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Development From Below: The Bottom-Up
and Periphery-Inward Development Paradigm x)

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I. Introduction

Like development "from above" (Hansen 1978), the paradigm of development "from below" is not - as might be assumed - simply related to the level at which decisions on development are taken. A change in the levels of decision-making is a necessary, but not a sufficient (and possibly not even the most important) condition for strategies of development "from below" as they are considered here. Such a strategy involves important changes in the criteria for factor allocation (away from the presently dominating principle of maximizing return to selected factors), in the criteria for commodity exchange (away from the presently dominating principle of comparative advantage), changes in social and economic organization (emphasizing territorial

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besides functional organizations) and a change in the basic concept of development (away from the present monolithic concept of development by economic criteria, competitive behaviour, external motivation and large-scale redistributive mechanisms).

Development would need to be considered again as an integral process of widening the opportunities of individuals, of social groups and territorially organized communities at small and intermediate scales, to mobilize the full range of their capabilities and resources for their common benefit in social, economic and political terms. This means a clear departure from the primarily economic concept of development of the 1950's and 60's and from the ensuing pressure upon individuals, social groups and territorially organized communities to develop only a very narrow segment of their capabilities and resources determined by the worldsystem ("from above") neglecting the remaining ones in order to be able to retain their economic and social position vis-a-vis the rest of society.

Different from development "from above" which was nurtured by economic theory of the past three decades (particularly by the neo-classical one) there seems to be no well structured theory available as yet for an alternative paradigm of development "from below". Partial efforts in this direction have been undertaken: at the international level by the search for a New International Economic Order (Tinbergen et al., 1976) or for Another Development (Nerfin, 1977); at the sub-national level by such concepts as Agropolitan Development (Friedmann-Douglass, 1975), Ecodevelopment (Sachs, 1976) and the search for a Theory of Rural Development (Haque et al., 1977). But there still is a pressing need for a coherent and systematic framework for an alternative

approach to development. One of the reasons for the lack of such a coherent framework may be that it would need to be supported by a variety of disciplines and not primarily by economics (as our present theory) and that the cumulative cooperation between different disciplines apparently is very difficult to achieve. Another reason is that there may not be one single strategy of development "from below"-as was purported for the more or less monolithic industrialization-urbanization strategy "from above" so far - but that beyond some basic common features different cultural areas will need to construct their own development strategies which only at certain contact points between each other will have to be compatible. Alternatively, the contact points may need to be restricted to those types of interaction where compatibility is feasible and desired by each of them. Such alternative strategies of development "from below" need to emerge from and be adapted to the requirements of different culture areas. They may also, in alternating sequence, need to take turns with phases of development "from above".

In search for such (an) alternative framework(s) let us start from the traditional development paradigm "from above" which, as Hansen (1978) has shown, can at the same time be considered as a centre-down and outward paradigm.

The past three decades, during which development strategies "from above" dominated, have not led to a decrease of disparities in living levels, in many instances even to an increase. This applies both to disparities between social strata (Adelman and Morris , 1973) as well as to spatial disparities (Stöhr and Tödtling 1977 b). The purpose of the present book is to analyse to what extent strategies

of development "from above" and "from below" have been applied in different countries and in different socio-political systems, and what their effects on the poorest population strata and on the poorest regions have been in individual countries.

Both paradigms, the one of development "from above" (or centre-down and outward) and the one "from below" (or bottom-up and periphery-inward) are conceptual constructs which in practice hardly ever occur in pure form. Real situations will, particularly in today's highly interactive national, continental and world-wide systems, always consist of a mix of both these elements. In different national or regional situations there is indubitably considerable variation in the makeup of these two elements which extends also to the temporal sequence involved.

Let me now contrast the two concepts with each other in more or less pure form.

II. A Reappraisal of the Centre-Down Paradigm

As Hansen (1978) has shown, the concept of development "from above" assumes that development (whether spontaneous or induced) starts only in a relatively few dynamic sectors and geographic clusters from where it will (or hopefully should) spread to the remaining sectors and geographical areas. This "trickle-down" process is essentially supposed to start at the world level (from world-wide demand, or world innovation centres) and then filter down and outward to national or regional units, either through the urban hierarchy (Berry, 1970), through input-output relations (Perroux, 1955) or through internal channels of multi-plant business organizations

(Lasuén, 1973; Pred, 1977) or of large-scale governmental organizations.

Its emphasis therefore has been on urban and industrial, capital intensive development, on highest available technology, and on maximum use of external and scale economies. As a natural corollary it manifests itself in large investment projects, in increasing units of functional and territorial integration, in increasing scales of (private and public) organizations expected to transmit development through these integrated units, and in the reduction of economic, social, cultural, political and institutional "barriers" within these units (including distance friction, institutional differentiation etc.) which might hinder these expected transmission effects.

The hypotheses upon which the paradigm of development "from above" is - explicitly or implicitly - based are: (1) that development in its economic, social, cultural and political dimensions can be generated only by some very few select agents (Schumpeter's entrepreneurial pioneer, 1934); (2) that, over a reasonable span of time, these few agents are able and willing to let the remaining agents and localities participate in this development on a reasonably equal basis; (3) that the remaining agents and localities are able and willing to adopt the same type of development; (4) that the specific type of (economic, social, cultural and political) development initiated by the few select agents is the most suitable one for all the other members of the increasingly interactive system and that it should therefore replace other existing notions of development; (5) that the (socially and culturally) new and the

(economically and politically) more powerful notions of development are also the "better" ones and therefore the ones which the rest of society strives for. Essentially it therefore presumes an eventually monolithic and uniform concept of development, of value systems and of human happiness.

In economic terms this is related to the initial Schumpeterian (1934) concept of the entrepreneurial pioneer and innovator who knows best how to allocate capital and combine production factors in leading sectors which then assume a role of dominance (Perroux's 'industrie môttrice') and are able to move the entire economy.

In social terms it is related to the belief that social transformation can be guided only by select agents, classes or countries.

In religious terms it is related to the conviction that only one creed is the true one and that by missionary activities of a powerful church organisation the rest of humanity should be converted to it.

In cultural terms it is related to the monocentric theories of cultural phenomena which have been dominant until recently, maintaining e.g. historically for Europe that important cultural features on the periphery of Europe could be traced back ultimately to a single region of origin, namely the Eastern Mediterranean and the Orient (Childe, 1957; Montelius, 1899)^{x)} or for the whole world in more recent times, that the entire "developing" world is in the process of accepting the basic cultural values of the highly industrialized "developed" countries.

x) Only more recently, research backed by radio-carbon and other modern dating methods have backed the antitheses that, instead "of a singly seminal centre of diffusion ... we can detect indications of innovation in several different areas." (Renfrew, 1973, 1976). Renfrew shows this in analyses of the stone-built megalithic monuments of North-Western Europe which originally were traced back to Eastern Mediterranean influence, until modern dating techniques proved that they were actually older than the latter, and therefore evidently had emerged independently from them.

In political terms the concept of development "from above" is related to the notion that one or two ideological constructs (one monolithic capitalist, and a monolithic communist ideology) are the only viable ones and should therefore be introduced to (or imposed upon) the rest of the world or of the respective hemispheres. Evidently most of such notions are related very closely to the interests of the large-scale (private or government) organizations which, as mentioned above, were installed to serve as the motor of development, but which in many cases have come to dominate the system, very often overruling the interests of those - e.g. local and regional communities - they were meant to serve. This has therefore in most cases led to a high concentration of power in private or state run organizations which dominate the greater part of the world system.

Development "from above" consequently concentrates on the sectors and forms of development which these large (private or public) institutions are able to manage. Therefore it is large-project oriented, capital intensive, uses high technology, and shows other of the characteristics mentioned above. At the same time it ignores or overrules (1) the great diversity of value systems and aspirations related to differences between historically grown and territorially defined cultural systems; (2) the great variations in natural conditions which in part have caused the latter; (3) the fact that with differentiated aspirations and cultural and natural preconditions, the imposition of a uniform concept and measurement of development is bound to relegate the groups further away from

these standards to what is today called "underdevelopment" and still further into a disadvantaged role for measuring up to the standards defined by the dominant culture or group as has been shown in another context (Stöhr-Tödtling, 1977 b); (4) that this fact subsequently leads to different dimensions of "dependence" as has also been shown in the latter paper. Once such economically disadvantaged groups have started to interact more intensively with the "more developed" ones on terms defined by the latter, they are increasingly forced to adopt their social, cultural, political and institutional norms in an effort to compete with them in economic terms, the medium through which most large-scale interactions take place; (5) this entails the subordination of broader societal values to economic determinants, a characteristic which applies to most highly developed countries today.

