



Growth Pole Strategy and Regional Development Policy

Asian Experiences and Alternative Approaches

Edited by

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Pergamon Press

*GROWTH POLE STRATEGY
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FOREWORD

This volume brings together the papers presented at a seminar and symposium sponsored by the United Nations Centre for Regional Development (UNCRD). The focus of the gathering was on a critical review of industrialization strategies and the growth pole approach to regional planning in Asia, but the coverage extended beyond this theme to consider vital issues and alternative development strategies appropriate to prevailing conditions in Asia.

The purpose of bringing these papers to a more global audience is threefold. First, we should like to provide the theoretical and empirical research contained in this volume to planners and policy-makers who are engaged in the continuing process of designing and implementing regional development policies. Secondly, we hope that this collection will stimulate further international collaboration on research into key development issues for regional development. Thirdly, by adding a few papers not originally contained in the proceedings of the seminar and symposium, our intention has been to not only include the results of the Asian experience to date but to also move the theoretical considerations toward a more complete statement of current thinking in regional planning in Asia.

UNCRD's own approach to research into key regional development issues is centred on the philosophy of "cumulative effort", to utilize not only our own past research efforts but to also maximize the utilization of research being carried on in Asia and throughout the world. This approach also attempts to systematically fit relevant case studies together into a broad conceptual framework for policy planning purposes. Such framework building can only be done by sequential, cumulative research fully utilizing the resources of collaborating institutions and the research being carried out by public and private institutions throughout the world.

I am pleased that these papers are being presented to a wide audience. They represent both the richness of regional planning approaches in Asia and the continuing search for fresh approaches to key development issues. This reflects the philosophy of UNCRD and its research efforts.

MASAHIKO HONJO
Director, UNCRD

PREFACE

In November 1975 a Seminar on Industrialization Strategies and the Growth Pole Approach to Regional Planning and Development was organized by the United Nations Centre for Regional Development in Nagoya to review the various Asian experiences in the adoption of the growth pole approach in regional development. The proceedings of that Seminar have been widely circulated under the title, *Growth Pole Strategy and Regional Development Planning in Asia*, published by UNCRD in 1976. The issues raised by the participants of the Seminar, and reflected in the proceedings, have since generated considerable interest beyond the immediate circle of planners and researchers in Asia concerned with regional development planning.

The present volume includes the major papers presented in the seminar, each of which has since been considerably updated and revised for the present book. Together with additional articles not presented at the Seminar, but referring to equally important related issues, the volume as a whole should hopefully form, in our view, a consolidated statement of the theory and practice of growth pole strategy and regional development policy in Asian countries. The papers together reflect both the continuing theoretical and practical issues in regional policy as well as some new thinking regarding alternative analytical and strategic approaches to the problems of regional development and underdevelopment. In this fashion, it is hoped that this book will stimulate further elaboration and discussion by scholars, practitioners and students in this important field of development studies.

The incorporation of the spatial and regional dimension into national development planning in Asian countries is clearly evident in recent years. This is in many ways a reflection of the increasing sophistication in the understanding of the regional structure of their economies and in dealing with problems of regional allocation of public investments, industrial location policy, backward region development, and the role of comprehensive regional development planning in the national context. At the regional level itself, in many of these countries many studies have been undertaken, often with foreign assistance as part of a general technical aid scheme, of particular subnational areas and regional masterplans have prepared to guide the national authorities. Various issues on the ability to aggregate these regional plans into a consistent national development plan are being raised, and major gaps in knowledge are being filled. Through the diffusion and adaptation of new ideas in regional planning the entire effort has been a tremendous learning process. In the process, considerable interest has been created in regional development planning, both as a profession and as a distinct field of study in these countries and has led to the emergence of a new generation of regional planners in Asia.

In all this activity, practice and ideas in regional development and planning become entangled and hence generate conflicting interpretations and possible misapplications. As one of the frontiers of regional development planning is on the historical and socio-economic diversity of conditions in Asia, this book can be seen as a first introduction

to the complex problems of regional development in Asian countries and to the dimensions of regional policy subsumed under the growth pole approach in solving them. As a result, new formulations of received regional development theory—and their applications to suit particular Asian conditions—may emerge and hence contribute further to the developing theory of regional policy.

