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# Regional Policy in Third World Countries

by Andreas Kopp, Hamburg\*

**A great deal would suggest that the process of urbanisation in developing countries leads to both negative allocation effects and to an increase in income inequality between urban and rural districts. Regional policy measures aimed at improving the lot of rural areas would seem called for. Which concepts exist on this issue and how are they to be rated?**

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Up until the start of the seventies, discussions on development policy primarily focussed their attention on growth policy objectives. The concentration of efforts on setting up manufacturing industries was expected to lead to high economic growth, to the elimination of problems of overt and hidden unemployment and to the gradual removal of the extremely uneven distribution of incomes in Third World countries.<sup>1</sup> A change in the sectoral structures was regarded as decisive in this respect, the course of which should include a substantial increase in the share of industrial production in the national product and in the share of persons employed in the secondary sector. The reduction of income differences between urban and rural regions, as an important objective of regional policy, was expected to come about via the rural-to-urban migration of labour and the subsequent decrease in labour intensity in rural areas and increase in labour intensity in urban areas.

Despite a growth rate in real terms of average per capita income between 1950 and 1975 of 3.4 %, employment problems and the distribution situation had in fact worsened rather than improved<sup>2</sup>:

□ The heavy migration from rural areas into the towns and cities often resulted in a more rapid increase in the surplus labour available in urban centres. This in turn led to high rates of urban unemployment<sup>3</sup> and an expansion of the urban informal sector.<sup>4</sup>

□ In spite of this, the income gap between rural and urban regions widened considerably in many cases<sup>5</sup>. A very large share of the rural population continued to achieve very low absolute levels of income;<sup>6</sup> in many developing countries, this share of the population went on growing.<sup>7</sup>

□ At the same time the growth in urban population was concentrated in just a few big cities.<sup>8</sup>

Any delimitation of rural areas for regional policy purposes must be based on this situation.<sup>9</sup> Small and

medium-sized towns, the functions of which are related primarily to the agricultural sector, are also classified as belonging to the overall rural area.

This situation led to a greater emphasis on distributional aspects within the context of development policy. Due above all to the lack of the necessary institutional framework, efforts to reduce inequalities in primary income distribution were to be granted priority over the, in theory superior, policy of setting up fiscal redistribution mechanisms.<sup>10</sup> The success of development policy measures was to be assessed according to the increases in income achieved for the various socio-economic groups, with these increases being rated the more highly the lower the respective level of income. The emphasis was placed on the elimination of absolute poverty, i.e. raising the income of

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<sup>1</sup> The starting-point for the theoretical discussion of these problems was an article by W. A. Lewis: Economic development with unlimited supplies of labour, in: *The Manchester School of Economic and Social Studies*, Vol. 22 (1954), pp. 139-191.

<sup>2</sup> Cf. D. Morawetz: Twenty-five years of economic development, Washington D.C., 1977, p. 12f.

<sup>3</sup> Cf. on the following D. Turnham (assisted by I. Jaeger): The employment problems in less developed countries: A review of evidence, Paris 1971, p. 57 and pp. 133-135.

<sup>4</sup> The informal sector includes the generally small urban businesses, which primarily employ relatives and in which those workers receiving wages are not protected by legal and union-agreed stipulations. The incomes from labour obtained in the informal sector are usually much lower than those obtained in the formal sector. For more information on the difficulties of drawing a clear dividing line between the informal and formal sectors cf. S. V. Sethuraman: The role of the urban informal sector, in: S. V. Sethuraman (ed.): *The urban informal sector in developing countries. Employment, poverty and environment*, Geneva 1981, pp. 13-19.

<sup>5</sup> Cf. M. Lipton: Why Poor People Stay Poor. A Study of Urban Bias in World Development, London 1977, p. 148 f. and p. 434.

<sup>6</sup> Cf. World Bank: Rural Development, Sector Policy Paper, Washington D.C., 1975, p. 79 f.

