' unit, at least, in terms of spatial behaviour. Given the locations represented in the profit function, the consumer unit will be able to specify utility as a function of location. (It will be clear that putting the problem in this order signifies a considerable reduction of possibilities and implies giving preference to the problem of 'rational producer's behaviour'. When the order is reversed, an entirely different problem emerges.)

The decision that has to be made falls outside the class of problems considered by neo-classical economics. It is hard to argue that in general the location where profit is maximum will coincide with the location where utility is maximized. In all other cases, a third criterion will have to be used to solve the problem of locational choice.

It is not clear to me which criterion should be used. Some may argue that in human behaviour other decision making criteria play a role, which are more important than that deriving from solely economic pre-occupations, in the sense that these have been imputed to the *homo oeconomicus* as either a producer or a consumer. Thus, the search might have to be for a non-economic criterion which would have a heavy weight in man's decision making. It would also have to be a criterion that respects the essentially social character of man. In this search one might therefore think of the work by a sociologist like Elias (1978), who places an individual within a network of interpersonal relations. Having in mind the concept of man as a social animal, then, such a different criterion might be encountered in the assumption that man strives after improvement in his position within the network of interpersonal relations to which he belongs.
Obviously, the introduction of this criterion, which is clearly linked to both other criteria in that social position is as much a function of profit made in one's entrepreneurial endeavours as of other personal attributes such as the quantities of a commodity consumer (but also making possible the introduction of other aspects of behaviour), would allow us to solve the problem facing the entrepreneur *cum pater familias*. Various problems present themselves, however. Firstly, of course, we must face the fact that not all people are entrepreneurs; in fact, the majority of people earn a wage or a salary and we cannot describe them as producers of commodities. Or can we? Could we go to the point of saying that for purposes of locational behaviour analysis we may consider the salaried worker as a producer of labour services who contracts to sell this commodity to a single buyer in a single location over a given period of time? If so, we might interpret the transport cost he incurs going from place of residence (i.e. location of production) to place of work (i.e. location of the market) in the same way as we considered transport cost for the producer of other commodities. The scope of this paper does not allow for elaboration on this aspect.

A second problem is that not all locational behaviour can be ascribed to individuals or household units. Also, organizations show specific types of behaviour. Isard (1969) differentiates organizations into three types: organizations, exporting units and government units, for reasons specific to the requirements of his 'general theory'. I recognize that the new criterion would not be very helpful to explain the behaviour of all these types of organizations. Meanwhile, the question arises whether the breakdown given by Isard is the one to be adopted. Too many government units appear to act in their
choice of location as if they were profit-maximizing units for the validity of distinguishing, for instance, exporting from government units, or the attribute of striving after maximum profit, not to be questioned. Although section 3 will reflect some of the aspects of locational behaviour by organizations, the literature on the subject indicates that the problem has not been solved by far.

A third problem arises in that the criterion that is related to man's social position seems to be even more slippery than that of utility. Should it be expressed in terms of leadership? Or should it be denoted by the concept of authority? I have no answers to these questions. Nevertheless, the criterion is an interesting one not only in that it places man in a network of relations of an economic nature, but in that it takes account of the various social situations in which he may find himself: work, recreation, political affairs, relations with members of his family, with friends, etc. As such, and because these various social situations almost all imply movement from one location to another, since many of these again have differing spatial (in the sense of distance) requirements, it is a criterion that seems well suited to a study of man's behaviour in space.

It will be this kind of study that will tell us whether regions are a reality or should be considered as mental constructs that can be changed in area in accordance with certain criteria of spatial clustering. The analysis of migration behaviour suggests that there is more to locational decisions than can be found in the variables that fall within the range of representing commodities, income or expected employment opportunities and wage differentials (re. Todaro 1969; Yap 1976). Phenomena such as chauvinism, and aspects of regional identity such as dialect and the way of doing certain
things, would have to find a place in such a study.

I am aware of the problem that the introduction of the criterion of improving one's social position does not bring us closer to solving the problem of whether what the one says is a region should be called a sub-region, or what the other identifies as a region should be defined as a macro region. Its introduction does seem to enable us, however, to give a place to various issues that have led to discussion.

Assuming for the sake of the present argument that the criterion could be developed into a manageable one, it would require that the various aspects of human behaviour as listed above would have to be interrelated. Decisions on whether to play tennis in one club or in another would no longer be seen as a function only, for example, of the distance from either club to a person's home and the membership fee, but also of the significance that membership of either club would have for his relative social position. Therefore, club membership would not necessarily have to depend upon present income but upon income aspired to and it might in fact result in finding a new place of work. Thus, flows in space would be altered. But inasmuch as the various activities of one person would have to be interrelated and changes in one might be directly related to changes in another type of activity, in the same way it would be necessary to interrelate the activities of all individuals within the network.

A first consequence of the approach suggested here would be that it would be hard not to work with more variables than are now permitted by one single discipline. Studies related to this approach would have to be multidisciplinary. A second consequence would be that the concept of region as a set of interrelated human activities in space would be a more relevant tool of analysis for
purposes of the study of locational behaviour than the concept of homogeneous areas.

This concept being considered here is significantly different from that of 'relevant region' as developed by Klaassen (1967), in that the latter is concerned with the spatial extent of a localized cluster of enterprises that have a certain degree of interdependence. This relevant region may change radically under the impact of the closure of one or two firms in the cluster. It also differs from Boudeville's (1965) concept of polarized region, since he defined it by referring exclusively to economic categories.

What is meant here is not only a set of economic activities, but also those concerned with regional government, social and cultural life, etc. In other words, the concept is holistic in character, in that it attempts to interconnect decisions made by individuals and organizations within a spatial setting which concern their social, economic and political activities.

This is not to say that this set of activities would comprise all activities that are carried on within a given area. Activities that would form part of an international network of relationships, or those that would be an element in a national network of activities, would have to be excluded. When looking at an enterprise such as Philips or Unilever, however, I would not consider it as engaged in international activities only, even though its products are sold in many countries of the world. A number of its activities would have to be characterized as predominantly local and regional, such as the traffic it generates, the electric power it uses, the air pollution it may cause, and the effects it may have in the labour market. Thus, local and/or regional legislation regarding pollution may be influenced by employers (not only of these types of enterprises, but also of others) who serve on the council of the local authority, etc.
It follows that the concept of region that one adopts is closely related to the theory of human behaviour that can be considered as the more relevant for a given country or continent. It may very well be that in countries where values and attitudes tend to give more weight to economic decision criteria than to others we should rely more heavily on economics. In other situations, economic decision criteria may function rather differently in that they indicate the boundary conditions within which mutually interrelated decisions that have consequences for future flows of income and expenditure have to be made in order to avoid the depletion of resources. In such circumstances, the economist can indicate what decisions cannot be taken so as to avoid this kind of effect, rather than pointing at what decisions should be taken.

The introduction of the criterion responds to the concern shown by regional planners for the goals of regional development planning and the way these are adopted. This follows when we consider that the use of this criterion can help explain why individuals join interest groups and marketing organizations, for instance, while it also may give clues as to why certain groups are hindered in becoming organized or in acquiring access to decision making over the use of public means.

