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Materials on
REGIONAL DEVELOPMENT IN LATIN AMERICA: EXPERIENCE AND PROSPECTS
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This provisional version was also presented by the author at the Second Seminar on Regional Development Policy in Latin America organized by the Pan American Institute of Geography and History held at Santiago, Chile, from 8 to 12 September, 1969.

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I. INTRODUCTION

This study originated from a number of motivations: the U.N. Research Institute for Social Development (UNRISD), Geneva, has initiated a series of continental studies on regional development, based on Resolution 01086 of the U. N. Economic and Social Council and on several technical studies;⁽¹⁾ recently, the U.N. Economic Commission for Latin America (ECLA) initiated a Program for Regional and Urban Development; the Ford Foundation had been supporting an Urban and Regional Development Advisory Program in Chile (URPADIC) since 1964 which had developed informal relations with efforts in this field in other Latin American countries. Upon request of UNRISD and ECLA the Ford Foundation has consented to have this study elaborated by the author as a staff member of its Urban and Regional Development Advisory Program in Chile.

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- 1) Program of Research on Regional Development , United Nations Research Institute for Social Development, Geneva, October 1967.
Design of a World - wide study on regional development, A Report to the United Nations on a proposed Research-Training Program. Resources for the Future, Inc., Washington 1966.
Various reports of the Research-Training Program for Regional Development of United Nations in New York.

The concurrence of these diverse institutional involvements shows the importance which today is given in Latin America to urban and regional development issues as a necessary complement to the traditional global and sectoral policies at the national level introduced in the course of the last two decades. It is significant in this connection, for instance, that the work of ECLA in general, and the U.N. Economic Survey of Latin America in specific, up to 1967 has been concerned predominantly with matters such as international commerce, industrialization, basic resources and transportation. Recently in 1968 problems of interdisciplinary nature and of structural change have moved to the foreground, such as social policies, intra-national income distribution, alternative development strategies, improvement of institutional administrative mechanisms and problems of plan implementation. (2)

An almost countless number of regional development efforts has emerged during the last decade in various parts of the Latin American sub-continent. Most of these programs refer to areas beyond some distance from the national decision-making centers (Fig. 1). Their underlying objective usually can be interpreted as counter-acting distance decay in the intensity of influence

2) La CEPAL y el Análisis del Desarrollo Latinoamericano. CEPAL, Doc. E/CN. 72/AC 61/10, mimeocr., Santiago 1968, (p.II).

and/or in the quality of decisions of the central government for remote areas. Many of them in addition were designated to complement general national policies unable to adapt to the requirements of specific regional characteristics.

The present study was started around the middle of 1968 and cannot claim to be more than a very first attempt to overlook the great amount and variety of implicit and explicit efforts towards regional development in this sub-continent. The diversity of motivations, the variety of political, social and economic objectives, the different types of geographic areas these efforts are geared to and the rapidly changing panorama of national and regional power structures influencing them with the consequent shifting of qualified technicians make any effort to throw light at the subject a difficult task.

Parts II and III of this report concentrate on assembling basic data on major regional development programs and on the medium from which they have emerged. Most data are presented in the form of maps or tables, while the text serves mainly for definition purposes.

In parts IV and V an analysis will be made of some aspects of the genesis of these programs and of the main strategies applied for certain regional development objectives.

We shall also try to offer some cross-national criteria that might be useful for evaluating the convenience of certain regional programs in specific situations.

In view of time restrictions for the elaboration of this report and the lack of relevant data, original research had to be limited on the recopilation of basic information. Evaluations in most cases are rough approximations and often had to be based on subjective opinions of professionals working in various countries. Systematic and rather comprehensive evaluations have been accessible only for three major regional development efforts; the North-East of Brazil, (4) for Venezuela (and more specifically the Guayana Project) (5) and for Chile (6). Information was compiled in part through CEPAL by written survey to the National Agencies responsible for regional development, in part, by trips of the author to a series of Latin American countries, and by experiences which a number of functionaries of the Economic Commission for Latin America (ECLA) and the Latin American Institute for

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- 4) Stefan H. Robock, *Brazil's Developing North-East. A study of Regional Planning and Foreign AID*, the Brooking Institution, Washington D.C., 1965.
 - 5) John Friedmann, *Regional Development Policy: A case Study of Venezuela*, The M.I.T. Press, Cambridge, 1966.
Planning Urban Growth and Regional Development, The experience of the Guayana Program of Venezuela, ed Lloyd Rodwin. The M.I.T. Press, Cambridge 1969.
 - 6) Chile: *La Década del 70, Contribuciones a las Políticas Urbanas, Regional y Habitacional*, ed. John Friedmann, Programa de Asesoría en Desarrollo Urbano y Regional de la Fundación Ford, Santiago 1969. John Friedmann, *Urban and Regional Development in Chile. A case Study of Innovative Planning*, Urban and Regional Development Advisory Program in Chile, The Ford Foundation, Santiago, 1969.

Economic and Social Planning (ILPES) kindly put at the disposition of the author. No complete coverage of all Latin American countries was possible. Emphasis was rather placed on grasping those policies and programs which seem of major importance and as learning experiences on problems of regional development in Latin America.

Special acknowledgement is due to Mr. Rubén Utría , Coordinator of the Joint Urban and Regional Development Program of ECLA and ILPES who served as liaison to these two institutions and freely shared his ideas with the author; to John Friedmann, Coordinator of the Urban and Regional Development Advisory Program in Chile who freely gave of his time for discussing the outline of this study . Recopilation of the great amount of data and their statistical analysis would not have been possible in the time available without the valuable help by Juan Godínez (up to February , 1969) and in the most dense phase of work by Enna Alfageme (from February to July 1969) who as research assistants were made available for this study by the Chilean National Planning Office (ODEPLAN). Enna Alfageme also drew the maps and graphs and calculated the relevant indices. I must abstain from naming individually the great number of professionals of CEPAL, ILPES and of most Latin American countries who have shared their experience with me and have thus facilitated this study. Thanks are due to the Ford Foundation for financing this study in the frame of its Urban and Regional Development Advisory Program in Chile.

The intention of this study is to provide a discussion basis for an integrated Latin American effort to promote regional planning techniques as an instrument for Latin American development, to present comparative data for national policies of regional development, and to provide background material for the orientation of research and training efforts in urban and regional development towards the practical requirements in these fields.

This tentative draft has been prepared as a Discussion Paper for the Second Seminar of the Pan-American Institute of Geography and History on "Regionalization of Development Policy", organized in cooperation with CEPAL and ILPES from September 8 to 12, 1969, in Santiago. It will be presented there under the sponsorship of the Chilean National Planning Office (ODEPLAN). The responsibility for any shortcomings and error contained in this paper rests exclusively with the author, however.

Comments and critique to the present draft are invited to the author c/o Mr. Rubén Utría, Economic Commission for Latin America (ECLA) Santiago, or directly to Dr. Walter Stöhr, Department of Geography, McMaster University, Hamilton, Ontario, Canada.

II. THE STATE OF THE ART: REGIONAL DEVELOPMENT IN LATIN AMERICA

1969.

In spite of the rapidly changing spectrum of regional development programs in Latin America and their often rather ephemeral character we shall attempt a synoptic view of them at about the year 1969. We cannot aspire to cover the field completely but shall rather try to define types of programs which should be useful in the subsequent analysis of their genesis (Part IV) and of major strategies applied (Part V).

1. Definition of the Subject.

In view of the multiplicity of regional programs and the fact that ultimately all development policies (e.g. in the fields of foreign commerce, tributary policy, housing, transportation) have implicit regional effects, it is necessary to define the type of policies and programs that shall be considered in this report. The following criteria have been used.

- when speaking of "regions", sub-national units are referred to, not groups of countries or continent, as is often done in current usage. In some special cases (e.g. border development programs) a region may also comprise sub-national units of more than one country.