<sup>7</sup> Cf. K. Griffin, A. K. Khan: Poverty in the Third World: ugly facts and fancy models, in: *World Development*, Vol. 6 (1978), pp. 295-298.

<sup>8</sup> Cf. World Bank: World Development Report 1981, Annex World Development Indicators, Table 20.

<sup>9</sup> On the discussion of possible characteristics cf. M. Lipton, op. cit., pp. 56-63.

<sup>10</sup> Cf. M. S. Ahluwalia, H. B. Chenery: The Economic Framework, in: H. B. Chenery et al.: *Redistribution with Growth*, London 1974, p. 38 f.

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those groups whose per capita incomes were lower than fixed minimum income levels.

The last mentioned objective has been specified in the basic-needs strategy in terms of minimum supply levels for foodstuffs, clothing, shelter and health and educational facilities. Against the background of the decisive influence on growth and distribution of the economic relations between rural and urban areas in developing countries, questions relating to spatial differentiation of development policy and the use of regional policy instruments became more and more important.

The expectation of an endogenous process of the reduction in interregional differences in income and development, resulting from the interplay of market forces, was based on the statements made by simple neo-classic models of regional growth theory.<sup>11</sup> Under the conditions of such models, the mobility of the factors of production leads to a reduction of regional differences with regard to factor intensities and factor price relationships. Given partial or total factor immobility, inter-regional trade would lead to a balance in the sense that the same factor output would receive the same payment in all regions.

The following will deal with the most important factors present in developing countries which prevent an approximation of factor prices and goods prices and thus a reduction in inter-regional income differences. These relate to the lack of functioning factor markets, differences in the production functions for various regions and the effects of economic policy measures.

### Implications of Rural-to-Urban Migration

Measures of regional policy to reduce the migration of labour from rural to urban areas are then advisable from a growth policy point of view of the implications of such migration, taken as a whole, lead to a loss of overall economic welfare. From a distribution policy point of view, such measures are necessary if migration leads to a deterioration in the inter-regional income distribution, which weighs more heavily, in political terms, than the possible welfare gain.

The dominant approach to explaining the lasting differences between urban and rural labour incomes, the expansion of the informal sector and overt unemployment in towns and cities<sup>12</sup> was based on the

assumption that many migrants, ignorant of the employment opportunities available, would have to accept, at least transitionally, a drop in income.

The expectation has not been confirmed by empirical analyses.<sup>13</sup> Quite the reverse. Such analyses came to the conclusion that the overwhelming majority of migrants found a job in the city after a relatively short period and that their incomes were in some cases much higher than in rural areas. In addition, they found out that the migrants were not disproportionately highly represented in the informal sector. Nominal differences, however, overestimate the income gain, since the cost of living in urban areas is as a rule much higher than in rural districts. Moreover, the taking into consideration of distortions in factor prices and goods prices and of the external costs of poor living conditions, the overloading of traffic facilities etc. might lead to the social gain from migration turning into a loss, even ignoring the implications for rural areas.<sup>14</sup> In such a case, allocation policy considerations would necessitate measures designed to stem such migration.

### Increase in Income Inequality

Empirical investigations into the effects of rural-to-urban migration of labour point out that such a movement need not at all have automatically positive productivity and income effects on rural areas. Indeed, a great deal would indicate that this migration in fact inhibits growth in rural areas.<sup>15</sup> This would enhance the danger of reducing overall economic welfare and would imply an intensification of income inequality between rural and urban areas.

Firstly, negative growth implications are deduced from the high share of young migrants in this migration flow. It is likely that those who migrate to the towns and cities are the very persons who are most likely characterised by skills and behaviour patterns necessary for the adoption of innovations. Their migration could quite easily strengthen social structures in their places of origin which are hostile towards innovation and tend to preserve inequality in rural areas.

