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# Regional Development in LDCs

by Dr Shantilal Sarupria, Bochum \*

**Regional policy and planning in developing countries has the task to surmount spatial disequilibria. Various theories of regional development try to show a way out of economic disparities; but these theories are not always accepted by political institutions.**

Neither continents nor nations develop. What do develop are specific geographic areas which have particular ecological patterns, economic properties, and psychological orientations. In short, sectors develop rather than societies. One might speak of the rapid development of the Brazilian or Indonesian economies; but what is really more to the point is the growth of São Paulo and Jakarta — growth measured by the standard economic indices of real wealth, capital growth, improved living standards, changed conditions of existence, and changed relationships between social groups.<sup>1</sup>

The traditional development theory sees no cause for any unwarranted concern in this phenomenon, since, given a "profit-maximizing market mechanism", spatial equilibrium conditions will be achieved automatically over a time span. Impressive statistical evidence has been produced suggesting a "narrowing down of regional income differentials" in the development process of various countries<sup>2</sup>; or alternatively, showing that, given a certain degree of development under way, income-inequalities (as represented by *Gini* ratios or inequality-coefficients) are linked with the levels of economic growth<sup>3</sup> — the poorer a country the higher will be the income-inequalities. The blissful tranquility of a "wonderland without spatial dimension" has, however, been shattered even in the case of affluent industrialized societies by the discovery, beginning with the Depression of the 1930s, of "Rural Poverty and Urban Crisis"<sup>4</sup> within their own boundaries. Various regional development policies and programmes have been adopted by the developed western countries to

meet the twin-challenge of ameliorating poverty or distress in the depressed areas and tackling pressures of overdevelopment in the metropolitan regions — sometimes, as in France, even leading to a national system of regional planning. At the academic level, these policy challenges have seen the emergence of new terms like Regional Analysis, Regional Science, Regional Development, Regional Planning, Regional Policy, and an ever increasing literature dealing with them<sup>5</sup>.

## Regional Problems in LDCs

The basic hypothesis of this brief essay is that *spatial* or regional considerations are fundamental to the problems of underdevelopment, planning for development and the actual development-process in the Third World countries. A lack of attention to this vital area, in fact, undermines the very nature of development potential, and the socio-political realities governing these newly independent nations. More specifically, the following prepositions are put forward:

□ Achievement of „reasonable“ income and welfare equality over regions and communities under the „one-point economic system“ requires a long period of waiting, sometimes extending over centuries, a period which the less developed countries (LDCs) can conceivably ill-afford, without serious de-stabilizing (and concurrently, de-humanizing) effects. These countries are not homogeneous societies<sup>6</sup>; they are in the midst of „nation building“, a process which, as the western experience itself shows, constitutes an important pre-condition for stable long-term economic growth. High aspirations, already aroused by the political independence, would need to be met (some would say, at least mid-way), if the de-

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<sup>1</sup> Irving Louis Horowitz, *Three Worlds of Development*, Oxford University Press, New York, 1966, pp. 335–6.

<sup>2</sup> Jeffrey G. Williamson, *Regional Inequality and the Process of National Development: A Description of the Patterns*. In: *Economic Development and Cultural Change*, vol. 13 (1964/65), pp. 3–84.

<sup>3</sup> See, Felix Paukert, *Income Distribution at Different Levels of Development: A Survey of Evidence*. In: *International Labour Review*, vol. 108 (1973), p. 97.

<sup>4</sup> Niles M. Hansen, *Rural Poverty and Urban Crisis*, University Press, Indiana University, 1970.

<sup>5</sup> For a slightly old but still valid survey of literature see John R. Meyer, *Regional Economics: A Survey*. In: *American Economic Association & The Royal Economic Society, Surveys of Economic Theory — Growth and Development*, New York/London, 1965, pp. 240–71. For a short survey of the regional measures of the Federal Republic of Germany see also Klaus Peter Zanzig, *Regional Policy in the Coordination Phase*. In: *INTERECONOMICS*, same issue, pp. 260–2.