The alternative would be for economically "less developed" social groups and areas to give clear priority to their self-determined societal standards and to subordinate external economic and other interactions to these standards. This is in fact increasingly being demanded by developing countries by terms such as collective self-reliance or by considering increased nationalism as an important component of the New Meaning of Development (Seers, 1977).^{x)}

In section IV of this paper we shall show that the supra- or subordination of purely economizing rational objectives over respectively under broader societal norms has changed many times in different phases of history and was usually accompanied by changes in the

x) Dudley Seers suggests "..... the explicit endorsement of nationalism, including our own - which ceases to be an 'obstacle' to development, and becomes instead part of the very essence of it. He feels that whereas the rationally conceived "redistribution with growth" is usually resisted by the wealthy and powerful national elite "a programme (of self-reliant development) may appeal to what seems in many countries to be a stronger force than social conscience - nationalism being conceived emotionally " (Seers, 1977).

dominant scales of societal interaction and of other elements of what we here call development "from above" and "from below".

Let us now look at the economic aspects of development "from above" in more detail, following up on Niles Hansen's (1978) analysis:

Development "from above" essentially relies on large-scale aggregate world-wide demand (at scales "above" the respective regional or national level) for the development of individual communities. Usually there exist alternative sources of supply for the satisfaction of this aggregate (world-wide) demand. These sources will change according to optimal locations where in view of given demand patterns factor returns can be maximized at specific points in time and space. Selective factor combinations according to such efficiency criteria consider costs internal to the specific enterprise or sector only while external costs such as idle, under- or overemployed factors, environmental deterioration, etc. are left for the respective territorial (local, regional, and national) unit to cope with.

In this way natural resources, capital, labour, and organisational talent are drawn into a few dynamic locations or regions, the so-called "spontaneous" growth centres. They become producers of goods with high productivity increases and high demand elasticity and experience large increases in production and income. These increases, however, occur mainly within the economic sectors and social strata having access to large-scale factor and commodity markets (Hansen, 1978), i.e. principally the highly organised formal sector and the high-income groups. Usually this creates internal disparities (dual social and economic structures) both within and between sectors and

locations. A key question to be analyzed in case studies will be whether, and under which conditions, the remaining sectors and locations can benefit from these dynamics.

Normally, the remaining sectors and locations retain only the less productive and less mobile production factors. This reduces the overall productivity of these sectors and locations and consequently also the rewards of their specific factors still further. This fact will initiate a downward spiral in which the development potential of these sectors and locations is successively reduced. With the consequent outmigration of the most efficient production factors and the reallocation of factors from region-oriented to export-base activities, also the satisfaction of regional basic human needs becomes increasingly neglected. The provision of regional food supply (Taylor, 1973)^{x)}, and of local and regional basic services deteriorate in less developed regions and lead to the fact that today for many Third World rural areas even such typically rural products as food and local basic needs have to be supplied from the outside by national or even international agencies.

Development "from above" expects a process to happen as described by Friedmann (1978):

" The only way to expand domestic markets is in something like the following sequence:

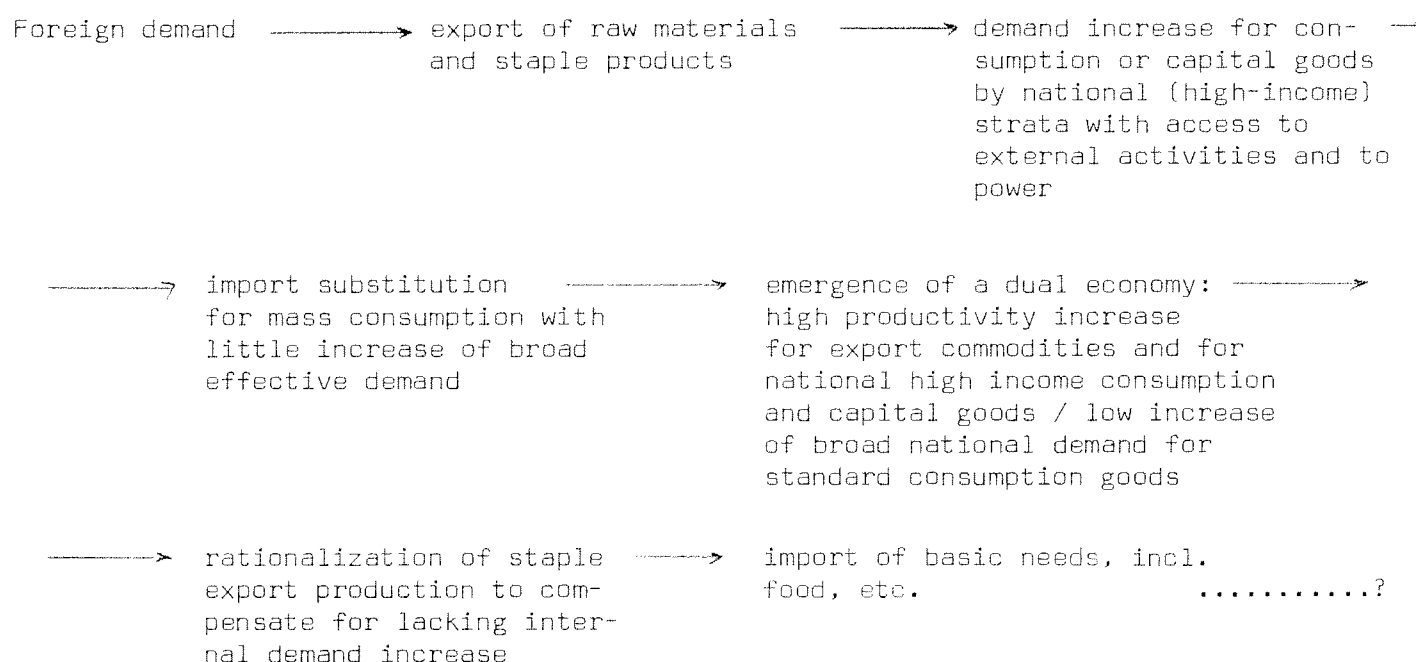
foreign demand —————→ manufactured exports —————→ expansion
of secondary and tertiary employment —————→ increased demand for
agricultural products —————→ increased demand for domestic manufactures
————→ increase in domestic production and employment.

x) Taylor in this study describes the situation in Kenya where externally oriented marketing structures have led to a decline in nutrition levels so that, as a result of an "agricultural revolution", the people were worse off in 1970 than they were in 1870.

In this sequence, everything follows its 'natural' course. The trouble with the sequence is that it is wrong. Domestic mass markets are created, not by foreign demand for the products of low-cost labour but by increasing the productivity of the (resident) masses"

(Friedmann, 1978).

In reality, this sequence turns out to be quite different. For many countries (e.g. of Latin America) the following sequence would seem much closer to reality:



This process in fact leads to inverted commodity flows in which the less developed areas (with abundant cheap labour and land) increase capital inputs (their scarcest factor) into their exports, while they increasingly import basic goods for the production of which they possess idle factors. This is a typical consequence of the comparative cost paradigm of classical economics.

In most countries, this process may only after a very long (politically

usually intolerable) time period - if ever - lead to broad economic diversification and to a convergence of income along social strata and geographical regions.

The spatial pattern of the urban and transport system in a process of development "from above" will - both as a result of and as a means of facilitating that development - normally also be oriented towards external sources of growth and/or economic and political dominance (particularly in the former colonial areas). Such an externally oriented, usually coastal urban and transport system responds very little to requirements of internal accessibility for which central places should optimally be located in the gravitational centre but not on the fringe of their hinterland. This - in addition to the above mentioned inversion of commodity flows - diminishes still further the level and equity of supply with basic needs services.

In Marxist terminology it would mean that the surplus extracted from activities in all parts of the country is, through resource and factor withdrawals and via unequal terms of trade, being concentrated in very few (externally oriented) locations of the respective countries, or even transferred to the exterior.

