

Review Essay/Note de lecture

**Regional Development
and Regional Policy**

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Regional Policy in a Changing World. Niles Hansen, Benjamin Higgins, and Donald J. Savoie. New York: Plenum Press, 1990, 311 pages.

It is unfortunate when a good book is written at a time when its topic is in "retreat" in society. When this happens, the authors frequently lament such a retreat on emotional grounds. To a large extent, the authors of this volume avoid this pitfall, and they must be commended for writing clearly and succinctly about changing regional development policies in seven major countries.

A major finding of theirs—that regional development policies are unrelated to the needs of regions but rather are a function of major political ideology sweeping across the world—is a bold generalization. With the movement toward neo-Keynesian political-economic thinking in much of the Western world, and now even in most of what was the communist world, a belief in less governmental involvement in both regional and national economies has strongly affected the basis of the regional economic redistribution philosophy. Although there has been no frontal attack on this philosophy—in fact, the European Community (EC) regional development fund, for example, has been growing in recent years, not declining—through neglect regional concerns have been one of the early casualties of this swing to the political philosophical right. In their concluding chapter, subtitled "The Rise and Decline of Regional Policy", the authors clearly recognize this as they sum up the results of their different regional studies.

The essence of the book is the review of the regional development policies of seven countries: five developed nations (Canada, France, Great Britain, United States, and Australia) and two developing nations (Brazil and Malaysia). The presence of only two developing countries becomes somewhat a concern when generalizations to the whole developing world are made on the basis of information from two countries. What is lacking in terms of breadth of countries, however, is made up in the depth of the authors' review and understanding of the regional policies of these countries. In my view, no other book describes so clearly the regional development policies of these seven countries. In each case, the historical evolution of the regional development policies are presented in a similar fashion, allowing for easy reading.

A More In-depth Look

In Chapter 1, the authors argue that "geographic space is an essential element in the performance of any economy" (1) and that the aim of a regional policy is to modify or shape the socio-economic condition in this space. Thus, the underlying aim of a regional policy is ultimately to equalize the well-being of the people in the different regions of this space. Where such efforts lead to a rise in employment, less outmigration, higher wages, and more highly skilled workers, they are thought to be effective.

To better understand both regional problems and regional policies, the authors examine such problems and policies in the seven nations. They then try to continually compare the policies of these countries as well as their achievements. Case studies of the seven countries are hypothesized to provide greater understanding of the needs for regional policies than one country could possibly provide.

Chapter 2 reviews Canadian regional problems and policies. The authors' claim that "Canada is surely one of the most highly regionalized countries, and its economy is one of the most fragmented" (8) is not new. Others have pointed out similar tendencies (Boots and Hecht 1989; Hecht 1988; McCann 1987), not to mention Savoie's other writings. Even though the chapter on Canada covers only some 20 pages, it is an excellent overview of the major Canadian regional development policies since World War II. The regional concerns of the federal government first emerged in the late 1930s, but they were held back in part by the fact that socio-economic conditions were primarily the responsibility of the provinces. Only after the poorer provinces could not provide for these needs (Lander and Hecht 1980) did the "Feds" gingerly step in and suggest joint efforts. Later they attempted independent regional development delivery programmes. Unfor-

tunately, because this seemed to usurp provincial tasks, the stronger provinces objected. Moreover, the old efficiency/regionalism trade-off argument raised its controversial head, and by the early 1980s the federal government was beating a hasty retreat from involvement in regional policies. The establishment of basically three regional development agencies in the late 1980s for the Atlantic provinces, the Prairies, and northern Ontario—more easily defensible on political grounds—marked the ultimate collapse of a direct federal regional development policy in Canada. In other words, by the early 1990s Canada as a nation had abdicated its geographic responsibilities despite the fact it is one of the most geographically unique countries in the world.