<sup>6</sup> See Keith Buchanan, *Profiles of the Third World*. In: *Developing the Underdeveloped Countries*, Alan B. Mountjoy (ed.), London, 1971, pp. 17–51.

velopment process is to continue. The experience of Pakistan, where the growing inequalities between the eastern and western parts formed the prime constituent for the break-up of the country, is a pointer in this direction. Examples can be cited from virtually all the LDCs.

□ The structural constraints operating in these countries are too strong to permit the anticipated positive results from a "free" or "freer" profit-maximizing market mechanism — one of the mischievous dogmas, according to Balogh<sup>7</sup>; it is highly doubtful that the market forces can at all be relied upon to achieve the egalitarian goal of development.

This in itself calls for a radically altered, comprehensive planning approach to regional policy than the one commonly advocated (and quite popular) by the "growth poles — growth centres" type economic theories of regional development. And finally, but most significantly:

□ The persisting spatial inequalities represent only an *inefficient* system of growth and development.

John Friedmann, who has championed this cause, puts it thus:

"In an economy in which resources are not fully employed, in which many important resources (and their potential applications) may not even be known, this disregard can markedly diminish an

economy's capacity for growth. Over and above ... there is the question of the efficiency at which the economy operates, and this is to a large extent a question of the location of activities and the resulting pattern of interregional relations."<sup>8</sup>

### Nature of Spatial Disequilibrium

We have, so far, spoken about *spatial* inequalities without revealing their specific meaning. A rigid adherence to any particularistic definition would be of unlikely assistance in rendering a clear statement of the problem. The backward regions happen to be predominantly rural, agriculture-based employing traditional modes of production, social groups carving out subsistence living; while the richer ones are metropolitan urban areas<sup>9</sup> with modern industry technology and/or a tertiary sector expanding through the exploitation of backward areas and communities. Therefore, any bipolar expression — rural-urban, agriculture-industry, peasants-bourgeoisie, depressed-progressive, etc. — will serve to demonstrate the *nature of spatial disequilibrium*. Regional development deals with the spatial incidence of growth and development<sup>10</sup>, and therefore, so long as these various manifestations of disequilibrium possess an "ecological" unitary character, we are dealing with the same problem.

In order to illustrate the overall contours of the regional development problem facing the developing countries, we provide (Table 1) some data on the regional inequalities in Ghana. We should emphasize that the example selected here is purely for illustrative purposes. Let us, for analytical reasons, confine ourselves to the three leading indicators (rows 3, 4 and 5 of the table) namely employment in manufacturing industries, urbanization and electricity supply. As would be seen

**Table 1**  
**Regional Inequalities in Welfare Standards: Ghana, 1970**

Region	Population		Industrial Employment (p.c. of pop.)	Urbanization (p.c. of pop. in Urban Areas)	Electricity Supply (p.c. of pop. served)	Water Supply (p.c. of pop. served)	Health Services	
	In 1000	p.c.					Pop. (No.) per hospital bed	Pop. (No.) per doctor
	1	2	3	4	5	6	7	8
Upper	857	10.0	0.05	7.2	2.2	13.4	1,300	107,000
Northern	729	8.5	0.01	20.4	12.0	26.2	1,500	43,000
Brongo Ahafo	763	8.9	0.19	21.6	6.0	28.6	1,700	64,000
Volta	947	11.1	—	16.3	16.0	30.4	800	56,000
Western	768	9.0	1.66	26.5	15.8	40.9	800	13,000
Eastern	1263	14.8	0.10	25.1	21.8	29.4	1,200	45,000
Central	893	10.4	0.07	27.7	18.8	9.2	1,500	39,000
Ashanti	1477	17.3	0.57	26.8	21.5	32.3	900	19,000
Greater Accra	849	9.9	2.54	88.3	80.6	85.9	300	6,000
GHANA	8546	100.0	0.54	28.6	20.7	34.7	900	22,000

\* Average employment in manufacturing industries for the year 1968.