- Only those regional policies and programs are considered which are carried out or supported by official agencies.
- It has not been possible to consider exclusively private efforts for regional development supported by informal citizen groups or individual firms, in spite of the interest they undoubtedly would merit. Nor has it been possible to deal with the countless development proposals and studies elaborated by individual professionals or private consulting firms, except if they count with explicit official support.
- Only multi-sectoral development policies and programs will be considered, oriented towards the integral development of geographic areas. In general this will require coordinated action along different sectoral lines. In special cases, however, the comprehensive study of an area may come to the conclusion that inputs are feasible only in a very restricted number of sectors. The criterion of an integral development program therefore is not necessarily that inputs take place in all sectors (which often is not feasible) but that those sectors where action takes place have been chosen after an integral analysis of the development potential and problems of the area.
- Programs included should in general represent a medium or long term approach. Pure stop-gap actions with a short term view towards solving temporary emergency situations in general will

not be considered. It will be shown however that 9.
emergency actions in such cases as natural catastrophies
have often led to lasting institutional changes which were
of great importance for the decentralization of decision-
making and for regional development. Some examples will
be given in Part IV.

Only such policies and programs will be included which
refer to geographic areas of major size or importance within
a national or continental context. Local development
programs or those dealing with community development for
small areas will not be considered in general. Exceptions
are cases where a local development program is undertaken
explicitly in a regional context, such as a growth pole
program intended to serving a larger area or making use of
its resources.

2. An Overview of current regional development efforts.

The present overview deals with regional as well as inter-
regional programs and policies. Coverage has been as com-
plete as available data permitted, given that from some
countries no response was received to the survey ques-
tionnaire. For various of these countries information could
be compiled on the spot during two trips (7) and through
personal channels of the author. No sufficient coverage

7) January 1969: Honduras, El Salvador, Guatemala, Mexico,
March 1969: Brazil, Venezuela, Colombia.

could be obtained however, in the time and with the means available, for the countries of the Caribbean area, for Nicaragua, Costa Rica, Panama, Ecuador and Bolivia. Apart from the two last mentioned ones, these countries are comparatively small so that regional policies are likely to be of minor importance or to refer to very small areas only. In Peru the present military government is in the process of a complete revision of the country's regional development policy. In making this overview emphasis has been put on maximizing information on the more important regional development programs in each country, rather than on raising the number of programs with only scarce information.

a. Regional Policies and Programs.

Development policies or programs corresponding to the criteria defined in part II/1 will be considered as regional (as against inter-regional) if they are concerned with a specific region without being integrated either with programs for other regions nor with national global or sectoral policies. Their frame of reference is a specific region planned as an isolated entity and not as part of an inter-regional system. This does not mean that national objectives cannot be involved. If they are, however, they are partial in that they are projected on

one area of the country only, without considering implications for other regions.

Table 1 gives the following characteristics for some 60 major regional programs in Latin America:

Institutional form:

- Executing institutions, i.e. organizations which are usually charged with a full scale of attributions from planning through decision-making to executing their own programs. They tend to be the most autonomous regional development organizations, very often in the form of a corporation.
- Coordinating, deliberative or study organizations, usually charged primarily with planning functions. For execution and often also for decision-making they will depend on other institutions. The more frequent forms are commissions, councils, or planning offices with advisory role.
- Not institutionalized programs have been included in cases where implementation takes place informally or where institutionalization seems likely in the near future. Particularly those cases have been included where supra-national financing institutions have shown interest in specific programs.

Regarding guidance systems distinction has been made between

- Regional Guidance, i.e. programs where the predominant initiative comes from the region itself and where performance criteria are predominantly set at the regional level. Usually these programs will correspond to what A.R. Kuklinski (8) described as "Situation No 2" in which regional development activity is generated via the integration of local activities. Usually there will be little or no coordination with programs for other regions or with national policies.
- Cooperative regional/national guidance refers to programs where criteria are defined by some coordinating mechanism between national and regional bodies. In most cases they will not have originated as such, but rather have developed after a maturing process from either a regional or a national guidance system (see also Part IV/6).
- National guidance refers to cases where the initiative and the main decision criteria stem from the central government level. In various highly centralized countries these

8) cf. A.R. Kuklinski, Trends in Research on Comprehensive Regional Development, UNRISD, Geneva, 1968, p. 2.

have been only regional programs able to arise. These programs are usually fairly easy to coordinate with national, global and sectoral policies or with inter-regional ones, although this possibility has been used so far only by very few countries. Nationally guided programs, however, will usually suffer from a lack of local-regional initiative and cooperation.

- Bi - or multi -national guidance has been very scarce so far and usually has been facilitated only through the mediation of supra-national organizations such as the Interamerican Development Bank, the Institute for Latin American Integration (INTAL), the Secretariat for Central American Integration (SIECA), the Bank of Central American Integration (BCIE), CEPAL and ILPES.

The major orientation of the programs has been characterized in the terms used in Part V. The first category is concerned with decentralization of decision-making, the following five categories are related to the type of area to which the program is applied, while the last three categories refer rather to strategy devices such as new growth pole development, border area development and river basin development.

(Table 1)