It therefore seems that centre-down development strategies would be able to actually transmit development impulses to all parts of a social system only under very specific and in practice very rare conditions. Normally, large-scale organizational linkages between areas of greatly differing levels of development will - due to unequal

distribution of power, selective factor withdrawals, unequal terms of trade, unequal distribution of scale economies, etc. - lead to increasing spatial divergence rather than to a convergence of living levels. In other words, even with explicit regional development policies operating through such large-scale private or public organizations, the sum of all backwash effects in most cases still seem to exceed the spread effects.

With a "centre-down" development strategy it would seem that this can only be avoided if there exist, at the national level, at the same time a strong control mechanism avoiding leakages to the exterior (control on commodity and factor flows) and a strong redistributive mechanism with broad public participation operating in the interior. In large countries the same might equally be necessary at one or more sub-national levels in order to avoid major concentrations of power. Very few developing countries seem to have been willing (or able) to do this so far and it will be interesting to see the evaluation of relevant experiences, particularly of some of the more inward-looking socialist developing countries.

III. Development "From Below"

Development "from below" would require that such unilateral backwash effects via power concentration, selective factor withdrawals, negative terms of trade, etc. can be restrained and dynamic developmental impulses can be created within less developed areas.

Instead of optimizing selected factor components at a large (international or national) scale "'creaming' the human and natural resources

of favored segments of (national or regional) economies" (Hansen, 1978, p.29), the basic objective of development from "below" is the full development of a region's natural resources and human skills (what Richardson, 1973, calls "generative" growth) at first for the equal satisfaction of the basic needs of all strata of its population and subsequently for objectives beyond this. Most basic needs services are territorially organized and manifest themselves most intensely at the level of small-scale social groups and local or regional communities. Development "from below" therefore requires that the greater part of the surplus created through successive specialization of territorially contiguous activities should be invested regionally for the diversification of the regional economy. This process is expected to occur also at successively higher scales. Through the regional retention of at least part of the surplus created, integrated economic circuits within less developed regions would be promoted (Santos, 1971; Senghaas, 1977) and development impulses would be expected to successively pass "upward" from the local through the regional to the national level, etc. . Policy emphasis therefore will need to be (distinct from centre-down strategies) on: territorially organized basic needs services, rural and village development, labor intensive activities, small and medium size projects, technology which permits the full employment of regional human, natural and institutional resources on a territorially integrated basis.

The basic hypotheses underlying a strategy of development "from below" are:

(1) There is not one uniform but many concepts of development depending on the natural environment of different communities and the

development over time of specific cultural and institutional conditions. In fact, these differentiated historically grown cultural and institutional conditions represent major factors of development potential and should therefore not be subordinated to short term pressures of the externally dominated and "anonymous" market mechanism.

(2) The basic impulses for the formulation and implementation of such differentiated concepts of development must come from within the respective communities. This requires discarding the presently dominant hypotheses that small-scale (local, regional or national) communities can develop only through the intermediary of other "more highly developed" communities or countries and must do this by applying the latter's - usually materially defined - concept of development. Discarded must also be the presently dominant hypothesis that, in order to achieve this, the poor communities must produce more commodities for the demand of the rich ones ("export-base concept") at reduced cost and return to their factors (mainly labor and natural resources) and that, in return they must receive transfers of capital, technology and organisational skill ("development aid") from the higher developed countries. These factor transfers, along with the withdrawal of natural resources and unequal terms of trade, in fact usually weaken rather than strengthen the comparative development potential of the less developed areas. At the same time they reduce the respective communities' capacity to mobilize their own capital, technology and organisational skills and thereby make them increasingly dependent upon the more developed areas.

(3) There needs to be a higher degree of national and regional self-determination on the degree and type of interaction between these units. Most of the "less developed" countries (defined by

developed countries' criteria) are so mainly due to their reduced capability for large-scale interaction and for providing goods and production factors for large-scale (international) interchange systems. Many of these communities, however, have a much higher potential for small scale interaction (interpersonal social relations, group identity, small-scale solidarity, rate of active cultural participation) than those of materially highly developed areas. These small-scale potentials (related to Allardt's conditions of "loving" and "being") are important to human beings although they can usually not be exchanged at larger scales. They have use-value rather than exchange-value. They therefore do not enter into the calculation of "comparative advantage" at large (world-wide) scales and are not measured by our usual indicators of development. They are, however, affected considerably (usually in a negative sense) by the economic, social and political transformations which large-scale interchange of commodities and production factors cause. Since these small-scale potentials (often operating on an informal basis) also are important for such functions as social security, health care, environmental protection and education, the quality of life in these sectors usually is also detrimentally affected by factor withdrawals or social transformations caused by large-scale economic interchange between areas of differing levels of economic development.

Development "from below" therefore may require a certain degree of "selective closure" (Stöhr & Tödtling 1977a) on those transfers to and from regions or countries which reduce their potential for self-reliant development. This might be by applying controls on raw

material or commodity transfers which contribute to negative terms of trade and/or by the control of factor transfers (capital, technology) which lead to underemployment or idleness of other regional production factors or to major external dependence.

Instead of maximizing the return of selected production factors at a large (international) scale, the objective would be to increase the overall efficiency of all production factors of the respective (economically less developed) region in a territorially integrated way. This integration of territorially available resources, together with the mobilization of territorially organized social structures should become the basis for more endogenously initiated development impulses. Friedmann (1978) describes such an alternative process of development as follows:

"The new industry should be devoted to the production of wage goods, of simple products, including tools in daily use. The variety is small and the technology is fairly simple. Wage goods can be manufactured in small enterprises that are dispersed among agropolitan districts. In this way, people will get the experience with inventing and with making things. They will learn about machines and bookkeeping and marketing lots. To build up wage goods production at home, mass production with advanced technology must be severely limited. Jet planes cannot be matched with gliders in a race ! Successful home production of wage goods will eventually create a demand for machinery and simple transport equipment. This, too, can be produced at home. The new sequence, therefore, will look like this:

"increased agricultural productivity —→ industrial diversification in decentralized locations (principally wage goods production) —→ increased occupation of labor —→ increased demand for wage goods —→ increased demand for machinery and simple transport equipment —→ technological and product innovations —→ enhanced capacity for export of domestic manufactures abroad.

"To proceed in this way will also help to solve the well-known factor proportions problem, i.e., the optimum mix of capital equipment and labor power necessary to produce a given product in light of relative economic scarcities." (Friedmann 1978).

In Marxist terminology it would mean that the surplus should be extracted and utilized in decentralized form: surplus created from agricultural production should be retained in rural areas in order to facilitate rural industrialization and to increase the efficiency of less productive (e.g. small and medium-size) agricultural and other rural activities, rather than be extracted into urban areas. As labour is usually an abundant factor in less developed areas, activities should be promoted which are labour-intensive, use to a maximum possible regional resources and regionally available technology (or external technology adapted to these objectives). This will increase effective demand for regional products (food, handicrafts, services, agricultural equipment) and thereby increase the viability of these sectors in peripheral regions. Successively, certain of these activities will be able to increase their scale and, beyond their regionally based markets, cater also to external demand. Such a modernization process, sustained jointly by regional and by external forces, will create demand for intermediate and modern machinery and capital goods industries. The more intermediate technology is applied, the more peripheral regions or countries will also be able to actively participate in their provision. Development of large-scale activities and centers will then primarily be based on territorially defined (local and regional) inputs and demand and correspond to their requirements rather than inversely. This means that large cities would not be able to grow as fast as they have in the past - which would diminish a key problem of spatial development. Hoselitz's (1957) dichotomy between "generative" and "parasitic" cities would be rephrased in the sense that cities would become generative for their immediate hinterland rather

than for an "abstract" interurban system. In this way the hierarchical urban-industrial system would essentially be determined and sustained "from below", that is by the relatively stable (human, social, political and environmental) needs and potentials of their territorial hinterland and of its population rather than by the fortuitious and uncontrollable trickling down of impulses "from above". Urban centers would develop primarily as an integrating and supporting component of their hinterland, rather than the hinterland developing, like in the centre-down strategy, as a function of the selective requirements of the urban system.

The spatial pattern of urban-industrial development resulting will be comparatively decentralized and regionalized. As industrialization and service growth are based primarily on demand and resources within their respective region and not essentially on export base activities (which should be promoted later at successive stages), the urban system will nationally and regionally tend to be more inward-oriented than the existing coastal patterns of developing countries resulting from the earlier described "center-down" process. Urban centres will tend to maximize accessibility within their regions (from which their development primarily depends) rather than maximizing accessibility to the outside. Inward oriented urban systems which maximize internal accessibility provide the best conditions for equal provision of basic needs services to all parts of the population. It corresponds to the urban pattern of most countries which were able to establish an urban system and an institutionally disaggregated (e.g. multi-tier federal) nation state before large-scale transport integration and industrialization took place.