Secondly, negative effects on the development of rural regions can result from the fact that there is an above-average representation of relatively well-

<sup>11</sup> Cf. e.g. F. Buttler et al.: *Grundlagen der Regionalökonomie*, Reinbek 1977, pp. 62-65.

<sup>12</sup> Cf. J. R. Harris, M. Todaro: *Migration, unemployment and development: A two sector analysis*, in: *American Economic Review*, Vol. 60 (1970), pp. 126-142.

<sup>13</sup> Cf. L. Y. L. Y a p: *The attraction of cities. A review of migration literature*, in: *Journal of Development Economics*, Vol. 4 (1977), pp. 250-256.

<sup>14</sup> Cf. e.g. M. L i p t o n: *Migration from rural areas of poor countries: The impact on rural productivity and income distribution*, in R. H. Sabot (ed.): *Migration and the Labor Market in Developing Countries*, Boulder, Colorado, 1982, p. 194.

<sup>15</sup> Cf. on the following *ibid.*, pp. 202-218.

educated persons among the migrants.<sup>16</sup> This is the case if the migrant's education has been financed by his family or by local taxes: the region of origin must bear the costs of educating the migrant without participating in the fruits of such education. In addition, if the social gains exceed the private ones, often cited as a justification for publicly financing education, migration will lead to a loss also of this positive external effect for the rural area. If there is a complementarity between education and the adaption of innovations, the act of migration will also reduce the rate of technological progress for the area of origin.<sup>17</sup> This can imply that, should migration occur, the social gains of education, as opposed to the private ones, are lower than were the migrant to remain in the rural area.

Empirical investigations also contradict the hypothesis that the adverse effects for the rural regions are reduced or (over-)compensated by remittances on the part of the migrants to the families they have left behind.<sup>18</sup> Such studies reveal that the net remittances are often very low in comparison with rural incomes, and in some cases are even negative. What is more, they are only used in fourth place for investments, following the financing of the migration costs, consumption expenditure and financing the migration of younger members of the family. This would indicate very small growth effects.

The afore-mentioned consequences of migration can mean that even if the migrant's real income increases, the social costs of migration will exceed its social benefits and lead to an allocation loss. Secondly, such consequences show that migration may not lead to a reduction in income differences between rural and urban areas. In the former case, growth policy considerations would suggest the resorting to regional policy measures in favour of rural areas. In the latter, this may also be essential in view of the afore-mentioned distribution policy objectives, even if there is an allocation gain.

### Lack of Capital Mobility

Against the background of labour market conditions prevalent in many developing countries, it cannot be ruled out that an acceleration of job creation in large towns and cities leads to a disproportionately large

increase in migration<sup>19</sup> and aggravates employment problems in these urban areas. It is primarily for this reason that support for rural areas is often regarded as a prerequisite for reducing the relative income inequality and absolute poverty in urban agglomerations.<sup>20</sup>

Alongside the possible negative effects of the migration of labour from rural to urban areas, the capital market conditions also restrict inter-regional transfers of capital and thus tendencies towards reducing income differences. One precondition for the complete mobility of capital is, amongst other things, the existence of a capital market which provides the same savings opportunities for all potential savers and the same borrowing facilities for all potential investors.<sup>21</sup> However, the capital markets in many developing countries are characterised by a segmentation into regional markets, marked by limited transparency and interconnection.<sup>22</sup> The segmentation also becomes apparent in the fact that in rural areas only a relatively small amount of credits are channelled via the formal banking sector, the majority of the rural population being dependent on informal sources of credit. This results in a situation in which on average the credits in rural areas are subject to much higher interest rates and are often rationed.<sup>23</sup>

### Differences in Regional Production Functions

Another important precondition for the validity of models based on the elimination of inter-regional price differences is the existence of identical, linear-homogeneous regional production functions and the assumption of the complete divisibility of the factors of production. These assumptions mean that important factors of spatial differentiation cannot be taken into account, which, even assuming complete factor mobility, can lead to a continuing spatial polarisation of growth.<sup>24</sup>

The production conditions in urban areas are influenced to a large extent by external effects which are spatially limited. In urban agglomerations which have not yet reached an extremely large size the external diseconomies are over-compensated for by external

<sup>16</sup> Cf. also G. E. Schuh: Out-Migration, Rural Productivity, and the Distribution of Income, in: R. H. Sabot (ed.), op. cit., pp. 170-172.