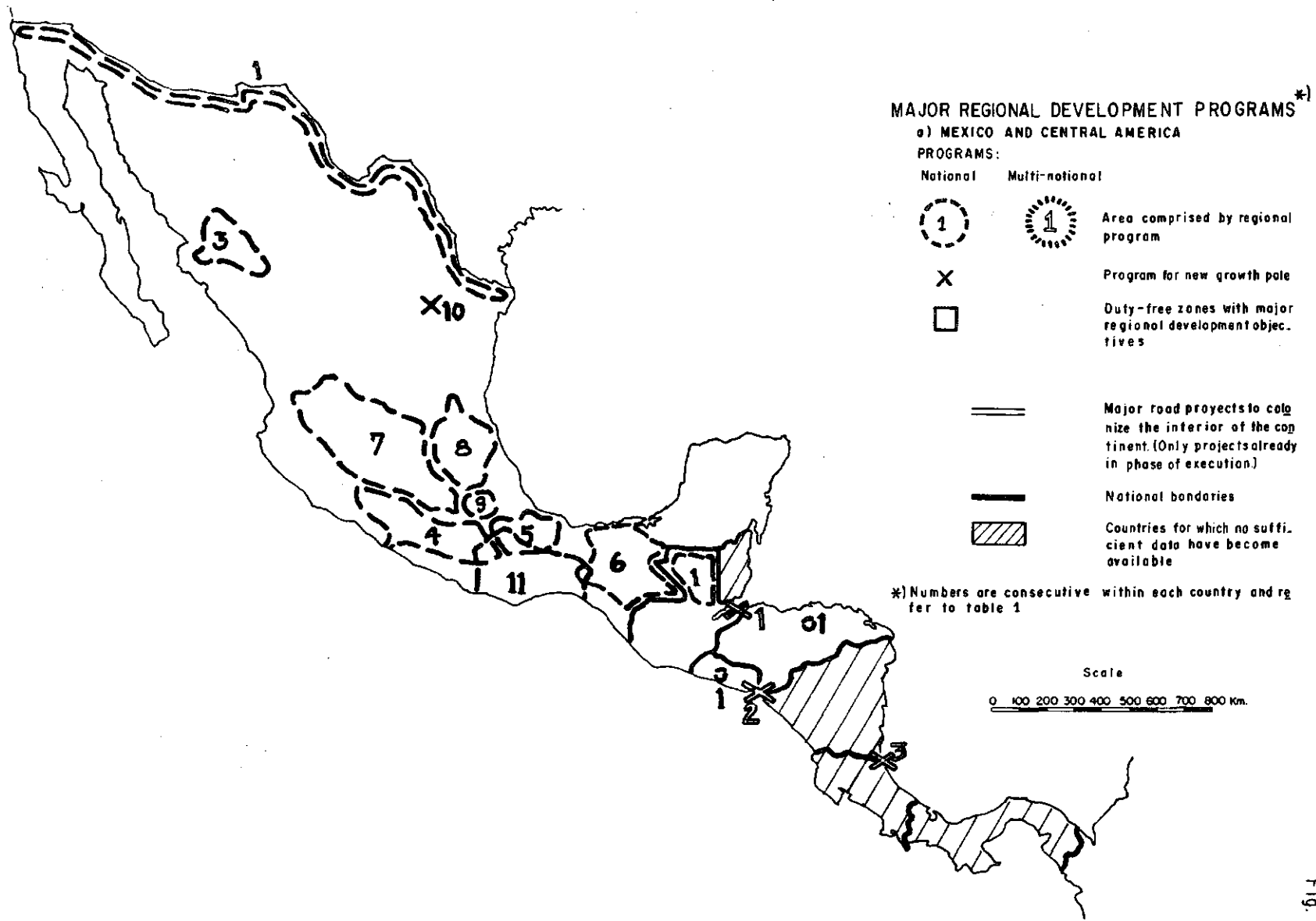
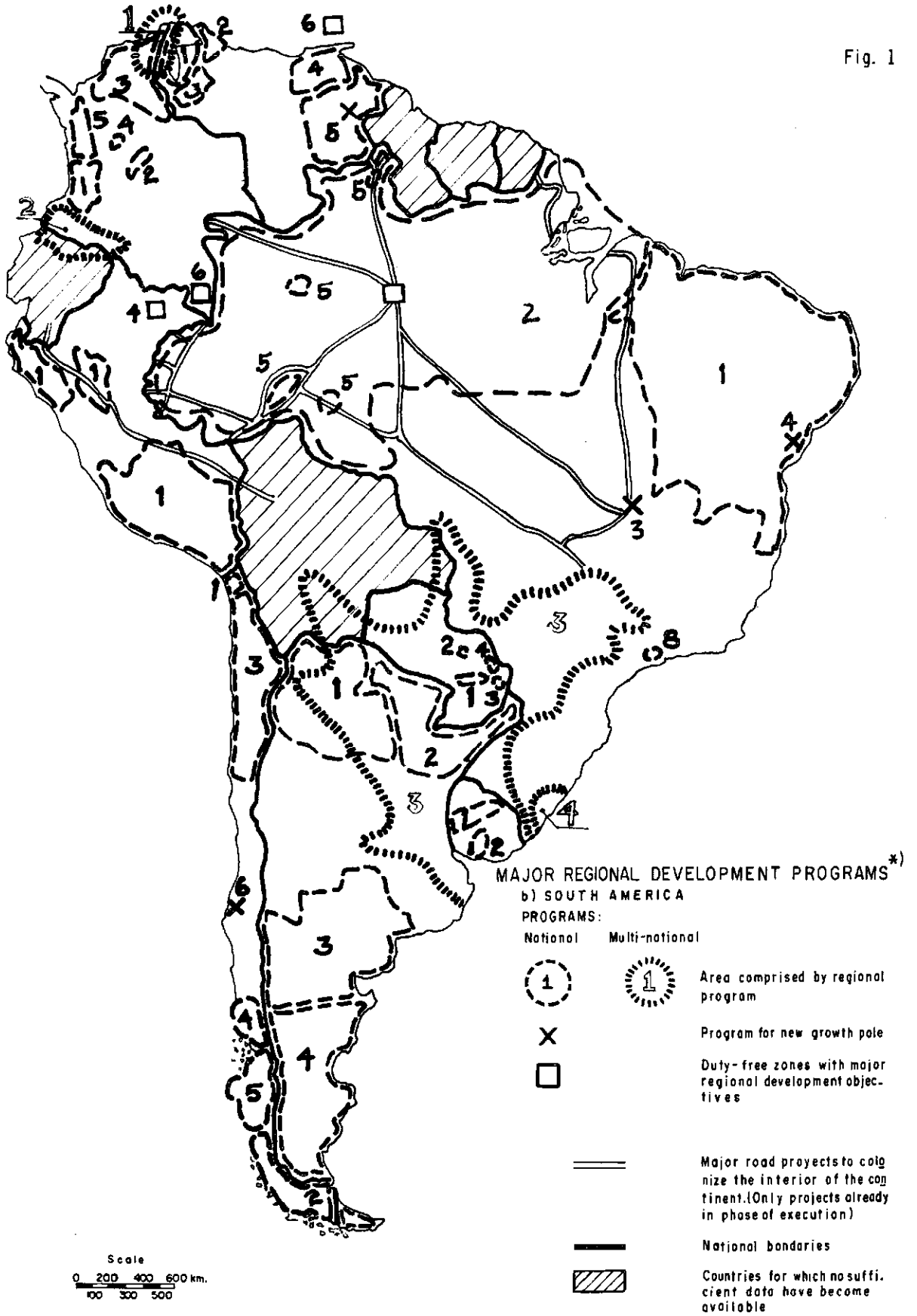


Fig. 1

Fig. 1



^{*)} Numbers are consecutive within each country and refer to table 1.

	Institutional form			Guidance system				Major orientation (s)						17			
	1	2	3	4	5	6	7	8	9	10	11	12	13		14	15	16
11) Plan for the state of Oaxaca			X		X			X									
<u>Guatemala:</u>																	
1) Empresa Mac. de For. y Desarrollo Económico del Petén	X					X											
<u>El Salvador:</u>																	
1) Metropolitan development scheme for San Salvador			X			X						X					
<u>Honduras:</u>																	
1) Colonization project Pulpa y Papel La Ceiba			X			X											
<u>Venezuela:</u>																	
1) Consejo Aniano de Planificac. (CONZUPLAN)(1964)(1)		X			X								X				
2) Fundación para el Desarrollo de la Región Centro-Occidental (1964) (1)		X			X								X				
3) Corporación de Los Andes(1964)	X				X								X				

1) see next page

considerable private sector guidance

Joint program state of Oaxaca National Financ.

Institutional form	Guidance system			Major orientation (s)										
	4 Regional	5 Cooperat. reg./nat.	6 Bi National	7 -or-multi national	8 Decentralization of decision-making	9 Depressed area development	10 Colonization agric. based	11 Colonization mineral res. based	12 Metropol. area develop.	13 Consolidation of other develop. area	14 New growth pole develop.	15 Border area develop.	16 River basin develop.	17
<u>Venezuela (continuation)</u>														
1 Executing														
2 Coord. Deliberat study			X											
3 Not yet institutional.														
4) Comisión para el Desarrollo de la Región Nor-Oriental del País (1) (1966)														
			X											
5) Corporación Venezolana de Guayana (1960)														
			X											
6) Free Zone Isla Margarita														
			X											
<u>Colombia:</u>														
1) Corporac. del Valle del Cauca (CVC) (1954) (2)														
			X											
2) Corporación Regional de la Sabana y de los Valles de Ubaté y Chiquinquirá (CAR) (1961) (2)														
			X											

1) Likely to be adapted to new national system for regional coordination and planning according to Presidential Decree # 72 of 11.6.1969.

2) These corporations had autonomous character until the constitutional reform of 1968 when they were subordinated to the Ministry of Agriculture

tourist development
electricity
flood control
land reclamation
Water regulation & distribution of electricity

Colombia (continuation)	Institutional form			Guidance system				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
3) Corporación de los Valles del Magdalena y el Sinú (CVM) (1960)	X				X			X	X							X	conservation of natural resources management of national parks electrification & water regulation & water transport & electrification
4) Corporación Regional del Guindío (1964)	X				X								X				erosion control & water regul. in outskirts of Bucaramanga.
5) Corporación Nacional del Chocó (1968)		X				X			X								
6) Corporación de la Meseta de Bucaramanga (1965) (4)		X			X												
7) Free Port of Leticia			X			X								X			

(3) Most of CVM's functions were recently transferred to the (National) Instituto de Recursos Naturales

(4) Predominantly local importance

	Institutional form			Guidance system				Major orientation (s)												
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<p><u>Brazil:</u></p> <p>1) Superintendencia de Desenvolvimento do Nordeste SUDENE (1960) and Banco do Nordeste (inter-related with Sao Francisco River development scheme)</p> <p>2) Superintendencia do Desenvolvimento da Amazonia SUDAM (1967), before SP VEM) and Banco de Amazonia</p> <p>3) Foundation of new federal capital Brasilia</p> <p>4) Program for the development of the Reconcavo Bahiana</p> <p>5) Priority border development areas (cf. Ministerio do Planejamento y Coordinacao Geral, Acao Coordenada do Governo Federal na Amazonia - Belém-Rio de Janeiro, 1968)</p> <p>6) Free Zone of Manaus</p>	X							X	X											
		X			X					X				X						
			X			X									X					
				X												X				
																	X			
																		X		
																			X	
																				creation of new administrative center BID supported feasibility study