Source: Tables 1-9 in Clemence D. K. Kudiafor, *Regional Development Planning in Ghana*. In: *Regional Development Alternatives*, German Foundation for Developing Countries, Berlin, 1972, pp. 137-162.

from the table, the metropolitan area of Greater Accra region, with 9.9 p.c. of the national population, enjoys an *absolute superior* status, showing a lead-position in all selected welfare indices; while the regions of Western, Eastern, Central and Ashanti provinces, together 51.5 p.c. of the country's population, show a *mutually non-superior* status, their relative welfare standards being approximately equal, and the remaining 38.6 p.c. of the population dwells in the *absolute inferior* or backward regions. We have not dealt here with the question of relative "resource-potential" of different regions, but it should be mentioned that the Greater Accra region is very much poorer in resource-endowments. Ghana's is thus the case of a center-periphery model, all too familiar in all excolonial countries. For a lasting center-periphery relation, Friedmann has this to say:

"It leads to extreme inequities in welfare among regions; it encourages the underutilization of natural resources; it is conducive to the inefficient location of new industries; it has a politically destabilizing effect; it contributes to the problems of rapid, concentrated urbanization . . ." <sup>11</sup>

#### Theoretical Moorings of Regional Policy

Theories of regional development deal with a system of relationships — regional, interregional, subregional and intraregional — aiming at explaining higher and/or lower values for one or more development indicators, given some understanding about the behaviour of socio-economic structures and individuals. One can, in fact, hardly speak about a theory of regional development *per se*. What such a theory does is to analyse and integrate regional or spatial elements into the global development theory. The utility or otherwise of a regional development theory, therefore, is linked with the particular view of global development. This basic characteristic of regional development theories has naturally caused a great deal of confusion and disagreement. In the context of LDCs, the theoretical questions are still more confounded, since, excepting Friedmann's, hardly any theory deals with their specific situation analyses. The attempts in this direction are very much lacking. Nevertheless, what underlies and distinguishes regional development theories is that development can not be viewed "in terms of simple means and ends, it has to be recognized that the process is governed by numerous feedback mechanisms, of a non-linear character, which are neither of a wholly determinate character nor wholly open to control, but which may be directed to some extent by means of collective action in accordance with preconceived development goals and flexible strategies." <sup>12</sup>

<sup>11</sup> Ibid., p. 99.

Broadly speaking, the various theories of regional development fall under three groups <sup>13</sup>. *First*, those which concentrate on regional economic growth *from outside* (Perroux, Hirschman, Myrdal). They stress the mechanisms underlying the transmission of growth (mainly working through inter-regional trade and interindustry flows), that is, how growth passes from one region to another. *Second*, those theories which view regional growth *from outside* (Perroux, Hirschman, Myrdal). They (Bos), arguing that a strengthening of the economic base of a backward region would generate regional export surpluses and thus set it on a development path. As regards policy recommendations, the first group of theories call for implanting foci of "growth poles" and "growth centres", with Myrdal's advocacy for "state intervention" to prevent excessive negative ("backwash") effects for backward regions due to the polarization forces; while the second group of theorists emphasize the promotion of infrastructure facilities — mainly transport routes — in the backward regions. The problem with these two groups of theories is that they view development essentially as a question of "economic resource management". They largely rely on market mechanism for achieving the goals of regional development, apart from the fact that neither of them represents a complete model or logical mechanism. We have already mentioned the dangers of a full reliance on market mechanism for regional policy in the developing countries. Any simple observation of the developing countries would reveal the intensity and impact of the

- ☐ interplay of political forces;
- ☐ strivings of cultural and social forces;
- ☐ persistence of colonial influences; and
- ☐ operation of cultural and social values.

In the *third* group, therefore, fall theories which attempt to integrate, synthesize or extend the various elements of regional development theory into a general theory framework. Walter Israd has put forward a comprehensive model for a general theory of "optimum decision-making" including the regional factor <sup>14</sup>, while Hermansen and others have extended Perroux-Hirschman's approach into a general "development pole theory". John Friedmann directs the elements of the first two groups

<sup>13</sup> Tormod Hermansen, Development Poles and Development Centres in National and Regional Development. In: Antoni Kuklinski (ed.), Growth Poles and Growth Centres in Regional Planning, Paris/The Hague, 1972, p. 7.