From the point of view of policy making, it is important to be aware not only of the goals of different groups, but also of the way in which these groups are interrelated and to what extent the goals of government policy can be considered feasible. A series of studies in this field have appeared related to decision making and goal setting at the level of local authorities, while a good deal more has been done relating to national decision making. There seems to be a need, however, for more research in the intermediate level of regional development goal setting and decision making. Dunham (1977)
has studied the case of Southern Ghana, while Faltas (1977) has analysed the decision to delineate regions in the Philippines. Far more work would seem to be required.

3 TERRITORY AND FUNCTION

Two aspects of regional development policies will be discussed here: (a) the impact of functional organizations on regional development; and (b) a strategy to counter the undesirable effects of 'functional' development as proposed by Stöhr and Tödtling.

Under the first aspect, at least three elements require discussion: (i) the spatial concentration of control functions in the production of goods and services; (ii) the effects of the spatial concentration of control functions in production upon the development of economically backward regions; and (iii) the effectiveness of territorial organizations in stimulating regional development. The first of these three constitutes as it were a background to the other two, in the sense that the development of functional organizations needs to be considered largely as an autonomous process when studying problems of regional development. It concerns the development of the small, family-owned, one-function enterprise into transnational enterprise, a process that governments can regulate to no more than a very limited degree.

In this development, Hymer (1972) has identified three stages. In a first stage, rapid growth of demand and changes in the technology of production, transport and communication led to the consolidation of small firms into national corporations engaged in various functions. This growth from firms to corporation has been either allochtonous or autochtonous (Jansen 1974). In
the first case, other firms are bought ('take-overs'), whereas in the second the firm expands either by increasing production in existing plant or by opening-up new plant. The motivation for growth in size is found on the one hand in considerations to decrease uncertainty, especially when growth in size goes together with an increasing market share (Hilhorst 1964), and on the other in considerations to increase efficiency. Berg (1973) mentions a number of economies of large scale that may be involved: those of production, distribution, buying, advertising, financing, storage, management and of research and development.

Hymer suggests that this first stage required a new administrative structure that would enable the coordination of production in spatially dispersed plants. Thus a structure developed involving on the one hand, a horizontal division of management tasks such as departments of personnel, production, sales, finance etc., and on the other, a vertical system of control, by which the departments could be connected. In this way, the Head-Office came about.

In the second of Hymer's stages, the multi-divisional corporation is created. Corporations thus become decentralized into single-product-line divisions, each with its own head office. A group head office is needed to coordinate the work of the divisional head offices. In Hymer's opinion, this process is the further response to the problems of uncertainty and the opportunities of large-scale production with which the enterprise is faced.

In the final stage, the corporation goes abroad and develops into a multi-national corporation. This process is based upon the financial strength of the multi-divisional corporation and the expansion to other countries may be motivated by the desire to secure markets or access to inputs. We may add that, more and more, tax and wage differentials as between countries should also be regarded as motivation for such moves.
The way in which general demand conditions and changes in technology influence interrelations between corporations is clarified by Rees (1974). He reports on the British chemical industry and he finds the following reactions of firms to changes in the general economic situation.

...one response ... has been a strong lobby for agreements between producers. Moves towards this include an information exchange agreement to phase investments in ethylene by ICI, Shell and Exxon's and an agreement to phase investments in ethylene by ICI, Shell and BP... The spatial significance of the latter virtually implies companies taking turns over the introduction of vast new naphtha crackers and associated their complexes of downstream plants. General supply and demand trends in the economy, therefore, cause individual firms to respond through their capital investment policies, and these have significant tempo-spatial implications. A second response to detrimental conditions in the economy with implications for the spatial organization of firms takes the form of mergers and acquisition.

And Rees goes on to quote Singh (1971) when the latter reports that of 2126 manufacturing firms quoted at the U.K. stock exchange in 1954, more than 400 had been acquired by 1960 and that of the 41 chemical firms that 'disappeared' between 1948 and 1960, 28 had been acquired.

The corporation's environment is important in an additional way. Galbraith (1972) argues that when the environment is stable - that is, when there are few uncertainties - a form of organization of the corporation is possible which is strongly formalized and often vertical in character while all responsibilities per function can be clearly described. On the other extreme is the 'organic' form, which would be most suitable for 'unstable' environments. In this form, communication is little structured and there is a less clearly established hierarchy. Not only does the higher degree of uncertainty implied in the 'unstable' environment lead to greater needs for information, also its collection is less formalized and often occurs in face-to-face communication.
The corporations are among the organizations facing relatively unstable environments and need considerable amounts of information inputs. Rees (1974) says in this connection: 'Headquarters need to be in large (urban) units, because of the need for face-to-face contacts, contributing, for example, to London's functions as a headquarters city.' As Hymer, he distinguishes the headquarters functions from those of the production units. For the latter, regular and repetitive contact patterns exist which makes it possible for these units to be located away from communication nodes such as New York or London. Thus, in 1968 'New York city alone houses 137 corporate headquarters of the 500 largest American firms' (Rees 1974). Westaway (1974) reports that the head office functions of the 1000 largest industrial companies operating in Britain are concentrated in London and Southeast England. In addition, he finds 'that productive functions - as represented by annual operations - were found to be most heavily concentrated in the less prosperous regions of Britain.'

Of considerable importance in these findings is that those units of large corporations that are not involved in decision making can be located in backward areas, but that their head offices on the whole require location in the large agglomerations.

Westaway summarizes the development of the enterprise as follows:

This development process has expressed itself spatially in the agglomeration of, initially, administrative functions and, more recently, strategy planning functions, as represented by group head offices. While this process of centralization has occurred at the higher levels of organizations some decentralization has occurred, and is occurring, at the lower levels - routine administration and production. The main forces behind these tendencies appear to be the information requirements of different types of organizational unit and the information richness of cities in different parts of the country. (Westaway 1974).
One may add that in countries where communication networks are little developed the tendency for enterprises to locate in one single urban centre is considerably strengthened. It seems relevant to consider also the experience of socialist countries. Some research results for the USSR will be used here. In his analysis of the impact of industrial decision making upon the urban hierarchy, Huzinec (1978) concludes that it is among the major factors explaining the concentration of population growth in the large cities in the USSR. From a series of indicators he infers that this is the consequence of locational decisions by the industry ministries, which prefer industrial investments in the large cities. It turns out that these cities are the administrative capitals.

Huzinec explains the phenomenon on the basis of various factors: (i) those related to the production function; (ii) those related to the planning structure; (iii) those concerned with urban infrastructure; and (iv) those of political nature. Among the first, he mentions that Soviet planners are concerned to find minimum cost locations and wish to take advantage of economies of scale. An additional role is played by the desire to minimize transport costs which, in a country as big as the USSR, leads to a situation with relatively few highly accessible places.

In the planning structure, two forms of planning emerged that were supposed to act in a complementary fashion: sectoral planning and regional planning.

