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EVALUATION OF SOME ARGUMENTS AGAINST
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Explanatory Notes

The following symbols have been used in the tables throughout the report:

- Three dots (...) indicate that data are not available or are not separately reported.
- A dash (-) indicates that the amount is nil or negligible.
- A blank in a table indicates that the item is not applicable.
- A minus sign (-) indicates a deficit or decrease, except as indicated.
- A full stop (.) is used to indicate decimals.
- A slash (/) indicates a crop year or financial year, e.g., 1970/71.
- Use of a hyphen (-) between dates representing years, e.g., 1971-1973, signifies the full period involved, including the beginning and end years.
- Details and percentages in tables do not necessarily add to totals, because of rounding.
- Reference to "tons" indicates metric tons, and to "dollars" (\$) United States dollars, unless otherwise stated.
- Reference to "billion" indicates a thousand million.

IV. EVALUATION OF SOME ARGUMENTS AGAINST GOVERNMENT INTERVENTION TO INFLUENCE TERRITORIAL POPULATION DISTRIBUTION

Walter B. Stöhr*

Arguments against government intervention to influence territorial population distribution are raised either from a practical/political point of view or from a theoretical/consistency point of view. In the present paper they are discussed in this sequence although they are, of course, sometimes mutually interrelated, as will be seen. Furthermore, this discussion distinguishes between arguments concerning what may be called "adaptive" government intervention, as distinct from "normative" government intervention. The latter policy is divided into: (a) "facilitating normative"; and (b) "restricting normative" government intervention.

This organization appears justified inasmuch as both the practical/political and the theoretical arguments appear to differ with regard to these types of intervention.

A. TWO TYPES OF GOVERNMENT INTERVENTION TO INFLUENCE TERRITORIAL POPULATION DISTRIBUTION: ADAPTIVE AND NORMATIVE INTERVENTION

Policies to influence the territorial distribution of population are usually thought of primarily in terms of interventions to bring the distribution of population in accord with the spatial distribution of economic opportunities. Although these types of policies are dealt with explicitly in the latter part of this paper, the topic should first be discussed within a broader context.

Changes in the territorial distribution of population usually take place in connection with functional changes in physical, social, political, technological or economic conditions. Such changes may either occur as a consequence of the functional changes or as an aid to facilitate them.

In the first case, changes in the territorial distribution of population are a consequence or an accompanying phenomenon of the functional processes mentioned: the distribution of the population will adapt to changes in climate or to the exhaustion of natural resources, to the emergence of new forms of social organization and ownership, to the acquisition or loss of territory as a result of war or treaty; or to new economic opportunities offered by the construction of railways or freeways, through industrialization, automation etc. Such adaptation can occur without government intervention through the spontaneous

reaction of households and enterprises to these functional processes. On the other hand, they can be co-ordinated by governmental institutions at different spatial scales, e.g., at local, regional, national or supranational levels; by local or regional plans, national settlement policies, international migration policies etc. The latter policies are here termed "adaptive" government intervention to influence territorial population distribution, because they represent attempts to adapt the population distribution to the requirements of other societal processes.

However, government intervention in the territorial distribution of population can also take place in order to facilitate certain other societal objectives: Governments may try to settle new areas in order to exploit their mineral or agricultural resources; they may attempt to change existing settlement patterns in order to facilitate new forms of community organization, to change existing power structures or to utilize expected economic advantages of economic growth centres or of a more intensive utilization of rural resources. This type is termed "normative" government intervention to influence territorial population distribution. Whereas adaptive government intervention is a consequence of functional societal processes, normative intervention is a prerequisite or a facilitating condition of those processes. In the first case, functional societal change determines territorial change; in the second, territorial change guides functional societal change.¹

On the whole, few arguments are raised against adaptive government intervention to influence territorial population distribution, but many arguments are given against normative intervention, both from a practical/political point of view and from a theoretical/consistency standpoint. Such arguments are levied against intervention for various reasons:

(a) It restricts the freedom of the individual in moving and choosing a residential and working location of his or her own free will, that is, in "voting with one's feet".² In this connection, the question must be raised whether and in which cases government intervention actually restricts this freedom, or in which cases this freedom is really only restored by such

¹ John Friedmann and Clyde Weaver, *Territory and Function: The Evolution of Regional Planning* (London, Edward Arnold, 1978).