A strategy of development "from below" would for less developed areas need to combine selected elements of what Hirschman (1958) has called advantages of integration (or "surrender of sovereignty") with selected elements of advantages of separatism or "equivalents of sovereignty". "If only we could in some respects treat a region as though it were a country and in some others treat a country as though it were a region, we would indeed get the best of both worlds and be able to create situations particularly favorable to development" (Hirschman 1958, p.199). Is this possible ?

The "advantages of integration" for less developed areas would seem to lie particularly in relatively free and self-determined access to technological and organizational innovation and the experiences made with them, and in access to potential markets for products for which less developed areas possess a comparative cost advantage. The advantages of "equivalents of sovereignty" would seem to lie particularly in cultural and institutional semi-autonomy of less developed areas and in the possibility to introduce or maintain a certain degree of "spatial closure" (Stöhr & Tödtling 1977a) or of a "cellular economy" (Donnithorne, 1972), in which barriers to free resource withdrawals, to negative terms of trade, as well as to a further concentration of power would be drawn along territorial lines of different hierarchical levels. For less developed countries or regions such a strategy can also be argued on an economic rationale, as these regions and countries are

..."facing the pressures of excess demand pushing against limited supplies, and responding to bottle-necks by encouraging all levels of the economy to explore the possibilities of bringing 'own' (regional) resources, as yet untapped, into utilization; in other words self-reliance does not entail some 'inefficient' (in the neo-classical sense) reallocation of existing resources, but rather the productive use of resources previously unknown, unnoticed or wasted." (Snead, 1975).

Another interpretation can be derived from Machlup (1977) in the sense that particularly in developing societies public goods, including basic services, "the attainment of widely held collective objectives" including intangibles, and the broad mobilization of autochthonous human, natural and organizational resources can in fact be more efficiently provided at smaller scales and with different territorial delimitations than the production of individual private goods.

Modifying Machlup's (1977, p.35) contention one could say that if the production of public goods is extended to the scale at which the production of private goods is considered optimal (not including external costs), such public goods may be unduly burdened by external costs which afflict upon them very unfavorable cost-benefit relations or make them unfeasible altogether.

At least for a "cellular" socialist country such as China it is maintained that self-reliance together with decentralized planning as introduced in 1975 did not reduce the development potential of the poorest regions but "... seems to have narrowed ... interprovincial differentials ... even before the important state interprovincial transfer of funds have been taken into account" (Paine, 1976). It may well be that the mobilization of additional resources in the regions - beyond increasing the production and income of even the poorer regions - may in fact increase aggregate growth and thereby at the same time make more funds available centrally for additional redistributive purposes. These would be essential questions to clarify in individual case studies wherever data sources for this rather complex question can be made available.

As far as public intervention is concerned, investment policy would need to be oriented more towards the rural base and the lower echelons of the urban hierarchy (including the institutional strengthening of the informal sector there) rather than concentrating primarily on the top levels of the urban industrial hierarchy and the sectoral and geographic clusters existing there; price policy would need to bias terms of trade more in favor of typically rural products.

Apart from these rather fragmentary looking strategy elements, is there a more consistent theoretical body or more coherent practical experience available on development processes "from below" ?

Dudley Seers in his paper "The New Meaning of Development" (1977) maintained recently that we still lack a theory for an alternative paradigm of development:

"... we do not yet understand much about what self-reliance implies for development strategies, but some of the economic aspects are obvious enough. They include reducing dependence on imported necessities, especially basic foods, petroleum and its products, capital equipment and expertise. This would involve changing consumption patterns as well as increasing the relevant productive capacity. Redistribution of income would help, but policies would also be needed to change living styles at given income levels - using taxes, price policies, advertising and perhaps rationing. In many countries, self-reliance would also involve increasing national ownership and control, especially of sub-soil assets, and improving national capacity for negotiating with transnational corporations. There are other implications as well, especially in cultural policy. These are more country-specific, but as a general rule, let us say that 'development' now implies, inter alia, reducing cultural dependence on one or more of the great powers - i.e. increasing the use of national languages in schools, allotting more television time to programmes produced locally (or in neighbouring countries), raising the proportion of higher degrees obtained at home, etc..

"On this approach, 'development plans' would henceforward not put the main emphasis on overall growth rates, or even on new patterns of distribution. The crucial targets would be for (i) ownership as well as output in the leading economic sectors; (ii) consumption patterns that economised on foreign exchange (including imports, such as cereals and oil); (iii) institutional capacity for research and negotiation; (iv) cultural goals like those suggested above, depending on the country concerned. The Third Malaysian Plan (1976) partially reflects this approach, though it has, of course, been the basis of Japanes development strategy for a century.

Of course, an emphasis on reducing dependence does not necessarily mean aiming at autarchy. How far it is desirable, or even possible to go in that direction, depends on a country's size, location and natural resources; on its cultural homogeneity and the depth of its traditions; on the extent to which its economy needs imported inputs to satisfy consumption patterns which have to be taken - at least in the short term - as political minima. The key to a development strategy of the type suggested is not to break all links, which would almost anywhere be socially damaging and politically unworkable, but to adopt a selective approach to external influences of all types." (Seers, 1977)

IV. In Search of a Theory of Development "From Below": Some Historical Parallels

Niles Hansen (1978) has shown that the theoretical foundations of development strategies "from above" practiced during the past two decades stem mainly from the economic theory dominant during the past quarter of a century, influenced strongly by neo-classical economic thought. Such a strategy is still widely considered a prerequisite for further economic progress.

The lack of an alternative theory and practice of development "from below" which Seers alludes to, in fact refers only to this period, however. It is true that during this period development "from above" has been the dominant paradigm in the theory and practice of economic policy in particular, and in the evolution of the two systems of super-powers in general. With respect to the Western hemisphere, this was the case inspite of the assumptions of classical and neo-classical economic thought based on individual and independent private decision-making, which is the extreme opposite of the development "from above" paradigm. In hindsight this contradiction becomes clear, however, as classical or 'positive' economics was concerned essentially with individual resource allocation for the production of "private goods" (Machlup, 1977). The increasingly important production of public goods for collective objectives, however, needs to focus essentially on external effects and therefore requires different allocation mechanisms. In previous periods, under changing cultural and political conditions, there have been many examples of periods dominated by development "from below" intermittent with periods of development

"from above" as we shall try to show for the case of Central Europe. This means that a reversal of existing trends of development "from above" may not be as unfeasible as it might look from an isolated economic perspective which maintains that any such change would bring an unsustainable loss in efficiency and socio-political cohesion. The swing between these two approaches in the past seems to have been related also to changing scales of societal interaction and to a changing subordination of rationalizing economic activity under broader societal norms (philosophical, religious, political, social, etc.) or vice-versa. Let me give a few short - and therefore certainly overly simplified - examples. ^{x)} For this purpose I will have to go back into the history of economic and societal thought much further than Niles Hansen has in describing the centre-down paradigm which has been dominant during the past 25 years:

In the past 2.500 years ^{xx)} the scale of societal and spatial interaction in specific cultural areas seems to have changed various times from periods of dominating small-scale societal interaction (from "below") to periods of dominating large-scale interaction (from "above") and vice versa. This seems to have been associated also with changes in the dominance of socio-political institutions from small to large scale and vice-versa. Furthermore, it was usually also associated with changes in the dominant power structure between different social, political or religious groups.

^{x)} A concise and very pointed description of these changing trends including their spatial dimension is contained in Heinrich (1964)

^{xx)} This sequence probably also extends further back, as still more spotty evidence from studies e.g. on the Neolithic period seems to indicate (Renfrew, 1973a,b)

Periods of primarily small-scale spatial interaction ("from below") tended to be irrationally and metaphysically dominated; they focussed on what Touraine (1976) calls "ideological" accumulation. Functional (rational, incl.economic) activities and "functional" accumulation (Touraine) were usually firmly embedded in - or even subordinated to - broader societal norms (metaphysical, institutional, social, cultural, ritual, etc.). These comparatively small economic and societal interaction radii (compared to those of preceding or following periods^x) might be explained by the fact that irrationally (incl.emotionally, sensually) based human interaction is limited to much smaller scales than functional (rationally, abstract, economically) based human interaction (Hall, 1966; Greenbie, 1976; Laszlo, 1977). Whereas the first kind of interaction takes place mainly in concrete (spatially delimited) territorial space, the latter takes place primarily in abstract (functionally delimited) space (Friedmann, 1978) and can therefore bridge distance much easier. To put it in Allardt's terms, human conditions of "loving" and of "being" depend much more on small-scale interaction than human conditions of "having" which can benefit considerably from large-scale interaction.