	Institutional Form			Guidance System				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<u>Brazil</u> : (continuation)																	
7) (xx) Interstate Commission for the development of the Bacia -Parana-Uruguay areas		X		X												X	uni-sectoral program with great significance for regional development
8) Grupo Ejecutivo del Gran Sao Paulo			X	X							X						
9) Program of road construction in the interior						X			X					X			
<u>Uruguay</u> :																	
1) Comisión Nacional del Rio Negro		X			X										X		water supply for Montevideo
2) Program for the Santa Lucia River Basin		X			X										X		

(xx) not mapped

	Institutional form			Guidance system				Major orientation (s)									
	1 Executing	2 Coord. Deliberat. Study	3 Not yet institutional.	4 Regional	5 Cooperat. reg./national	6 National	7 Bi-or-multi national	8 Decentralization of decision-making	9 Depressed area develop.	10 Coloniz. agricultural based	11 Coloniz. mineral. res. based	12 Metrop. area develop.	13 Consolidation of other developed area	14 New growth pole development	15 Border area develop.	16 Piver basin develop.	17
<u>Paraguay</u> : (5)																	
1) Plan Eje Este			X			X			X								
2) Proyecto Integral de Desarrollo Rural Eje Norte de Colonización.			X			X			X								
3) Colonia Presidente Stroessner (entidad autónoma)		X				X			X								
4) Plan de Colonización Saltos de Guaira			X			X			X								
5) xx) Plan for the Chaco			X			X			X					X			

(5) based on exhaustive information supplied by Sr. Ivan Berger, Advisor of the Interamerican Development Bank, presently Asunción, Paraguay

xx) not mapped

Peru :	Institutional form			Guidance system				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1) Departmental Corporations (area covered by corporations aggregated in map)																	
2) <u>XX</u>) "areas vitales" de colonización (under auspices of the Armed Forces)	X				X			X									
3) <u>XX</u>) Feasibility studies for a series of growth poles with BID support		X				X								X			
4) Free port Iquitos			X			X								X			
5) Carretera marginal de la Selva			X		X					X							
																	uni-sectoral program with great significance for regional development.

XX) not mapped

	Institutional Form			Guidance System				Major orientation (s)									
	1 Executing	2 Coord. Deliberat. Study	3 Not yet institutional.	4 Regional	5 Cooperat. reg./national	6 National	7 Bi-or-multi-national	8 Decentralization of decision-making	9 Depressed area develop	10 Coloniz. agricultural based	11 Coloniz. mineral res. based	12 Metropol. area develop	13 Consolidation of other developed area	14 New growth pole develop.	15 Border area develop.	16 River basin develop.	17
<u>Argentina:</u>																	
1) Plan Noroeste		X			X			X									Integration Bolivian immigrants
2) Plan Woreste		X			X							X					agric. development
3) Plan Comahue		X			X					X							generation of electricity for national consumption
4) Plan para la Patagonia		X			X									X			

	Institutional form			Guidance system				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<u>Chile:</u> 1) Junta de Adelanto de Arica 2) Corporación de Magallanes 3) Instituto COHFO Norte 4) Instituto COHFO Chilló 5) Instituto COHFO Aysén 6) Growth pole program for Concepción	X			X	X			X						X			
	X				X	X		X						X			
		X			X	X		X						X			
			X		X	X		X						X			
				X	X	X		X						X			
				X	X	X		X						X			

B. <u>Multi-national programs</u> <u>Central America:</u>	Institutional form			Guidance system				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1) Project new growth pole Golfo de Honduras, feasibility study with BID-BCIE support (to benefit Honduras and Guatemala)			X			X	X						X				
2) Project new growth pole Golfo de Fonseca, feasibility study with BID-BCIE support (to benefit El Salvador-Honduras and Nicaragua)			X			X	X		X								
3) Multi-national development project Rio San Juan de Costa Rica, feasibility study with BID-BCIE support (to benefit Nicaragua and Costa Rica)	X				X	X							X				

	Institutional form			Guidance System				Major orientation (s)									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<u>South America:</u>																	
1) Colombian-Venezuelan border development program		X			X	X								X			
2) Colombia-Ecuadorian border development program		X			X	X		X						X			
3) La Plata Basin development program (Brazil, Paraguay, Bolivia, Uruguay and Argentina)		X			X	X									X		
4) Development Program for the Laguna MTKIM Basin (Uruguay - Brazil)		X			X	X									X		Water control improvement of navigation & irrigation

Some of the conclusions of this table will be discussed in Part V.

b. Inter-regional Policies and Programs

As inter-regional will be considered those policies and programs applying a national system's approach to the treatment of all or certain types of regions of the country. Not necessarily need development action take place in all parts of the country (which rarely will be feasible), but action in specific region would have to be derived from a national frame of reference by taking into account the problems and potentials of all regions of the country and the inter-relations between regions. They will always be nationally guided and national performance criteria will be predominant.

In Table 2 we are distinguishing between inter-regional policies covering the entire country and those covering only certain types of areas such as depressed areas, colonization areas, rural areas or growth poles. Inter-regional policy for depressed areas as against a regional program, for instance, signifies that the depressed areas have been defined in a nationwide context and that policies or programs applied to one or more of them correspond to an integral view of all the areas of this type. There should exist objective criteria for applying

a program to a certain depressed area and not to others. Such criteria might be that it's state of depression is more severe, that it has a higher potential for responding to development policies or that it's importance for national development or that of other areas is particularly great.

As a preparatory stage for the introduction of inter-regional policies we shall furthermore take into account the regionalization of national territory, i.e. the definition of development regions on a nation-wide basis. The objectives of such regionalizations may be different: we shall distinguish between two types of major objectives, namely the formation of regional units for the decentralization of decision-making and the definition of regions for the coordination of central government activities in various parts of the country. Other regionalizations lacking defined policy objectives are usually little more than an academic exercise. The great number of regional delimitations by sectorial agencies for their specific purposes will not be considered.

Inter-regional policies at the national level are considered in Table 2 only if they are institutionalized or at least officially adopted. It has been impossible to include the vast number of propositions or studies of different maturity which are going on in practically all Latin American countries in this respect. Only at the supra-national level where an

institutionalization of inter-regional policies is hardly feasible as yet, some major propositions or studies of international planning organizations such as ILPES or SIECA have been included. No doubt they have great potential influence both on the action of international financing institutions and on the policies of national governments.

(Table 2)

Some of the conclusions of this table are presented in Part V.

TABLE 2

Inter-regional Policies and Programs

Country 1)	National technical organism in charge of regional development	National development policy regionalized		National budget regionalized A ²⁾	Nation-wide coordinated policy for certain types of areas				Official regionalization of national territory for internal development purposes 3)				
		for entire country A ²⁾	for certain priority regions in a consistent material framework		depressed areas	colonization areas	rural areas	growth poles A ²⁾	No of regions (P) 5) A ²⁾	Major objective			
										Decentr. of decision making C, I ⁴⁾	Coord. of central gov't action by regions	Others or undef.	
1	2	3	4	5	6	7	8	9	10	11	12	13	
Mexico	-Secretaría de la Presidencia, Dirección de Planeación; Nacional Financiera						*		8 Zonas 104 Regions				X
Guatemala	-Secretaría de Recursos Hidráulicos -Secretaría del Consejo Nacional de Planificación Económica -Unidad Sectorial de Planificación del Ministerio de Comunicaciones y OO.PP.								(n) 5 (n)				(n) X
El Salvador	Secretaría de Consejo Nacional de Planificación Económica								4 (n)				X

* Coordinated Program of public investment in rural areas (for villages from 500-2,500 inhab.)

1	2	3	4	5	6	7	8	9	10	11	12	13
Chile	Oficina de Planificación Nacional Sub-Dirección Regional	A	Extreme Northern & Southern Periphery, Growth Pole Concepción	A				A	12	(I) X	X	
Argentina	Secretaría del Consejo Nacional de Desarrollo								8	(C) X	X	

- 1) Not all Latin American countries are covered, see text Part II/2
- 2) A - in advanced stage of definition by responsible national agency
- 3) Only regions for integral development are considered, not those used by sectoral agencies for their specific purposes.
- 4) C - emphasis on controlling regional decision-making and coordinating it with national policy.
I - emphasis on initiating decision-making at regional level
- 5) P - preposed

III. THE MEDIUM: UNDERLYING FACTORS FOR REGIONAL DEVELOPMENT POLICIES IN LATIN AMERICA.

It must be assumed that the existence of regional development policies or programs in different countries will correspond to different sets of very specific conditions ruling in the countries concerned or in some of their regions. Even though many regional policies and programs may not be rationalized so as to take explicit account of such factors, it is to be suspected that a certain coincidence exists between specific socio-economic, political or administrative variables and the presence of regional programs. Two such groups of variables will be presented, the first one related to the existing spatial structure of development and the second group related to the degree of political and administrative centralization in individual countries. If it were found that there existed no major correlation between these variables and the presence of regional programs in different countries, the conclusion might be drawn that the rationality of existing regional development programs is very limited within their national context, or that other factors, e.g. political one, are of major importance.

