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"Theoretical Development of Concepts of Regional Disparities in the Level of Socio-Economic Development in the Post Twentieth Century"

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Abstract

The core aim of planning is to provide an optimum level of life standards to people of any nation. In reality, when development occurs on a real ground, the importance of region becomes high. This leads scholars from many disciplines to define region properly. Hence, It also become important to study various development plans taken by countries in the world. In this process a number of studies taken paces in the formation of conceptual framework and classification of regions. Also, many theories related with regional development come in the origin to guide the future development plans.

The present study is an attempt to make an analysis of concepts which are defining the regions and theories related with the regional development. These theories are divided into two groups- Theoretical theories and Empirical theories. Further, Theoretical theories are classified into Neo-classical theories, The Marxist and Neo-Marxists views, Locational Theories, Growth Pole Theory and Industrial Complexes, Other relative views and concepts.

Key Words: Concept and Classification of Region, Regional Development, Disparities, Theoretical views, Empirical views, Convergence and Divergence.

INTRODUCTION

Many countries from third world began to look very late at economic development from the regional point of view. It was the time of Second World War after which these countries and their policy makers have putted the number of policies for the social and economic development. In the changing pattern of government from the monarchial to federal democratic system, the regional equity took the important place in the policy line. Architects of modern India, incorporated the concept of equity and equality in the constitution at very early stage of independence and it was reflected in the policy interventions of decade of 1970-18s, when many initiatives has taken place with the perspective of regional development.

In this chapter an attempt is made to give a brief analysis of existing studies on regional development. In the beginning of this chapter the concept of region and their classification has been discussed, after that the concepts and theories are classified into theoretical and empirical group. Theoretical classification consisting the Neo-Classical Theories, Marxist and Neo-Marxist Theories, Locational Theories, Growth pole theory, industrial complexes and other relevant concepts; some of empirical studies have also been taken from India and out world.

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CONCEPTUAL FRAMEWORK AND CLASSIFICATION OF REGION

There is an important and special significance of region in the socio-economic development and planning in new world. Walter Isard (1956) has taken region as broad phenomenon and suggested that there is no any fixed and particular definition of region. The term 'region' may be defined on the basis of objectives and questions of a particular study. Any geographical region me be divided into socio-economic or administrative units when the circumstances and conditions is clear. According to him region is a homogeneous locational domain of certain set of situation and conditions which are leads by particular motives and determinations. Beside the attention given to term 'region' N.S.Gisburg (1968) stated that there were still some unreliability, doubts and questions persists as to its definition, meaning and significance. The process of development of concept of region highlighted by E.Ahmad and D.K.Singh (1980). According to them, geographers like Demergeon Ratzel, Hettner Roxby, Morran, and Herberston initially developed this concept of region.

Uniformity in economic structure and problems are the basic criteria to define a region in regional science. For regional planners it is very inconvenient to interpret or describe the nature of a region in a bounded set of things. That's why H. Richardson (1973) comes to a conclusion after not getting any adequate solution; he stated that 'The only safe statement is there is no unique definition of term 'Region'. In the second last decade of 20th century, the idea of region being correlated with the smaller size of a particular unit area. According to S.C. Patnaik (1981) a unit area with larger size than of an urban area or a cluster of pocket-size villages can be called as a region.

The problems and variations come with the defining a region in the regional science call for the organisation, grouping and classification of regions. A number of regional scientists have tried to classify the regions into various groups. J.R. Boudeville (1966) grouping the regions into three categories- Homogeneous, Polarised and Planning Regions. F.J.B. Stillwell (1972) defined problem regions and categorized them into three types- Under-developed, Depressed and Congested Regions. Homogeneous, Nodality and Programming Regions are the classified regions of Richardson (1973). All of the above classified regions have importance, only when they are suitable to describe the existence of disparities in the region; because the existence of disparities can be vary according to the distribution of population, infrastructural development and employment growth etc.