In putting together these articles, we would like to acknowledge the many contributions from persons and institutions which have made this volume possible. Our thanks should first of all be extended to those authors who have directly or indirectly contributed in actual regional policy formulation and to the experience brought together in the collected case studies through active participation in the UNCRD collaborative research. These papers could not have been done without the understanding and assistance of various government agencies and individuals in each respective country. This, in one way, may also be seen as a reflection of the increasing feeling among Asian planners and scholars that their country experience should not be the means to prove or disprove any given theory. Rather, in and of itself it should be useful in the exchange of knowledge for a better understanding of regional planning in the Asian context. In bringing this research together, John Friedmann joined the research project as UN consultant and contributed a significant paper with Mike Douglass. His steersmanship was timely and most stimulating.

We are grateful to Niles Hansen, Benjamin Higgins, and Koichi Mera for contributing their papers in this volume presented at the UNCRD Seminar. These papers, together with Masahiko Honjo's article and Jon Sigurdson's paper on China, reprinted here with the permission of *World Development*, form a wide spectrum of regional planning thinking. As it is our overriding objective that the conflicting views and in-depth concern over alternatives open for regional development in Asia be captured in this volume and delivered to a broader audience, all contributions are deeply appreciated.

In addition we are very much indebted to the able assistance of Mike Douglass and Thasanai Phiriyavithayophas for untiring editing and proofreading of successive drafts of the manuscript, and to Kuniko Kondo for typing and preparation of the entire volume.

September 1977

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INTRODUCTION

ACCELERATED INDUSTRIALIZATION AND UNEVEN DEVELOPMENT

Since the Second World War so-called developing countries, most of them just emerging from centuries of colonialism, have been advised and have undertaken through foreign assistance a strategy of accelerated industrialization in order to modernize their economies. The prescription has called for careful central planning of resource allocation, the application of technology borrowed from the advanced industrialized countries, injection of international capital for industrial development and resource exploitation through foreign investment and aid, via bilateral or multilateral arrangements, and promotion of trade structures which were to continue to support an elaborate international division of labour between primary producing countries and industrialized nations. In all these the main objective has been the active pursuit of economic growth in order to reduce the gap between the poor and rich countries and eventually to achieve a fairer sharing of development.

Over the past decades, this strategy has been successful in increasing the GNP of some countries, especially those well endowed with resources and those receiving massive foreign assistance which were able to undertake import-substitution industrialization, later expanding into export of cheap manufactures. In most cases, however, in particular the resource poor countries, the record of accelerated industrialization has been dismal, and the gap between rich and poor countries has continued to widen.

Indeed, the strategy had deepened the problems of uneven development. Deteriorating terms of trade and balance of payments problems, increasing national debt and debt service burdens, and the slow down of economic growth in the industrialized countries have all combined to rub the lustre off the dominant development strategy and has increased the dependency of Third World countries on the world metropolitan centres. At home, unemployment, food shortage, mass poverty and lack of basic needs, inflation, and general socioeconomic inequality have made the issue of uneven development very political. Attitudes toward foreign investments and technology are beginning to change, and the role of transnational corporations are being critically re-examined. The importance given to imported technology is now being replaced by efforts to identify and expand the use of more appropriate and indigeneous technology. Unstable and declining relative prices on world markets have given rise to bolder moves toward primary commodity nationalism and collective producer action. Along with pressures for renegotiation of terms of foreign debts and better access of Third World manufactures to Western markets, these have all contributed to the current debate over the form of a New International Economic Order.