Laszlo (1977) states that today the scales of functional (rationally determined) interaction have by far outgrown perceived (emotionally determined) interaction scales. According to Laszlo, this creates successive destabilizing feedback effects from higher to lower interaction scales - mainly via spurts of innovation - e.g. through the impact of world-wide technological change upon small-scale social, cultural, and political structures and interaction patterns.

^x) Laszlo (1974) assumes a continuous increase of spatial interaction scales through history, whereas according to our hypothesis the spatial expansion (facilitated by advances in production, transport and communications technology) oscillated, in addition to this long-term trend, also considerably between rationally and irrationally dominated historical periods.

In periods of dominating large-scale interaction ("from above"), such as during the past 25 years, functional (rational, incl.economic) activities gained considerable autonomy from broader societal (meta-physical, institutional, social, ritual etc.) norms and often even became supra-ordinate over them. This usually was accompanied by a rapid acceleration in the rate of innovation in many fields including production, transport and communications technology. These innovations promoted the rapid expansion of interaction scales which functional processes could readily bridge. These periods of development "from above" - possibly due to the destabilizing effects of accelerated innovation (Laszlo) - in general tended to be much shorter than the preceding or subsequent periods of development "from below". These changes seem to have oscillated around a long-term trend of increasing interaction scales, but have periodically reduced and thereby prevented it from moving ahead at a faster rate.

The following are examples of what would seem to be such periods of development "from above" and "from below". They are taken from only a relatively small part of the world, namely the Mediterranean and Central Europe, and are not continuous over time even for these areas. More systematic analysis will be required on these issues and it is hoped that the present hypotheses will arouse the interest of historians to undertake more systematic studies on the inter-relations between socio-economic interaction scales, the size of socio-political institutions and spatial disparities in living levels.

In the Greek Polis, urban and economic development particularly in its initial phase was essentially self-reliant (sometimes even autarchic within city states) and rather rigidly subordinated to the philosophical framework of Nicomachean ethics and their norms of justice rooted in the works of Platon and Aristotle. The Polis was a narrowly delimited territorial unit usually without tendency towards contiguous expansion. Instead, more or less rigidly organized city leagues were established. On the whole, this period lasted for about half a millenium.

During the first 1 1/2 centuries A.D. (Ceasar to Trajan) the Roman Empire created the first "world economy" with a comparatively well organized monetary, credit and transport system, and relatively little subordination to metaphysical norms.

In the 3rd and 4th centuries A.D. there followed a reversal to a large number of small-scale economic areas, a receding of the monetary and credit economy and an increasing orientation towards agricultural and rural forms.

During the Middle Ages economic activities were for over 4 centuries subjected to a multiplicity of religious and social restrictions, with emphasis on the concept of individual and common "need" determining a "justum precium", the prohibition of taking interest on capital, etc..

The subjection of economic activities to philosophical, religious and social norms introduced important elements of solidarity (as against those of competition), provided for stability (as against the dynamics of an autonomous economic process) and in general reduced the rate of societal change: the relatively small scale frameworks of the Greek Polis and of the Medieval system lasted for 4-5 centuries each, that of the Roman Empire only for 1 1/2 centuries.

Towards the end of the Middle Ages, there occurred in Central Europe, a change from the relatively self-contained small-scale agricultural and rurally dominated interaction patterns of the 12. and 13. centuries to the increasing interaction radii of Mercantilism. The latter was intended to serve "as a unifying system" attempting to overcome the "economic disintegration"

that had been caused by feudal powers, by the system of river tolls and road tolls, and by "local disintegration in other spheres" (Heckscher 1955). It was based on state guided promotion of handicraft and urban based trade which created decentralized urban-centred regional economies and in which rural areas became strictly subservient to their urban centres. In the Mercantilist period, for the first time, explicit economic policy by the state existed and was scarcely embedded in metaphysical norms. The major objective was to increase the wealth of the State as a whole by producing a sufficient amount of goods required for the nourishment, material needs and comfort of its inhabitants. The (aggregate) positive balance of trade became an overriding objective, oriented towards the development of the state's economic potential and the reduction of foreign economic influence. Major instruments were the prohibition of the import of final products and of the export of raw materials and food products. All foreign commodities, particularly those serving "unnecessary luxury" rather than real needs were banned from import and later on subjected to high tariffs. It was (though on a small scale for the first time) a centralist state-run policy to develop to a maximum the full economic potential of individual states. The emphasis was on urban activities in a larger national context to safeguard its political independence.

As a reaction to the previous urban and handicraft-oriented state-run economic policy, there emerged in the second half of the 18th century , particularly in Central Europe, the first partial laissez-faire policy of the 'Physiocrats'. Laissez-faire principles, however, were mainly applied to commerce as their application in agriculture (the Physiocrats' key sector according to Quesnay's Tableau Economique) would have made large rural regions idle. Free trade thereby essentially fortified the power of the agricultural and of the administrative sectors. The directly productive employment potential of cities was minimal as industrialization had barely started, handicraft and trade were considered "sterile" activities; at the same time rural unrest of the Peasant Wars was still in memory. Tariff protection for agriculture, the key sector, was therefore a necessary exception to general laissez-faire attitudes, a restriction aiming at full employment of natural resources, especially of agricultural land.

Towards the end of the 18th century finally rationalism, the enlightenment, classical economic theory and free trade philosophy came to dominate.

Along with it went in many European countries the elimination of rigid institutional restrictions in the fields of artisanry and commerce (guilds) and of rural activities (feudalism). The previous small-scale interaction units were transformed into larger, internally increasingly uniformed political entities of nation states: France, England, Sweden, Russia, in the 18th century; Germany, Italy and USA in the 19th century, etc.. These nation states enlarged their areas of influence also in non-European continents.

This period saw a major extension of European concepts of development to other continents. In the previous Mercantilist and Physiocrat periods, colonies had mainly been considered as sources of prestige, of monetary wealth (precious metals) and of luxury goods (spices, tea, etc.) while their social and cultural systems on the whole were left intact. With the emerging technological and industrial revolution in Europe in the latter part of the 18th century, however, the role of the colonies increasingly was transformed into that of becoming sources of raw materials for industry (cotton, wool, vegetable oils, jute, dyestuffs, etc) and into potential markets for industrial products. In order to attain this, major social, cultural and legal changes were imposed upon the colonies by their motherlands: (1) changes in existing land and property arrangements in the direction of private property in land and the expropriation of land for plantation agriculture, (2) creation of a labour supply for commercial agriculture and mining by means of direct forced labour and indirect measures aimed at generating a body of wage-seeking labourers, (3) spread of the use of money and exchange of commodities by imposing money payments for taxes and land rent and by inducing a decline of home industry, and (4) where the precolonial society already had a developed industry (e.g. cotton goods in India), curtailment of production and exports by native producers. These changes were perpetuated by the introduction of legal codes, administrative techniques and the culture and language of the dominant power and the promotion of a local elite willing to cooperate with the colonial power (Magdoff H., 1978). Industrialization had thus led also to a socio-political and cultural penetration of the colonies.

The economic sphere had finally liberated itself from century old religious, ethical, social and institutional restrictions and started to evolve as an autonomous field of activity. With rapid technological

innovation and capital accumulation it turned from being subjected to, into the role of becoming a driving force for social, political, religious ^{x)} and environmental transformation. The latter broader societal and environmental spheres became relegated to the status of "externalities" of economic processes, both in the original motherlands and successively also in their dependent colonies. Former principles of solidarity, satisfaction of basic needs, justice, and integrated resource mobilization became substituted by the new criteria of competition, efficiency, selective world-wide resource optimization and survival of the fittest. Along with the successive elimination of obstacles to increasing efficiency such as religious, ethnical and institutional barriers went the reduction of state barriers and the introduction of a nationless and spaceless economic doctrine: intra-national and international trade became institutionally less and less differentiated. Tariffs were discarded as distorting comparative advantage and discriminating between social classes (by presenting gifts to the landowners !). Other territorially manifested "externalities" in spheres such as the environment, employment of human and natural resource, social conditions, etc. became increasingly neglected. It was assumed (as later also in neo-classical economics) that under conditions of perfect competition and full mobility of factors, private efficiency and social welfare would converge. Foreign competition would modernize national manufacturing and the principle of comparative advantage would increase efficiency, reduce prices and as a consequence of it also wages, increase capital accumulation and thereby further raise

^{x)} In Calvinism religious achievement even manifested itself through the accumulation of economic wealth.

overall efficiency. Efficiency would also be increased by increasing radii of spatial interaction. The transformation from patterns of development embedded in stabilizing complex societal norms, to a philosophy of development via autonomous and spaceless economic processes, had taken place. Devoid of institutional or other societal constraints, a rate of quantitative growth, but also of qualitative deterioration and instability never known before had started.