<sup>17</sup> Cf. G. Feder, R. Just, D. Silbermann: Adaption of Agricultural Innovations in Developing Countries: A Survey, World Bank Staff Working Paper No. 444, Washington D.C., Feb. 1981, p. 17.

<sup>18</sup> Cf. e.g. O. Stark: Economic-Demographic Interactions in Agricultural Development: The Case of Rural-to-Urban Migration, (FAO), Rome 1978, pp. 34-46.

<sup>19</sup> On these conditions cf. J.-P. Arellano: Do more jobs in the modern sector increase urban unemployment?, in: *Journal of Development Economics*, Vol. 8 (1981), pp. 241-247.

<sup>20</sup> Cf. e.g. P. Bairoch: Urban unemployment in developing countries, Geneva 1973, pp. 69-83.

<sup>21</sup> Cf. e.g. H. W. Richardson: Regional Growth Theory, London and Basingstoke 1973, pp. 103-108.

<sup>22</sup> Cf. R. McKinnon: Money and Capital in Economic Development, Washington D.C., 1973, pp. 5-7.

<sup>23</sup> Cf. G. Donald: Credit for Small Farmers in Developing Countries, Boulder, Colorado, 1976, pp. 77-89.

<sup>24</sup> Cf. F. Buttler et al., op. cit., pp. 67-72.

economies.<sup>25</sup> Of particular importance to the positive external effects for production are the localisation and urbanisation economies. The localisation economies are the economies associated with a particular location and external to the company but internal to the branch of industry, resulting from the increase in the total output of this branch. The external economies brought about for all business enterprises at any one location via the increase in regional product are referred to as urbanisation economies. These effects can be transferred via market or non-market mechanisms. Together with the afore-mentioned externalities, the reduction of average costs, which results from the limited divisibility of production factors, is also one of the benefits of agglomeration.

The agglomeration benefits mean that the migration of all mobile factors of production to the urban centres leads to an increase, and not a drop, in marginal productivities and thus possibly to an increase in the income gap between urban and rural areas. This may mean that under distributional aspects regional policy measures are called for.

A reduction of the income differences between urban and rural regions via an increase in inter-regional trade is impeded in many developing countries by an inadequate infrastructure within the rural areas and between rural centres and larger cities.<sup>26</sup> This leads to a very high level of transport costs, many products thus being saleable only within a very limited region. As a result, the number of goods which are in fact non-tradable on an inter-regional basis increases. A reduction of transport costs has the same effect on inter-regional trade as the reduction of specific duties on foreign trade. Alongside the allocation gains through increased specialisation this can also lead to a reduction in inter-regional factor price differences.

Taking into consideration the differences in the sectoral structure between rural and urban areas, it cannot, however, be ruled out that—above all, due to the lower income elasticities of demand for rural products—rising income will lead to a shift in the inter-regional terms of trade to the detriment of the rural areas.<sup>27</sup>

<sup>25</sup> These considerations have led to the idea of the existence and determinability of optimal city sizes. For more details on the problems associated with this theoretical concept cf. e.g. H. W. Richardson: *City Size and National Spatial Strategies in Developing Countries*, World Bank Staff Working Paper No. 252, Washington D.C., April 1977, pp. 12-15.

<sup>26</sup> Cf. on the following H. Siebert: *Regionales Wirtschaftswachstum und interregionale Mobilität*, Tübingen 1970, pp. 122-130.

<sup>27</sup> Cf. e.g. H. Hesse, H. Sauter: *Entwicklungstheorie und -politik*, Band I. *Entwicklungstheorie*, Tübingen, Düsseldorf 1977, pp. 78-81.

