

**POST-WAR APPROACHES TO REGIONAL  
DEVELOPMENT: SOME COMPARISONS BETWEEN  
THE INDUSTRIAL WEST AND THIRD WORLD  
NATIONS WITH MIXED ECONOMIES**

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**Introduction**

The post-World War II situations facing the industrialized world and the Third World nations were so different, in so many respects, that any general comparison of their regional development approaches is bound to be somewhat forced. Whereas the industrialized countries were initially picking up their war-ravaged economies and rebuilding existing ports, factories and railways with industrially experienced management and labour, most Third World countries were faced either with constructing their new-found independence on economic systems designed primarily to supply raw materials to the industrialized "motherlands", or with launching quite radical efforts to restructure the inherited systems (of a dual economy nature), when local manpower largely lacked the requisite technical or managerial skills. Moreover, while the industrialized West was experiencing relatively small increases in natural population growth (albeit substantial migration between and within some of the countries), many Third World countries were facing burgeoning populations and proportionately more in the under 15 age group [16:152]. Malthusian apprehensions seemed to hold relevance to Third World experience. It must also be noted, at the outset, that just as the industrialized nations perceived many of their problems and appropriate approaches in a far from uniform manner, the same could also be said for the Third World.

Given these caveats, a very general picture of the approaches by the industrial and Third World countries, with mixed economies, will be attempted - emphasising that there are many gaps and no few exceptions. The discussion will break down into two main time segments: 1945-1965 and 1966-1984. While in some ways 1973, the year of the initial oil price shock, provides a clear-cut breaking point, a number of important changes of emphasis in regional development policies were clearly occurring before that time, hence the rather arbitrary 1965/66 date.

### Regional Development Approaches: 1945-1965

#### Western Europe and North America

The early post-war period saw a focus on the reconstruction of plant and infrastructure, wherever it had been initially located. Even when extreme war damage (such as the results of the "scorched earth" policy inflicted by Germany on much of Northern Norway [38]) might have led to quite radical reassessments of regional development options and the reduction of effort in areas that, in some aspects at least, might be viewed as of marginal economic viability, emphasis was on rebuilding. A restoration of national pride was of greater consideration than narrowly defined economic criteria.<sup>1</sup> At the same time, spurred by concerns to control future German growth, a number of broader regional development decisions were made. First of these was the foundation of the European Coal and Steel Community (in 1951). That, in turn, made it practicable to contemplate and then launch the European Economic Community (in 1958) [32:Ch. 1 and 74-160].

In Western Europe, as in North America, the period up until 1960 saw relatively low levels of unemployment, a continuing sweep of migrants from county to town, and substantially open attitudes to foreign (largely U.S.) investment [10;8]. Regional disparities were largely viewed as aberrations: economic growth, at the national level, would result in some labour migration, and areas of higher unemployment would attract capital investments to utilize the relatively cheap labour. It was only in the early 1960s that, in Western Europe and Canada (with more modest efforts by the U.S. in regions such as Appalachia), federal and central governments saw themselves playing a more aggressive direct role in influencing regional development activities; and even

<sup>1</sup>This point was emphasized to the author, for example, by Harold Henricksen and a cross-section of Norwegian government officials, during a review of Norwegian regional development experiences on behalf of the Royal Commission on Newfoundland's Economic Prospects, 1967.

then it tended to be on an ad hoc problem or single program basis [7;18;21]. The causes for this change in attitude and the perceptions of major issues were varied. France, for example, was concerned about the increasing domination of Paris and sought to achieve a more balanced framework for development - introducing the philosophy of *pôles de croissance*. Moreover, French agriculture was always a high priority [29;17]. Italy recognized increasingly the gulf in infrastructure and general "living standards" between North and South [3], while the U.K. was especially concerned about the persistent industrial blight that haunted such industries as shipbuilding, textiles, coal, and steel [37]. In the British case, completely new towns and industrial estates were promoted; in Italy, legislation was passed to target investments more heavily on the South - towns such as Taranto became locations for major industrial projects. In Canada, in line with European trends, an industrial incentive program was established to persuade industry to locate in areas designed "have-not" on narrow unemployment criteria (later to be broadened), while infrastructure (comprising largely roads and hydro-power projects) was injected into the slower growth regions: a motley of rural support programs were also spawned [7].