In terms of regional development, unevenness is expressed in ever-increasing regional disparities within nations due to the polarization of modern industries in one or a few relatively developed regions established as part of the accelerated industrialization strategy. This polarization is further compounded by the depopulation of lagging regions and mas-

sive migration into the congested national core areas, which in turn have led to serious deterioration of urban environments, unemployment and declining real incomes, as well as to increasing costs of urban public services. In the rural areas the penetration of the capitalist industrial and commercial sector has decapitated the potential growth of towns through competition from the capital regions and in its place created new internal dependency structures of the big city and the stagnant rural sector. This state of regional underdevelopment and unbalanced rural - urban growth is not merely due to structural rigidities within the Third World nation, but rather it in fact arises from the same incorporative process which integrates the national economies into the world capitalist system and contributes to accumulation on a world scale. It is perhaps because this fact has been largely ignored in dominant writings in regional development that the analysis has been essentially ahistorical and that strategies for regional development such as the growth pole approach are inconsistent with the real situation.

THE GROWTH POLE APPROACH

The continued underdevelopment of their peripheral areas and increasing regional disparities through polarized development in core areas have led governments of Third World countries to search for ways for regional decentralization. Development planning became regionalized, large-scale regional projects were identified and rationalized not merely on economic grounds but also for their political demonstration value. Some administrative reorganization was undertaken together with enabling legislations in many countries in order to underscore the seriousness of the government's commitment to regional equity.

In this planning environment, the growth pole approach has become a vital tool of public policy for decentralized development. Since the introduction of the concept by Perroux, the approach has been popularized through theoretical and empirical writings in the planning journals and numerous books by some of the most prominent authors in the field of regional development and planning. Actively promoted as well through international agencies, including the United Nations and its agencies, the private foundations and consultants, the idea quickly spread from Western Europe and the United States to Latin America, first in Chile then Venezuela, Brazil and so on, and finally to Africa and Asia, particularly Japan, South Korea, India and to a lesser extent Southeast Asia. The growth pole or growth centre approach is now incorporated into many national development plans as integral if not the centrepiece of their regional development strategy.

The universal appeal of the growth pole approach is amazing yet understandable. Under the growth-through-industrialization paradigm and the limiting conditions of capital and planning resource scarcities, the approach provides the opportunity to reconcile the goals of equity and efficiency considered central in regional allocation of investments. The theory's intuitive appeal rests on its two major conceptual pillars. First is the notion of agglomeration economies, which will induce concentration of propulsive industries in particularly advantageous locations in which their mutual industrial attractions and sharing of infrastructure facilities will minimize costs in a cumulative fashion to lead to self-sustained growth of the urban centre. Second, the rapid growth of the urban centre is supposed to eventually induce spread effects into the peripheral areas of the region in which the growth centre is located. The first assumption reduces the planning problem to identification of urban centres with some "potential for growth" and the allocation of public expenditure for urban infrastructure development. On the other hand, the second assumption serves as a political palliative to the initial spatially discriminatory policy, which

through subsequent expansion of a system of growth centres and hierarchical diffusion progressively it is thought, integrates all the regional economies to the long-run benefit of the entire country and its people.

This model of regional development, along with the linear integration development paradigm mentioned earlier, has in recent years come under severe criticism. Not only have its theoretical foundations been found to be weak and wanting elaboration in order to reduce its terminological and conceptual confusion, but its application to real situations in many cases has also revealed its empirical shortcomings. Besides the practical problem of identification and determining the number, location and time phasing of growth centre investments, which perhaps can technically be solved, the real issues are associated with the impacts of growth centres on regional development. While the role of agglomeration economies remains a thorny issue, and further studies need to be made on their true nature, at least the fact of spontaneous urban growth suggests their existence. But the problem is really not whether they exist or not, rather what other sources of self-sustained regional growth can be generated which do not lead to spatial polarization, for there is hardly any case where the strategy has been implemented in which the spread effects imputed to growth centre development have been demonstrated to operate in reality. Indeed, the situation has appeared to be to the contrary. Namely, that development poles, to the extent that they really exist, in most cases either became an enclave without pole-periphery linkages or merely distort the pattern of regional development in an underdeveloped economy, and have led, through leakage beyond regional and even national boundaries, to the stagnation of the rural sector.