In Indian context 'states' have given importance in the studies conducted by M. Majumdar (1977), D.T. Lakadawala (1983), K.R.G.Nair (1983) and many others while it has taken as a regional unit. The availability of large account of data is the most appropriate reason and justification given by most of them behind their selection of study unit.

THEORIES RELATED WITH REGIONAL DEVELOPMENT

The issues of Regional development and existing socio-economic disparities have been a major issue of debate among the political intellectual, economic planners, demographers and other

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sociologists. From the beginning of point, they tried to construct, frame and contribute a suitable structure or framework for the better planning of regional development. Hence, some reliable theories has been developed, which are trying to explain the factors and causes of regional disparities or imbalances in the developed and developing world. Frances Perroux (1950) quoted his view of observation on regional development in a famous sentence "growth does not appear everywhere and all at once, it reveals itself in certain points or poles, with different degrees of intensity; it spreads through diverse channels".

In present time, no single theory can able to adjure and direct the comprehensive, inclusive and universal stamp of regional development. For understanding the process of planning and development of a region, it is important to go with some pertinent and applicable theories. As discussed above this theories are classified into two major groups and they are Theoretical and Empirical theories.

THEORETICAL VIEWS

The theoretical views of theories related to the regional development consists the Neo-Classical Theories, Marxist Theory, The Neo-Marxist View, Locational Theory, Growth Pole theory and some other theories related Regional Development etc.

Neo-classical theories

The Neo-classical theories of regional development are further classified on the basis of 'Space less' and 'Spatial' perspectives. In the Neo-classical space less theory, growth and development of any region contemplated and regarded as a result or out-come of 'factor mobility'. With this concept G. Myrdal (1957) has explained role of labour migration, capital flow and inter-regional linkages in regional development. According to his theory of 'Cumulative causation' the result and consequence of these three factors leads the growth rate of developing countries in inverted 'U' shape. J.G. Williamson (1965) has added one more factor, and according to him this kind of 'U' shape of regional imbalances is the results of four factors- "labour migration, capital flow, inter-regional linkages, and central government policy". G. Myrdal (1970) explains the process of "spread effects" and "backwash effects". According to him, clustering of economic and non-economic activities, because of increasing internal and external economies in a region, where growth gets started with opening success; the domination of backwash effects for the years leads the regional disparities. A.O. Hirschman (1976) agreed with the Myrdal's view but he focuses on the 'trickling down effects' and 'polarisation effects'. He believes that government's interventions can reduce the disparities.

H.W.Richardson (1974), G.H.Borts (1974) and others have disagreements with the space less neo-classical theory and adhered for the spatial neo-classical views. According to Richardson there is not any compatibility between the space less neo-classical and location theories. Hence, alternative locational linkage and agglomeration benefits (both are related to the spatial factors) were recommended by him.

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The Marxist and Neo-Marxists views

Marxist didn't focus directly on regional disparities. Marx (1967) themselves focused only on uneven distribution pattern of resources and concentration of capital in particular groups and the areas. The economists of socialites group supported and suggested for redistribution of capital and development resources. Supporter of 'laissez-Faire theory' believes that, free market forces will help to reduce the regional imbalances within the regions, but after adopting the new economic changes in the developing countries like India, it is found that, the process of liberalization increases the inter-regional imbalances. Thus, this reflects the importance of Marxist views on regional development science.

On the other hand, Neo-Marxists like Samir Amin (1976) found that the Neo-classical theories concentrated on the problem of development of backwards regions, and by this somewhere they are developing the contradictions of third world countries with the imperialist forces. Hence, Neo-Marxists tackled proletariats differently than that of the previous Marxian thinkers. They believe that, the development theories related with Neo-Classical groups, never sounds properly for developing nations.

Locational Theories

Locational Theories of regional science mainly developed to study and explore the perfect location decision of any industry and find out the factors which are effecting and impacting on the location of a production industry. Thus, the minimum production costs, maximum profit and the influencing market area are the main decisive concepts of the location theories.

