

REGIONAL DEVELOPMENT: SOME ISSUES  
AND CONCEPTUAL PROBLEMS

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REGIONAL DEVELOPMENT: SOME ISSUES AND CONCEPTUAL PROBLEMS

J.P. Francis & N.G. Pillai (no date, but stamped June 25, 1979)

Regional disparities appear as

1. pockets of chronic unemployment and economic depression
2. historical concentration of socio-economic deprivation in one broad geographic area
3. structural dualism - large part of country appears to always remain at periphery of mainstream of economic growth and social change.

Major manifestations:

1. chronic unemployment at a rate far above national average
2. absence of diversified economic base and decline of traditional activities
3. low educational achievement, productivity and income of those who are employed
4. low rates of participation in the labour force
5. outmigration of relatively younger and better educated people seeking opportunities elsewhere
6. decaying social capital facilities

These factors tend to reinforce one another, thereby keeping certain communities and broad regions permanently locked in a state of socio-economic depression, often generating cumulative forces leading to their further decline.

Identification of the real causes for regional disparity and effective remedies for them presents a great challenge in modern society.

Socio-economic case for regional development can be seen in terms of three broad considerations:

1. from a public costs and benefits standpoint, free market forces cannot be relied on to operate satisfactorily in industrial location decisions;
2. economic growth requires a policy to ensure that the country's scarce resources are utilized as fully and effectively as possible;
3. attempts to achieve steady growth will not be compatible with those to combat inflation so long as wide differences in regional unemployment persist.

Problems:

1. economic costs vs social costs in decision re location
2. economic vs social consequences of 'jobs to workers' vs 'workers to jobs'. Linguistic and cultural considerations add another dimension to the regional problems. Need to preserve the quality of the human environment.
3. containing inflation by curtailing demand will raise unemployment.

Case for regional economic development rests on a combination of economic, social and political considerations.

"GROWTH POLE" CONCEPT - an attempt to explain the spatial dispersion of economic activity and the process of growth and change. An economic concentration based on the interdependence of industrial activities. Each centre has a concentration of "key" industries which have a direct or indirect dominating influence over all other activities. They sell to national markets and have marked multiplier and polarizing effects on the region in which they are located. Since their products generally have a high income elasticity of demand both within and outside the region, their rate of expansion will be faster than that of total industrial production and of Gross National Product. Exerts a drawing influence on other units with which it comes in contact..

DEV. Pole  
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Development defined as the combination of mental and social changes of a population which renders it capable of increasing its total real product in a cumulative and lasting manner.

Growth and development of a 'collection' of areas and populations would be obtained only by a 'deliberate organization of the milieu of propagation' of the effects of the development pole. These are the general mechanisms which transform the growth of an 'industry' or 'an activity' into the growth of a developing nation, and haphazard developments into orderly development.

Growth Point - an optimum size of production and population centre at which the maximum advantage is gained from scale and external economies without incurring serious diseconomies of agglomeration.

Besides agglomeration economies, the tertiary sector (social amenities, business services, etc.) is more important in modern industrial location decisions than in the past.

The means generally used include stimulation of new employment opportunities through assistance to industrial location and expansion, assistance to create the necessary infrastructure, and measures to facilitate human resource development and its optimum utilization.

BUFFALO NARROWS

<u>Name of Project</u>	<u>Nature of Project</u>	<u>Commitment</u>		<u>DREE</u>
		<u>DREE \$</u>	<u>PROV. \$</u>	<u>Expenditure to 31 March 1981</u>
Buffalo Narrows LCA	Hiring a co-ordinator	\$ 8,500	\$ 8,500	\$ 6,296
Cooperative Fisheries Ltd.	Feasibility Study	5,000	5,000	5,000
AMNSIS Drop-in Centre	Drop-in Centre	13,400	13,400	13,400
Buffalo Narrows LCI <sup>A</sup> Rec. Complex	Hire Superintendent	17,500	17,500	Ø
⑤ → my fault - I didn't number it! Peter Pond Northern Accounting Service	Establish business	3,360	3,360	3,360
Leon McCallum	Establish house construction business	39,000	1,000	Ø
Roger Sicotte	Establish trucking service	25,500	Ø	20,400
Northern Bakery Ltd.	Acquire & renovate bakery	44,424	4,700	12,000
Edmond Chartier	Sewage disposal service	12,997	500	10,198
Dorothy's Groceries Ltd.	Expand meat Service	7,300	500	4,530
Shattilla Clothing	Feasibility study re store	500	Ø	500
Tony Kiezié	Clean and Service furnaces	17,965	Ø	15,122
Northend Confectionary	Build and operate confectionary	29,375	Ø	17,000
Tri-Star Auto Body	Establish auto body shop	72,630	6,780	9,350
Churchill River Local Dev. Corp.	Develop work plan Métis housing	42,700	Ø	25,250
Dorothy Petit	Expand grocery store	5,000	Ø	5,000