While the early 1960s witnessed growing concern in the Western industrial countries about the persistence of regional problems (including regional imbalance as measured by such conventional indicators as average per capita income disparities), the general policy thrusts were set within a climate of general optimism. Each one of the original six members of the EEC, for example, and each one of the Canadian provinces had some obvious growth points; all had some areas that were gaining, as distinct from losing, some form of industry and population. This made over-all outward migration from broader regions less politically embarrassing (for example, in the Italian and Newfoundland cases) and, indeed, no one country or province verged on being a "basket case" in terms of confidently identified "longer-term prospects". Regional problems thus tended to be more readily rationalized as short- or medium-term adjustment problems, not as long-term structural issues. Capital, moreover, was still thought to be *the essential* engine for growth, in large part a reflection of the positive experiences of the Marshall Aid Plan in Europe and (for example, in Canada) of the impact of U.S. investment. In the U.S., the major dams of the Tennessee Valley system were still pointed to as the prototype for regional progress [9]. Low Southern U.S. wages (and resource advantages such as faster maturing trees) did attract capital. Confidence in capital was reflected also at the EEC level of regional development policy. The only significant

instrument established (in 1958) to contribute directly to regional development in the European Community was the European Investment Bank - very much a development bank with a focus on large capital projects [13].

### Third World Experiences

The post-World War II era saw a shedding of empires and an explosion of independence day ceremonies. It saw an optimistic attitude to the prospects of the Third World countries and great pressures to telescope economic growth and social reform in very short time periods. Development plans were to be crucial to this process [36]. Yet development planning was not entirely a post-independence phenomenon. For example, a *Ten Year Plan of Development and Welfare for Nigeria* was compiled (1946) in response to a Colonial Office request to all British colonies, as a framework for Colonial Development and Welfare Fund allocations [12]. Nor indeed was development planning a characteristic only of the newly independent Third World nations. Brazil, for example, attempted a particularly ambitious form of planning in the period 1951-53 (through the work of the Joint Brazil-United States Economic Commission [4:74]. The thrust of many such early plans was on education, health, water supplies, transport, ports, and communications, based on individual government department programs [12:11].

While pre-independence planning focused heavily on infrastructure and certainly was not in support of any radical restructuring of economies away from the efficient production of raw materials for the industrialized countries' markets, it quite possibly placed greater emphasis on regional balance than was true for early post-independence planning [12:13]. In large part this appears to have been a product of the way plans were compiled by the various departments, the absence of strong central planning bodies, a general lack of theorizing about national targets and, at least in some cases, a more even-handed approach to tribal differences.

The earlier rash of national development plans, of post-independence vintage, appear to have been substantially different. While all too typecast by Stolpen's comments [30], they defined development in rather narrow and ambitious terms of rising GNP growth rates, savings ratios, increased industrial employment opportunities, increased export crop production and, in most cases, substantial investments in conspicuously big projects [31]. The plans were largely shaped along sectoral lines, had the imprint of a central planning and economics ministry (but quite often *not* of regional bodies), demonstrated a "live and let live"

attitude to the private sector (were not including any "command structure" along the lines of Soviet Bloc planning), and placed considerable hope for the development of a stronger manufacturing sector - catering to the domestic market and spilling over into, at least, the broad immediate region. These earlier plans, as distinct from their colonial predecessors, did generally relate to some form of contemporary economic development theory - albeit there was consistently a major gap between the macro-economic ambitions and the actual project lists (when these were actually supplied).<sup>2</sup> This was especially obvious when the governments continued to employ the inherited "objects-purchased" budget system better geared to the control of expenditures by line departments than to the "development programming" requirements of five-year (or so) development plans. Many of these new development plans included a major power project, with large parts of the market to be derived from multinational projects such as aluminum smelting or chemical fertilizers. The plans tended routinely to be short on discussion of regional development balance and income redistribution matters.