Under sectoral planning, a given ministry is responsible for planning the development of its branch of the economy; this mandate extends to all geographic units of the USSR. Regional planning, on the other hand, is set up according to various territorial units ... with each regional unit responsible for the planning of all economic activities within its region. What eventually took place is that, except for a short period under Khruschev, the ministerial form of planning has been dominant. (Huzinec 1978: 144-145)
Thus, development happened in places that were favoured for sectoral development.

As regards urban infrastructure, Huzinec is of the opinion that the relative lack of social overhead capital in the smaller cities retards their ability to attract industrial investment.

The political factor is concerned with the role of the party in decision making. Since the principal members are located in urban areas they will tend to acquire more economic activity there.

Huzinec's results seem to be consistent with those found by Ofer (1976) who examined the relationship between industrial structure, urbanization and growth strategies in socialist countries. Ofer shows that the industrial structure of the European socialist countries differs significantly from that of other European countries and of the USA. The producer's goods sector, in particular, accounts for a much larger share in total product than one would expect on the basis of an indicator like per capita gross national product.

This phenomenon, in Ofer's view, is a result of policies that are based on the socialist development strategy, which 'aims at maximum rates of economic growth by investing at the highest rate feasible' (Ofer 1976: 221). Ofer is aware that this statement is an over-simplification, but in his view the tendency is there and it translates in a tendency to keep consumption low.

The tendency to maximize growth also leads to a desire to make use of economies of scale. In turn, these can better be attained in relatively large urban concentrations. However, since the bulk of urbanization costs is connected with moving labour into the cities and settling it there, labor is relatively more expensive than capital in urban than in rural areas. The main argument is that the extra costs of moving labor are higher for the socialist system than for a market system, that the socialist system is in a better position to perceive the existence of such costs, and that it has better means of controlling
them and taking them into account in the planning process. As a result, some costs are avoided, either directly or by input substitution, that is, by allocating above-normal labor-capital ratios in the agricultural sector and above-normal capital-labor ratios in the manufacturing sector. (Ofer 1976: 222-223).

Although Ofer's reasoning is perhaps somewhat too fast, we can retain that greater awareness of the costs of urbanization in socialist countries has contributed to their undoubtedly low overall degree of urbanization, that is to say, considerably lower than one would expect, given the level of per capita GNP. This result does not conflict with those of Huzinec, since the tendency towards primacy in the urban structure of the various republics of the USSR can be quite consistent with a relatively overall low degree of urbanization.

It is interesting to note that the trend towards large-scale production is present in both capitalist and socialist systems and that in both systems sectoral (or functional) organizations tend to cause the clustering of decision making functions in the major urban centres.

Stuart Holland (1976a) has written about the effects which large-scale enterprise has upon regional development. He defines the meso-enterprise as one that is multi-product, multi-plant and multi-national, whose size and spread span the gap between micro- and macro-economies. Consistent with the evidence provided by authors writing on capitalist systems such as those mentioned above, he further characterizes the meso-enterprises as dominating the markets they are engaged in while being located in the more developed parts of the country. They may even have contributed to this unequal development.

Their super-normal profits in one industry enable them to diversify into others. The spread of operations thereby increases adaptive capacity to demand changes, independently of their power in many cases to influence the pattern of demand through advertising and the creation of consumer wants. Consequently, smaller firms in less-developed regions are faced with major handicaps in any attempt to penetrate national markets through the exploitation of lower effective wage costs, entrepreneurial skill and government incentives. (Holland 1976a: 33).
Holland thus introduces a distinction between meso-enterprise and other enterprises which may be located in a given region. In fact, he proposes a distinction into three types: (1) 'leader' firms; (2) 'led' firms, and (3) 'laggard' firms. The first type is the meso-enterprise.

The second category ... are dependent for their main part on national markets and exports ...... They therefore fall more into the micro-economic sphere where domestic Keynesian policies are effective...... They either wait for their lead in innovation or market development, or seek to operate in a satellite function relative to the leaders...... The third category ...... are too small to bother the leaders, or to prove attractive to them as providers of inputs or as sub-contractors ...... and tend to be local or regional concerns posing little threat in national markets (Holland 1976a: 122-123).

This classification of firms that export from a region into those that are at best national in character and those that form part of multi-national enterprise is a useful one. It permits us to define a region's economic problems as being directly influenced or not by the phenomenon of the meso-enterprise, a phenomenon that poses very specific problems from a policy point of view.

Speaking about the behaviour of the meso-enterprise, Holland goes further than Westaway. Whereas the latter says that the production units 'will tend to become fairly well dispersed, following the joint pulls of manpower, markets and raw materials', Holland adds the existence of tax-holidays as a locational factor. Given their size meso-enterprises will tend to internalize a series of benefits that smaller firms would normally leave to regional enterprise.

In this connection a number of observations by Thwaites (1978) are relevant. Thwaites found that firms that establish branch plants in outlying areas do not in general create linkages. He quotes a 1973 report of the North of England Development Council which concludes that of
29 plants, which moved to the Northern Region in the late 1960s ... three-quarters ... had not changed their pattern of suppliers, and over half had not changed markets, after the first year. And Thwaites concludes - after citing other evidence - that many of the original linkages developed in the base region are transferred with the branch plant. (Thwaites 1978: 457)

Effects via the labour market in the less advanced region will thus tend to dominate. Holland also stresses this point, when he says that '... The benefits from multinational location (in less-developed countries) are limited ... mainly to direct employment and wage creation (Holland 1976: 39). He does not point, however, at the backwash effects that the location of these enterprises may have upon existing 'led' or 'laggard' enterprises.

The locational pattern of multinational enterprise that is not engaged in mineral exploitation or plantation agriculture tends to favour capital cities, especially when these are also ports. Abumere (1978) has found this also in the case of Bendel state in Nigeria.

There is no doubt, however, that government incentives may considerably change this tendency. This has become clear from the experience in the Brazilian North East (Haddad 1977) as well as from the Chilean experience in the period 1962-69 as reported by Gwynne (1978). The latter shows that the determination on the part of the Chilean government of that period to provide an industrial economic base for the very peripheral location of Arica (on the Northern border with Peru) has been successful.