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BUFFALO NARROWS (cont'd)

<u>Name of Project</u>	<u>Nature of Project</u>	<u>Commitment</u>		<u>DREE</u>
		<u>DREE \$</u>	<u>PROV. \$</u>	<u>Expenditure to 31 March 1980</u>
Ron Pederson	Establish towing service	\$ 8,000	\$ 0	\$ 7,500
Victoria Pederson	Establish restaurant	8,075	500	4,125
Guy McKay	Purchase new van	9,750	0	0
LCA	Establish child care facility	23,500	23,500	23,500
Pedersen's Services	Service Station	2,419	0	2,419
Kenneth Pederson	Establish trenching Service for sewer and water facilities	35,892	0	35,892
N & H Cafe Ltd.	Establish restaurant & poolroom	12,527	1,000	12,238
Serights Esso Inc.	Expand service station	7,085	0	7,085
Dorothy's Groceries Ltd.	Establish grocery & dry goods store	36,456	0	36,456
Helen's Cafe	Expand present operation	11,900	0	10,526
Hanson's Coin Wash Laundry	Establish laundromat	3,952	0	3,162
Skipper's Service Centre Limited	Establish small motor sales, furnace repair & welding shop	29,125	0	29,125

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by



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INTRODUCTION

There is now a growing literature on 'regional development'. Not unexpectedly, with this greater attention to the subject has come increasing controversy. Three broad and related reasons can be identified for this: (a) the vagueness of the subject's conceptual foundations; (b) the confusion surrounding its objectives, and hence the strategy to achieve them; and (c) the ambiguity of the issues involved, especially the economic and social ones, and the lack of comprehensive data which prevents them and their interrelationships from being expressed in quantitative terms. In fact, "the lack of data which makes it hard to prove the case for regional policy on economic grounds also makes it hard to disprove it" (34, p. 26).

In recent years, there has been much academic discussion on the need for regional development and alternative approaches to it. Ironically, although we now have some sharper analytical tools, there is still very little general agreement and supporting evidence with respect to such important questions as the process of regional development and the rôle of a 'regional policy' in the broader context of economic growth and social change. The transition from theory to policy has, therefore, generally been far from smooth and continuous.

However, in this period, there has also been a growing need for concerted public action of a selective kind to resolve problems of economic and social deprivation in particular parts of a country which is, by general standards, prosperous.

This background, in large part, explains the inevitably experimental nature of policy-making which continues to be an important characteristic of the field of regional development in Canada as well as elsewhere.

Since the problems of regional development are likely to continue to present a challenge in the 1970's - for the policy-maker, the analyst, and for the individual citizen - an attempt is made in this paper to review the major issues involved and the conceptual problems generally encountered in the formulation of regional policy. The following section reviews the socio-economic issues and the case for public action in regional development, and the concluding section examines the conceptual bases of regional development and their contribution to the process of policy-making.



II

THE CASE FOR REGIONAL DEVELOPMENT

Problems of economic development have attracted a great deal of attention in the post-war period in most countries as a popular subject for debate, research and public action. In the early years of this period, however, the focus of this interest has been, by and large, on the 'Less Developed Countries' (LDCs). The problems of these countries relate to the generally low levels of economic growth and living standards, employment opportunities, and industrial and institutional structures or the lack of them. While significant interregional socio-economic differences do exist in the LDCs and many government development efforts recognize them, the chief concern in these countries continues to be with the overall problems of economic underdevelopment.