Several reasons can be suggested for these omissions. First, of course, the same absence was still widespread in most of the industrialized countries, including the U.S.. This was a "state of the art" picture. The Netherlands, small and congested, was the most notable exception.<sup>3</sup> For most Western nations, there was a prevalent view that "getting the national growth rate right" was paramount; some degree of redistribution would then trickle down in consequence. Second, the forthcoming impact of the tidal waves of rapid population growth and massive urban drift were not fully appreciated on a *widespread* basis<sup>4</sup> - albeit the signals were pointing clearly in that direction, especially on the Indian subcontinent.<sup>5</sup> For most Third World countries, jobs in industry were

<sup>2</sup>See, for example, the comment of the UN, ECAFE [34:2]. They noted that the development plans of countries in the region contained "a rather long list of objectives often vaguely stated and sometimes mutually contradictory".

<sup>3</sup>Regional policy and economic planning have, in the Netherlands, been closely related to physical planning - in a manner that is far from routine even in most countries today. In large part this is no doubt a result of the extreme pressures on land and, in consequence, a respect for the spatial dimension of planning. For further information, see Lotty Boersma [6:166].

<sup>4</sup>Thus, for example, the issue is not raised by Albert Waterston [36], albeit Jan Tinbergen [33:18] does raise the matter. Yet even there it is not given much emphasis. In their classic of the times, P. T. Bauer and B. S. Yamey [5:59-64] raise the issues but, once again, tend to underestimate their significance.

<sup>5</sup>As often, it is Barbara Ward [35:134] who had the foresight to warn of the forthcoming pressures. "Yesterday [in India] there were 362 million to feed,

seen as the most important element of any solution, as was the urgency of foreign exchange earnings (from cash crops for export) to finance the requirements of the industrial sector. Both points bolstered an emphasis on sectoral planning. The tastes/demands of the urban elites for imports were gathering momentum, but rarely appreciated for their significance. In some nations, governments were seen to rise and fall virtually with the price of beer. Third, the perceived necessity to build up a strong central government to assert control over the new country was uniformly perceived, regardless of the peculiar constitutional framework of the nation in question. Not infrequently this bolstered tribalism. It was also to justify the build-up of armies.

One major exception to the above "anti-regional planning" tendencies appears to have been a result of the requirements of the large hydro-power dam projects. Just as the Tennessee Valley experiences of the 1930s had made the U.S. Government more planning conscious, so the Third World dam projects - often influencing water systems outside their national siting - inevitably required some form of regional development strategy, by default of earlier planning if not by design. Lands were being flooded; actions to help displaced villages and wildlife re-establish elsewhere became pressing; the dams often provided water for large irrigation programs - that required regional planning of some kind, whether built on cooperatives or regional bodies. Moreover, the dams often provided new transport, fisheries, and recreational opportunities [14]. Tragically often tackled too little and too late, they also raised serious health difficulties from the spread of such diseases as bilharzia and river blindness. The fact, however, that the dams were so physical in scope meant that these projects often generated implementing bodies with some form of regional development mandate.<sup>6</sup>

### Regional Development 1966-1984

#### North America and Western Europe

1966 is an arbitrary dividing date. It lies mid-point of a decade that was a period of experimentation by the industrialized countries in their efforts to tackle regional problems associated with

today there are over 430 million, by 1975 the figure may be 560 million. This, the most vicious of all the vicious circles of development, is built into the foundations of the Indian economy."

<sup>6</sup>Such bodies sometimes chose to downplay their mandates (as happened with the Niger Dams Authority regarding the Kainji Dam) and to focus narrowly on electricity generation [14:148].

underdevelopment (e.g., the Canadian Atlantic Provinces, the Italian South, Northern Scotland, and Central and South Western France); over-congestion of booming centres (e.g., Paris, the Amsterdam-Rotterdam region, London, Milano, and the Ruhr); run-down industry and housing (e.g., Glasgow, Newcastle, Genoa, Wallonia and Saint John, N.B.); rural stagnation (e.g., Ireland, Western France, Southern Italy, the Gaspé of Quebec, and Appalachia in the U.S.); and isolated pockets of communities (e.g., much of Canada's North and the French and Italian mountain regions).