² Charles M. Tiebout, "A pure theory of local expenditures", *Journal of Political Economy*, vol. 64, No. 5 (October 1956), pp. 416-424.

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intervention in the face of other (functional) societal processes—e.g., industrialization or changes in terms of trade—which themselves curtail individual freedom. This point is the focus not only of the practical/political but of the theoretical/consistency arguments;

(b) It disturbs an automatic equilibrium mechanism which would otherwise induce persons to move to locations where both their individual welfare and aggregate national efficiency would be maximized. This argument has been raised by neo-classical economists and by political liberals; it is analysed in section C mainly from a theoretical/consistency point of view;

(c) It primarily serves the interests of the ruling economic and political strata by making abundant and therefore cheap labour available in locations that best suit the interests of those strata; this practical/political argument has only very recently been levied overtly;

(d) It, in practice, is ineffective because of the pervasive influence of overall economic and political structures which relegate government intervention to influence territorial population distribution to a mere superficial action and an attempt to cure symptoms rather than addressing their underlying causes;

(e) It is ineffective because of the complexity of behavioural and deterministic factors governing population distribution which makes any intervention, short of complete government control over all interactions between individuals and enterprises, useless. In order to deal with these questions more systematically, the types of interventions are described below and are illustrated in figure II.

The types of government intervention to influence territorial population distribution and their objectives are:

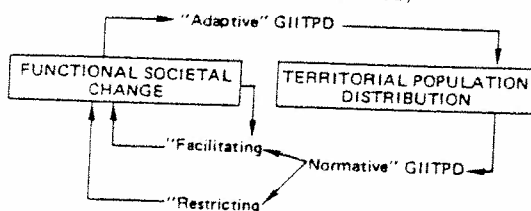
(a) *Adaptive intervention*: the objective is to adapt population distribution to the consequences of functional societal change, e.g., of industrialization, modernization, spontaneous growth centres;

(b) *Normative intervention*: the objective is to use government intervention as an instrument to influence the rate and direction of functional societal change;

(c) *Facilitating normative intervention*: the objective is to facilitate specific objectives of overall societal change;

(d) *Restricting normative intervention*: the objective is to control societal change to reduce disruptive effects.

Figure II. Types of government intervention to influence territorial population distribution (GIITPD)



B. PRACTICAL/POLITICAL ARGUMENTS CONCERNING GOVERNMENT INTERVENTION TO INFLUENCE TERRITORIAL POPULATION DISTRIBUTION

Practical/political arguments against government intervention to influence territorial population distribution are levied mainly because of their socio-political consequences. On the whole, some of these arguments seem stronger than the theoretical arguments which usually occupy the foreground of public discussion.

Arguments concerning adaptive intervention

Adaptive government intervention to influence territorial population distribution usually takes place to ameliorate the effects of functional changes. If these changes occur in physical conditions and are abrupt, such as earthquakes or droughts, there is scarcely an argument against government intervention as it is obviously necessary physically and economically to protect the population concerned. The Government will usually even be called on to evacuate population to safer areas or to resettle it in more appropriate territorial patterns.

With respect to adaptations to long-term changes in the physical environment, such as climatic changes, desertification, periodic droughts or evacuation of periodic flood or earthquake areas, government intervention is usually also accepted or even required. The difficulties lie rather in the scientific capability of a reliable long-term projection of such danger areas, on the one hand; and in the actual political capacity for implementing such long-term adaptive policies in view of pressing bottle-necks of land and other resources in the short term, on the other. In few cases has it actually been possible to keep potential earthquake or flood areas free from settlement in developing countries, particularly if there is a great demand by the population (usually poor) for cheap land.

If functional change takes place in socio-economic structures, adaptive government intervention to influence territorial population distribution possibly finds more differentiated but still widely positive reaction. There is usually little objection, at least by the politically vocal population groups, against government intervention to influence population redistribution to facilitate the labour supply for rapidly growing metropolitan agglomerations or for other spontaneous growth centres,³ nor to accompany the transition from traditional (tribal, *Gemeinschaft* type) forms of social organization with a decentralized territorial pattern to "modern" (functional, *Gesellschaft* type) forms with more centralized territorial patterns. Only recently have such policies been more vigorously protested by formerly non-vocal groups as they have

³ William Alonso and Elliott Medrich, "Spontaneous growth centers in twentieth-century American urbanization", in Niles M. Hansen, ed., *Growth Centers in Regional Economic Development* (New York and London, Free Press, 1972), pp. 229-264.