1. The Spatial Structure of Development in Latin America.

a). The Continental Structure

Within Latin America there exist two spheres of markedly different general spatial structures. South America has a predominantly coastal development pattern with the more densely populated areas and big towns along the fringe of the continent while the interior to a great part is still uncolonized (9). (See Fig. 2/b). This is due on the one hand to the long-standing external dependence from overseas markets for the export of its raw materials and for the import of manufactured goods and technology, on the other hand due to the inhospitable conditions for human settlement in the tropical interior of South America. In Central America and Mexico the main population centers are in the interior (see Fig. 2/a) while various coastal areas are still hardly colonized. The inhospitable tropical areas are here situated along the coast and economic dependency characterizes it much more as a periphery of

9) cf. Peter R. Odell, Economic Integration and Spatial Patterns of Economic Development in Latin America, Paper read to the Latin American Regional Conference of the International Geographical Union, Mexico D.F., August 1966.

- Walter Stöhr and Poul Pedersen, Economic Integration and Spatial Development in South America, Paper presented to the Congress of Interamerican Planning Society in Lima, 1968, (to be published in The Behavioural Scientist, Sarge Publications, March 1969).
- Various working documents of the Latin American Institute for Social and Economic Planning (ILPES) on a strategy for the development of the interior of Latin America.

the adjoining North American continent than of overseas countries. As development policy in Latin America will mean increasingly in-
(10)
tegration policy, this indicates that in South America integration and a higher functional inter-relation of all existing major economic centers requires connections penetrating the interior and thereby changing considerably the present spatial structure of development. This means that in South American development strategies questions of regional development will play a potentially very great role (11) . In Central America the main economic centers are fairly well lined up along an internal communication axis so that no major changes in the basic spatial structure are required for integration. From a continental point of view such rough approximation would give special emphasis to South America regarding regional policies oriented towards changing the present spatial structure. Also, Central America and Mexico have comparatively few areas which have not yet been colonized.

-
- 10) cf. Walter Stöhr and Poul Pedersen, *Economic Integration and Spatial Development of South America* op. cit., p.2.
- 11) cf. Informe de Avance sobre la Formulación de una Estrategia de Desarrollo para América Latina, unpublished, IIPES, Santiago 1967.

Inter-Regional differences of per capita income on a continental scale are another objective fact requiring specific regional policies. Corresponding data are presented in Fig. 3. Discrepancies between adjoining areas in fact seem much smoother in South America while in Central America the immediate vicinity of relatively high income to very low income areas is quite frequent. (12) Such inter-regional differences of development levels so far have been exclusively of national concern however. Supra-national concern as yet has been aroused only by differences of development levels between entire countries and have led to a special treatment for the relatively less developed countries, as units.

b. The National Structures

Since regional policies so far have been mainly a national concern, national structures seem particularly relevant for their analysis.

We shall analyze national structures from two approaches:
(1) at the sub-national level by analyzing the types of development areas existing in each of the countries, as an indicator of some major characteristics prevailing in these sub-national units;

12) In part this difference may be over-emphasized in Central America by the smaller size of sub-national units compared to those of most South American countries.

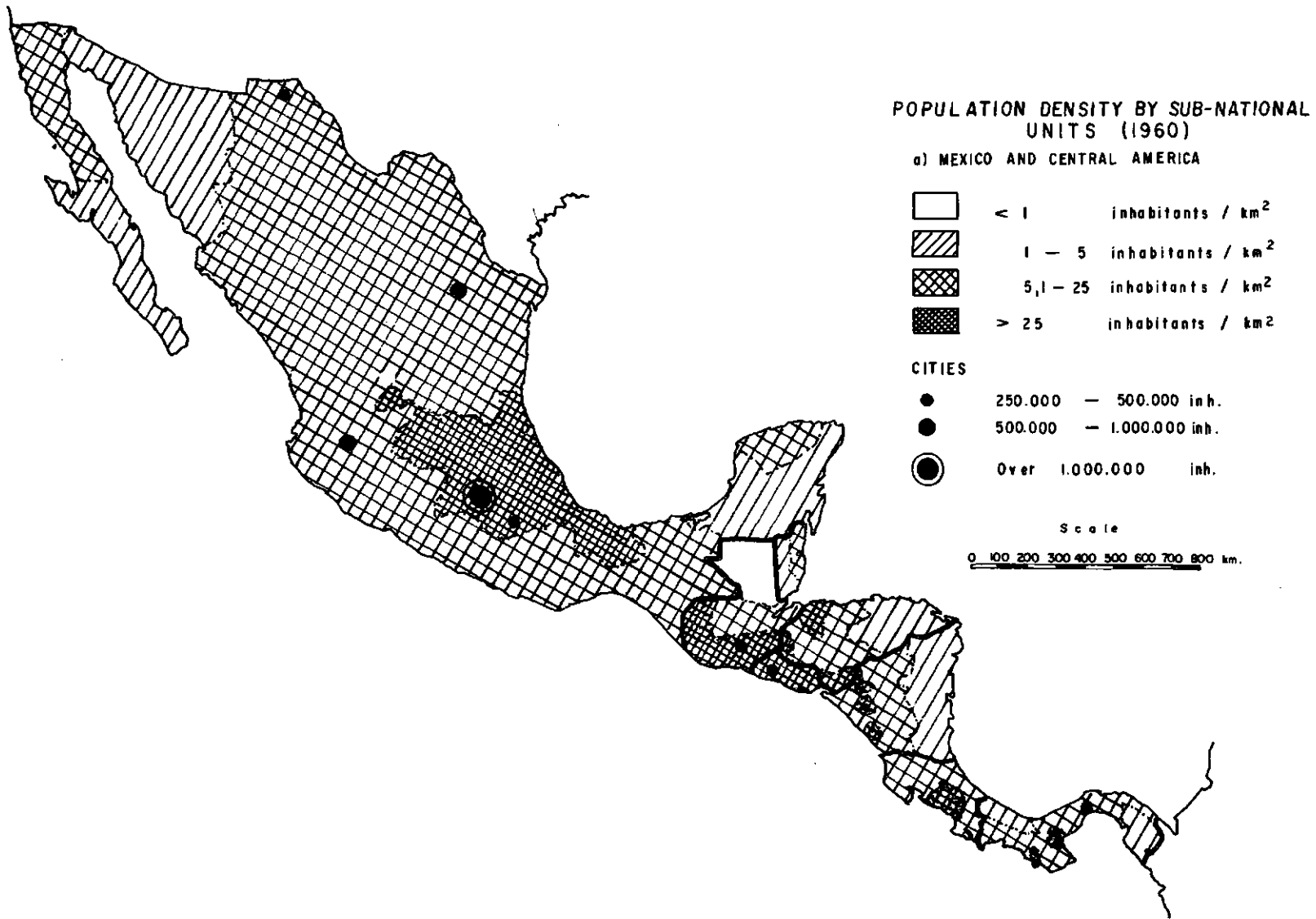
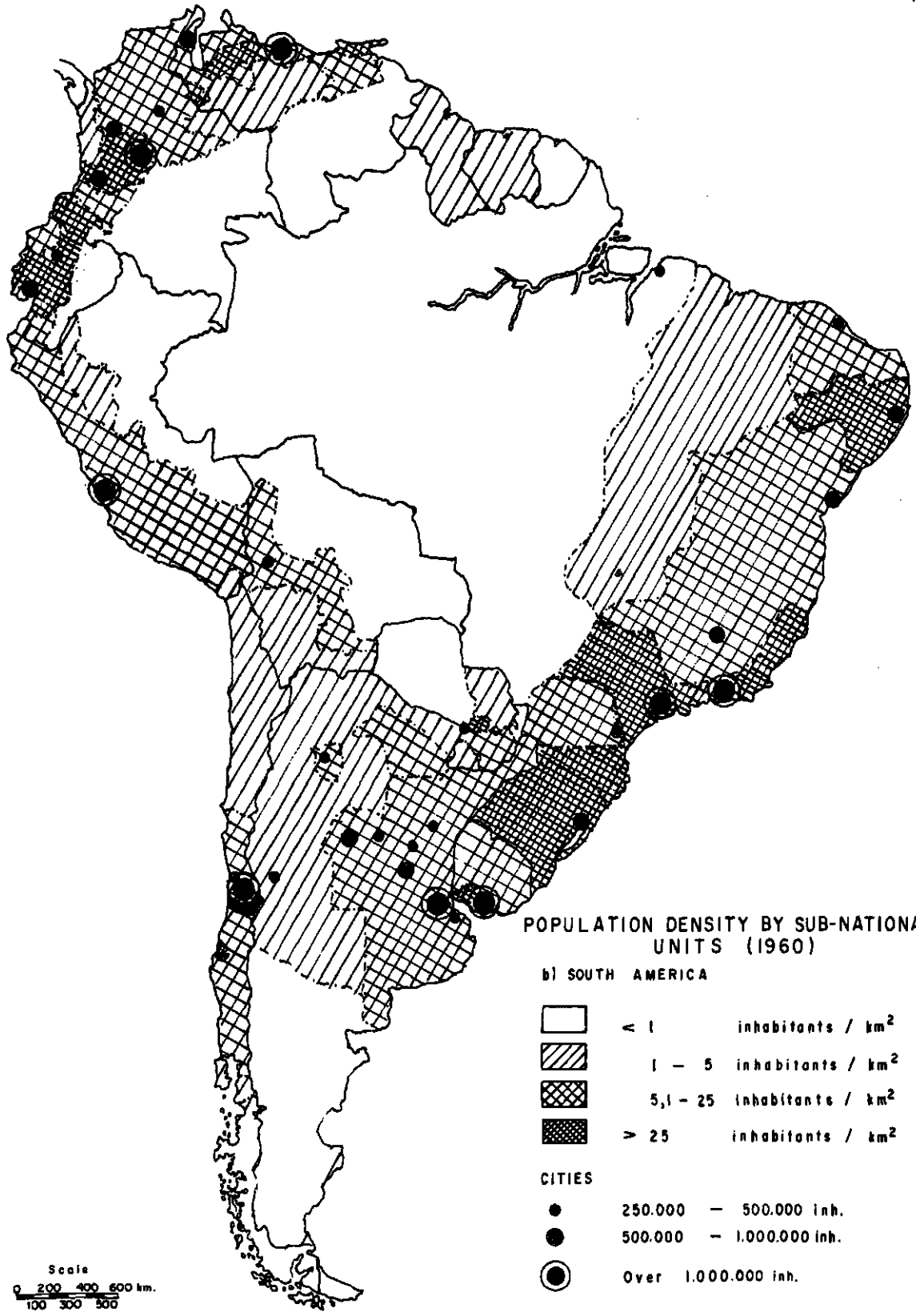