The theoretical underpinnings for these years of experimentation can, at best, be described as somewhat patchy. While economists, in particular, were speaking of the merits of growth centres and growth poles, of balanced and unbalanced growth, of economies of scale through instruments such as industrial estate programs and of the virtues (and costs) of labour and capital movements, at the essence still was that ultimate of economic concepts, "the principle of comparative advantage". Fundamentally, everyone wanted it - for virtually everything. If Region A did not at the time have a comparative advantage in producing good X, did that really mean that, with judicious economic policies and appropriately generous transfer payments, Region A might not be able to *acquire* a comparative advantage in produce X at some future date? Of course not!

The experimental programs consequently mushroomed. One OECD committee [27] concluded that no member country would really dare refrain from using virtually any regional development instrument, not because they had confidence in its efficacy, but because they did not wish to admit they were not using it when their neighbours were.<sup>7</sup> But time was running out. 1973 proved a watershed year for regional development policies in the industrialized world; even had there not been the energy crisis, the chances are that a tougher stock-taking of regional programs would have been inevitable. The programs were becoming costly and the results (as measured by such yardsticks as reductions in regional disparities of per capita incomes) were simply not proving politically dramatic enough. At the same time, on the European scene the enlargement of the EEC would also inevitably have resulted in a reassessment; since both the U.K. and Ireland brought in regional development problems that meant that Italy was no longer the sole *major* claimant on limited Commission resources. Political scientists were, moreover, starting to treat the "dependency theory" increasingly seriously, applying a concept developed

<sup>7</sup>This conclusion was "tamed" in the final report! See OECD [27:99].

to explain some of the problems stemming from Third World countries' relationships with the industrial North to the relationship between the "have" and "have not" regions of the industrial world [23]. The omens for increased federal or central government financing of regional development were not good.

Five points might be highlighted from the post-1973 experience [25:196-202]:

1. A concern for access to reliable energy sources dominated the public sector investment approaches. Regional development diminished in perceived importance.
2. Higher unemployment "plateaux" appeared to become "acceptable" to many governments [15:43]. Moreover, the previously strong regions frequently experienced relatively high unemployment levels, weakening the concerns for the "poorer" regions.
3. In Europe, the major *regional* questions tended to concentrate on the impact of absorbing new member countries with disparity problems (i.e., Greece, Spain, Portugal), while in Canada the issue was how best to "hold onto" Quebec: contraction not expansion threatened to be a Canadian prospect.
4. In the EEC, the European Commission began to play a more active development role with, in particular, the formation of the European Regional Development Fund (a granting body) to run beside the EIB (a bank). At the same time, the national governments appear to have become more conservative in their perceptions of their roles in achieving greater regional balance; it was no longer a high priority. In Canada, departmental name changing became something of the order of the day at the federal level, but far from taking new major initiatives, the federal government increasingly down-played its possible regional development responsibilities. Substantive future initiatives will probably have to come from the provincial governments.
5. Regional disparities, as measured by the more conventional mix of criteria, appear to have widened somewhat post-1973, in contrast to modest reductions in the previous decade. Governments, to some degree because of this, started to promote a far wider range of criteria, "better to help understand regional strengths and differences".

### Third World Countries

In the case of the Third World, optimism gave way to concern in 1973, and concern then often to a sense of desperation. While the value of development planning was not widely disputed by most

governments in power, some experienced economists (e.g., Hla Myint [26]) were sounding strong warning notes about the limits of direct government intervention.