become sufficiently mobilized either to oppose abrupt functional changes, such as rapid industrialization or modernization (e.g. the re-Muslimization wave in Iran), or to oppose the disruption of their natural or social environments as a consequence of functional changes (resistance against drastic resettlement policies in Democratic Kampuchea, Narita airport resistance in Japan etc.).⁴

One key question in this connection is whether such overall functional changes as rapid industrialization or modernization are to be given absolute priority over changes in the concrete territorial (natural, social) environments of local communities. Government intervention to influence territorial population distribution then serves at best to mitigate these consequences. The alternative would be to give territorial living conditions priority and to adjust the rate of functional change (industrialization, modernization etc.) to their requirements.⁵

A second key question is the extent to which the broad mass of the population, including those with poor access to social power, can bring pressure to bear upon government policy-makers. Usually, only a small minority of the population benefits, particularly in the initial phases, from large-scale functional changes, such as rapid industrialization and modernization. The satisfaction of the basic needs of the large majority of the population hardly improves because it is determined mainly by their immediate territorially defined environment which they can do little to expand, short of fleeing by migration.

Arguments levied against adaptive government interventions or rather against their underlying causes therefore depend to a great degree upon whether their results are considered from the point of view of a small minority benefiting immediately from rapid functional change or from the point of view of the remaining large majority of the population.

Arguments concerning normative intervention

Normative government intervention to influence territorial population distribution may serve: (a) to facilitate desired changes in physical, political or economic structures; or (b) to restrict such changes because of their negative effects upon the territorial living conditions of concrete local or regional communities.

In the first case, such normative intervention will,

for example, attempt to redistribute population to facilitate the incorporation of new resource frontiers (Brazil, Canada, Union of Soviet Socialist Republics); to support migration to locations of new social organizations (e.g., the formation of Ujamaa villages in the United Republic of Tanzania or newly defined political and administrative capitals (e.g., Brazil, Nigeria, Pakistan and the United Republic of Tanzania); to settle sensitive political borders (Chile/Argentina, Brazilian interior borders etc.), or to facilitate the construction of large-scale territorial economic complexes (Soviet Union).

As a rule, few arguments are raised against such "facilitating normative" policies to influence the territorial distribution of population as long as the wider societal objectives are broadly accepted. Such large-scale objectives concerning major national transformations are actively pursued usually only in countries with a high degree of nationalistic and/or ideological mobilization and with a highly centralized decision-making system. Therefore, political arguments against them and against facilitating normative government intervention to influence territorial population distribution also have a low probability of articulation. There is no doubt, however, that from the point of view of the freedom of the individual substantial arguments would be levied against some of these interventions even if only indirect measures are used such as social pressure for migration, the option between changing location or losing the job etc. This aspect depends to a great extent upon the priority a society places on aggregate national or even supranational objectives as opposed to those of the individual, the family or the local community.

Normative government intervention, however, can also have the objective of restricting possible disruptive effects of social and economic functional change on the living conditions of territorially organized social groups. Such "restricting normative" intervention would, for instance, be designed to reduce migratory flows caused by large-scale industrialization or urbanization and to divert them to secondary or tertiary growth centres in order to reduce interregional disparities in income levels, to reduce environmental deterioration or to avoid social disintegration.

With regard to this type of restrictive normative intervention, there exists a wide array of positive and negative arguments and a great divergence of theoretical and practical responses. Restrictive normative government intervention to influence territorial population distribution occupies a special position as it often stands at the conflict juncture between objectives of territorial communities and large-scale functional organizations. This conflict may become particularly acute if large-scale functional organizations (e.g., multinational enterprises) bring about territorial disintegration through over-exploitation of territorially available natural resources, the introduction of inappropriate technology, the release of regional labour, environmental deterioration etc. This conflict

⁴ A typical example of an "adaptive" government intervention to influence territorial population distribution is described in Organisation for Economic Co-operation and Development, *Migration, Growth and Development*, report of an Expert Group chaired by Professor Charles P. Kindleberger (Paris, 1979). Some negative experiences of countries in the Organisation for Economic Co-operation and Development are mentioned in section E of the present paper.