Fig. 2

Fig. 2



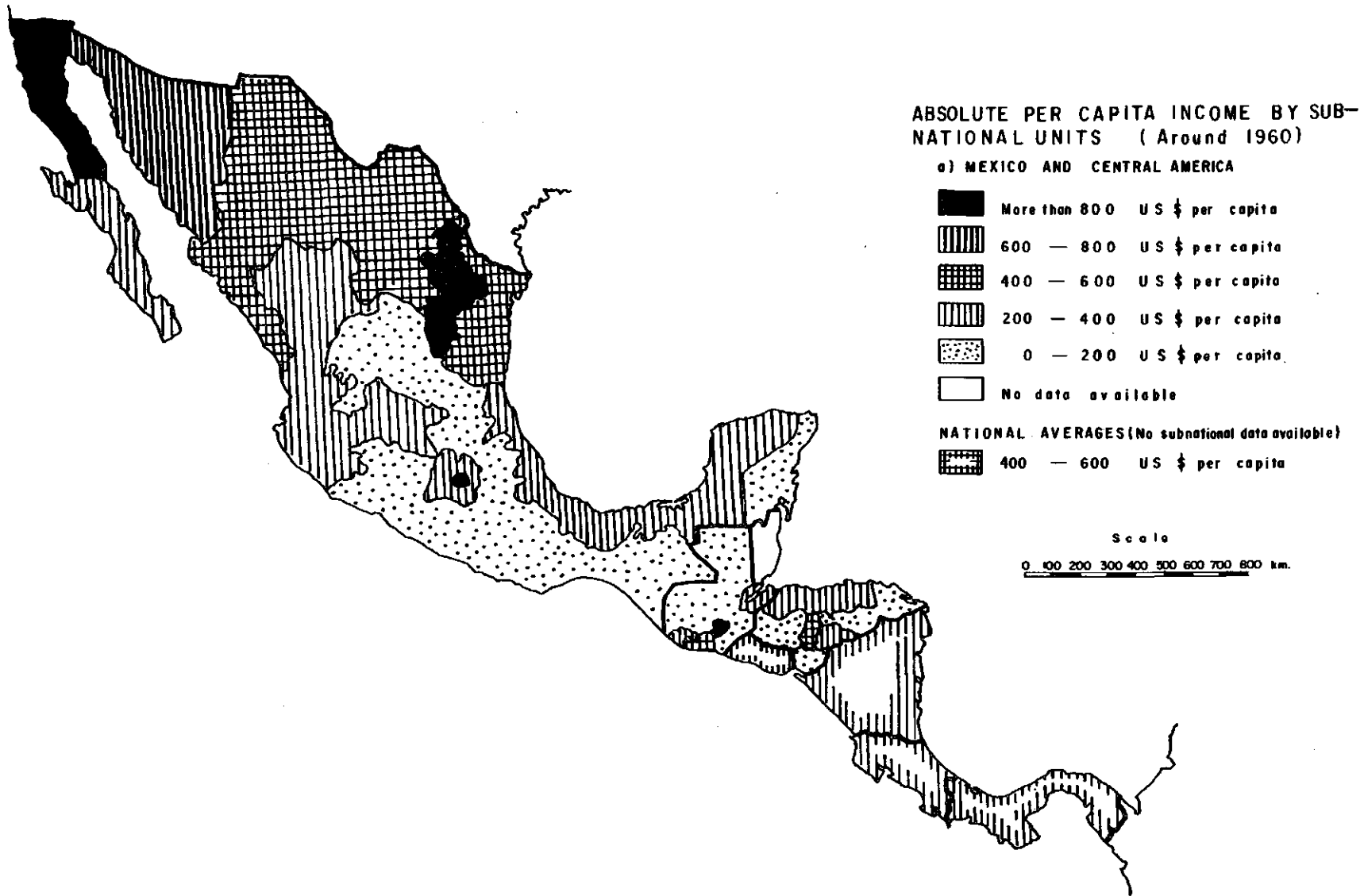
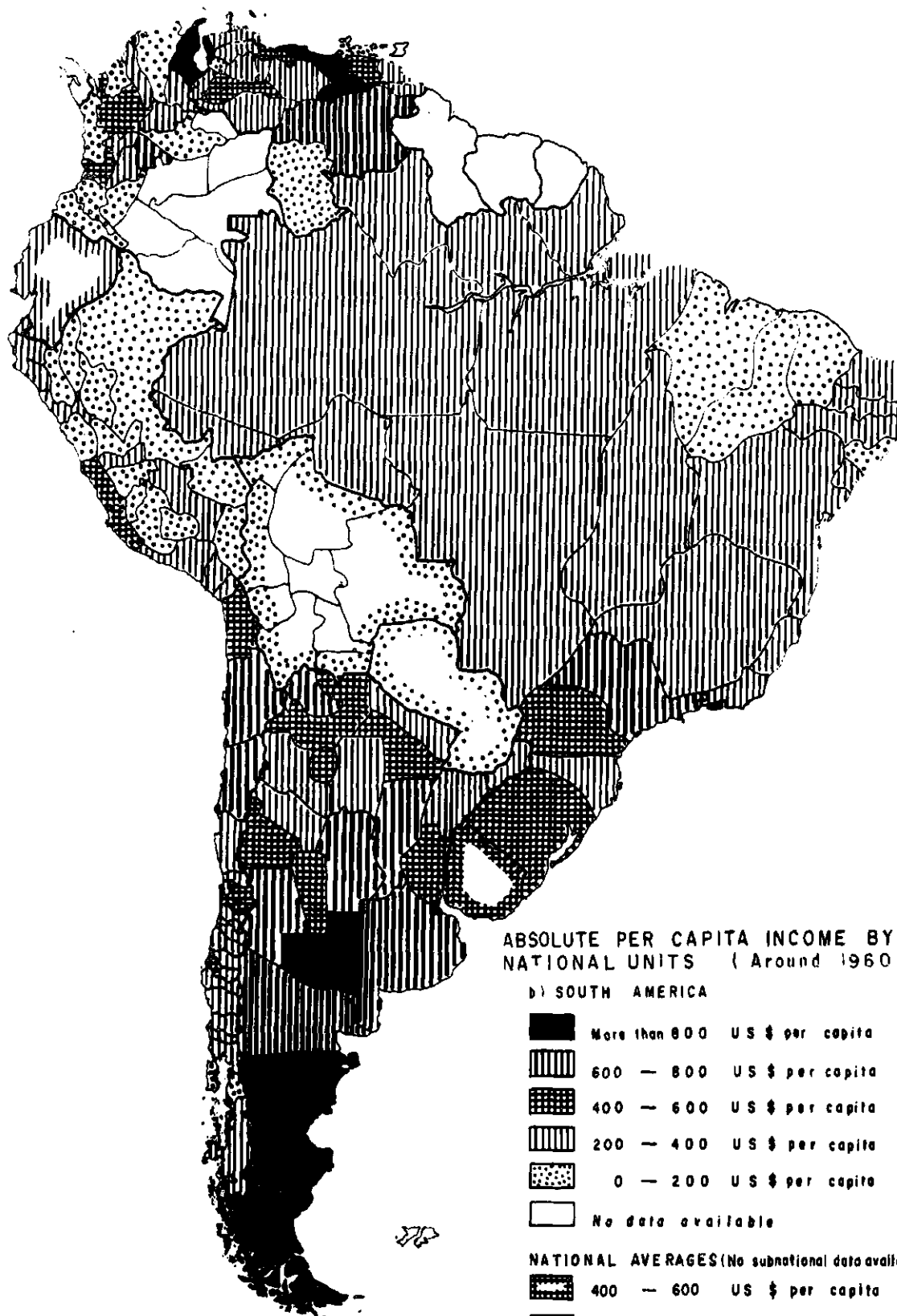