In the late 1960s, there was a fairly distinct movement to treat regional development more seriously in many Third World countries. Several factors were at work, in addition to particular local differences. First, it was becoming quite transparent that the so-called "trickle-down" effects from industrialization programs were not really cutting much ice. Indeed, there were signs that the rich were growing richer and the poor poorer. Nor was it at all clear that this was merely a temporary phenomenon. Both from inside their borders and by international aid agencies, the governments were being pressured to do more for the poorer members of their populations. It was not unusual to find over 50 percent of a population living in great destitution [28]. Second, for a number of reasons - both of a push and pull variety - the towns were becoming swamped by people seeking some respite from rural poverty, pleading for some very basic forms of livelihood and requiring public services that were but rarely available [24:175]. Third, with growing populations and larger towns, the pressures to produce more food and to distribute it were becoming enormous. Fourth, environmental considerations were, in some countries (for example, Indonesia [19]), being recognized as of regional dimensions. Fifth, in the case of many Third World countries, governments were being toppled by military coups and, in a number, regional wars had broken out, including the extreme cases of Pakistan and Nigeria. Regional dimensions could clearly no longer be ignored by development planners.

Post-1973, the situation for most Third World countries became even more severe. Debt burdens that had been amassed in times of optimism about the results of industrialization programs now became back-breaking, with no end in sight save for those few with known oil reserves. Indeed many of them (for example, Nigeria and, to a lesser degree, Venezuela) dissipated their oil advantages. For countries such as Tanzania and Brazil, the impact of 1973 and its aftermath has been traumatic. At least 70 percent of Tanzania's total foreign exchange earnings for 1984 will be required for oil imports alone - vital for the distribution system and also important for the agricultural production system that has often adopted Western methods (e.g., the Canadian-supported wheat program and its tractor, truck, and fertilizer requirements [42]). Just how sudden was the shock can be seen from Brazil's experience. In 1973, their oil import bill was U.S. \$710 million; in 1974 it was U.S. \$2.9 billion [20:49].

Several tendencies now seem to be at work, albeit for many countries these approaches have signs of being too little/too late.

The first tendency, emphasised for example in Bangladesh, is to seek to stem the massive flood of people to the cities by programs and policies to develop self-sufficiency at the regional level. Flood control systems, irrigation networks, and efforts to upgrade local agricultural techniques are at the heart of the Bangladesh effort [22;40]. The primary emphasis is on food self-sufficiency. While recent crop experiences suggest great progress has been made, the high birth rates still threaten to submerge the results of additional food output. Across much of Africa, a similar drive is clearly happening - but with a major difference: flooding is not the worry for much of the continent; drought is. The emphasis is therefore on regional self-sufficiency built around a systematic development of wells and irrigation systems. With the desert encroaching so rapidly, the containment of the land (by, for example, such efforts as have paid off for the Australians, with appropriate shrubs and trees) is a priority [39]. While the main direction appears clear, the results so far gained leave scant room for optimism about the future of the more critical areas (such as Chad, Ethiopia, and Upper Volta). Even places like Zimbabwe, for long a bread basket, are now parched and have become maize importers (for 1984). The wisdom of emphasising greater rural self-sufficiency is exacerbated by the finding in the Bangladesh case, which is possibly widespread, that in bad times the main towns appear to have been assisted by emergency food programs, but many rural areas (in part because of distribution problems and in part, no doubt, because of lack of political clout) have been ignored [2:4]. This is even without the kinds of political problems of Ethiopia.

The second tendency is to emphasise town *and* rural planning, in contrast to the colonial regime, in particular, with its emphasis on town planning, especially the physical elements [1:103]. This is being reflected in a number of ways, including the manner in which rural health clinics, schools, and rural roads are sited, as well as the efforts to develop a second tier of service towns/growth points that will (it is hoped) introduce a greater degree of balance into the general physical development of countries. In Ghana, for illustration, a grid approach was being introduced as a general framework for highway planning, with service towns identified at critical hub points. Thus a more balanced network of major, minor, and small roads was slowly evolving - at least on the drawing boards.<sup>8</sup> It should be emphasized, however, that the language of the regional planners, while often modeled verbatim from courses taken in such places as The Hague or Ottawa, does

<sup>8</sup>This scheme was devised by the Highways Authority of Ghana as its planning framework for the 1970s.

not always get far beyond the conference tables and lecture halls. Political clout rides roughshod over many a finely woven plan.