⁵ Walter Stohr and F. Tötting, "Spatial equity—some antitheses to current regional development doctrine", *Papers of the Regional Science Association*, vol. XXXVIII, (1978), reprinted in modified form in Hendrik Folmer and Jan Oosterhaven, eds., *Spatial Inequalities and Regional Development* (Leiden, Nijhoff, 1978).

situation is similar to that between efficiency and equity in economics.

Some academic effort has been made to show that these different objectives, economic efficiency and regional equity, actually are in harmony rather than in conflict with each other, at least in the medium or the long term. The automatic divergence-convergence syndrome in spatial disparities is a typical case in point. Some related theoretical questions are dealt with in the following section.

C. SOME THEORETICAL ARGUMENTS AGAINST GOVERNMENT INTERVENTION TO INFLUENCE TERRITORIAL POPULATION DISTRIBUTION

Of the basic arguments against government intervention to influence territorial population distribution, those given below are levied mainly on theoretical grounds or in terms of the inconsistency of policy interventions:

- (a) Restriction of freedom of the individual in mobility and in choice of residential and working locations;
- (b) Disturbance of an automatic equilibrium mechanism which, on its own, will bring about convergence between the spatial distribution of population and economic opportunities;
- (c) Ineffectiveness of such interventions due to the great complexity of factors involved. These arguments apply in varying degrees to the types of government intervention mentioned in section A.

Restriction of freedom of the individual

The argument concerning restriction of freedom of the individual is based on the assumption that migration and changes in the spatial distribution of population are (except for natural hazards) the freely made decisions of the individuals concerned. This assumption is made particularly for market economies. It furthermore accepts the neo-classical economic assumption of a population of unlimited potential mobility.

If one interprets migration and changes in the spatial distribution of population, however, as response (often involuntary) to external factors, these assumptions appear in a different light. A considerable part of migration, particularly from less developed areas, may in fact not be freely made by the individuals concerned, but may be their only way to survive. It is also increasingly doubtful whether the concentration of large numbers of population in a few huge metropolitan centres—both in developing and in industrialized countries—actually is the desire of the individuals concerned or rather the result of a lack of viable alternative.

The policy that is called "adaptive" intervention in the foregoing discussion actually is a cushioning of individuals, households and enterprises against such external factors. "Restricting normative" intervention is actually the type of intervention that attempts to

counterbalance possible disruptive effects of such external factors and to re-establish the freedom of the individual not only to move but to retain his or her social, political, environmental and other preferences. It acknowledges the fact that individuals are not fully mobile and that wherever mobility has surpassed a certain threshold, social, political and environmental disruption has been the consequence, apart from the social cost to the individual.

As for other types of government intervention, such as "facilitating normative" intervention (e.g., for the development of a new national capital or the settlement of resource frontiers), they must be evaluated from the point of view of the freedom of the individual and will depend upon the degree to which incentive or compulsory measures are applied.

Such intervention, therefore, must be judged by the specific policy instrument employed, i.e., to what extent it enhances the choice of opportunities of the individual (household, enterprise etc.). The question becomes more complex, however, if one allows for the fact that even incentive measures often may only induce the individual to give in to such external pressures of the market mechanism as deteriorating terms of trade of specific regions.

Disturbance of an automatic equilibrium mechanism

There exists a vast literature on convergence but only a few relevant topics are discussed here. The basic assumption nurtured by neo-classical economists is that spatial differences in welfare will, given sufficient time, even out automatically through either of two major channels: (a) commodity flows and the ensuing equilibrium trend in the terms of trade; or (b) spatial flows of the factors of production and the ensuing spatial equilibrium in factor prices. Among the production factors is labour; therefore, some relevant theoretical hypotheses on migrational equilibrium are reviewed below in more detail.

For migratory movements or equilibrium-oriented trends in the labour market, there are a number of basic assumptions. A key assumption is that labour will migrate to highly developed regions with scarce labour supply (and therefore high wages) from areas of excess labour (and therefore low wage levels). Such assumed individual welfare-maximizing behaviour is expected to reduce labour supply in low-wage regions and increase it in high-wage areas, thereby equalizing wage levels between regions and making further migration unnecessary. At this stage of equilibrium at least temporary optimal allocation of labour would be reached in the sense that both individual welfare and overall efficiency would be maximized. Any government intervention (except for possible transitory measures) would distort this equilibrium mechanism and lead to a non-optimal allocation of labour.