In contrast, the problem in most 'industrialized' countries is of a somewhat different kind. In the immediate post-war years, the concern in these countries has largely been with a combination of the problems of rehabilitation and reconstruction, and of transition from war-time to relatively peace-time conditions. With the exception of short intervals of slackness, the years since the early

1950's have witnessed a high level of economic performance in all these countries. But one of the chief characteristics of this progress has been its spatial unevenness within each country.

Problems of interregional economic differences existed in these countries even before the war. However, with the rapid post-war improvements in technology, living standards and the general state of affluence, disparities between regions have come into a sharper focus than ever before. Thus, when one speaks of 'regional' problems and development efforts these days, what is generally implied is the complex of income, employment and social facility gaps between different regions, within the framework of an industrialized country. The concern in these countries is with finding effective solutions to these problems while maintaining the national rate of economic growth at a high level.

The regional problem presents itself in different forms and magnitudes in different industrialized nations. In some, it exists in the form of 'pockets' of chronic unemployment and economic depression across the country; in others, it may be found in the form of a historical concentration of socio-economic deprivation in one broad geographic area; in still others the problem appears in the form of a distinct economic structural dualism, where a large part of the country

appears to have always remained at the periphery of the mainstream of economic growth and social change.

Precise examples are difficult to find for each of these types of regional problems simply because different combinations of all three generally exist simultaneously in almost every modern industrialized nation. Nevertheless, some analogies can be found from recent experience: in one form or another, the first type can be seen in almost all industrialized countries - whether the problem relates to urban congestion or rural poverty, or whether the concern is with particular occupational categories or with minority and ethnic groups; the Atlantic region of Canada and Appalachia in the United States generally illustrate the second type; the closest illustration of the third type would be the southern region of Italy.

Although their relative degree of seriousness varies, the manifestations of the regional problem are strikingly similar in all industrialized countries. To cite some of the major ones: chronic unemployment at a rate far above the national average; absence of a diversified economic base and decline of traditional activities; low educational achievement, productivity and income of those who are employed; low rates of participation in the labour force;

outmigration of the relatively younger and better educated people seeking opportunities elsewhere; and decaying social capital facilities. These factors tend to reinforce one another, thereby keeping certain communities and broad regions permanently locked in a state of socio-economic depression, often generating cumulative forces leading to their further decline. Entrepreneurs pursuing a 'follow the herd' philosophy seldom find such places choice locations for new activity. The shrinking local tax base presents neither the means nor the incentive for undertaking a massive redevelopment program from within.

The results of a long period of poor economic performance are similar everywhere. It is the identification of their real causes and effective remedies for them which presents a great challenge in modern society. It is also here that we enter the realm of 'more questions than answers' in regional development.

For example, if, for many years, people and industry have been choosing to go to certain places and not to others, should governments now attempt to alter this course of events, i.e., interfere with 'free market forces'? This is a very complex question; in fact it is several questions in one, involving a wide variety of economic and social - and

political - trade-offs for which the answers available at present are at best contentious. Some broad considerations can, however, be discerned.

In general political terms, the issues are substantially similar in all countries. Concern over the absence of special regional development measures, or the public reception of an existing policy, is usually reflected in the election results. Perhaps even more important are the erosive effects of regional economic and social disparities on national cohesion (29, pp. 263-334; 50, pp. 57-73). In themselves, such forces thus provide a case for regional development.

If the present trends in urbanization and relatively unhindered operation of free market forces continue, the result could well be a surplus of inflationary pressures, locational diseconomies and environmental disutilities over the initially apparent advantages in a small number of major population centres, and economic and social deprivation and unemployment in the rest of the country. While it would be futile to attempt to turn the clock back in the sense of trying to artificially maintain traditional spatial patterns of population, employment and activity distribution, a strong case can be made in favour of reinforcing the free

market forces so that society may benefit from the less obvious and underexplored opportunities, thereby improving the chances for a higher level of overall economic performance.

The socio-economic case for regional development can, therefore, be seen in terms of three broad considerations:<sup>1</sup> (a) from a public costs and benefits standpoint, free market forces cannot be relied on to operate satisfactorily in industrial location decisions; (b) economic growth requires a policy to ensure that the country's scarce resources are utilized as fully and effectively as possible; and (c) attempts to achieve steady growth will not be compatible with those to combat inflation so long as wide differences in regional unemployment persist.