The emergence of theory based on minimum production costs is associated with approach of Alfred Weber (1929). According to him the costs of transportation, labour and agglomeration are three basic components (costs) which play the deciding role in search of perfect and optimum location for the firms, because these components are taking an firm into prefect completion. The least costs of location will lead the firms towards the highest profit. Walter Isard (1951) extended the Weber's model and added that the distance (as a factor of transport) having an important role in production system.

Theories related with concept of maximum profit are based on the combination of costs and demands factors. According to Melwin Greenhut (1963), cost of transportation may play the deciding role in the location of a firm. He believes in maximize the profit rather than cost minimization.

August Losch (1954) explores a new theory based on market area approach in the criticism of the Weber's view. Losch denied the Weber's assumption of constant demand, as in reality, the nature of market is scattered for any industrial product. Three assumptions of Losch which decided the market area for industries are-First- Homogenous places having not any variation in the spatial inputs distribution; Second- Uniform population density and constant taste; Finally-lack of existence of locational interdependency within the firms.

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Growth Pole Theory and Industrial Complexes

Emergence of concept of 'growth pole' was initially developed by Perroux (1955). According to him it is a point of place from which the emergence and flowing of centrifugal forces and towards which the centripetal forces are attracted. According to him the economic development processes should be centralized or polarised and this will necessarily reflect in the congregation of growth and economic activity. Therefore, location of large number of big industries and their process of expansion acquires the appreciable and significant economies of scale are the main characteristics of a growth pole. The growth of other big industries could influence by this whole process expansion.

Industrial complex view is moreover same as the theory of growth pole. According to A. Goryacheva (1981) it is "a rainfield chain of functionally interconnected industries". Before it T.Hermansen (1973) has defined this term in a more sensible and detailed way; by his point of view an industrial complex is "an ensemble of technically and economically interconnected industrial units, usually located on a given territory. Such a complex is normally a 'planned' one based on physical infrastructure and developed around one major industry which forms the core or the focal point of the complex. The core often appears to be a heavy industry....The concept of industrial complex is basically functional."

Other relevant concepts related with regional development

The theories given above believe that, when the development is left on itself, it starts moving towards geographical congregation, but they do not scrutinize responsible causes for it. Then, social scientists like Howard Shindman, Clark, Klassen, Richardson and Isard have drowned the focus on the role of cities on regional development. Changes in traditional societies come in the form of towns and cities. This perspective can be considered better by the development of Indian society. Levels of development and modernization in major cities like Mumbai, Kolkata, Delhi, and Chennai is better than the other regional centers. As a pioneer in innovation, cities always are getting benefits by the connections with other economies. The cities are the centers of political, economic and administrative units. In addition of it, the better facilities of communication, technology and transport create positive conditions of development in the cities. Therefore, in modern times, it can be said that, there is a widespread contribution of cities in regional development.

In the addition, Hughes (1961) stated that the development process can diverge the imbalances. In against Hughes's 'self-perpetuation hypothesis' Hanna (1959) provided convergence in his 'Accordian effect hypothesis'. The 'concentration cycle hypothesis' of Myrdal (1958), Hirschman (1958) Alonso (1968) and Williamson (1968) concluded that the divergence of initial regional inequalities works as inspiration for subsequent convergence. Whereas, Friedman's (1966) 'Center-Periphery model' discussed how the initial location's growing and self-strengthening benefits and the limited benefits of the backward areas are generally equalize with the benefits of agglomeration.

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EMPIRICAL VIEWS

An important study was conducted by Ashok Mitra (1961) by using census data and numbers of development indicators for district level development analysis. Composite development index was made with the help of co-variance of selected indicators. Simple ranking method was also used and an association between selected indicators and development level's was brought out in his analysis. Beside the complication of procedures, this study became famous for the comparison of levels of development between the regions.

Nath (1970) have taken state as a regional unit and found inter-regional (inter-state) disparities in India. Analyse with the help of five indicators, He concluded that the top developed sates were Maharashtra, and Tamil Nadu. Whereas, Gujarat, West Bengal, Punjab and Kerala reached the relatively advance levels of development than other of eights least developed states.