The fact that, in reality, this equilibrium mechanism does not materialize in most countries has provoked a

great number of complementary explanations. Only the most crucial explanations are given here and are related to possible corrective measures which in many countries have been utilized in attempts to induce the equilibrium mechanism to operate.

Insufficient mobility of labour

Insufficient mobility of labour and other production factors were an explanation given for the malfunctioning of the equilibrium mechanism. Therefore, policies to increase the mobility of labour, capital and technology and to reduce barriers to their migration were implemented in many countries to improve the functioning of the equilibrium mechanism. Still, spatial disparities in levels of living have persisted and in many cases even further increased.⁶ Migration propensities have also continued to increase, as have their disruptive social, political and environmental effects.

It has also been demonstrated theoretically that even with full transport integration a polynucleated settlement system will never reach spatial equality in welfare through individual optimizing behaviour.⁷

Qualitative selectivity of the migration process

Another explanation given is that the migratory processes between high-wage and low-wage regions have a negative selectivity bias against the latter in the sense that out-migration from less developed areas consists mainly of the more qualified and therefore more productive population strata. Thus, while labour supply in less developed areas decreases, productivity decreases even more and therefore average wages do not rise—as theoretically assumed—but decline even further. On the other hand, in highly developed areas labour productivity increases relatively; and, as a consequence, wage levels do not decline substantially. The relatively high productivity of in-migrants increases the productivity of capital and land there and thereby reduces the propensity of other factors to move into less developed areas. The system therefore continues moving away from equilibrium. A few countries, such as Canada, have attempted to reduce this negative selectivity of migration through incentives for the moving of entire families (including the aged and other dependent family members) but it appears that results have not been of great significance.

Unequal distribution of infrastructure, public services and scale economies

Another explanation for the malfunctioning of the equilibrium mechanism is the unequal spatial distribution of scale and external economies caused by infrastructure investment, public services and urban agglomerations. In many countries, therefore, an attempt

has been made to reduce this bias by allocating more public investment to less developed areas. Because of the hierarchical characteristics of central-place facilities⁸ and of sophisticated infrastructure systems, complete equality of accessibility to such facilities is both practically and theoretically impossible in a polynucleated settlement system. It has recently been shown,⁹ however, that under conditions of differentiated scale economies even a perfect price system will lead to a suboptimal allocation of resources. Therefore, in contrast to a widely held view, both diminishing returns and increasing returns in the social production set can be "incompatible with the achievement of optimality via competitive prices (or any other parametric prices, for that matter)".¹⁰

Indefinite time lag in a possible interregional equilibrium

It has been shown¹¹ empirically that spatial disparities tend to follow an inverted U-curve in the process of national development, increasing in early stages of national development (initial industrialization); and, after passing a peak, declining again in later (post-industrial) phases of national development. This empirically noted phenomenon has been attributed speculatively to various factors, including changes in the composition of economic sectors (sequential emphasis on the primary, secondary, and tertiary sectors and their respective locational patterns) and varying degrees of spatial concentration of external and scale economies in different periods of national development.¹² Apart from the fact that this observed divergence-convergence sequence in the evolution of spatial disparities need not necessarily be reproduced in the future, its time dimension is indeterminate and may be intolerably long in rectifying inequities—from a social and political point of view—for most developing countries, which have the highest spatial disparities in levels of living and the greatest propensity towards migratory concentration.

Indefinite time lag in a possible interurban equilibrium

A similar inverted U-curve is postulated by El-Shakhs¹³ to hold for urban primacy, i.e., the predomi-

⁸ Martin J. Beckman, "Chancenverteilung in einem zentral-örtlichen System" (Distribution of opportunities in a central place system), paper presented at the August-Lösch-Tage, Heidenheim, September 1978 (mimeographed).

⁹ William J. Baumol, "Quasi optimality: the price we must pay for a price system", paper submitted to the Institute for Advanced Studies, Vienna, 1979. (Forthcoming in *Journal of Political Economy*.)

¹⁰ Ibid., p. 3.

¹¹ J. G. Williamson, "Regional inequality and the process of national development: a description of the patterns", *Economic Development and Cultural Change*, vol. 13, No. 4, part II (July 1965), pp. 1-84.

¹² W. B. Stöhr, *Inter-urban Systems and Regional Economic Development*, Resource Paper Series, No. 26 (Washington, D.C., Association of American Geographers, 1974).