Because of this peripheral location, however, most of the multiplier effects, in the production of parts and other supplies, came to Santiago. The various production units also had their head-office there, with the exception of only one.
Stöhr and Todtling in their 1977 and 1978 papers on the effectiveness of regional policy making give a considerably broader survey. They are concerned not only with interregional income disparities, but also with intra-regional ones, insofar as these may result from government policies. In their 1977 paper, the authors have to conclude that

...from more detailed analysis available for some countries it seems that spatial development policies in general were not able to change spatial inequalities in material living levels significantly. In cases where it was possible to reduce disparities at one scale (e.g. the inter-regional one), this was usually accompanied by an increase in disparities at other scales (e.g. the intra-regional or interpersonal ones). Such shifts in disparities from one geographical scale to another could be observed particularly where policies of 'concentrated regional development' were applied, usually combined with sectorially unbalanced development (mainly in industry) and a strong emphasis on overall efficiency (Spain and Brazil, to a lesser extent France), (p. 46)

It seems proper to confront this conclusion with Richardson's statement that most problems of regional development have a structural character. I agree with Richardson and it leads me to raise the question of the timespan within which a regional redistribution policy has to be evaluated. If the objective is to change the structure of a country's space economy with a view to creating a more equitable distribution of living levels in the various regions of the country for all its citizens, there is no doubt that an extremely ambitious objective is being pursued. Even a policy that is based on accepting a considerable reduction in overall national economic growth (in the medium run) will be constrained by the availability of means. It is only logical that this implies that no more than a part of the objective can be realized in a given timespan. The problem in this connection is whether the increasing intra-regional disparities they observe should be evaluated as the inevitable consequence of attempts to do something about interregional inequality, or whether this increase
could or should have been avoided. Let us assume a labour force \( P \) of a region that lives on the average at a considerably lower level than that of the country. Let us further assume that income in the region is distributed fairly equitably. In order to raise the standard of living of \( P \) as a whole it will be necessary to start with something, that is to say, policy makers have a choice to do something either for \( P \) at large or for some groups or both. The problem of choice policy makers have is one that is seriously influenced not only by the general problem of means, but also by other well-known problems such as that implied in indivisibilities and the requirement to use scarce means efficiently. If it is decided to construct a general hospital to which \( P \) in its entirety will have access, it must be placed somewhere and spatial intraregional disparities will increase. Is this good or bad? If a factory is built that employs \( L \) workers at higher wages than the income they used to earn, it will have to be located somewhere and the chances are that it will be close to the hospital so as to reduce e.g. the cost of power transmission. Is this good or bad? It is certain that spatial inequality will increase. Interpersonal inequality will increase also, because a population \( P-L \) will continue to earn more or less the same, while \( L \) earns more than before. In other words, is increasing intra-regional inequality a passing phase and the necessary consequence of the policy - and I am not thinking here of the sort of mechanisms that Williamson (1965) seems to accept - or could we think of instruments of policy that could avoid the use of lumped investments and a hierarchy of functions that are clustered for reasons of accessibility and efficiency in the use of means? Thus, although not quarrelling with Stöhr's and Tödtling's conclusion in terms of the facts, the question is, can these facts be avoided?
Their 1978 paper contains essentially the same conclusions with regard to the quantitative aspects of regional policy effects. On the qualitative aspect, however, the 1978 paper contains more. Particularly interesting in the framework of this section are two questions to which they address themselves: 'What are the control- and ownership-relations of the plants which were established in peripheral areas?' and 'what are the organizational characteristics of these plants?'. Concerning these two questions Stöhr and Tödtling find that 'a large proportion of new activities in peripheral areas are branch plants or subsidiaries with extra-regional control and/or ownership!' (1978: 94) and that, in addition, they are foreign owned (Ibidem: 95). On the whole, these branch plants have input-output relations with enterprises elsewhere in the country and not with those in the region where they are located, and they employ low skilled labour. Massey (1979) carries the argument one step further. She observes that the spatial differentiation that results from the process of growth of the corporation has in fact contributed to a new type of division of labour according to which some areas specialize in control and R & D functions and others in direct production. Although she acknowledges Firn (1975) and others who have pointed to the consequences of 'de-skilling' a region, her main preoccupation is with the way the 'regional problem' (employment disparities) is traditionally defined. She argues:

Regional inequality is not a frictional or abnormal outcome of capitalist production ... the process of capital investment has historically normally been one of the opening up of some areas, and the desertion of others... They are, moreover, being deserted for reasons relating directly to the requirements of internationally competitive and profitable production (Massey 1979: 242).
One has little difficulty with accepting this view, although some may add that it will depend on the character of the location and the nature and size of the investment whether the rate at which certain areas are deserted is high or not. If it is the type of investment that Firn (1975) and Westaway (1974) encountered in most of Britain's problem regions, there is no doubt that this rate is higher than the one to be observed in London and the Southeast.

In the context of this section, however, Massey's contribution reaffirms Firn's fears that the establishment of production plants in problem regions or designated areas separated from control and other functions brings about a changing balance between innovative, entrepreneurial-type decision making and routine management-type supervision. When major decisions, such as on investment, sales, or purchasing are made elsewhere, the plant managers in the regional subsidiaries or branch plants are reduced to what Baumol calls 'competent calculating machines'. Thus much of the drive, enthusiasm and invention that lies at the heart of economic growth is removed, reduced, or at best, suppressed. (Firn 1975: 410).

The process of de-skilling would also be a consequence of the situation of external control. Since branch plants do not need middle and higher management, those people that aspire to this kind of function would have to leave the area (cf. Ibidem: 411).

Firn shares the concern for 'territorial integration' shown by Stöhr, Tödtling and Friedmann. Together with Massey they seem to be convinced that government policies in the rich countries have brought about new problems for peripheral regions.

Friedmann (1976 and 1979) introduced the terms 'functional integration' and 'territorial integration'. He defines the former as referring to 'linkages among individuals (or groups) who are organized into hierarchical networks on a basis of self-interest'. Territorial
integration 'refers to those ties of history and collective experience that bind the members of a geographically bounded community to one another' (1976: 11).

In a footnote, Friedmann clarifies that these concepts do not denote ideal types that are mutually exclusive, but 'complementary forces that are in contradiction to each other, complex social forms arising from this double interaction'. Whether these concepts have ripened enough to be useful for further analysis remains to be seen. Friedmann makes use of them in the following way:

Every national economy is, to a degree, both functional and territorial, but the actions to which these principles of social cohesion give rise often result in bitter struggle. In any event, the complexity of the response space does not allow of ideologically 'pure' answers. Territory and function are both needed for development. The real question is, which principle is to be master: shall function prevail over territory, or territory over function. At the moment, the transnationals appear to be gaining in this context for domination, but the arguments favoring the territorial principle are very strong, and territorial systems are, in any case, essential to the survival of corporate (functional) power: without territory corporate power could not shift the burden of production on society (Murray 1975: 63-77) (Friedmann 1976: 15).

Stöhr and Tödtling (1977) express a similar concern when they say that the objective of equity should be considered not only in terms of equal socio-economic levels but also in terms of equal chances of individuals and groups for diversity and for being different (p. 34)

and when they observe that the past decades have witnessed the execution of policies that have disregarded the latter type of objectives by concentration on increasing functional and spatial integration of interacting systems of growing size, complexity and lack of controlability (p. 35).

This trend has led to backwash effects of differing kinds and it can only be reversed 'if, along with the presently dominating strategies... explicit instruments for selective spatial closure at various levels are applied' (p. 35, italics added)

Three options are said to exist: (a) by complex systems management; (b) by giving priority to functional changes; and (c) priority to territorial integrity (p. 75). The authors implicitly reject the first two alternatives and
seem to settle on (c), although they are not explicit about it. They assert that four preconditions have to be fulfilled if greater 'spatial equity' is to achieved.