A major question involved in (a) above relates to 'private' costs and benefits versus 'social' costs and benefits. For example, when an entrepreneur makes a decision about where to locate a new plant, the costs which are relevant to him are entirely 'private'. Although his objectives would probably be adequately met if he were to locate in A

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1. (34, pp. 30, 31). Several writers have examined various aspects of the socio-economic issues in regional development in recent years. For example: (28, pp. 269-278; 38, pp. 45-58; 39, pp. 30-46; 53, pp. 35-48; 57, pp. 31-44; 62, pp. 33-49).

rather than in B or C, incremental social costs resulting from his decision are most likely to present a different cost-benefit picture to the society.<sup>1</sup> Some of the implications of this could be: (i) by locating in A rather than elsewhere, the entrepreneur may also generate external diseconomies and disutilities for which he does not generally have to pay except in so far as he contributes to the general tax revenues; and (ii) the possibility for realizing socially desirable external economies may have had to be foregone as a result of the particular location decision.

As for (b), in spite of such devices as progressive income tax and fiscal equalization, the existence of regional imbalances has shown that national monetary and fiscal policies cannot, by themselves, achieve the goals of maximum economic growth and full employment. While this suggests the need for regional and other special policies to complement the general policies, what their nature should be is a more complex question - for example, in view of the range of trade-offs between 'taking jobs to workers and generally influencing the distribution of economic activity' and 'taking workers to jobs' that need to be considered so as to ensure

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1. For a recent discussion of this and related points, see: (31, pp. 66-71).

compatibility of regional development and national economic growth objectives. The cost of programs of these kinds is largely an economic question, but their effect on the preferences and welfare of the people is not.<sup>1</sup>

In certain countries, linguistic and cultural considerations add another dimension to the regional problem. The social need to preserve the quality of the human environment constitutes still another.<sup>2</sup> Therefore, if the ultimate goal of socio-economic policies is the 'prosperity of the people' rather than simply 'prosperity of certain places' (63), then the case for regional development is indeed a strong one.

The question involved in (c) is an equally important and complex one. If, for example, unemployment in some regions is far higher than in others, attempts to tackle it by stimulating demand through general monetary and fiscal policies will likely generate inflationary pressures

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1. The Italian experience with the problems of 'economic structural dualism' is particularly noteworthy in this context. The issues are reviewed, for example, in: (33, pp. 367-402; 56, 386-434; 59, 325-376). The 'regional balance' debate continues. See, for a sample: (7, pp. 175-200; 18 pp. 538-555).
  2. The implications of environmental quality for the prospects of economic growth are most cogently argued in: (36, esp. Chs. 5-6).



elsewhere in the country. On the other hand, attempts to contain inflation by curtailing demand will raise unemployment in the disadvantaged regions to unacceptable levels. There is thus a case for considering regional policy measures as also attempts to manage the level of aggregate demand on a more selective basis than would be possible with general monetary and fiscal policies alone.

Thus, although the precise quantitative dimensions of the issues involved in regional development are still somewhat elusive - as are those of the interrelationships between the key variables at work in them - it is evident that the case for regional development rests on a combination of economic, social and political considerations. As McCrone has argued:

"In most countries, regional development policies have come about in response to a mixture of political, social and economic pressures, and it is not always possible to say which has played the dominant role. The existence of regional unemployment on a serious scale seems to be the factor which exerts the greatest influence in inducing governments to take action. But this action is probably prompted as much by the political consequences of unemployment and the social need to give everyone an opportunity for work as by considerations of making the best use of the nation's economic resources. It is incomplete, therefore, to consider the case for a regional development policy as if it were purely an economic question. Indeed, in many cases, governments would adopt regional policies even if the economic case was shown to be unconvincing. In such cases, the economists' role would still be important, because

whatever the factors which give rise to a policy being adopted, it is the economic development of the country which is being influenced to achieve the desired result. The way in which this can best be done, is therefore, an economic question." (34, p. 25).