¹³ Salah S. El-Shakhs, "Development, primacy and systems of cities", *Journal of Developing Areas*, vol. 7, No. 1 (October 1972), pp. 11-36.

⁶ Ibid.

⁷ William Alonso, "Income inequalities among regions in the long run—a theoretical note", paper submitted to the International Institute of Applied Systems Analysis, Laxenburg, Austria, 1978.

nance of one or a few large cities over the rest of the urban system. He finds that urban primacy increased at early stages of national development and then began to decrease at later stages, approaching an equilibrium in which the population of each city (P_n) compared with the largest city in the country (P_1) would approach the inverse of its rank (R_n) in the urban hierarchy ($P_n = \frac{P_1}{R_n}$) and tend to follow a so-called "log-

normal curve".¹⁴ Such a log-normal city-size distribution presumably represents an optimal equilibrium allocation of central place facilities.¹⁵

The same uncertainties already mentioned in connection with a possible automatic interregional convergence apply in this case. In addition, the equilibrium rank-size rule for the urban system is non-spatial. That is, it considers only the relative size distribution of cities but not their geographical distribution over a territory, which means that even if the size distribution should correspond to the rank-size rule, all the larger cities may be located in only one region of a country, while the other regions may be deprived of larger and even intermediate-sized cities. It is clear that this situation would not facilitate migrational equilibrium, quite apart from the restrictions with respect to differential scale economies¹⁶ discussed above.

It should be further stated that the foregoing arguments operate not only separately but in a cumulative way¹⁷ which means that even if one or some of these disequilibrating factors did not exist or could be eliminated—thereby strengthening the arguments against government intervention in the equilibrium mechanism—the presence of even one of these factors would cumulatively cause the others to also work against equilibrium. Thus, differential access to external and scale economies will lead to a negatively selective migratory process, which will increase interregional disparities. Conversely, interregional disparities will reinforce interurban disparities, which will widen the differentiation in access to scale and external economies and thereby reinforce negative selectivity of the migratory process.

In fact, the only conditions under which automatic convergence towards equilibrium would occur—and thereby fully justify the theoretical arguments against government intervention—would be if either full mobility of population, production factors and commodities could be reached or if the total spatial system could be reduced to a point location¹⁸ as neo-classical economists at first assumed. It happens that both these conditions are unfeasible and undesirable in practice.

¹⁴ Brian J. L. Berry and Frank E. Horton, eds., *Geographic Perspectives on Urban Systems: With Integrated Readings* (Englewood Cliffs, New Jersey, Prentice-Hall, 1970), p. 64.

¹⁵ Martin J. Beckmann, *Location Theory* (New York, Random House, 1968).

¹⁶ See W. J. Baumol, op. cit.

¹⁷ As shown in Gunnar Myrdal, *Economic Theory and Underdeveloped Regions* (London, G. Duckworth and Co., 1957).

¹⁸ Horst Siebert, *Regional Economic Growth: Theory and Policy* (Scranton, Pennsylvania, International Textbook Company, 1969).

Both would be the cause of strong external diseconomies (full mobility because of the need for almost ubiquitous infrastructure, fully concentrated societies for their high agglomeration diseconomies), of strong social disruption (through excessive mobility or excessive density) and of environmental disruption (through lack of territorial identification or through the over-utilization of land and natural resources).

This, with given initial disparities in levels of living and only one disequilibrating factor present, large-scale functional integration and increased mobility of factors and/or commodities will inevitably lead to increasing disparities and require massive governmental intervention in territorial population distribution unless equity considerations are widely employed. Government intervention is necessary to compensate for the emerging spread and backwash effects¹⁹ or polarization and trickling-down effects,²⁰ or to help population to redistribute so as to take account of them.

One condition in which government intervention to influence territorial population distribution would not be required would therefore be if its role were taken over by an economic policy that would effectively compensate for spread and backwash effects in order to reduce spatial disparities in welfare and thereby eliminate a major reason for migration and "spontaneous" redistribution of population. This question transcends the scope of the present paper and it is only indicated here that scarcely any successful policies to reduce major spatial disparities in welfare have thus far been developed for market and mixed economies.²¹

An alternative: a policy of selective spatial closure

A second condition under which no major government intervention to influence the territorial distribution of population would be necessary is one in which the emergence of these withdrawal effects is avoided by what has been called a policy of "selective spatial closure".²² Such an alternative policy of "selective spatial closure", particularly for least developed peripheral areas,²³ would replace the current emphasis on large-scale functional integration and the unbalanced exploiting of territorially available resources²⁴ including migration. Such a policy would instead be

¹⁹ G. Myrdal, op. cit.