Fig. 3

Fig. 3






ABSOLUTE PER CAPITA INCOME BY SUB-NATIONAL UNITS (Around 1960)

b) SOUTH AMERICA

-  More than 800 US \$ per capita
-  600 — 800 US \$ per capita
-  400 — 600 US \$ per capita
-  200 — 400 US \$ per capita
-  0 — 200 US \$ per capita
-  No data available

NATIONAL AVERAGES (No subnational data available)

-  400 — 600 US \$ per capita
-  200 — 400 US \$ per capita
-  0 — 200 US \$ per capita

Scale
 0 200 400 600 km.
 100 300 500

(2) at the national level by presenting a series of variables which hypothetically might lead to the initiation of regional policies and programs.

(1) At the sub-national level two indicators have been used:

population density (Fig. 2) and relative per capita income (Fig. 4). Per capita income for this purpose is represented in terms relative to average national per capita income. Fig. 4 represents within the context of each country "poor" sub-national units (with less than 50% of national per capita income), "rich" areas (above the national average), and an intermedium group (between 50% - 100% of national per capita income).

Combining per capita income with population density, we have then made a very rough attempt to define various types of development areas within each national context (Fig. 5):

Type of area:	Characteristics:	
	population	per capita income relative to national average.
Metropolitan areas	cities of > 1 mill. inhab. or national capitals	> 100 %

Type of area:	Characteristics:	
	relatively high income (usually industry or mining based)	
Other relatively developed areas	$\frac{> 5 \text{ inhab./}}{\text{km}^2 *)}$	$\frac{> 100 \%}{}$
	medium income (usually agriculture based)	50 - 100 %
<hr/>		
	relative high density	
Depressed areas	$\frac{> 5 \text{ inhab./}}{\text{km}^2 *)}$	$\frac{< 50 \%}{}$
	low density $\frac{< 5 \text{ inhab./}}{\text{km}^2}$	
<hr/>		
	relatively high income (usually mineral resource based)	$\frac{> 100 \%}{}$
Colonization areas	$\frac{< 5 \text{ inhab./}}{\text{km}^2}$	$\frac{> 100 \%}{}$
	low income (usually agri- culture resource based)	50 - 100 %

*) Excluding cities of > 1 mill. inhab. and national capitals.