<sup>14</sup> Since we are forced to be strictly sketchy here, references to relevant literature have been avoided. This summary view, however, is largely based on: Jos Hilhorst, Regional Development Theory: an Attempt to Synthesize. In: Multidisciplinary Aspects of Regional Development, O.E.C.D., Paris, 1968, pp. 21-34.

<sup>15</sup> Walter Israd, General Theory: Social, Economic and Regional, The M.I.T. Press, Cambridge—Massachusetts, 1969.

of theories towards a comprehensive regional policy design for developing countries. The basic characteristic of this group of theories is that they incorporate, with varying degrees of success, non-economic factors and call, explicitly or implicitly, for a comprehensive system of planning.

### Political Planning Elements

The LDCs, especially those which have instituted some variety of national economic planning, recognize the necessity of regional development. For example, India's Third Five Year Plan (1961/62 to 1965/66) declared: "... the aim must be that over a reasonable period all regions in the country should realise their potential for economic development and should attain levels of living not far removed from those of the nation as a whole."<sup>15</sup> Similarly, the Constitution of Pakistan (Article 145, para 3) lays down the following regional policy guideline: "... that disparities between the Provinces, and between different areas within a Province, in relation to income per capita, are removed and that the resources of Pakistan ... are used ... in such manner as to achieve that object in the shortest possible time."

Ghana, since 1966/67, has set up regional planning committees at different administrative levels, and conceives a planning model based on "four-tier growth foci": rural development service centres at the local level, growth points at the district level, growth centres at the regional (provincial) level, and growth poles at the national level<sup>16</sup>.

So far so good; but if one used the criteria of consistency, operationality and precision, one discovers little substance in the claims of regional development priorities in virtually any LDC. The planning authorities in India conceded to one

author that the talk of regional development in Indian plans represents little more than a model of political compromise<sup>17</sup>. John Friedmann calls it a question of choice between "hard-liners" and "soft-liners". The former, consisting mainly of economic technocrats, are insisting on allocation of resources to areas and regions of highest income and foreign-exchange productivity, while the latter are advocating a more equitable allocation pattern<sup>18</sup>. It is not unusual to find that the hard-liners usually win. As a result, the regional economic disparities have, in fact, widened during the periods of national planning<sup>19</sup>. There may be some justification in the claim that lacking data-base and trained personnel do not permit effective regional planning in these countries. However, the real causes are to be found elsewhere. We can do little more than briefly mention them here.

☐ Firstly, the indoctrination of planners in these countries that the benefits of any concentration of investment will somehow trickle downwards has been too strong.

☐ Secondly, the concern about regional development has rarely been followed up by genuine efforts towards "decentralization of decision-making" which is, in fact, a pre-condition for effective regional policy.

☐ Closely linked with this phenomenon is the third and most significant factor that the oligarchic socio-political structures and economic monopolies in these countries, since it ensures a continuation of their power and prosperity, provide strong resistance to decentralization and regional development.

<sup>15</sup> Planning Commission, Government of India, Third Five Year Plan, New Delhi, p. 153.

<sup>16</sup> Ghana: Politik der regionalen Entwicklungsplanung, Forschungsinstitut der Friedrich-Ebert-Stiftung, Bonn-Bad Godesberg, January 1973.

<sup>17</sup> Dieter Klages, Regionalplanung in Entwicklungsländern (Regional Planning in LDCs), doctoral dissertation, Bochum, 1972, p. 220.

<sup>18</sup> Friedmann, op. cit., pp. 48-9.

<sup>19</sup> For example, in the case of India, see, S. K. Rao, A Note on Measuring Economic Distances between Regions in India. In: Economic and Political Weekly, vol. VIII (April 28, 1973), pp. 793 to 800.

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