²⁰ Albert O. Hirschman, *The Strategy of Economic Development* (New Haven, Connecticut, Yale University Press, 1958).

²¹ Walter B. Stöhr and F. Tödtling, "Evaluation of regional policies: experience in market and mixed economies", in Niles M. Hansen, ed., *Human Settlement Systems: International Perspectives on Structure, Change, and Public Policy* (Cambridge, Massachusetts, Ballinger, 1978).

²² W. B. Stöhr and F. Tödtling, "Spatial equity—some antitheses to current regional development doctrine".

²³ Walter B. Stöhr, "Development from below: the bottom-up and periphery-inward development paradigm", in Walter B. Stöhr and D. R. F. Taylor, eds., *Development from Above or Below? A Critical Reappraisal of Spatial Planning in Developing Countries* (London, Wiley, forthcoming).

²⁴ Niles M. Hansen, "Development from above: the centre-down-and-outward development paradigm", in Walter B. Stöhr and D. R. F. Taylor, eds., op. cit.

geared towards the maximum mobilization and territorial integration of available natural, human and institutional resources for endogenously motivated and more self-reliant development.

As major changes in population distribution are triggered mainly by large-scale functional integration, such a policy of selective spatial closure would substantially reduce the need for government intervention. Territorially organized population groups would give priority to the collective self-reliance on territorially available resources for the satisfaction of their needs at local and successive regional, national and multinational levels. Therefore, territorially organized governance systems need to be reinforced and put to use as a counterbalancing power against the withdrawal effects of large-scale functional integration either by (multiregional) firms or by (multiregional) government. Such development "from below"²⁵ would be similar to the path followed by countries that were able to structure an articulated urban system and territorial governance mechanisms before large-scale functional integration at the national and international scale had taken place and were therefore much better able to retain such territorially organized structures in the face of large-scale functional integration. The more recently developing countries might need to retain or regain sufficient control over external influences to develop these territorially organized structures according to their own societal objectives.

D. MIGRATION POLICY AND GOVERNMENT INTERVENTION TO INFLUENCE TERRITORIAL POPULATION DISTRIBUTION IN SOME EUROPEAN COUNTRIES²⁶

A striking illustration of the effects of insufficient economic redistribution policies and the practical lack of government intervention to influence territorial population distribution is the problems of both the less developed and the industrialized countries of Europe resulting from the (lacking) migration and distribution policy followed by the European members of the Organisation for Economic Co-operation and Development (OECD) during the past two decades.

The underlying philosophy was one of freedom of the individual and "liberalisation of manpower movement"²⁷ in order to permit the maximum possible growth for the members of OECD as a whole. Up to the end of the 1960s, the OECD report states, labour migration resulted from a coincidence of needs: excess labour demand in one group of the European countries combined with excess labour supply in the other group. The manpower agreements that were concluded were, at best, "adaptive" government intervention to ameliorate the consequences of overall OECD

growth objectives for individual countries or population groups. The report states that the primary concern of the manpower agreements of the past was to supply manpower to the highly developed immigration countries. It further asserts that from the point of view of the labour-importing countries, the availability of migrant labour, like a "reserve army of unemployed", exerts a downward pressure on wages and prices, which allows a surplus from lower cost output. Labour migration in post-war Europe has been determined strictly from the demand side: the supply of labour was well in excess of demand in the receiving countries; therefore, wages remained relatively low in those countries, even though output was expanding rapidly. Thus, the report concludes, the proceeds from increased output were channelled into profits or into returns to capital, which ensured the "positive feedback" needed for the continuation of the process.

From the standpoint of the less developed countries that "export" migrants, the remittances of their migrants working abroad provide foreign exchange to finance capital importation and thus economic development. "Human capital is thus exported with the hope that it will finance the importation of physical capital at a later date."²⁸ The OECD report further states that this hope is, of course, a longer term consideration.