A further argument for the continued polarisation is the aspect of concentration of public investment and public services in the largest towns and cities in developing countries. The relatively high levels of per capita public expenditure and subsidisation of public services in large towns and cities have been confirmed by empirical studies.<sup>28</sup> However, this does not necessarily lead to the conclusion that this should be rejected for efficiency reasons. An investigation into this question relating to historical development in Japan came to the conclusion that in terms of growth policy a reduction of the differences in social overhead capital investments would not have been meaningful.<sup>29</sup> Nevertheless, distribution policy objectives may deem it necessary to channel these investments more strongly towards rural areas.

Alongside policies relating to infrastructure and subsidisation, other national economic policy measures are also claimed to have adverse effects on the relative income and growth situation in the rural areas. Above all, measures for the protection of manufacturing industries and export taxes on agricultural products have led to discrimination against rural areas, usually contrary to regional policy intentions.<sup>30</sup> A study dealing with effective protection in Nigeria, for example, led to confirmation of the hypothesis that trade policy measures favour very large cities.<sup>31</sup> In this particular case, 90 % of the indirect subsidies granted within Nigeria's trade policy were directed towards the Lagos region.

So as to increase the transfer of surplus from the agricultural sector to the industrial sector further measures were taken which discriminated against the former via taxation and/or direct price controls. Together with the change in the distribution of income to the detriment of the rural areas, this in some cases led to considerable social losses for the economy as a whole.<sup>32</sup>

The extension of traffic connections between rural centres and the larger towns and cities as well as between the rural hinterland and the rural centres is

<sup>28</sup> Cf. A. Rogers, J. G. Williamson: *Migration, Urbanization and Third World Development*, in: *Economic Development and Cultural Change*, Vol. 30 (1982), p. 479; and B. Renaud: *National Urbanization Policies in Developing Countries*, World Bank Staff Working Paper No. 347, Washington D.C., 1979, pp. 124-125.

<sup>29</sup> Cf. K. Mera: *On the urban agglomeration and economic efficiency*, in: *Economic Development and Cultural Change*, Vol. 21 (1973), pp. 309-324.

<sup>30</sup> Cf. B. Renaud, *op. cit.*, pp. 119-124.

<sup>31</sup> Cf. T. Bertrand et al.: *Industrial Policy in Nigeria*, IBRD 1978.

<sup>32</sup> Cf. e.g. M. D. Bale, E. Lutz: *Price distortions in agriculture and their effects. An international comparison*, in: *American Journal of Agricultural Economics*, Vol. 63 (1981), pp. 8-21.

essential to efforts to eliminate the differences in development between urban and rural areas via the boosting of inter-regional trade. Considerable incentives for an increase in rural production are to be expected from the resultant reduction in transport costs.<sup>33</sup> Institutions not directly involved in shaping regional policy should also do their part by providing for complementary conditions for increases in production. In many cases, the lack of borrowing facilities, existing property and tenure conditions and monopolistic supply conditions in the trade and transport sectors prevented producers from participating to the desired extent in transport cost savings.<sup>34</sup>

The fact that many of the factors explaining higher growth in urban areas were based on the spatially limited effectiveness of external economies between several business enterprises in the same or in various branches led to the demand for the creation of new centres and/or the promotion of centres in disadvantaged regions. The catchwords for such concepts (growth or development poles and centres) are in some cases used synonymously and in some cases have completely different meanings, leading to the implementation of widely differing kinds of regional policy measures.<sup>35</sup> Together with the theoretical problems which emerged with such concepts, the disappointing practical experiences made with them brought them more and more into discredit.