It would seem fair to conclude from the foregoing that while the issues involved in regional development suggest the need for special action, they are also very complex ones. Some of them, where economic factors are dominant, could be compared and ranked on the basis of such considerations as expected costs and benefits of alternative remedial action. On the other hand, there are, for example, the social issues which, although no less important, are far more difficult to evaluate. More easily observable and quantifiable phenomena may suggest a particular line of action and pattern of resource allocation in favour of promoting economic efficiency for its own sake. However, if the objective of public action is the promotion of economic growth as well as greater welfare of the people, then the entire complex of issues should collectively serve as the final arbiter of the course of action.

Any evaluation of existing regional development programs should, therefore, be made against this background as well as that of the current state of knowledge in the

field of 'regional development' and the extent to which it has been able to contribute to the analysis of the problems and to the choice of the measures adopted to tackle them. We shall turn to these questions in the next section.

### III

#### REGIONAL ECONOMICS AND REGIONAL DEVELOPMENT STRATEGY

Because of the comparative neglect of the subject - unlike some other branches of economics - the factors which govern the spatial dispersion of economic activity, and the causes of regional growth and decline, are still not clearly understood. If the dimensions of the regional socio-economic development problems and their interrelationships were clearly distinguishable and quantifiable, and if a generally accepted 'theory of regional development' was available, then the task of designing a comprehensive development strategy would be a relatively easy one. This, however, is not the case.

In fact, the conceptual foundations of current regional development efforts can be identified simply as elements within a mixed bag of tools where each one was developed to analyze specific aspects of the complex structure of the economy or of particular types of economic activity.

Although the phenomena which these tools were developed to analyze are seldom mutually exclusive, and the tools themselves borrow frequently from each other in their continuous process of refinement, collectively they still do not serve as a coherent basis for the task of policy-making in regional development. As one writer has recently argued:

"... it should be admitted that no such thing (regional development theory) exists. So far, economists, geographers, physical planners and sociologists have recognized the specific character of regional development as well as the need to explain the phenomenon, but neither (sic) of these scientists has been successful in presenting a doctrine. Nevertheless, the necessity for such a doctrine is being experienced more and more now that many governments in the developed and underdeveloped parts of the world have decided to embark upon or to continue with regional planning efforts." (14, p. 21).

What are some of the major theoretical tools now available and what has been their contribution toward resolving the practical problems of policy-making in regional development?<sup>1</sup>

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1. The purpose of this section is not to present an exhaustive discussion of all the concepts and theories which have come to have a direct or indirect bearing on one aspect or another of regional economic development. (Recent surveys of the field include: (35, pp. 19-54; 8, pp. 759-796; 27, 5-19). The mounting interest in the subject as a special field has also led to several textbooks in recent years. For example: (52; 55). For a recent bibliographic survey of theoretical and applied regional economics, see: (9)). Rather the purpose here is to briefly review some of them which have contributed relatively more toward the analysis of regional development problems and the formulation of regional policy.

Industrial location theory is the oldest and one of the more important elements in the tool-kit. The main concern of much of the theoretical work in this area has been with the location criteria of the firm. Work of this nature thus assumed a given spatial pattern of economic activity, and it ignored both the factors which determine how economic activity comes to spread over space, as well as those which account for regional growth and decline over time.

Although the theory has gone through major modifications and refinements since its first formulation by von Thunen,<sup>1</sup> its main focus is still largely on microeconomic considerations. Von Thunen, for example, assumed the sites of towns as given, and postulated that the choice of agricultural activity location would depend on the cost of transporting the product to the market. This theory has been helpful in explaining the phenomenon of economic rent and, by the nature of its assumptions, it may also have applications in analyzing the effect of a new town on the surrounding agricultural area. However, it is weak in that it is not concerned with the broader questions of spatial dispersion of economic activity, or with the dynamics of economic growth and change.

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1. (60); See also: (51).

Alfred Weber's theory (61) is more one of industrial location. But the emphasis on the firm's locational choice based on the lowest combination of production and transportation costs, the assumption of proportionality of transportation costs to distance, and the neglect of the role of demand in industrial location decisions, makes Weber's theory as well inadequate in explaining the factors that influence the spatial pattern of activity distribution. This weakness of the theory remains even after Losch's modification of it (32) in terms of 'profit maximization' as the criterion for locational choice, and his recognition of the importance of agglomeration economies.