The report takes note that the analytical work of OECD historically appears to have been more concerned with growth and price stability in the highly developed countries of the area than with the development problems of the developing economies, possibly on the "assumption that high rates of economic growth among the more advanced countries would ultimately 'trickle down' to the less advanced countries".²⁹

In the early 1970s, however, before the longer term consideration could materialize and lead to the automatic convergence of welfare levels predicted by neo-classical economists, the labour markets began to deteriorate; and around 1973, the industrialized European countries unilaterally decided to restrict the further inflow of foreign labour. The OECD report gives two ostensible reasons for the imposition of the restrictions: (a) the decline of economic benefits from continued importation of foreign labour due to lagging world demand for output; and (b) the perceived rising social costs of accommodating and integrating increasing proportions of foreigners during a period of growing relative scarcity. Furthermore, social tensions were occasionally manifested, particularly in urban areas containing large concentrations of foreigners who, according to the report, had begun to acquire tastes more like those of the nationals of the country and who claimed a larger share of such public services as schools, medical services and housing.

It was then recognized that migration consists of

²⁵ W. B. Stöhr, "Development from below: the bottom-up and periphery-inward development paradigm".

²⁶ This section draws extensively on Organisation for Economic Co-operation and Development, *Migration, Growth and Development* (Paris, 1979).

²⁷ *Ibid.*, p. 9.

²⁸ *Ibid.*, p. 28.

²⁹ *Ibid.*, p. 44.

more than the movement of factors of production. As the OECD report points out, migration is the movement of people; as such, it has an essential social component. The process gives rise to social costs for the populations of both the sending and receiving countries, costs borne not only by the migrants and their employers. Migration implies a mixing of cultures, which can on occasion lead to serious social tensions. Furthermore, the increasing demands on public goods and services reduce the net economic benefits accruing to the host country. "Social tensions can completely reverse net economic profits and turn them into net social losses."³⁰

These human and social problems have, of course, existed throughout the period of rapidly increasing migration and of large-scale redistribution of labour and population; but they were masked by the general growth euphoria and by a concomitant neglect of the anxieties of the persons facilitating that growth. More systematic and deliberate reactions occurred only when overall growth slackened and the structural weaknesses created by growth became visible.

In order to cope with these problems, the OECD report suggests that from an international standpoint, the most pressing priority is to have a policy whereby assistance would be given to the less developed countries, so as to redistribute their current unemployment burden—caused by the return of their nationals who had been working abroad—more equitably. The report takes note that although migration was at first found to be a useful factor in post-war European growth, it is now recognized merely to manifest unequal international development; such unrestricted migration "is not and should not be considered a key" to the long-term development problems of the countries sending migrants. Concerning migration, the report continues that "as a causal factor in the relief of employment problems it is but marginal in the longer term".³¹

A number of options are recommended by the OECD report for the equitable redistribution of the burdens created by restrictions on labour flows:

(a) Tax/transfer schemes in favour of less developed countries;

(b) Compensation by investment;

(c) Loans or grants to stimulate the growth labour-intensive activities in the less developed regions covered by OECD;

(d) Institution of "migratory chains" intended to utilize the various emigration phases—from the worker's departure and during his stay in the host country until his return and reintegration into the socio-economic life of his own country—for the "optimum benefit of the country of emigration and the worker himself".³²

With respect to the migratory chain, the report acknowledges, more realistically, that although its advantages are evident, its implementation would be difficult. Furthermore, when effectively implemented, although such a chain might accelerate development by fostering a greater flow of remittances and helping to increase employment, thereby speeding the return of migrant workers, it would be "an extension of emigration rather than an alternative to it".³³

It is clear that many of the problems mentioned could have been avoided had such measures in favour of the less developed regions been taken before large-scale migration and population redistribution advanced to the current stage. The measures for government intervention to influence territorial population distribution suggested here can only attempt to salvage whatever is possible.

The OECD report on the situation in Europe has been drawn on extensively not because it can be of direct use in other major areas of the world, in particular the less developed regions. Rather, the contention is that this information can help other regions that have not yet reached such a high degree of large-scale functional integration to avoid similar pitfalls, either by searching for more effective policies to reduce spatial inequalities of levels of living as the major cause of "spontaneous" large-scale population redistribution or by examining more closely the consequences of a policy of "selective spatial closure", as suggested elsewhere.³⁴

³⁰ *Ibid.*, p. 30.

³¹ *Ibid.*, p. 36.

³² *Ibid.*, p. 40.

³³ *Ibid.*, p. 40.

³⁴ W. Stöhr and F. Tödtling, "Spatial equity—some antitheses to current regional development doctrine".