### Growth Poles

The pole concepts were based on the idea that powerful positive effects on the hinterland would result from regional policy measures. Admittedly, this presupposed functioning factor markets in rural areas and unrestricted intra-regional trade. It also implied the idea of an optimal city size and the identity of social and private costs and benefits for location selection.<sup>36</sup> The non-existence of these presupposed conditions was, however, often the very reason for efforts to decentralise economic growth. The fact that primarily very capital-intensive industries had been established was a more important reason for renouncing such pole concepts. Such capital-intensive emphasis was partly due to the selection criteria for industries, which were related solely to the interindustry relations regardless of

spatial effectiveness, partly due to the accompanying subsidisation of the use of capital for the pole locations. As a result these industries revealed a low labour absorption level and a low degree of integration with the rural hinterland.<sup>37</sup> This meant that the poles were at best successful in that they reduced the inter-regional inequality of incomes yet at the same time aggravating intra-regional income inequality.

### Agropolitan Development

The "agropolitan development" approach represents a strongly opposing standpoint to the growth pole concept.<sup>38</sup> This approach envisages the promotion of substantially self-contained "agropolitan districts". These districts are defined as "rural areas that have an effective population density of at least 200 per km<sup>2</sup>. A town of between 10,000-25,000 inhabitants would normally be found within the district, and district boundaries would be defined by a 'commuting' radius of between 5 and 10 km (or approximately one hour's travel time by bicycle). Such dimensions yield an overall size of population ranging from 50,000 to 150,000 of whom a majority would be initially engaged in farming".<sup>39</sup>

The small industries to be set up in the district towns ought to have a high degree of subsidiary relations to agriculture and should be protected against competition from the big cities. By re-directing public investments into the district centres the rural-to-urban migration of labour is expected to be reduced substantially. A high degree of political and administrative autonomy for the agropolitan districts is regarded as an essential precondition for the realisation of this concept.

A similar regional development concept, that of the "selective spatial closure"<sup>40</sup>, recommends among other things the subsidising of rural industries and places

<sup>33</sup> Cf. C. Carnemark et al.: The Economic Analysis of Rural Road Projects, World Bank Staff Working Paper No. 241, Washington D.C., 1976, p. 12.

<sup>34</sup> Cf. B. Renaud, op. cit., p. 79 f.

<sup>35</sup> Cf. D. F. Darwent: Growth Poles and Centres in Regional Planning, in: J. Friedmann, W. Alonso (eds.): Regional Policy. Readings in Theory and Applications, Cambridge, Mass. and London 1975, p. 535 ff.

<sup>36</sup> Cf. F.-C. Lo, K. Salih: Growth Poles and Regional Policy in Open Dualistic Economies: Western Theory and Asian Reality, in: F.-C. Lo, K. Salih (eds.): Growth Pole Strategy and Regional Development Policy. Asian Experiences and Alternative Approaches, Oxford etc. 1978, p. 257 f.

<sup>37</sup> Cf. H. W. Richardson: Growth Centres, Rural Development and National Urban Policy: A Defense, in: International Regional Science Review, Vol. 3, 1978, p. 134.

<sup>38</sup> Cf. on the following J. Friedmann, M. Douglas: Agropolitan Development: Towards a New Strategy for Regional Planning in Asia, in: F.-C. Lo, K. Salih, op. cit., pp. 181-190.

<sup>39</sup> Ibid., p. 185.

<sup>40</sup> Cf. W. B. Stöhr, F. Tödtling: Spatial equity – some antithesis to current development doctrine, in: H. Folmer, J. Oosterhaven (eds.): Spatial Inequalities and Regional Development, Leyden 1979, pp. 152-158; and referring more specifically to developing countries, W. B. Stöhr: Development from Below: The Bottom-up and Periphery-Inward Development Paradigm, in: W. B. Stöhr, F. Taylor (eds.): Development from Above or Below? The Dialectics of Regional Planning in Developing Countries, Chichester etc. 1981, pp. 63-67.

great emphasis on the extension of intra-regional transport and communication systems whilst at the same time deliberately neglecting the inter-regional trade relationships. The criticism of such approaches is, first of all, levelled against their political implementability. The realisation of these concepts would presuppose fundamental changes in the political and administrative systems.<sup>41</sup> In addition, a greater emphasis on distribution policy objectives need not mean that the allocation losses possibly implied by these measures will represent the optimal solution for the trade-off between growth and distribution for the governments of developing countries.