More recent refinements of industrial location theory by Hoover (16), Isard (19) and others suggest that the extent to which a firm can benefit from external economies in a particular location might be a more important consideration than transportation costs in locational choice. However, even after account is taken of all the relevant economies and diseconomies, the emphasis in the theory is primarily on the location of the firm, and it does not provide an adequate explanation of such phenomena as the changing patterns of spatial distribution of economic activity and the differences in the economic structure and performance of regions.

Central place theory attempts to tackle the question of spatial activity distribution. In Christaller's pioneering work (10), the concern is with the tertiary sector of the economy, and he postulates that central places (i.e., towns, villages) which provide an equivalent range of goods and services will be located equidistant from each other since this assures that the population will be served with the minimum of transportation costs. Since different goods and services have different market ranges, the relative importance of the centres will vary; however, they will be located in such a way that the total central place system will take the form of a hexagonal hierarchy.

While this could be true of the service activities, it does not hold for centres with a concentration of manufacturing activity since, in such cases, centres of the same size could have vastly different economic structures and market areas. Losch's extension of the theory to manufacturing activity location also is restrictive since he assumes an even spatial distribution of agricultural population and natural resources. Furthermore, although the theory suggests that the growth of a central place will be sustained by its hinterland (52, p. 420), it is not concerned with the dynamics of regional growth and change.

There have been efforts to apply the theory of international trade to explain interregional economic dependence and change. Here again, a complete answer to the question has been elusive. In contrast with the conditions which make international trade profitable for the participating nations, the regions of a country have neither the advantage of factor immobility (which enables nations to trade on the basis of comparative advantage) nor of complete factor mobility (which tends to make persistent unemployment impossible). This seems to question the validity of the principle of comparative advantage as the sole basis of interregional trade. Furthermore, if the prevailing costs and prices in the regions do not reflect the real differences in productivity, the prospects of interregional balance of payments equilibrium are even more remote. Under such conditions, a region which is less efficient than others in all sectors of economic activity, due either to inferior resources or to inability to realize economies of scale, or both, will be at a general disadvantage, and this process could result in the cumulative decline of the region.<sup>1</sup> The final outcome of this process

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1. (34, pp. 77-80). For a discussion of the application of international trade theory in a regional context, see, for example: (42; 22, pp. 97-114; 54, pp. 3-20).



would depend on the relative strength of what Myrdal calls the "backwash effects" (of the growth process itself) and the "spread effects" arising either out of deliberate public action to stimulate regional economic activity, or from the pressure on resources in the prosperous regions (15, Ch. 4; 37, Ch.3).

It has also been argued that regional development and interregional payments equilibrium could be promoted through the stimulation of export-led growth (41, pp. 243-258; 58, pp. 160-164). However, this is simply one element in the complex process of regional growth and decline, and not a complete explanation of it.

Perhaps what has attracted a great deal of interest in recent years as an attempt to explain the spatial dispersion of economic activity and the process of growth and change is the concept of the "growth pole". In one form or another, this idea has appeared in earlier industrial location literature. However, its recent development as a theory of the economic growth process originated with François Perroux.<sup>1</sup>

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1. (45; 46, Part II, pp. 159-328; 47, pp. 225-244; 48, pp. 377-441; 49, pp. 306-320). See also: (2;3, pp. 31-37; 5; 6; 11; 43; 52, pp. 415-428).

Although it appears to be a rather simple concept implying an economic concentration based on the interdependence of industrial activities, the "growth pole" idea has, in the course of its evolution, also come to have a wide variety of definitions and interpretations. The lexicon on the concept at present includes such terms as development pole, growth area, core region, growth centre and growth point. Drawing on what is believed to be implied in the concept, other terms have also started to surface - for example: development area, special area, nuclei of industrialization, etc. Some of these terms mean the same thing while the others do not. Often they are also used interchangeably, thereby adding to the confusion already surrounding the definition of the concept.

In elaborating his "growth pole" concept, Perroux argues that:

"growth does not appear everywhere and all at once; it reveals itself in certain points or poles, with different degrees of intensity; it spreads through diverse channels and with varying terminal effects for the entire economy." (46, p. 179).<sup>1</sup>

Each of these centres is characterized by an oligopolistic concentration of "key" (propulsive) industries which have a direct or indirect dominating influence over

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<sup>1</sup> This and the following passages from Perroux were translated by the authors from the original French.

all other activities. These industries sell to national markets, and they have marked multiplier and polarizing effects on the region in which they are located. Since their products generally have a high income elasticity of demand both within and outside the region, their rate of expansion will be faster than that of total industrial production and of Gross National Product (46, p. 180; 6, p. 112).