In economic theory and policy, locally or regionally manifested criteria for resource allocation such as "absolute cost" or "need" were substituted by the concept of (worldwide) comparative advantage. This had a number of important consequences:

- (1) it cemented the dominance of economic criteria over "external" (social, cultural, environmental, etc.) ones as described above;
- (2) it promoted the systematic over- or underexploitation of territorially organized or less mobile resources (especially of land, human and institutional resources);
- (3) it initiated an increasing exposure of local and regional communities to external (national and international economic and other) influences. The level of development and the wealth of a (regional or national) community was not determined any more by the amount of resources (material, cultural, institutional etc.) this community was able to mobilize for the satisfaction of its own needs, but rather by the value attached to the exportable segments of its resources (selected from outside) in exchange for imported goods. The value of an imported commodity was determined not by its local or regional production cost but by the cost of export goods exchanged for them, and by the elasticity of national demand for foreign goods compared to that of foreign demand for national goods

(equation of international demand, Mill 1848). This meant that territorially defined communities were not the masters of their destiny any more but became subservient to the "objective" mechanism of worldwide commodity and factor markets and to those (national and international) functional groups able to control them;

(4) it created and perpetuated situations of "underdevelopment" along territorial lines in which, following the previous argument, "less developed" regions or countries, in order to develop, had to reduce the cost (and price) of their export commodities (based mainly on an abundant supply of natural resources and cheap labour) in order to pay for imported finished goods and capital equipment (based mainly on inputs of scarce capital and technology); the unequal distribution of the surplus reaped thereby steadily widened territorial disparities in living levels;

(5) it promoted at the same time inequalities between social strata, particularly in developing countries, as the required reduction in the cost of export commodities had to be achieved mainly via the reduction of real wage inputs in order to pay for imports of consumption or capital goods required by a small regional or national elite;

(6) it promoted the extension of (private and later also State) capitalism throughout major parts of the world as the "less developed" regions and countries, in order to close their capital and balance of payments gaps, had to import capital or take on long term loans and other commitments.

Economic interaction in fact seemed to have overcome distance friction as commodity and capital flows were able to reach the most remote

corners of the globe. Aggregate economic growth and efficient use of scarce factors (particularly capital) advanced at a rate unheard of before. But territorially and other distributionally and structurally articulated "externalities", such as economic inequality, forceful transformations of political, cultural and social structures, fluctuations and disparities in the level of employment of human and natural resources at national, regional and local levels also exceeded any measure known before.

It is therefore not surprising that the pendulum soon swung back again in the early 19th century from this rationalistic conception of economy and society (enlightenment, classical economics) to the more irrational and metaphysical conceptions of Romanticism in Europe. The timeless and ubiquitous rationality of the previous period ^{x)} was substituted by a renewed emphasis on historical and territorial specificity (e.g. the German "historical" school of economics); the economy once more came to be considered not as an autonomous field of activity but as being subordinated to normative societal and institutional constraints (e.g. by "institutionalists" such as Thorstein Veblen in the USA). In contrast to the previous rationally oriented period of the enlightenment and of functionally oriented classical economics, aesthetic, irrational, qualitative and structural elements - often defined in territorial terms - came to the foreground such as man's relation to nature (Rousseau), Fichte's "Closed Commercial State" aiming at maximum resource mobilization for equal supply to all population strata; List's theory of broad intersectoral "mutually supporting" national economic development which, particularly for a country's intermediate agricultural-industrial transition phase, demanded the introduction of educational tariffs (List 1840)^{xx)}. Free trade was considered admissible only between countries of equal stage of economic development and only once they had articulated internal structures which were able to retain the vital elements required for their development, letting dissipate to the outside only the superavit. Otherwise, it was pointed out, free trade would cause external dependency and

^{x)} Adam Müller called Smith's classical economics a theory of the successive radical dissolution and dismemberment of the state (Müller 1809).

^{xx)} Senghaas (1977) has dealt extensively with the relation between List's economic theory and that of self-reliant or "dissociative" development.

instability of production (Hildebrand, 1848; Lehr, 1877). Beyond momentary price and market conditions, the state has to consider the national future and the long-range development of an integral societal system (Schmoller, 1873). In contrast to the individualism dominant in the prior period of classical economics, group solidarity again became an important objective and in this sense constituted a transition to subsequent Christian social but also Communist social theories of the second half of the 19th century and subsequent periods.

Christian (especially catholic) social theory in fairly consistent manner over time, starting from the encyclica "rerum novarum" (1891) onward, emphasized principles of solidarity and subsidiarity,^{x)} both in spatial and in social terms. In spatial terms this manifested itself in a call for federalism, in social and economic terms by the preference for a "corporate" structure of society based on natural law (in contrast to Fascism, not dominated by the state, however).

Communist social theory was much more exposed to change over time. From a socialism and communism very much "from below" in their early anarchic, utopian and cooperative forms it moved increasingly to a socialism "from above" in the form of State Communism and Leninism, intended to operate not only from the national but also from the international level downward. It would go far beyond the scope of this paper to discuss the very complex development of theory and practice of these doctrines in more detail. More recently however, we have all observed a tendency for the lowering of the scale of societal reform to national (Euro-Communism) and even small group levels, both in the East and the West.

Regarding economic interaction, World War I and the inter-war period of economic crisis led to an abrupt break-down of large-scale economic interactions and to a trend towards national economic self-sufficiency (Hilgerdt, 1942) and of national political solidarity. For many developing countries the breakdown of the civilian overseas shipping network and the change of most industrialized countries to a war respectively crisis economy triggered import substitution and initial industrialization, thereby reinforcing intra-national economic circuits.

^{x)} "functions which subordinate or local organizations perform effectively belong more properly to them than to a dominant central organization" (cf. Webster's Dictionary, 3rd Ed., 1959).

After World War II in the late 1950's - particularly in the capitalist hemisphere - a successive replacement took place of the foregoing dominantly territorial approach by again a functional one in matters of both economic and spatial development. This can be related to the efforts for a reconstruction of Europe and to the emergence of neo-classical and neo-positivistic scientific thinking. In economic development theory and practice this trend was initiated by Perroux (1955) in an attempt to show that the economies of nations (in this case Germany of post World War II) could grow not only by expanding their national borders but also by input-output relations with external dynamic sectors. Hansen (1978) has excellently analyzed this evolution of functional thinking in economic theory which constituted the basis for centre-down development strategies. For the field of spatial development theory and practice, Friedmann (1978) has related this transformation of theory and practice to the introduction of the concept of the urban system as a national network of interaction nodes (rather than the previous concern for individual cities) and to the definition of systems of growth centres through which development was expected to filter "down" to all parts of a national territory (Berry, 1972). Friedmann (1978) has also demonstrated in concrete terms how, e.g. in the U.S.A., regional planning has in the late 1950's shifted its major concern from contiguous territorial space to discrete functional space. In the last two chapters of his book Friedmann presents a similar finding also for international development policy which, as he tries to show, in the past decades predominantly has attempted to solve national and regional development problems and inequalities with what we here call strategies of development "from above".

This is about where we stand today or stood around the middle of the 1970's. Since then the call for a reversal of development theory and practice which, as Friedmann (1978) has shown, had started already at the end of the 1960's during the "Second Development Decade", became stronger and manifested itself in thinking such as that expressed in the new periodical "Development Dialogue" (Dag Hammarskjöld Foundation, Uppsala, since 1975), in that of the International Foundation for Development Alternatives (Geneva), in a great number of so-called "basic needs" strategies (however fuzzy the term may be) initiated several years ago by the International Labour Office and successively introduced into the programs of most international development organizations such as the World Bank, the continental Development Banks, the U.N. Regional Commissions and affiliated Planning Institutes (particularly those for Asia and Africa).