As in Canada, regional development efforts in France started in earnest only after World War II (Chapter 3). Sequential, five-year regional development plans were introduced after 1945 with the ninth covering the 1984-1989 period. In France, regional development policies traditionally were created and guided by a strong centralist government. Indeed, it was only after the early 1980s that these regional plans received local inputs. The aim has been to create more viable regional centres and give them meaningful regional tasks. Indeed, it is claimed that these successive regional plans have been able to decrease the differences between Paris and the rest of France, frequently referred to as the French desert (Pletsch 1983). In the 40-odd pages devoted to France, the authors go into greater detail than in the Canada chapter, but the empirical information presented on regional development trends is not fully integrated with the policy and programme presentation. Nevertheless, an excellent overview of French regional development policies and efforts is presented.

It is surprising how much the regional development policies and procedures in Great Britain, as presented in Chapter 4, resemble those in Canada. Great Britain went through the regional problem—Special Areas, Royal Commissions, and such stages—just like Canada except that it started some 10 years earlier. The change in governments between Labour and Conservative, resulting in regional economic intervention policies and later partial retreat in the 1950s and 1960s, resemble the policy changes between the Liberals and Conservatives in Canada except that in Canada these changes were not nearly so radical. In Great Britain, however, the Distribution of Industry Act of 1945 gave the government the power to control the location and expansion of industry. Such restrictions on industrial location were never the case in Canada, where industrial location is guided (if at all) through the carrot approach. Furthermore, the appointment in Britain in the early 1960s of a ministry specifically for a deprived region showed a far greater commitment to the regional development

problem than in Canada. In Canada, the Department for Regional Economic Expansion (DREE) was only established in 1969, and it had responsibilities for all problem regions in Canada. The use of growth centre policy also parallels the Canadian experience but, again, earlier. Also as in Canada, the 1980s under Margaret Thatcher brought a partial retreat from regional commitment. But by then the EC was involved in regional development efforts, and the United Kingdom, being part of the EC and wanting a substantial part of the regional development funds, had to continue with its regional policies if for no other reason than to be able to respond to regional concerns in Scotland, Wales, and Northern Ireland. A new regional problem also emerged in the late 1960s: the decay of the old industrial central cities. Such new problem regions were to a large extent absent in Canadian cities. These actual regional concerns notwithstanding, regional development policies and programmes, just as in Canada and France, became a secondary concern in Great Britain in the 1980s.

Most experts on regional development policies and programmes would agree that the United States has not had a strong tradition in this area (Chapter 5). In fact, the authors go so far as to state, "If the term regional policy is understood to mean a consistent and integrated set of programs . . . then the United States has never in fact had such a policy at the national level" (120). Yet if one examines all the activities of the U.S. government, it is surprising in how many traditional regional development endeavours the United States has engaged: the New Deal, Tennessee Valley Authority, Great Society, Area Development Administration, Economic Development Administration, Appalachian Regional Development Act, and the Appalachian Regional Commission, just to mention a few. In spite of the existence of such programmes, the writers clearly show that Washington has been far less involved in the regional variation issue than some other countries and that the limited interest it has shown decreased even more during the Republican administrations of Ronald Reagan and George Bush.

In their examination of the regional policies of Australia, the authors start by claiming that "Australia is virtually unique in its degree of indifference to regional problems and policies" (Chapter 6). The authors then take up 30 some pages describing this absence of concern. Unfortunately, this chapter is more a contrast and comparison of the more general development policies of each new government. A lack of any irregular spatial variation in income, unemployment, period of settlement, ethnic variations, or rural/urban contrast in wealth supports the notion that no regional development policy is needed. Substantial variation in wealth, however, seems to be occurring now within the suburbs of the larger cities. This new spatial

variation in well-being notwithstanding, the reader is left wondering why the chapter was included in the first place.

In Chapters 7 and 8, the authors examine the regional development policies of Malaysia and Brazil, respectively. Early in Chapter 7, the authors make the important point that in developing countries regional policies frequently have to take second place to national development policies. In Malaysia, these also involve ethnic policies. Since the latter are not uniformly distributed in space in Malaysia, they become *de facto* regional policies. Furthermore, because the proportion of Malaysians living in the larger cities is substantially smaller than that for people of Chinese ethnic background, the resulting policy is also an urbanization growth-pole policy. In contrast to Malaysia, Brazil's national development scene has been one of countering major resource extraction boom and bust cycles, inflation, and the constant calamity problems of the Northeast. There the problems are overpopulation, marginal agriculture, and poor education and health. Yet Brazil as a whole is still far more concerned about overall development than regional development and the settlement and control of its vast Amazon region.