In Perroux' analysis, a "development pole" is defined as:

"a propulsive economic unit, or a collection of such units. A simple or complex unit, a firm, an industry, a group of industries - is a propulsive force when it exerts a drawing influence on other units with which it comes in contact". (46, p. 204).

where "development" is defined as:

"the combination of mental and social changes of a population which renders it capable of increasing its total real product in a cumulative and lasting manner." (46, p. 191).

Perroux goes on to suggest that:

"the growth and development of a 'collection' of areas and populations would be obtained only by 'a deliberate organization of the milieu of propagation' of the effects of the development pole. These are the general mechanisms which transform the growth of an 'industry' or 'an activity' into the growth of a developing nation, and haphazard developments into orderly development." (46, p.205).

Given the imprecision in the definition of the terms, the "development pole" concept appears broader than

the "growth pole". The fact that it has generally been the latter expression which has found its way into recent regional development literature suggests that its main focus is on the spatial aspects of economic growth in an industrialized society, whereas that of the former is on the broader socio-economic aspects of economic 'development'. Regardless of this apparent distinction, an important element in the concept of the "pole" is that it incorporates both the "backwash" and "spread" effects.<sup>1</sup>

Boudeville has suggested that "a regional growth pole is a set of expanding industries located in an urban area and inducing further development of economic activity throughout its zone of influence" (6, p. 11). This definition seems to combine the concepts of "growth point" and "growth area" into one as, for example, is implied in the following:

"A basic notion behind the growth point concept is that economic activity tends to agglomerate around certain focal points. The polarization<sup>2</sup> flows

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1. These effects are essentially similar to Hirschman's "polarization" and "trickling down" effects. However, in contrast with Hirschman's primary emphasis on the "polarization" effect, Perroux' "growth pole" concept emphasizes both effects (6, p. 112n).
  2. "A polarized space could be defined as the set of spatial units conveying with one of them (called the dominant pole) larger flows than with other poles of the same order" (6, p. 29).

(commodities, factors, services, traffic, communication, etc.) will gravitate within a sub-region towards the control centre (or dominant pole), but because of the costs of moving through space, their density will be reduced by distance. If around a focal point we strike a boundary as a focus of points where flows fall off to a minimum critical level, it may be meaningful to describe the area within this boundary as a growth area and the focal point as the growth point" (52, p. 416).

We are not any closer to clearing up the definitional fuzziness of the concept when we consider that:

"it is useful to distinguish between the terms 'growth pole' and 'growth centre'. The former, which is more or less synonymous with 'growth area' and 'core region', refers to national polarization reflecting the location and expansion of national growth poles. The term 'growth centre', often used alongside the term 'growth point', usually refers to the process of concentration and polarization within regions" (1, p. 64; See also: 12).

In spite of the continuing definitional and semantic problems implicit in the recent literature on the subject, the "growth pole" concept has crept into the regional policy-making process in most industrialized countries, either as a crutch or as a major element of development strategy. We may, therefore, attempt to abstract certain general conclusions from the above discussion.

The concept attempts to explain the process of economic growth and change by employing an 'unbalanced growth' model. The idea of structural interdependence of an economy and the tendency of activities to cluster with a view to deriving the maximum benefit from agglomeration economies are implicit in the model, as is the notion of zones of influence. Perhaps a certain degree of conceptual clarity could, therefore, be achieved if we consider the process of economic growth as taking place in terms of a series of "growth poles" where the total economy serves as the polarization zone for each one and, at the regional level, a series of "growth points" whose polarization zones may then be simply referred to as "growth areas".<sup>1</sup>

Several problems may be encountered in the practical application of the concept. For example, while it is possible for a complex of industries<sup>2</sup> in a growth point to develop its own momentum even after the key firms' initial

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1. Defined in this manner, the "growth point" concept implies some notion, though difficult to quantify, of "an optimum size of production and population centre at which the maximum advantage is gained from scale and external economies without incurring serious diseconomies of agglomeration" (52, p. 423).