S.K.Rao (1973) analyses the six indictors with the help of multiple factor analysis to check the levels of regional development in India. He found that, in the beginning of 15 years planning, there is not any reduction in regional disparities in India. According to him states like Assam, Orissa, Madhya Pradesh, Uttar Pradesh, Rajasthan, Bihar and Kerala remain depressed in above period of planning.

M.N. Pal (1965) compared the less or more developed districts of India to the average level of development of nation. On the basis of composite index of some selected indicators he gives the sectoral development pattern and an image of disparities in the regional level development.

Ganguli and Gupta (1976) applied PCA method for comparative study of living standard of 15 Indian states. He concluded that, there is a declined nature of disparities in living standards among the states in the period of 1955-65. On the other hand, Majumdar (1977) stated the increasing pattern of regional disparities in India.

In the conclusion of Hemalata Rao's (1977) study, it was observed that there is a decline in the development differentials among the top and least developed states of India. She has analysed 24 variables by using PCA method for the 14 states. According to K.R.G. Nair (1971), the planning period of first decade, does not shows any declination in income inequality between the states of India. In another of his study K.R.G. Nair (1982) has found a clear difference in the living standards among the lowest and highest developed states of India. This study was based on per capita NDP for the decade of fiftees and eightees.

Dholakhia (1985) analysed the trend of income disparities among the 15 Indian states for the period of two decades (1960-61 to 1980-81). He reached on the same conclusion as the Nair has done. According to him, the inequalities within the states have increased in both money and real term during these two decades. Inequalities in Per capita net domestic products has also increased broadly in primary and tertiary sectors and this trend of two major sectors, controlling the overall Per capita net domestic products inequalities between the states.

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K.K.George (1988) in his study analysed the capability of achieving goals of different Indian institutions like FC, PC and other financial bodies. He stated that the regional disparities have increased between the Indian states. Joshy (1990) focused on pattern of regional disparities in infrastructure sector. With the help of composite index, he concluded that the development pattern of infrastructure facilities were the moreover same within the Indian states. Sampath (1977) similarly examined the increasing pattern of inequalities in agricultural sector with the help of a method same as the coefficient of variation. Rao and Sundaram (1979) advocated for the special policies to tackle the regional imbalances of different sectors of social and economic development.

With the clear criticism of the convergence theory Quah (1993), Marjit and Mitra (1996) and Ghosh (1998) have found that the convergence theory is failed to justify the bound resources mobility, that's leads to prolonged convergence. Besides that, the number of works has been done across the world and India related with convergence on the cross-regional analysis. In this regards the most prominent foreigner scholars are Barro and Sala-i-Martin (1991, 1992), Cashin (1995), Coulombe and Lee (1993), Yao and Weeks (2000) and Hoeffler (2002). In India, there are also some studies have been trying to find out the suitable reasons of disparities within the states, if any. These works are related with Convergence of PCI and of agricultural development, infrastructural development and human development.

Challenging of solovian model, Marjit and Mitra (1996) has found the number of proofs of divergence within the Indian states when he studied the pattern of the data for the years of 1960-1961 to 1994-1995. In his results he stated that neo-classical models are not suitable for countries like India.

Data of growth rate and per capita net domestic product was taken by Cashin and Sahay (1996), for the time period of 1961 to 1991. He observed that the major channels for occurring convergence are- capital mobility, diffusion of technology and income redistribution. In another study by Rao (1999) a contrast result of Cashin and Sahay (1996) was given. Rao studied the level of income Indian states for the time period of 1965-1966 to 1994-1995 and he has given appropriate proofs of the widening interstate divergence in India.

Nagaraj (1997) emphasized on the role of public expenditure in the development of social and economic infrastructure. He believes in the role of inter-governmental transfer in bringing equality.

Thus, with above discussion it is seen that interstate disparities in economic and social development among states are either increasing or more or less remained unchanged over decades. These studies are having very significant role for guidance of new scholars and studies taking place in 21th century.

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