It is to the authors' credit that they call their concluding chapter "The Rise and Decline of Regional Policy". Each country they review seems to have gone through a similar process: an increasing interest in regional development arising frequently out of such natural disastrous conditions as the "dirty thirties", a peak in the economic heydays after World War II, and a final decline with the closing of the 1980s. On the one hand, the increase in regional development efforts is traced by the authors to the prevailing political ideologies of social justice for the underprivileged, usually measured by high unemployment or low income rates, in the peripheral regions of a nation. The decrease in interest in regional development, on the other hand, seems to correspond to the rise of conservative ideology with its belief in a market economy, followed by a cycle of spatial concentration and the subsequent dispersion with increasing diseconomies in the centre. The fact that such diseconomies may be ideal illusions about the future is normally not even allowed to enter into the dialogue. The authors do not consider, however, that the rise and decline of regional policies may not be closely associated with changes in ideologies. Other paradigms of change that may relate to this—such as the rise and decline of the importance of the resource sector, the rapid rural depopulation process, followed by the small rural population base with little economic power—are other major changes (especially in the Western world) that neatly parallel the rise and fall of regional policy concerns.

Although the authors try to relate regional development policies to the concept of industrial location, it is done in conjunction with the growth-pole approach toward regional industrial development (as was done earlier by Higgins and Savoie 1988). One might, however, argue as others have done (Naisbitt 1982) that the post-industrial era, which started in the West in the 1960s at the height of the regional development era, meant a decline in the manufacturing sector in a number of Western countries (Vogelsang 1990). The decline occurred exactly at a time when regional development policies used the location of industrial plants as their major regional development tool. Because the number of such plants was declining—and with it the number of industrial jobs—it was inevitable that faith in an effective regional development policy also would decline. In other words, there exist other plausible causes for the decline of regional development policies besides the political paradigm.

Despite the present decline in regional development policies and programmes as practiced in the 1960s and 1970s, the authors suggest that the future of regional policies is not that bleak. Regional development has been usurped to some extent by grass-roots development efforts in many peripheral regions. Such efforts are not guided by a central government but nevertheless may be financed in part by them. But such a development approach, known as bottom-up, is not necessarily associated with the creation of manufacturing jobs or the creation of higher income, but rather with an increased sense of worth, stability, and local improvements. The underlying assumption is that the people living in a particular region know best what is good for them. Providing funds for these efforts may be the only major function of a central government or agency. Such efforts may produce regional growth, but they will not generate a more uniform economic landscape as was the aim of traditional regional policies.

Given that the whole book deals with governmental policies, it is not surprising that the authors raise the question of what is the best possible government machinery to help regional development efforts. Should a government use traditional departments, a "regional" department, a regional agency, or some other form to implement its regional policies? It is ironic that even though most governmental elections are regional, governments organize their tasks along systematic lines. In other words, the local knowledge of locally elected officials, presumably informed ones, is largely disregarded in the governing process! A look at the world as a whole, which has decided that a more acceptable way of organizing itself is by some 170 states (regions) instead of by some 170 departments may point in a different direction. Perhaps a larger role for regional policies may reemerge in the future.

Again, the authors are commended for having written a book in which regional policies of seven nations are presented clearly and comparably. The development paths that especially the developed nations have followed are surprisingly similar in policies and timing. One is left with the impression that similar problems sparked similar solutions. Whether these arose independently or whether one nation copied from another is, however, unclear. The different development policies of the two developing nations assure the reader that not all policies are copied from the First World and that the developing world is developing its own policies. Given the concise yet comprehensive nature of the review of regional development policies presented, it is imperative that all practitioners of regional development programmes read the book. I highly recommend it.

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