2. Unlike in the development pole theory, an 'industrial complex' need not necessarily have a propulsive industry; it does, however, place equal emphasis on economies of agglomeration. (23, pp. 19-33; 24; 25, pp. U1-U17).

location criterion has ceased to be the most important one, it is also possible, due to changing technological conditions, shifts in demand, etc., that the total complex could decline, thereby bringing economic depression to the area. The pattern of growth of the point could also be such that it could result in generating a self-sustaining process of development of the point itself with no polarizaiton effects. In view of this possibility, Lasuen, for example, has argued that "an efficient way to alter geographical polarization is to act upon the organizational structure of the business firms"<sup>1</sup> since the corporation seeks more to adapt to numerous innovations than to achieve a breakthrough on the basis of a single innovation that can be imitated by its competitors.

In addition, in promoting polarization, a highly developed infrastructure, the supply of services at the growth point for the hinterland and the demand for factors of production from the zone of influence (growth area) may be as important as the concentration of key industries itself.<sup>2</sup>

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1. (30, p. 152). See also: (13, pp. 709-727; 26, pp. 90-94).
  2. Besides agglomeration economies, the tertiary sector (social amenities, business services, etc.) is more important in modern industrial location decisions than in the past. (2).

Therefore, to be an effective aid in regional policy-making, the "growth pole" concept should be able to indicate both correctional measures for the established growth points to redefine their polarization zones as well as the need for creating new growth points following, for example, what one recent writer refers to as "infant area subsidy policy" (51, p. 416), and consistent with the entire system of growth points, growth areas and growth poles constituting the process of and strategy for national economic growth and social change.

In sum, the tool-kit now available to 'regional development' provides nothing more than a set of hypotheses to explain the spatial dispersion of economic activity. The relative importance of the different socio-economic factors in the growth process itself still remains largely obscure in spite of the availability of sophisticated analytical techniques<sup>1</sup> and recent efforts to apply them in the study of sub-national economic phenomena.<sup>2</sup> Most of the theoretical elements themselves remain more or less crude due to the inadaquacy of facts to verify them, and they still do not

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1. For a review of these techniques, see: (21).

2. A sample: (24; 44).



add up to an integrated 'theory of regional development'. Even the few attempts so far made in this regard<sup>1</sup> either appear too restrictive or remain to be tested against the facts. To the extent that the "growth pole" theory abstracts from earlier work in such areas as industrial location theory and industrial complex analyses, central place theory,<sup>2</sup> spatial diffusion of innovation and 'growth-mindedness', etc., it would seem to constitute a more integrated framework for designing a regional development strategy. However, although it shows how economic activity tends to form in clusters, the growth pole theory does not adequately explain the causes for the spatial patterns of activity distribution and the factors that influence regional growth and decline.<sup>3</sup>

Thus, faced with imperfect concepts and theories on the one hand and the reality of the problems of regional

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1. See, for example: (4; 20).
  2. Although certain polarization characteristics are implicit in both 'central place' and 'growth point' concepts, "the growth of a central place will be sustained by its hinterland; the growth of the zone of influence will be sustained by the growth point." (52, p. 420).
  3. For a discussion of some aspects of this question as well as of such issues as "natural" versus "planned" growth poles, and the problems associated with the growth pole concept in its application to regional development planning, see: (17, pp. 343-357; 40).

disparity and the need for a more cohesive national economy on the other, regional policy-making in modern industrialized societies has taken on an experimental character. The problem of reconciliation between the objectives of the various economic and social policies, particularly in countries with a federal structure of government, has also contributed to this.

The approach to the problem of regional development in modern industrialized societies thus generally reflects a blend of the practical capability of the analytical tools and the institutional constraints within which developmental action has to be designed. The resulting trial-and-error process presents striking similarities as between countries - from redevelopment efforts in small areas, to incentives in broad regions, to regional development efforts within the framework of national economic growth, where the emphasis has come to be on some degree of concentration of public action in certain centres, depending on their needs and capabilities, and the socio-economic constraints of the time. The means generally used include stimulation of new employment opportunities through assistance to industrial location and expansion, assistance to create the necessary infrastructure, and measures to facilitate human resource development and its optimum utilization. In this regard, the experience in Canada has been substantially similar to that in most other countries.

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