### Hierarchy of Centres

Allocation losses are above all likely to result from the assistance given exclusively to relatively small locations in rural areas. Bearing this problem in mind, the extension and/or setting-up of a hierarchical system of centres in the rural area has been suggested following along the lines of a normatively applied theory of central locations. The hierarchy of the locations is, above all, related to the supply of public services.<sup>42</sup> The greater the costs of the provision of such services and the lower the frequency of their utilisation, the higher the hierarchical level of the locations offering these services should be and thus the larger the catchment area. The size of the catchment areas is determined not only by the fixed supply costs but also according to the benefits and opportunity costs of utilisation for the user, weighted in line with distribution policy considerations.

As regards the objectives of the basic needs strategy, which also aims for a minimum supply of health and education facilities for all population groups, the strengthening of the centres of lower hierarchical rank will be of great importance in many developing countries.<sup>43</sup> In cases of poorly functioning goods and factor markets, those services on the production side usually supplied privately (credits, means of production, information, etc.) as well as transport and marketing facilities can also be included in the assistance to the centres.

The lower the hierarchical rank of the locations in which manufacturing industries are to be set up, the

closer the links should be to the agricultural sector and/or they should manufacture products for which the rural population reveals a high income elasticity. These industries are generally characterised by a relatively high labour intensity and the best employment effects can therefore be expected. Moreover, rural industrialisation enables the sectoral migration of labour while avoiding many of the afore-mentioned adverse effects of migration. This means that under such conditions migration is more likely to have both a positive allocation effect and positive distribution effects. By promoting a hierarchy of centres the gaining of trade profits for the rural areas from trade with the large towns and cities can also be facilitated.

### Conclusions

Many of the structural characteristics typical for developing countries would suggest that the process of urbanisation can be accompanied by adverse allocation effects and/or continually lead to differences in income levels between rural and urban regions which are viewed as negative in political terms. This situation makes it essential to adopt regional policy measures in the interests of the rural regions.

A prerequisite for a strategy of rural development is the rectification of all those development policy measures pursued which have up to now led to a discrimination against rural regions. Assistance for rural areas should be primarily effected via infrastructural measures. On the one hand, this means promoting inter- and intra-regional trade possibilities via the extension of the transport infrastructure and, on the other, improving growth conditions within rural regions via the setting-up of a hierarchy of development and service centres.

If the measures for the promotion of rural development imply an antinomy between objectives of growth and distribution policies, specific promotion concepts will be differentiated according to the emphasis they place on raising the income levels of individual population groups within the income hierarchy. The greater the emphasis on improving the situation of the poorest groups, the more important the extension of intra-regional – as opposed to inter-regional – transport infrastructure and the setting-up of centres at the lowest hierarchical ranks. The supply of services provided by such centres should generally be relatively closely geared towards the agricultural sector. These centres also have the central function of guaranteeing a minimum supply of health and educational facilities for all groups of the population.

<sup>41</sup> Cf. e.g. H. W. Richardson: *Growth Centres, Rural Development and National Urban Policy: A Defense*, op. cit., p. 137.

<sup>42</sup> Cf. on this point e.g. E. von Böventer et al.: *Theoretische Ansätze zum Verständnis räumlicher Prozesse*, in: *Akademie für Raumforschung und Landesplanung* (ed.): *Grundriß der Raumordnung*, Hannover 1982, p. 80 f.

<sup>43</sup> Cf. M. Selowsky: *Balancing Trickle Down and Basic Needs Strategies: Income Distribution Issues in Large Middle-Income Countries with special Reference to Latin America*, World Bank Staff Working Paper No. 335, Washington D.C., 1979, pp. 61-84.