These are:

1. the broadening of explicit spatial development policy to a more explicit consideration of social and political processes;
2. the reformulation of distance friction from a negative concept (to be diminished as an obstacle to large-scale integration and spatial equilibrium) to a positive one for the structuring of a spatially disaggregate interactive decision system;
3. greater attention to be paid to non-market and non-institution based activities and to the requirements of small-scale human and man environment relations;
4. a shift of decision-making powers from today's mainly functional or vertical (sectoral) increasingly to horizontal (territorial) units at various levels.

The scale of the territorial decision making should ideally be the one within which a maximum of the repercussions or external effects of the respective decision can be internalized. This means to short-circuit decision-making scales with spatial impact scales to the maximum degree possible. (Ibidem: 47).

Strategies of selective spatial closure can be applied (via) ... regional resources; (via) the guidance of regional preference patterns and (via) policy instruments modifying distance friction and redistributing the effects of internal and scale economies, of differential accessibility and of decision making power. (Ibidem: 47).

Stöhr and Tödtling seem to agree with Friedmann in the latter's assessment of functional integration. The strategy of selective spatial closure they propose, however, is not necessarily the correct answer unless, indeed, they are serious when they say that their strategy of selective closure would have to be introduced along with the existing strategies of functional integration. But even then we must raise the issue of the strategy's feasibility. Even though one may agree with the objective of territorial integration, it would seem necessary to be careful in the selection of the proper instruments, taking account of the specific conditions of the country concerned.
Two questions arise in this connection: (a) Is it possible to use the strategy they propose simultaneously with those that are presently applied and have been applied over the last decades; and (b) is their strategy effective in the sense that it will almost certainly lead to achieving also the objective of 'equal chances of individuals and groups for diversity and for being different' (p. 34) 3

In posing these questions it is relevant to state once again the problem as Stöhr and Tödtling formulate it: spatial inequalities in such indicators as income per capita, employment and hospital beds per inhabitant should be removed, but other regional characteristics such as those concerned with culture and folklore should be maintained while individuals and groups should also have equal chances for diversity and for being different.

They agree that in order to remove disparities in indicators as just mentioned it is necessary to introduce or stimulate productive capacity in backward regions that is of sufficiently high productivity to earn higher incomes and generate the public means to finance such services as hospitals, schools, and perhaps subsidies to regional newspapers and other media. They seem to say that when earnings in these activities are so high that people working in the field of natural resource exploitation are attracted to them, so that the latter sort of activity is abandoned, regional, district or local authorities (or groups and individuals?) should have the right to pronounce themselves against such a development. 4

One should say here 'pronouncing against' because of the circumstance that the step-wise introduction of new technologies does not seem possible unless regional scales such as those prevalent in giant countries like China, the Soviet Union or the USA are considered. The
general characteristic of such technologies is that they imply large scale and their step-wise introduction would generally make the enterprise economically infeasible. The question then arises: if equity in a number of socio-economic indicators is still to be reached, who will pay for it? Shouldn't it be argued that when groups and individuals express themselves against the introduction of means by which not only an equitable distribution of benefits but also of burden is to be achieved, that they then forgo the right to acquire the benefits?

More basic is perhaps the problem whether the acceptance of activities by which social indicators and income per capita over regions are equalized, can go together with a plea to introduce measures to maintain the ways of life by which the regions of a country have historically often distinguished themselves (the Austrian Empire was, of course, quite rich in such diversity). Of course, the authors are right when they say that maintenance of diversity implies the 'retention of traditional customs and production methods', but they cannot have their cake and also eat it.

What is looked for seems to be a strategy that complements existing regional policies and that basically entails the devolution of powers related to the location of productive investments (and which local authority in most of European countries does not have formal power to refuse the location or expansion of industries?) as well as to the treatment of waste. Besides, they argue, powers related to the stimulation of certain cultural activities and the maintenance of others would be needed. There is no doubt that this is exactly what Myrdal advocated in his _Beyond the Welfare State_, published in 1960.

There is no doubt that the strategy that is advocated is related to the problems of regions in Europe and the USA.
Although disparities exist among these regions, they are generally so irrelevant as compared to those among regions in poor countries, that the disadvantages of functional integration start to outweigh their advantages. More powers for territorial organizations may, in those conditions, be a healthy counterweight which would force functional organizations to become more innovative. A basic question in this connection is whether meso-enterprises - to use Holland's term - can be controlled and their activities regulated by action from the bottom (say, the regions) or whether their functioning can only be made beneficial to all by territorial organizations at the supra-national level.

We shall return to this issue in section 4 in discussing problems of growth pole strategies. At this point, we may add, however, that the power of territorial organizations needs to be based on more than moral values or feelings, as Friedmann in particular seems to imply. A strategy of interregional specialization should therefore include measures to deconcentrate economic decision making in space. If the development and expansion of the mixed economies was largely based upon continued flows of net investment, on the incorporation of new technologies of production, and on the increase in the level of skills of the labour force, the question arises whether the way in which these factors have operated can only enhance 'functional integration' or whether it could also contribute to 'territorial integration'.

Equally, it will be necessary to see whether a strategy of selective closure would be desirable for poor countries from the point of view of the poorer groups in their backward regions. Experience in Brazil with the Superintendencias and in Venezuela with the Regional Development Corporations has shown that they have led to strengthening of the regional elites and a channelling of investment
funds in their direction (Hilhorst 1979). Walton (1977) has observed a similar phenomenon in Mexico and Colombia.

Thus, there is another empty space in regional development thinking: what strategies and instruments of policy can be used for regional policy making in poor countries that strengthen the position of the poor in their backward regions and gives them more access to public policy making? The fostering of sectoral development leading to interregional specialization so as to balance interregional disparities is obviously not sufficient, especially not when governments do not pursue a policy of inter-personal income redistribution.

The continuing trend towards the spatial concentration of decision making on economic problems may well make it more difficult for politicians from peripheral regions to participate effectively in national policy making in favour of their regions. If this might become a problem for the rich countries, the use of regional policies on the European model in poor countries, where peripheral regions are considerably less well-organized, might cause even more serious drawbacks.

Therefore, the search for new instruments will have to continue.

4 GROWTH POLE STRATEGIES

Boudeville should be honoured for having translated Perroux's concept of growth pole into a concept of relevance for regional development theorizing. In his book on polarization and regional planning (1972), he has given us a survey of the state of the art on the subject of polarization. He provides us with a series of techniques by which to describe polarization in space, and he gives examples of static and dynamic analysis of the process.

Boudeville distinguishes the pole of attraction, the growth pole and the development pole (1972: 142). The first is based on its commercial functions, whereas the
latter two are related to the secondary and quaternary sectors. The quaternary sector includes banking, information services and consulting firms, and should be kept apart from the traditional services that are largely oriented towards final demand. He follows Higgins (1969) in his interpretation of the concept of development pole as an agglomeration of propulsive and dynamic industries which generate spread effects in a larger regional economy. The growth pole is considered a passive agglomeration. When investments take place in a development pole, however, the growth pole reacts positively; that is to say, investments there undergo an increase as a consequence of an investment in the development pole. In his 1976 paper, Higgins is still of the same opinion.

