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Intereconomics

*Suggested Citation:* Spilker, Hans (1975) : The role of peripheral centres in Europe, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 10, Iss. 12, pp. 381-383, <https://doi.org/10.1007/BF02929338>

This Version is available at:

<https://hdl.handle.net/10419/139309>

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# The Role of Peripheral Centres in Europe

by Dr Hans Spilker, Hamburg \*

**The European Regional Conference and the Council of the European Communities are both pursuing a regional policy concept which, on the one hand, focuses on the promotion of economic activity in areas of scanty development and, on the other, aims at curbing rather than promoting the development of central urban areas. In the following paper – read to the First Conference of Local Authorities In European Border Regions at Galway, Ireland, on October 15 to 17 – Dr Spilker is dealing with the question whether this concept lends itself to successful application in the peripheral regions of Europe.**

In the very important Opinion No. 17 on the regional policy of the European Economic Community which the European Conference of Local Authorities<sup>1</sup> passed on September 19, 1974 a distinction was made between three different types of urban areas, namely,

- the very large urban areas in the central regions of North-western Europe – which occupy a central position in relation to the Community as a whole;
- the large urban areas around the national political or economic capitals – centrally situated in relation to the individual member countries; and
- the urban areas arising around the regional metropolises – centrally situated in relation to the individual regions.

Unfortunately this – undoubtedly highly important – distinction is not followed up in the subsequent development of the regional policy argument in the Opinion. Instead, the Conference considered these various situations as linked to the problems of centralization and pressure on the environment – and thus to phenomena which had to be countered because of their fatal effects on the economic, financial, social or ecological balance.

It was the view of the Conference that this could only be done by directing investments into other areas than these urban ones – into sparsely populated regions with scanty industrial development or into poor regions with abundant labour. The Council of the European Communities would apparently even go a step further. Its decision of March 18, 1975 on the appointment of a Committee for Regional Policy<sup>2</sup> gave this Committee instructions to examine “curbs for the areas with a heavy concentration of economic activities”.

From all these emerges a fairly simple design for regional policy. On the one hand, the promotion of economic activity is to focus on the scantily

developed areas; on the other hand, the development of central urban areas is not to be encouraged but, as far as possible, to be curbed. This is a recipe for regional policy which is often advocated and more or less universally believed to be effective. At any rate, one does not often hear doubts being voiced about it.

But this cannot be a ground for not asking critical questions; the tasks of regional policy are after all sufficiently important to justify a thorough search for the best possible solutions – even if it seems certain from the outset that it can have only one result. The crucial question to be discussed is this: Can the concept of regional policy as described here be applied successfully in the peripheral regions of Europe? Or put differently: Can peripheral regions be expected to develop satisfactorily if the promotional measures are all confined to the scantily developed parts of these regions while their urban centres are left to fend for themselves or even hampered in their own development?

To get to the root of this question, it needs pointing out first of all that it concerns a quite definite type of region, namely the peripheral regions with an urban centre which can legitimately be described as a regional metropolis. This presupposes the existence of close economic ramifications between the metropolis and the less developed parts of the region, ramifications which may be so variegated and intensive that only the regions as a whole can reasonably be regarded as a single entity. Surely such a region should also be treated as one unit for purposes of regional policy.

This obvious approach however is not the common one in the conventional regional policy.

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<sup>1</sup> European Conference of Local Authorities, Opinion No. 17 (1974) on the regional policy of the European Economic Community, 16-20 Sept. 1974.

<sup>2</sup> Decision of the Council of March 18, 1975 on the appointment of a Committee for Regional Policy, Gazette of the European Communities, No. L 73/47, of March 21, 1975.

There is, on the contrary, a tendency to split the individual regions into several constituent parts, namely,

- the economically less developed parts, which are lumped together with comparable parts of other regions without much regard for their intra-regional structures and designated as national development areas, and
- the developed centres which are also bunched up indiscriminately as areas in which development should not be promoted in any way but rather retarded — no matter whether they are centres of European, national or regional scope.

#### **Mutual Dependence of Region and Centre**

It can certainly not be claimed that this procedure is unsuitable in all cases; but there is good reason to assume that for peripheral regions at least it is not very suitable, certainly not if — as was presumed — there exist very intensive economic ramifications between the regional centre and the less developed parts of the region.

In this case there exists a state of mutual dependence, with the consequence that the centre profits from a favourable development of the rest of the region and, conversely, the rest of the region benefits from a favourable development of the centre.