Some large-scale organizations such as the World Bank and the International Institute of Applied Systems Analysis (IIASA, Laxenburg, Austria) are trying to develop methods for a more balanced integration of these large-scale complex systems by modelling approaches towards "Redistribution with Growth" (Chenery et al. 1977 and a number of successive applications of this model) and by the application of systems analysis (IIASA). It is interesting to see that a number of the applied studies based on the "Redistribution with Growth" model come to the conclusion that the ultimate determinants for the successful application of such large-scale balancing strategies are basic structural reforms within the respective societies accompanied by a redistribution of power, of wealth and of income

(Adelman and Robinson 1978), but none of these analyses indicates how these crucial structural transformations are to be brought about.

At the same time there is an increasing call for more "self-reliant" development (however fuzzy also this term remains), initially for national units, but more recently also for sub-national regional and even rural communities (Haque, Mehta et al., 1977).

All these efforts are still rather diffuse and it is impossible to do them justice in the present context for limitations of scope, time and space. But their features are consistently becoming clearer and more coherent and may well lead to what Friedmann (1978) has called the immanent paradigm shift in development thinking and also in the doctrine of spatial development.

We have, in these brief sketches, shown that development doctrine in the past has changed between different mixes of development "from below" and "from above". Individual stages have at times gone to extremes on either side and swung back again. We have made this description without wanting to insinuate any historical determinism or an automatic (and inescapable) historical periodicity. But it appears that there is some association - though of course to varying degrees - between on the one hand predominantly rationally guided periods, large-scale societal interaction patterns, large-scale formal organizations, an emphasis on urban activities, a neglect for man-environment relations, a sub- or over-utilization of natural resources and a decline of rural activities. These periods have many features of what we here call "development from above". - On the other hand, predominantly non-rationally guided periods seem to be associated with a narrowing of societal interaction scales, a pre-

ference for informal organization, an emphasis for rural activities, love of landscape and nature, and a general emphasis on man-environment relations. These periods have many features in common with what in this paper we call "development from below".

The swing from the periods of development "from above" to those "from below" in many cases seems to have been associated with one or several of the following phenomena:

- (1) extension of interaction and dominance scales beyond the conflict resolving capacity of the respective society ;
- (2) resistance against pressure for institutional and cultural penetration and uniformation;
- (3) increasing disparities in living levels and in wealth, in part caused objectively by large-scale resource withdrawals and commodity flows and in part perceived only subjectively due to increasing scales of communication and the ensuing uniformation of aspirations and preference patterns;
- (4) increasingly unequal utilization and partial idleness of human, institutional and natural, especially rural resources;
- (5) neglect of the broad provision of basic needs and lack of broader system-wide solidarity;
- (6) increasing instability of systems due to the lack of broader common societal norms.

Many of these points are critical issues of today's world-wide problems.

We have in our analysis dealt mainly with the evolution of development doctrine in parts of Europe. For long periods (at least till the end of the Middle Ages) the evolution of possibly comparable doctrine

in other parts of the world may have followed different paths, at least with varying time sequences. Starting with the European Enlightenment, with industrialization and Capitalist expansion, however, the development doctrine of Europe (and later also of North America and the Soviet Union) penetrated more and more into other parts of the world and have led to a small number of world-wide development paradigms, all essentially operating with mechanisms which we have here called "from above".

The present demand of many materially "less developed" countries - as well as of materially "less developed" areas and social groups of industrialized countries - for more self-reliant development may in fact be an effort not only to escape from - or to change - the established economic and institutional channels of centre-down development but also to change the present predominant value system oriented towards rationalistic and material objectives and steered by large-scale interaction and large-scale organizations.

Is it a paradigm shift starting from the functional and geographic peripheries - distant from the major nodes of the present global interaction system - which have been increasingly postergated by this value system and the institutional structures sustaining it ? Such an alternative strategy of development "from below" might at least for certain parts of the world and possibly for a transitional period be the only way to escape with lasting effects from a downward spiral of underdevelopment.

V. Problems of Transition from Development "From Above" to Development "from Below"

Most developing countries have historically been exposed to external interaction and colonial dependence for varying lengths of time. The question therefore in most cases (except possibly for some pre-capitalist societies) is not how to start a new development "from below" (as some European and other countries have in alternating stages done centuries ago) but rather whether and how it is possible for developing and other countries today to transform the recently emerged sectoral and spatial pattern of development "from above" to incorporate more elements of development "from below", and thereby reduce existing social and spatial disparities in levels of development. One of the problems of development "from below" is that it is neither a uniform concept to strive for nor a uniform transition process to go through.

Recent development "from above" assumed that the ultimate objective for each country and region should be to reach a high degree of industrialization and urbanization resembling the structures of the "most developed" countries today by a unilineal process of increasing the use of capital, technology and energy, and by utilizing ever increasing agglomeration and scale economies in order to participate with increasing specialization in the worldwide market according to their comparative advantages in factor endowment.^{x)}

^{x)} Among many other critiques, it has been shown that this specialization does not take place regionally by commodities according to each region's relative factor endowment (which would provide for equal levels of factor employment of all regions) but rather functionally by production factors and activity types, whereby the highly developed areas dominate the production factors with high surplus values (capital, technology) of the entire system as well as the key functions (research and development, decision making), whereas less developed areas specialize in the provision of cheap labour and natural resources with little participation in the surplus created (Streeten 1974, p.262; Stöhr & Tödtling, 1977b)

Development "from below", instead, means defining a diversity of structural objectives and transition paths - not determined predominantly by the possibility and necessity of worldwide commodity and factor interactions, but rather by the totality of the regionally available resource endowment, of historically grown social structures, the value system and objectives of the respective regional and national communities. From this derives that such objectives and transition paths have to be defined with the broadest possible participation of the respective communities.

This necessary diversity of development strategies is conditioned not only by the varying exposure of different regions and countries to functional dependence from outside and to development from "above" , but also by the degree to which their urban and transport system is presently oriented to the outside, but also by the degree to which egalitarian structures already exist within these communities. For pre-capitalist societies which have interacted little with the world-system this might be comparatively easy, particularly if they are internally relatively large and have fairly egalitarian social structures.

The possibilities and requirements of changing formerly externally oriented functional and geographical structures to more region-serving and equitable ones vary accordingly: regions or countries with a high degree of external interaction (and possibly dependence), with small internal markets but high-value saleable resources may in fact need to go at an accelerated rate through the raw material export - capital goods import - export diversification sequence, described by Paauw and Fei (1973) for "small open economies" such as Taiwan

and Thailand. Other, larger regions or countries with sizeable potential internal markets, few saleable resources and strong autochthonous cultural traits may find the change to a more self-reliant development strategy not only easier but also more useful for solving their own problems (various regions of India may be cases in point).

Equally, countries with a strongly outward oriented urban and transport system may have more difficulties in moving towards self-reliant development than countries with an internally oriented urban and transport system. There seems to be a relatively strong relationship between the direction (inward or outward) of the dominant functional relations of an economic and social system and the spatial pattern (inward or outward oriented) of its urban and transport network (Appalraju and Safier 1976; Taafe, Morrill, Gould, 1973). Some countries have (maybe intuitively) already reacted to this fact and made drastic steps towards changing the spatial structure of their urban and transport network, e.g. by transferring their national capital city from an outward oriented (coastal) location to an inward oriented, central one (Brazil, Nigeria, Pakistan, Tanzania, etc.).^{x)} It would be interesting to see to which extent the change in the location of the national capital in individual countries has actually been able to change the entire spatial structure of the urban system and of spatial disparities

^{x)} This does not necessarily mean that all these countries have transformed their spatial system in order to facilitate social and economic change. In some cases, such as in Brazil, it rather seems that the opening up of the Interior by new roads and the creation of the new capital Brasília in the Interior, were in part an escape valve to compensate for the lack of economic and social change in coastal areas, particularly in the North-East.

in living levels.

Finally, it is often put in doubt whether societal change towards more egalitarian social, economic and political structures can be initiated from within local, regional or even national societies. External influence transmitted through interaction with external change agents is frequently considered a prerequisite for bringing about more egalitarian social, economic and political structures.