Boudeville adhered to Perroux's basic observation that development does not occur simultaneously everywhere. "It manifests itself with variable intensity in growth points or growth poles; it spreads through diverse channels with varying effects upon the entire economy" (Perroux 1964, translated from the French). Disregarding Boudeville's acceptance of the change in the use of words introduced by Higgins (surely we should read 'development poles' in the previous quotation where it says 'growth') the important aspects of Perroux's phrase are: (a) it is the point of departure for a theory about spatially differentiated economics, and (b) it seems to accept the existence of channels through which spread (and backwash) effects can be transmitted. Although these effects could be transmitted via the income generated in production generated in propulsive firms - characterized by their dynamism, innovative features and large scale so as to assure dominance - the emphasis was on input-output relationships between the propulsive firms and other units in the economic space of the former. In this connection, the notion of space as defined by a plan (Perroux 1950: 92-94), on the
part of a propulsive firm, remains relevant. This plan is implemented among others by a series of contracts with buyers and suppliers by which undue risks as well as uncertainty are reduced. These relationships provide a measure of stability in an economy (often reinforced by participation in equity, especially in modern economies where large conglomerates have emerged) that regional planners try to break through by means of the introduction of a series of controls and of incentives to private enterprizes, in poor and peripheral regions.

It is here that Higgin's quarrel with Perroux starts. He says:

Perroux has always been insistent on the importance of the concept of 'economic' as opposed to 'geographic' space. The spread effects generated by a particular development pole may not be felt primarily in the peripheral geographic region of which it is the centre, but may be diffused throughout the world. Conversely, a geographic region's true development pole may lie outside its borders... Perroux himself has recently reiterated his point that even today Latin America's true development poles lie in Europe rather than within Latin America itself.

All this may be true as a description of fact, and it was probably necessary for Perroux to underline the point of order to counter simplistic and unrealistic models in which it was assumed, explicitly or implicitly, that all spread effects of investment in a development pole are felt within its 'own' geographic region or hinterland. No doubt Perroux wanted to get away from the concept of cities as 'central places', essentially market places created by their peripheral region. However, the inclusion of 'economic space' in the concept of 'development pole' makes it virtually useless from a policy point of view. Add 'economic space' to 'development pole' and what do we have? A statement that within the global economy there is a network of interrelations and interactions, *effets d'entraînement* flowing mainly from cities to other cities or to rural areas, but in part from rural areas to cities and taking the form of movements of goods, natural resources, capital, people, technical knowledge, and skills (Higgins 1978: 235-236).

It may be that Higgins is correct. As yet I am not convinced, however. In my view the concept draws attention to the problem that so many development pole planners seem to have forgotten, namely, that *not*, all spread effects of
investments in a development pole are felt within its 'own' geographic region or hinterland. The concept of economic space as applied to a classification of economic activities as introduced, for instance, by Mennes, Waardenburg and Tinbergen (1969), whereby local, regional, national and international activities are differentiated, should have made clear to these planners that adherence to the characteristics dynamic, large and innovative, could only lead to the desired results if applied relative to activities that were hoped or expected to undergo spread effects.

In other words, by differentiating geographic spaces and 'projecting' upon them the economic spaces of various types of activities, planners would have been able to select growth pole industries in a more meaningful manner. Richardson and Richardson (1975), Hilhorst (1973, 1977) and Conroy (1973) have pointed to this. In addition, Richardson (1976) stresses the long-term character of the dynamics of spread effects and thereby puts in doubt evaluations of development pole strategies taking place within a five to ten year period after their initiation. Recently, Richardson (1978) has returned again to the subject. One of his criticisms is that
growth centres have too frequently been treated as piece-meal locations for planned development rather than as an integrated element in a national urban development strategy. (1978: 134)

Higgins approves of this view while interpreting Perroux in a positive sense:

Perroux himself has largely abandoned this excessively simplistic approach (of single, simple interventions) and recognised the need to plan the whole urban structure in order to be sure of the desired result (1976: 238).

It is interesting to notice that Richardson disregards Coraggio's criticism of development pole theory
as really designed for the development of the poles and their associated social groups and that any clever attempt to 'extract' from it the ideological elements, so as to remain with a set of technical relationships, is a contribution to the advance of the dominating ideology (1972: 39; translated from the Spanish).

Higgins (1978) has effectively shown that this is not so. Nevertheless, Richardson implicitly seems to take it into account when he says that the changing goals of policy makers (from urban-industrial development towards rural-agricultural development) have influenced the status of the development strategy. Still, he argues 'that appropriate growth center policies may be designed to strengthen rural areas rather than to divert resources from them' (Richardson 1978: 134).

Essentially, Richardson's argument is the same as the one advanced in connection with the type of scale at which economic activities function. Thus, he says:

A preferable approach is to promote relatively labor-intensive agricultural processing industries producing food (and intermediate materials) either for exports or the home market... If the economic structures of the pole and its hinterland are interdependent, this should facilitate the development of the intraregional road system (important for agricultural firms, both of which increase the probability of substantial 'spread' effects (Ibidem: 135).

In addition, this type of growth centre should be the apex of the hierarchy of service centres, which deliver health, education and social welfare services, the provision of which he considers critical to raising rural living standards.

Would Richardson's approach - which is very similar to what Misra advocated in 1972 and is also contained in other earlier work (Hilhorst 1972) - be the answer to the problems raised at the end of the previous section? Perhaps. In any case, Richardson warns that this kind of strategy should not be taken for the growth pole strategy that resulted in 'heavily capital-intensive
expansion, dysfunctional enclaves creating intraregional core-peripheries and hinterland underdevelopment, and regressive income impacts' (p. 136). He advocates that the growth centres should be designed expressly for the purpose of rural development and 'implemented with great care'.

Richardson rejects the idea of agropolitan development put forward by Friedmann (1976). He says:

The major difference between the agropolitan and the growth center approaches is that the former aims to resist urbanization, whereas the latter is ideally embodied within a national urban development strategy. The objections to the agropolitan district revolve around the issue of its feasibility. It would require far-reaching institutional and political reform (Richardson 1978: 137).

How far this reform goes can be found in the following quotation:

In principle, the conditions for an agropolitan approach are present in precapitalist and socialist formations. The problem really lies with the third category (capitalist) which is the most vulnerable to being functionally integrated into the world economy. Before the agropolitan model can be applied to these societies two basic conditions must be met: the communalization of productive wealth and the equalization of access to the use of social power. (Friedmann 1976: 38).

Given the character of these conditions, that are not even met in pre-capitalist societies, one tends to agree with Richardson. Although the objectives implied in the agropolitan model are worthy of pursuit, there exists a problem with its implementability.