The centre will profit from the development of the region because this increases the demand for the products of its own economy. The less developed parts of the region in turn cannot but be interested in a favourable development of the centre because of the resultant improvement of the centre's capabilities which can stimulate economic growth throughout the region.

Moreover, the centres and the other parts of the peripheral regions have a common fortune, one born from their peripheral situation. The development prospects of peripheral centres are invariably less favourable than the chances of other regional, national or European centres. If it is true that the economic growth of the entire peripheral region depends to a significant degree on the development of its regional centre, there is little sense in trying to promote the peripheral region by curbing the development of its centre, a centre where development is anyhow hampered by its peripheral situation.

#### **Promotion in Two Spheres**

There is another reason for efforts to ensure a positive development of the regional centres as an aid to the economic growth of the peripheral regions, and it is a very important one. Before accepting this reason as valid, one must however

depart from the widely held view that it is the essential function of the centres to focalize the demographic and economic development from the region, onto themselves, with the result that the rich centre becomes ever richer and the rest of the region, poor as it is, ever poorer. There is no need for that to happen, however. A regional policy capable of guiding the interactions between the effective economic forces in the region should also be perfectly capable of turning growth impulses into the opposite direction — from the centre to the region. The promotion of the region's development could thus be said to proceed in two spheres. The usual aid measures of regional policy which operate directly in the underdeveloped sphere would be augmented by growth impulses radiating from the regional centre.

In the practice of regional policy this pattern could be established with the best effect by a system providing for local key-points for potential development, arranged on development axes issuing from the regional centre. These key-points of development would have to be given the more direct promotional help the more remote they are from the centre and the less they would therefore profit from development impulses issuing from this centre.

Obviously this system cannot be effective if the centre itself cannot dispense development impulses. If one tries to curb the economic activity at the regional centre, such impulses naturally cannot be expected — much to the detriment of the whole region. The centre will keep its ability to radiate economic impulses only if it can — and if necessary is helped to — improve the structure of its economy.

#### **The Golden Mean**

This can best be done by attracting new economic activities from outside the region not only to the less developed areas but also to the regional centre. Certain activities will in any case be more easily attracted to the centre than to other parts of the region — if they can be attracted at all — because for many enterprises the centre by its nature offers the most attractive location in the region. So as to avoid excessive centralization and environmental pressure in the regional centre measures must be taken concurrently to induce a flow of economic activities from the centre to the region.

These measures should add to the attractions of the development key-points in the area over and above the pull which the "natural" price differential for land and labour exerts. In certain circumstances this may involve a requital for the removal of enterprises from the centre to the region, but

care must be taken that the centre is not enfeebled by the relocation of too many enterprises in the region, for this would prevent the centre in the long run from doing justice to its function of diffusing development impulses to the regional economy. An effort must be made in regional policy to arrive here at the golden mean.

It needs stressing that in principle the economic centre of peripheral regions must be strengthened as an integral part of their development, with the proviso however that the centre must constantly pass on part of its economic strength to the less developed parts of its region. Under this aspect it is obviously in the interest of the less developed parts of the region that the centre should be strengthened. It was said earlier that they must be interested in this because it is of advantage to their own economies if the service potential of the centre for the region is improved. Besides, the contacts with the world outside the region's borders pass to a large part through the centre. The stronger the regional centre, the more intensive — to the advantage of the entire region — will be the growth-promoting economic relations with the outside world.

#### Additional Growth Impulses

It is clear from these reflections that curbs to check excessive development of large urban areas do not make much sense under regional economic aspects and may even do harm if these areas are centres of peripheral regions. Far from promoting the development of the weakest parts of peripheral regions, such curbs may actually weaken them further. Use of the twofold strategy for the development of weaker parts of peripheral regions as set out here holds out a greater promise of success: Over and above the generally customary regional policy measures for direct application in the area, growth impulses spreading from the regional centres are a means of furthering the development of the entire region.

This is not a policy of setting one area against another but of letting the regional centre and the rest of the region act together, a policy which does not focus solely on the less developed parts of a region but on the whole region with all the economic interrelations operating inside it, a policy indeed which regards the region as a live economic and social organism not to be split arbitrarily by regional policy into mutually independent and antithetically treated parts. This kind of regional policy is most appropriate in view of the essential character of the regions, one reason more why its underlying principle should be applied to the development of peripheral regions and perhaps also to the solution of other problems of regional policy.

# THE JOURNAL OF DEVELOPMENT STUDIES

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Published by

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