Contrary evidence that such change can also be initiated by internal forces is maybe not so spectacular and therefore not as widely publicized as external intervention (as an extreme of external influence) but has recently been provided in a number of instances. A few examples of such endogenous change since World War II have been Yugoslavia, Cuba, Portugal and Spain, of which the two first took place even in opposition to neighboring external influence, while the latter two happened at best with complementary support from outside functional units (national or international political parties, trade unions, church organisations etc.). - On the other hand, in many cases where societal change has been induced by outside agents (mainly supported by one or the other of the "super-powers") it has in fact not led to more egalitarian structures but rather to the external imposition of a leading stratum as the link between the country and the external change agents in an effort to retain their influence. Such leading anti-egalitarian strata were externally established both in the capitalist and in the socialist sphere of influence.

At the subnational level similar conditions apply. National liberation

movements have often gained their decisive momentum from peripheral subnational areas and have from there reformed the entire national societal system. On the other hand many "revolutions" initiated in the national capital have soon led to petrified national power structures which were extended over peripheral regions in the form of nationally appointed governors (even in formally democratic federal systems like in various Latin American countries), of central planners or of centrally responsible administrators for the respective regions.

It can therefore be assumed that in order to operate in a sustained way, societal change towards more egalitarian structures as well as towards broad economic, social and political development has to be supported to a major extent from within the respective local, regional or national social system. The fact that inward oriented, "cellular" (Paine 1976) or "segmentary" (Renfrew 1973b) societies can in fact have non-hierarchical, relatively egalitarian structures was shown, among others, by the forementioned authors for quite different time periods and geographic areas, as well as by earlier (precolonial) social patterns in the continents analyzed here, many of which are today called "underdeveloped". Examples are precapitalist agricultural (often tribal) societies in Asia (Haque et al. 1977, p. 16 & 51), in Africa and in some parts of pre-colonial Latin American societies.

VI. Elements of a Strategy of Development "From Below" for Least Developed Regions in Third World Countries

The available evidence quoted above indicates that traditional spatial development policies (predominantly of the centre-down-and-outward type) in most cases have not - at least not within a socially and politically tolerable time span - been able to improve or even stabilize living levels in the least developed areas of Third World countries. Alternative spatial development strategies therefore need to be urgently considered. To solve problems of spatial disparities in living levels in Third World countries by increased urbanward migration from peripheral areas has meanwhile been widely discarded in view of the utter futility of trying to absorb these masses of migrants by urban labor markets and to supply them with basic urban infrastructure and services.

As such an alternative, a development strategy "from below" is being discussed in this paper. It might be particularly adequate for the many areas which in the near future cannot expect to benefit from the traditional centre-down development strategies.

At least for transitional periods during which the competitiveness with the world economic system is improved, it might therefore be particularly useful for subnational peripheral (predominantly rural) areas with the following characteristics (Stöhr-Palme, 1977):

- (1) contiguous less developed (predominantly rural) areas with a relatively large population magnitude providing a potential internal market for basic services and commodities;
- (2) low resource base per inhabitant (natural resources or human skills) for world wide demand;

- (3) low living levels compared to other regions of the country and large distance from highly developed core regions;
- (4) few internal dynamic urban centers with ability to absorb large numbers of rural population in their labor market and infrastructure and service system;
- (5) areas with a sufficiently strong socio-cultural differentiation from neighbouring areas to provide the basis for regional identity of its population.

Development "from below" needs to be closely related to the specific socio-cultural, historical and institutional conditions of the country and region concerned. Therefore no uniform patent recipe for such strategies can be offered as is often done for strategies of development "from above". However, the following elements would seem to be essential components of development strategies "from below":

a) Provision of broad access to land as the key production factor of rural areas; in many pre-capitalist African, Asian, and Latin American societies this was originally the case and partly still is, but it has after colonization been superseded by European systems of often very differentiated private ownership of land. The retention or the introduction of fairly equal access to land (e.g. by land reform) as the key immobile production factor of most less developed areas seems an essential prerequisite to achieve broad effective demand for basic services and to create broad rural decision-making structures, both essential for development "from below".

b) Revival of old or introduction of new socio-political and institutional structures for communal decision-making on the allocation of regional resources (especially natural and human ones) at lower

and intermediate territorial scales. These territorially organized decision-making processes would need to extend also to the regional allocation of the surplus generated from these resources and to the introduction of new technologies should they lead to the over-utilization respectively under-utilization or idleness of regional resources. If regional resources become idle they should be used to improve local and regional infrastructure, possibly on a basis of collective self-help. The full and broad use of regional human and natural resources (with wide access to the latter) would furthermore contribute to a redistribution of income which increases broad effective demand for basic needs, including food. An increase in the productivity of agriculture by labor-intensive methods will be an important element for meeting this increased effective demand.

c) Assignment of priority to projects which serve the satisfaction of basic needs of the population (food, shelter, basic services), using to a maximum possible regional resources and existing formal or informal societal structures of the respective region. Such priority - rather than the one given presently to export-base production - would reduce the dependence from outside inputs and the backwash effects caused by them (deteriorating terms of trade, dependence on world market fluctuations, dependence on external capital and technology and their price, introduction of external consumption patterns inadequate for the full utilization of regional resources, dependence on external decision-making, etc.). This includes the promotion of local and regional trade and service facilities for consumer goods and agricultural inputs and for region-based activities

such as food processing, animal breeding, power supply, repair of agricultural machinery etc., preferably by cooperative local or regional groups (Haque et al. 1977, p.64).

d) Granting of a higher degree of self-determination to rural and other peripheral areas regarding the utilization or transformation of existing (or the creation of new) peripheral institutions to promote peripheral development in line with self-determined objectives, instead of utilizing primarily external institutions to promote development by externally (mainly core-region) defined standards; this should lead to a greater balance in decision-making powers between peripheral and core-region population groups at all governmental levels;

e) The introduction of national pricing policies reverting terms of trade more in favor of agricultural and other typically peripheral products;

f) Restructuring of the urban and transport system to improve and equalize internal regional and national accessibility to urban functions rather than mainly international accessibility. If both these systems are heavily externally oriented this may require a relocation of major urban functions (including national government) from peripheral (e.g. coastal) locations to the interior of the country. This should also apply to intermediate level functions and to the improvement of intra-regional accessibility within peripheral areas in order to improve their relative starting position. In case of competing demand between such functions at the national and at sub-national levels, preference should be given to the improvement of intermediate urban functions in peripheral areas (e.g. peripheral

educational facilities oriented to specific regional development potentials) able to retain development impulses within the respective region rather than giving priority to national functions and to national transport integration likely to drain development potentials into the core-regions.

g) In case of insufficiency of peripheral resources for the satisfaction of rural basic needs, external (national or international) assistance should be provided, mainly considered as compensation for the eroding effects of previously emerged dependencies; such external assistance should be oriented mainly towards (1) the fuller productive utilization of peripheral human and natural resources, (2) the satisfaction of basic needs of the peripheral population, (3) the improvement of intra-peripheral transport and communications facilities, and (4) the formulation and implementation of locally initiated social and economic projects for the further processing of peripheral resources and the satisfaction of basic needs; the allocation of such external assistance should take place with majority participation of local and regional decision-making bodies;

h) In the development of productive activities exceeding regional demand (so-called export base activities), priority should be given to activities facilitating: (1) the full employment of regional labor and natural resources; (2) the application of technology safeguarding the full employment of regional resources; (3) competitiveness on extra-regional markets by qualitative differentiation of products, rather than by purely (quantitative) price competition in standardized mass production; (4) particular promotion should be devoted to small-scale labor intensive activities in rural areas building

on autochthonous technologies or developing them further as these usually permit the most efficient use of all locally available resources, a maximization of output with available resources, the greatest adaptability to specific regional demand, as well as a broad distribution of income generated; (5) if competitiveness on external markets seems to require the introduction of large-scale technology, the prior utilization of locally or regionally available intermediate technology and the improvement of local production conditions by local resource inputs (including communal self-help) should be attempted;

i) Improvement of rural-to-rural and rural-to-village transport and communications facilities (rather than the present priority given to rural-to-large-urban communications) should be given preference in order to (1) increase commodity and service markets within peripheral areas permitting the realization of economies of scale and a better supply of all parts of the population with basic services, (2) increase the scale and diversity of factor markets within peripheral areas in order to reduce production costs, and thereby (3) facilitate increased processing, purchasing and marketing activities in peripheral areas sustained by peripheral groups, and a more decentralized national pattern of capital accumulation with greater participation of peripheral areas.

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