A similar query can, of course, be raised with regard to Richardson's proposed strategy. He has tried to show that it can work in the case of Kenya, for which he provides a case study. He provides a fluent apology for his approach but he cannot, in all fairness, provide proof. That proof would be in showing that the skilled manpower to do the detailed planning and implementation are available, the capital resources can be obtained and earned back, that the institutional framework is sufficient
and that the political will to implement such a strategy can be mustered. Richardson seems to be aware of this when he says:

To implement a strategy of the kind suggested above... would require Western Kenya's share ... in municipal infrastructure investments to be increased from 14 to 30 percent and that of Nairobi to be cut from the 70-80 percent range to less than 60 percent. Such redistribution would be massive, especially in the context of the present distribution of political power given the domination of the capital and the Kikuyu territories in Central Kenya (p. 149).

Nevertheless, Richardson has provided an engaging picture and a framework within which a feasibility study could be pursued. It enables him to repeat the well-known conclusion that

the assumed contradiction between urbanization on the one hand and rural development on the other is spurious. In a mixed developing economy both are necessary if mass living standards are to be raised. (p. 150).

Meanwhile, an important problem remains unresolved. Can regional planning contribute to the development of the rural poor by providing a framework of rural growth centres as suggested by Richardson? Some aspects of this problem will be taken up in section 5.

We must now revert to some of the points discussed in section 3. Two issues present themselves: decentralization and/or deconcentration, and the desirability of 'large' growth poles. Both are directly related to the feasibility of the small growth poles as advocated by Richardson. They are also related to the idea that territorial power needs to base itself on more than sentiment and moral values. The history of a number of countries over the last fifty years (Dutch Antilles, Colombia, Argentina, Indonesia, to give some examples), has shown that as resource exploitation in more peripheral areas acquires a certain significance, enterprises engaged in these activities not only insist on an improvement in interlocal infrastructure, but also
on the availability of services normally provided by local authorities. We even find that new local authorities are set up for this purpose. The question arises whether the small growth poles Richardson mentions would have the power to produce the same results; that is to say, whether these demands in terms of access to the government bureaucracy will be given the same attention by central government. A complication is that the small growth poles will probably require considerably more attention from the bureaucracy than large enterprise, since the latter can provide the necessary expertise on its own, whereas this will generally not be the case with the enterprises characteristic for small growth poles. The strategy of small growth poles implies, therefore, a considerable cost to the central government or, if the relevant functions are to be decentralized, to regional authorities.

There is no doubt in my mind that a proposal to create interregional specialization on the basis of large-scale growth poles, that by nature would have more than intra-regional effects in terms of what are normally considered spread effects, goes against the trend in the locational behaviour of large enterprises. Even for the large plants put up in Ciudad Guyana in Venezuela, it was decided to have the head office in Caracas and the same happened in Chile with the automobile industry. This is on the assumption, however, that private or virtually private enterprise owns the stock in these endeavours. At this stage it is difficult to come up with suggestions as to which incentives or controls would be necessary to make existing enterprises and corporations accept the idea that it is good for them to locate their head offices in peripheral regions. Such transfers will not easily be made.
The remaining options are two: either to stimulate local entrepreneurship or to create government-owned enterprises. The first of these options will easily be exhausted by creating the small poles à la Richardson. The literature on entrepreneurship in poor countries is witness to the difficulties that will be encountered in this respect. Therefore, only the second option would remain: government-owned large-scale enterprises, which not only should have their head offices in the peripheral regions, but which would also be charged with ensuring the creation of intra-regional spread effects. Here we refer not only to those which take place via input-output relations, but also in terms of the government services they would be able to attract. These in turn would function as external economies for the enterprises in the smaller growth poles.

5 LIMITATIONS OF REGIONAL PLANNING

Certain authors (Boisier 1979; Friedmann 1979) attach great, if not too great, importance to regional planning. Although they are of course aware of the circumstance that regional planning occurs within a given environment determined by political, economic, external and other factors (Friedmann 1966; Hilhorst 1979), they nevertheless seem to insist that regional planning can effectively generate the policies they cherish. I have difficulty with accepting this view.

To clarify what I have in mind it may be useful to give two extreme positions with regard to objectives. Let us assume that in a poor mixed economy the national government has decided to bring about a redistribution of income as between persons and to make serious headway with a reduction in interregional disparities in living levels. It is further assumed that the various interest groups in the country are convinced of the validity of these
objectives and that they refrain therefore from action to counter them. Although this situation is somewhat unrealistic, most regional planners will regard this political environment as ideal. The question to pose is: can regional planners deliver?

Let us assume that planners estimate that due to the redistribution of income, demand for clothing will go up and that the national textile industry has sufficient capacity to supply the additional quantity, as long as more raw materials are produced at home. Thus, it may be expected that the demand for cotton fibre will go up. In the cotton-growing regions of the country, the problem will be how to stimulate cotton production in advance of the increase in demand so as to avoid shortages in the market and concomitant price increases.

Planners will most likely try to contact cotton producers so as to find out what measures would be necessary to bring about the desired increase in production. In most countries, however, the situation will arise that not all cotton producers can be contacted. In the 'best' of cases, the large producers will have organized themselves and they will be able to answer the planner's queries. The small producers, however, unorganized as they are, will generally not be able to participate in the process of decision making regarding the incentives that would be required. Their position might be clarified somewhat if previous research into their problems exists, but as we know, all investigations have their limitations. What should be done by the planner? Should he refrain from contacting the large producers and from suggesting incentives to the Ministry of Agriculture until he has more information about the small farmers and their position regarding incentives? If he does so, the price for raw cotton is bound to go up and the government's first objective
will be partly defeated. If he does not, and goes on the evidence from the large producers, he is bound to help in creating more inter-personal income differences (K. de Jong 1978).

Thus, the structural phenomenon of the lack of organization among small cotton farmers is taken here as constituting a limitation to regional planning or, alternatively, the lack of research on small cotton farmers constitutes such a limitation. The question arises whether this type of limitation is avoidable or not. There is another structural problem of similar kind. Whether it is related to the limitations of regional planning only or to those of planning in general is secondary, in view of its importance. It is concerned with the structurally differentiated capacity of individuals to adopt certain innovations.

Yapa and Mayfield (1978) show on the basis of three case studies for Southeast Asia and one of their own in the State of Karnataka 'that the adoption of high-yielding varieties should be linked to the use of fertilizers, irrigation, pesticides etc.; ... these are all complementary inputs' (p. 153). In other words, to introduce the innovation of high yielding varieties, a farmer must have a considerable capacity for spending. 'We argue that tradition, conservatism and "peasant psychology" are not the source of non-adoptions' (p. 153). Yapa and Mayfield find that these attributes are virtually evenly spread over adopters and non-adopters. But 'when an innovation is material-biased, ... and when factor prices are socially discriminatory, adopting requires a social bias with all its attendant implications for distribution of income' (p. 154).

A third limitation that may also be of structural character seems to be that under the assumed conditions of national policy, government is unable to deal with the problems of poverty, because its bureaucracy is unable to
generate the requisite variety. Although government may introduce the general policies that constitute a necessary condition for solving the problems of the poor, these are so manifold and diverse and require such responses on the part of the government that it cannot devise the organization able to work with the poor in all their varied situations.