The adoption of the growth pole approach by many Third World countries reflects two underlying forms of wishful thinking: first, that industrialization with modern technology can be decentralized to the benefit of rural areas, and, second, that national integration through the growth pole strategy can solve the problem of regional underdevelopment. These myths need to be debunked. There is need to reassess the strategy in the particular context of prevailing conditions in the Third World, in this case in Asia, by referring to their level and stage of development, their dependency on the major industrial powers, their resource endowment, demographic situation, and technological requirements. In addition, such a reassessment is necessary in light of the shifting development paradigm and the search for a New International Economic Order.

ORGANIZATION OF ARTICLES

In bringing together the articles appearing in this volume, two organizing principles are followed. First, recognizing that policy emerges from a distinct milieu of experience, practical concerns and development aspirations, an understanding of how the growth pole concept is perceived and defined in the nations of Asia is thought to be critical to any evaluation of the implementation of growth pole strategies. Although all growth pole approaches may be said to have common roots in the idea of "concentrated decentralization", even this basic concept varies from nation to nation. In South Korea and Japan the growth pole approach has been invoked in a style of explicit decentralization of industrial growth and development. Both nations, as have been demonstrated in the Mizushima and Ulsan cases, analysed by Lo and Kim respectively, have registered some success with the decentralization goal. Honjo's article on the Japanese experience illustrates, however, that the growth pole approach, even in these countries, may be appropriate only to a spe-

cific historical phase of development, reflecting prevailing conditions and stages of development which are reflected in turn in changing planning objectives.

The Japanese and Korean approaches may be contrasted with the growth pole strategies of the Southeast Asian nations (Indonesia, Malaysia, the Philippines and Thailand), which are at a level of testing the concept as a response to recognized internal development disparities. As demonstrated by the Salih *et al.* paper, in Southeast Asia these nascent schemes have a dual concern: decentralization of polarized economic development and mobilization of latent natural resources in national frontier areas. On the other hand, in South Asia, represented in Mathur's paper on the Indian experience, the emphasis is on reduction of internal disparities from a local regional-based development perspective. Finally, in contrast to these centring policies, the distinction between decentralization from above and resource-based regional development strategies from below is most clearly exemplified by Sigurdson's discussion of regional planning in China, which has adopted an explicit policy of rural-based development with an emphasis on rural industrialization. The Chinese experience may well be compared with the Indian approach to find a clue as to how to solve the problem of uneven development on a mass scale.

The second objective in the organization of this volume is to examine the validity of the growth pole approach from a variety of policy perspectives. Higgins' paper sets the stage for this analysis by questioning different growth pole concepts in relation to their usefulness as policy instruments. Taking one aspect of the manifold growth pole objectives, Mera, on the other hand, uses the Japanese experience to suggest that decentralization can be achieved by the national economic system through the market mechanism at a later stage of industrial development. Mera asserts, therefore, that the efficiency of polarized development should be followed in the early stages of development before any decentralized growth pole policy can be effectively implemented. In also supporting this view, Hansen looks at the settlement system in relation to its role in the development process and as a lever for the solution of the problem of persistent poverty.

Both Mera's and Hansen's views stand in strong contrast to those of Friedmann and Douglass. In introducing an "agropolitan" approach to regional planning, the emphasis is explicitly placed on bottom-up rather than top-down development planning and implementation. This again relates to the distinction made by Sigurdson between decentralization and rural mobilization approaches in Asian regional development. The Friedmann - Douglass approach also emerges as a critique of the urban-biased growth-oriented approaches and their impact on the spatial patterns of development, particularly in the developing countries of Asia. Their recommendations for regional planning thus reflect scepticism of Mera's and Hansen's thesis concerning the nature and role of market mechanisms in reducing disparities in the foreseeable future.

Taking the growth pole approach from the point of view of both an efficiency and a welfare consideration, Lo and Salih use the Asian context to evaluate the experience of industrialization policies under the import-substitution strategy. In explaining the pattern of internal disparities in both their regional and urban - rural forms, which are due to this strategy, the authors introduce the concept of comparative urban efficiency, including its sectoral distinctions, in order to rationalize the differential impact of a growth-centre-based decentralization policy. The analysis is carried further to the identification of regional policy issues related to both regional economic efficiency and the absorption of labour as the major problem of Asian development and recommends a balanced rural - urban strategy of regional development.