A third tendency has been to foster industrial estate developments, not only for quite large plants (including the usual breweries, bottling plants and textile projects) but also for small projects with strong local linkages (including scrap metal and subsequent metal fabrication, school furniture, and artisanal projects in which mechanized processes are set side by side with local craftsmen). The small, mechanized furniture plant at Achimota, Ghana, is a good example of this - linked into the skilled wood-carvers' workshop next door, still under simple wood structures. Adam Smith's pin factory fits comfortably into some of today's Third World projects. One problem is clearly how far to take specialization and how to maintain maximum flexibility for changing markets. The advantages of such estate developments are quite numerous, not only on the grounds of the traditional "economy of scale" arguments but also because of the control environmental planners can require. Yet when such industrial estates are fostered, adequate housing frequently falls far behind expectations, despite many efforts to develop inexpensive housing estates (as at Tema through the Government of Ghana). This is usually exaggerated by the influx of people from rural areas, who see the estate as a source of employment even for those without skills, so tragically often they end up as squatters in surrounding shanty towns.

Some businesses still follow the pattern, established in colonial days, where the worker was forced to leave the family in the village while he (as it invariably was) lived in dormitory quarters; such is still to be found in Harare, for example. Often, however, it is economic, not political or industrial organization circumstances that force such a process; the women frequently stay in the villages to farm the garden plots and to care for the children and extended families. This may be vital for their very survival. The extended family systems, once again, prove an invaluable economic adjunct, as well as providing informal social benefits in systems devoid of other safety nets.

Plantation style developments remain "building blocks" for some regional developments, frequently for palm oil and rubber projects, for sugar and tobacco, as well as for cocoa in the Côte d'Ivoire, as distinct from much of Ghana. With plantation developments often come pressures for land reform, both because land is rarely entirely unsettled previously (hence the question of land claim settlements raises its head) and because the sight of fertile, well-cared for land sets off a chain reaction of, often justified, concerns about the manner in which land is distributed. Plentiful cash crops (of, say, tea or coffee) for export are not infrequently found in countries with half-fed populations without

ready access to land for their subsistence needs. The application of "modern" and even of intermediate technology, as well as of inputs such as fertilizer and pesticides (once viewed as the *sine qua non* for development and the funnel for the "green revolution") has now been widely recognized to be a double-edged sword. While crop outputs can indeed be increased over short periods, without great care land can be damaged and, at the same time, the effect on the local societies can be devastating. A greater degree of caution is to be noted nowadays in numerous publications [16:498], while the World Bank, in particular, routinely sounds a warning note against the kind of economic regulation processes that have been a costly backbone for much of western political and economic adjustment policy, especially high floor prices for agricultural products [41:51].

Finally, there are the pressures, both from outside and within, for broader regional frameworks for many Third World countries to plan around. Many of these countries are very small, the Caribbean being extreme, and a greater degree of inter-country regional planning appears a *sine qua non* for greater development in their cases. Hence one finds a growing role for such organizations as CARICOM and ECOWAS, as well as broader groupings, such as the United Nations' ECA and its major initiative with the Lagos Plan of Action. Historically, many Third World countries have linked through shared projects (such as Zimbabwe and Zambia with the common facilities of the Kariba dam), but others have seen a saga of broken threads and suffered from the spillover of turmoil as an outcome of neighbours' domestic troubles (Tanzania's problem with Uganda is a tragic example).