This problem seems to be compounded by another one that is given with the relatively closed channels of communication between the government bureaucracy and the poor. Once the state has decided to give more attention to the problem of the poor, it will be necessary to intensify relations with them. Whether this is feasible remains to be seen, since on the whole these relations are rather bad. In the majority of cases the poor have to base their expectations as to the benefits of intensified relations on their experience with the police, the military and the tax collector, situations in which the state imposes itself, requires or takes, and almost never gives. Although this problem may be becoming less acute in certain urban areas like Calcutta where local government works closely with the poor in basti-improvement (oral communication from Jai Sen), the problem of communication that consists of a basic distrust towards the state, persists in most rural areas where the majority of the poor are to be found.

Thus, even under the extremely favourable conditions that were supposed to exist in our imaginary example (and Tanzania comes close to it), regional planners are bound to encounter severe limitations.

The role of regional planners and of regional planning, however, in the narrow sense of the word in bringing about regional development, will be restricted even further when we abandon any or all of the three assumptions that were adopted to create the unrealistic situation just discussed. If regional development is understood as the process of widening the scope of action of all groups in a region
by moving constraints of physical, economic and socio-political nature which hamper them in this regard, and especially so for the less developed of these groups, then regional planners will not be able to contribute much if the body politic is not agreed on the objectives of a more equitable distribution of living standards among persons and regions. The regional planner, as much as others, will be involved in a process of negotiation in which many diverse interests are at stake and the outcomes of his activities will be far removed from regional development. In other words, severe limitations on the effectiveness of regional planning exist in nature of the socio-political system as characterized by the objectives of government policy on which a general consensus exists.

From the previous sections it is clear that a third type of limitation also exists: important theoretical issues remain to be resolved.

It seems that it will be necessary to do considerably more research of the kind that Yapa and Mayfield have done. In addition, it would be necessary to come to an identification of the limits of state intervention and to consider the possibilities of giving more opportunity to non-government (and non-profit) organizations if and when it is found that the task of bringing about development cannot be left to government alone.

6' FINAL OBSERVATIONS

The four issues that have been discussed here are closely inter-related. The concept of region as representing the basis for the assertion of territorial power (not only \textit{vis-à-vis} the inhabitants of a region but also, and more especially, towards a country's central authorities) as it can be developed on the basis of the hypothesis that individuals strive to improve their social position, is
closely related to the discussion of the trend in corporate life that effectively results in more and more dependent areas. If this concept of region has a counterpart in reality, a first question is: what reality? If it does and did exist in the richer countries, has functional integration progressed to the point that these realities have disappeared or are bound to wither away? Are these realities in a process of transformation from one spatial scale to another so that they may reappear in new forms? If the reality exists in the poorer countries, will it be threatened by the same trends in functional development or will it be affected in a different way?

Implicit in the discussion on growth poles in section 4 is the answer that the development of regions in poorer countries will also have to include the political dimension, and that it is necessary to provide for this by ensuring that the regions have a sound economic base that permits them to participate in the country's life on a relatively equal footing. Whether this type of strategy - accompanied by proposals such as Richardson's - is feasible, remains open for discussion.

The growth of the corporation and the concomitant decline in effective power of territorial organizations has functioned as the pivot to relate sections 2 and 4. The problems raised in connection with the limitations of the role of regional planning, however, are closely connected. The limitations of structural character that were listed, as well as those concerned with the objectives of development on which consensus can be reached, form part of the same cluster of problems, namely, the future of the mixed economy as a vehicle for the allocation of resources.

The suggestions for research have been summarized in four points.
(1) More research on what regions are and how they function is necessary; in this effort we should abandon the neo-classical paradigm.

(2) In the design of strategies for regional development we should find ways to identify those elements by which their implementation may be constrained, so as to avoid the disappointments that have arisen from the use of growth pole strategies. In addition, it is a necessary exercise to look for more detailed knowledge on the characteristics of growth poles that are expected to provide spread effects at a given scale.

(3) There is no doubt that tension exists between the two interlocking and 'contradicting' types of integration mentioned by Friedmann: territory and function. As observed before, territorial integration at various levels needs a broad power base. Therefore, studies should be made that clarify the relationship between territorial power and the economic activities carried on within a given territory.

(4) Also, it seems necessary to identify to what point the state is able to resolve the problems of the poor in socio-economic systems that are generally designated as 'mixed economies'. As long as the problems of the poor have priority in our minds and the majority of the countries in the world remain within this system, it seems worthwhile to devote attention to this problem. Once the limits of state intervention in regional development have been determined, more clarity can be obtained on the role that other organizations might play. The increasing diversification in the field of regional development theorizing might constitute an incentive in this search.
NOTES

1. The neo-classical concept of utility is used as dependent upon quantities of commodities in demand, income and real prices.

2. Isard has 'solved' the problem within the neo-classical paradigm by the following ploy:

'We also may reconceive the representative individual so that an individual's location may likewise be viewed as embedded within his choice of a total action. Hitherto we have spoken of the representative individual i of region J. We may now suppress the identifying regional superscript J, and simply speak of individual \( i = 1, 2, \ldots \). Consider any of his roles, for example as a purchaser of goods on the economic market. In this role he chooses an action \( b_i \) from an action space \( B_i \). This action can consist of the purchase of economic goods at markets in one or more regions, and the consumption (or holding) of each of these goods in the same region of its purchase. That is, in this role, the individual i may split his time devoted to it among more than one region. For example, during his regular working week he may reside (and purchase and consume goods) 5 days in one region and 2 days in a second, and during his 2-week vacation period, he may reside (and purchase and consume goods) in a third region. Maintaining a split-location pattern necessarily incurs the consumption of and expenditures on c-transfer inputs technically required by such a pattern. Similarly, individual i in each of his other roles may select a split-location pattern, accordingly choosing a set of commodities, \( g_i \), from his stock of economic goods to sell on the market or a oneman production plan, \( w_i \), for making money profits, etc. In short, with respect to all his roles, we conceive the individual i to select that location pattern, considering prices of all goods in all regions, distances between regions, transport cost, etc. consistent with that total action which maximizes his utility'. (Isard and Smith 1969: 851).

It would seem that the 'representative individual' has been effectively reduced to a commodity that is allowed no family life during 5 out of 7 every seven days. Although the solution no doubt is of considerable ingenuity one wonders how to go about testing hypotheses based upon this type of conventions as to human behaviour.

3. It should be observed that this objective is different from that of providing 'greatest individual or group satisfaction'.

4. It is necessary to write 'they seem to say', because the two authors argue in fact in favour of self-determination, since they see the devolution of a series of powers to lower levels as an important policy.

5. In fact, it would seem that the European policies to
focus on existing entrepreneurs to create employment in ailing regions instead of on potential entrepreneurs there has contributed considerably to the situation e.g. Scotland that is now deplored. The trend towards larger corporations is not the only factor to blame, it would seem.
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