### Conclusions

Insofar as any conclusions might be drawn from this cursory discussion, the following are highlighted:

1. After an era of innovative approaches to regional development policy between about 1960 and 1973, most industrial country governments (at the federal or central levels) have pulled in their horns. In part this was because of the energy crisis and the subsequent higher unemployment levels even in their richer regions; in part it was because few countries could claim dramatic results from their years of regional development spending.<sup>9</sup> In many cases this was hardly surprising. Many of the poorer

<sup>9</sup>In the case of the EEC, for example, there was only a slight contraction of regional disparities during the 1960s, as measured by GDP per head; that gap then widened somewhat in the 1970s [25:11]. For similar conclusions on the Canadian setting, see Mark Daniels [11].

regions had a sizeable backlog of basic infrastructure needs, and development in such circumstances could have been expected to take time; in part, it was because, while a smorgasbord of regional programs were designed, macro-economic policies generally ignored regional differences, and sectoral programs continued to operate largely in their traditional molds. It was not unusual to find, indeed, that when new regional instruments were introduced (such as the federal Cape Breton Development Corporation in Nova Scotia), existing departments (such as the provincial Department of Development) actually pulled back.<sup>10</sup>

2. Developing countries, since their independence, have tended to be far more sectorally and individual project oriented. Regional planning around river basins, especially where hydro dams have been constructed, has been the most conspicuous exception. While much has been written about interregional cooperation, it does not appear to have produced interindustry results; albeit, once again, it is in the provision of joint hydro-power projects that cooperative actions have been at their best in many cases. Both in terms of interregional and intraregional policy at the national level, increasing emphasis has been placed on taking more steps towards self-sufficiency in food production. "Land use" planners and "economic development" planners appear to be working more closely together than was routine.

3. Both the poorer regions of industrial countries (such as Sicily and Newfoundland) and Third World countries (such as Northern Ghana and much of rural Bangladesh) have numerous large projects that were initially termed "developmental", which are now either closed down or used at 20 percent of capacity or less. Such projects include oil refineries, steel plants, thermal power plants, and wood-processing mills. Often, in terms of local investments, they represent significant capital outlays, and almost invariably they have been underwritten by some level of government. Both industrial and Third World countries appear to have been far too prone to embark on large capital projects (with taxpayers' funds), when it is probable that far smaller amounts invested in locally generated, small enterprises would have produced far better results in terms of both local employment and local linkages. Moreover, the larger projects have frequently been socially, as well as economically, disruptive in a manner that should caution such regions against embarking on megaprojects almost as a matter of principle. The high stakes would appear, too often, to be excessive. Moreover, even large projects that appear to have generated acceptable rates of return on investment, according to nar-

<sup>10</sup>In the case cited of Cape Breton, Nova Scotia, that area very largely became seen as "a DEVCO problem".

row commercial criteria, often have not done so when measured by broader socio-economic yardsticks. In Third World countries and the less prosperous parts of the industrial nations, it is suggested that "big" is rarely "as good" as, let alone "better" than, smaller indigenous projects.

4. In industrial countries and in Third World countries an often heated, and equally often far-from-clear, debate is raging about the appropriate degree of government intervention in the economy. To what extent, it is being asked, are adjustments occurring that are relatively "healthy" responses to changing consumer requirements? To what extent are the disparities of a short-term nature? To what extent are they signals that fundamental structural reform is what is going to be cost-effective? And what, indeed, is to be meant by "cost-effective"? To what extent is labour (which is a colourless notation for people with families and a variety of aspirations) to be treated as the flotsam and jetsam of macro-economic policies and the uncertainties of the international market place; and to what extent are governments able financially and prepared philosophically to provide safety nets? Are those safety nets to focus on migration assistance or on job and income creation wherever people might live? In industrial countries a maze of incentives has been constructed, many contradictory and many ill-understood as to potential value; in developing countries the range of regional development instruments tends to be far fewer; nevertheless governments are all the time impacting (by design or by rather casual chance) on regions, which is to say on people, whether by large projects such as dams, by a mixture of small projects such as rural roads or health clinics, or by sweeping structural changes such as land reform programs. The large deficits of many industrial country governments and, of far graver concern, the massive foreign debts of many Third World governments are causing a world-wide reconsideration of the role of governments in general. Their role as agents for regional development is far from a burning issue in this broader context of the debate.

5. Despite substantial experimentation, it can only be concluded that for many Third World countries, just as for much of the Western industrial world, regional development still appears to be approached more as a residual consideration than as a strategic imperative.

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