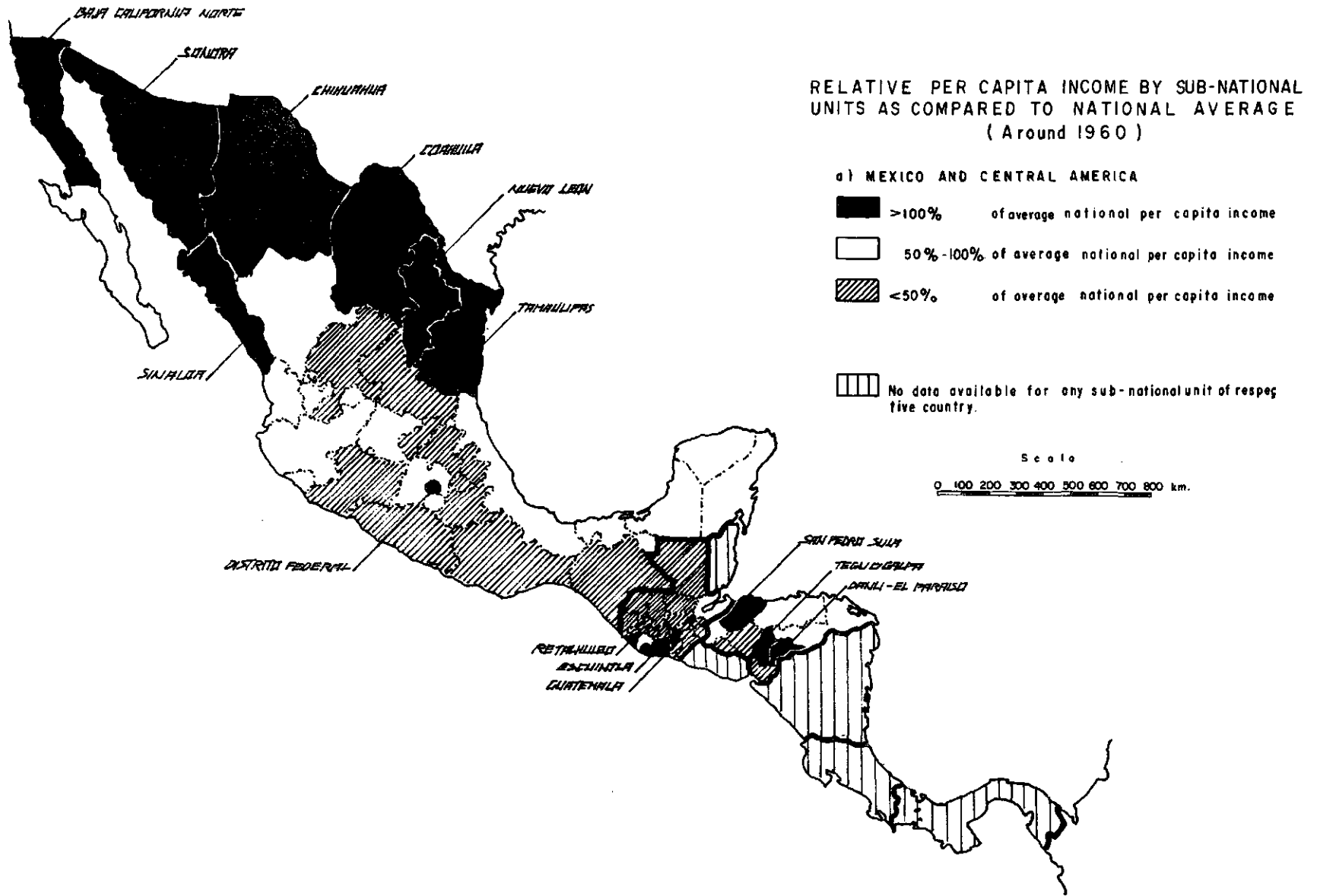
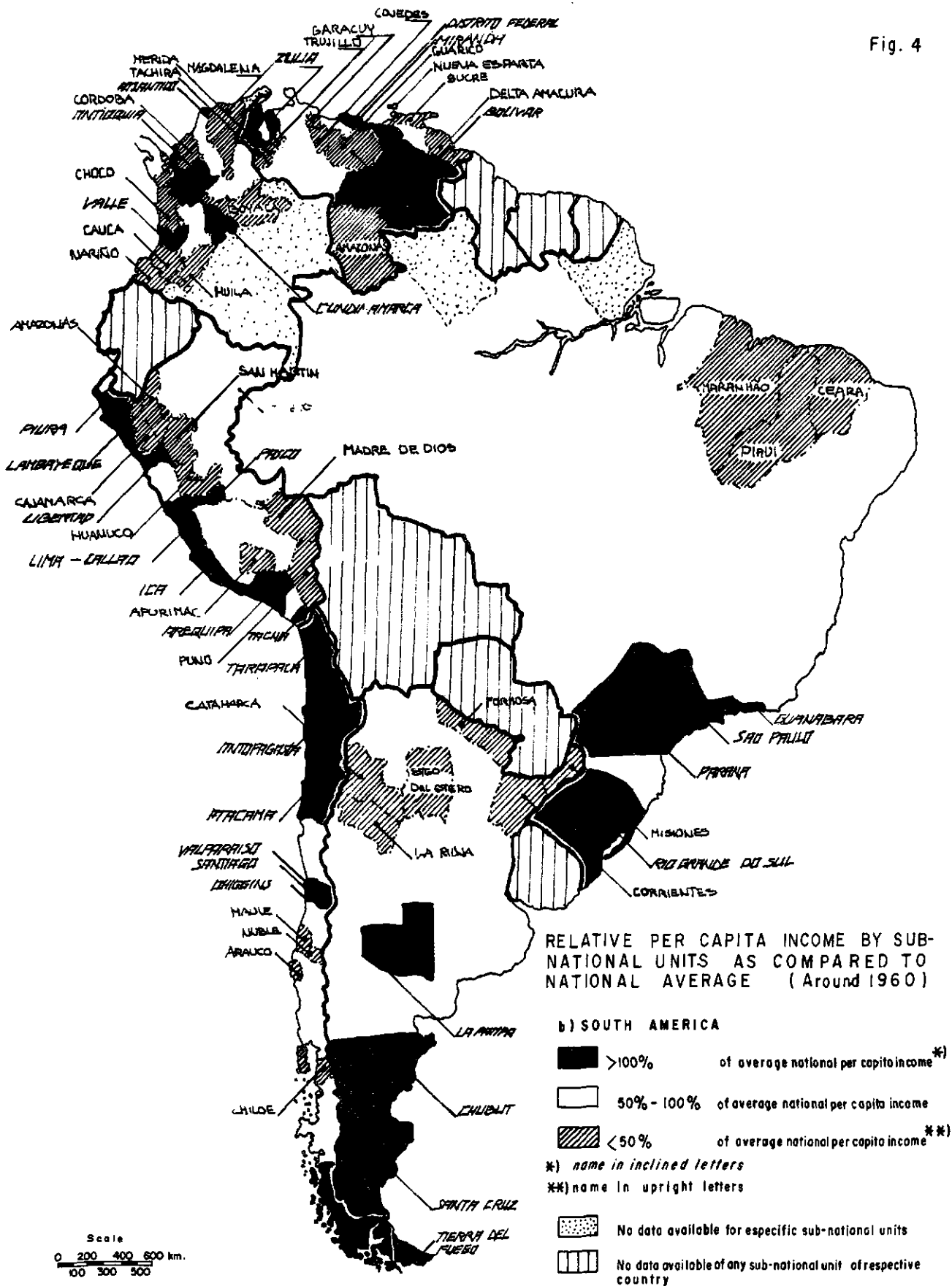
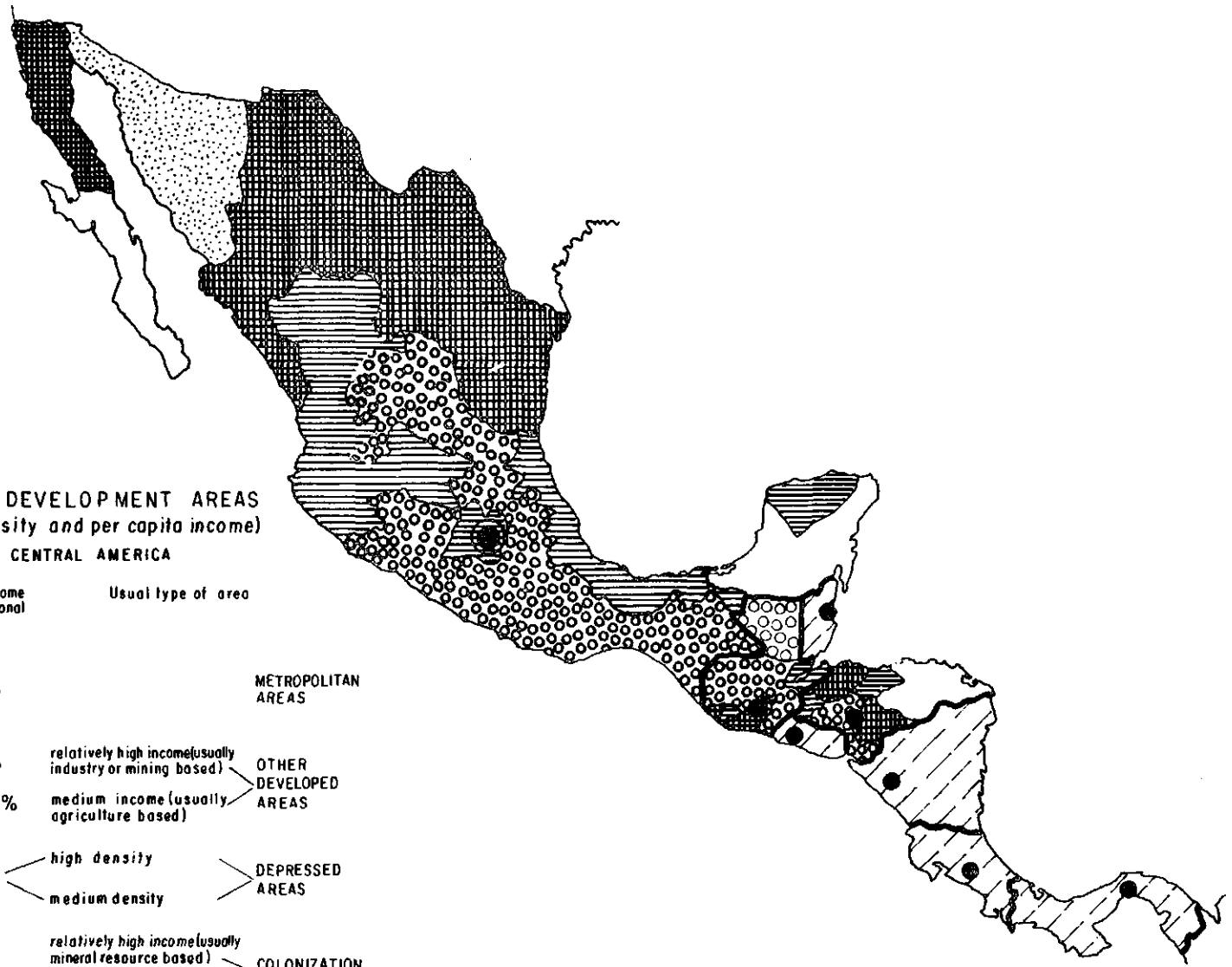


Fig. 4

Fig. 4





INTRA - NATIONAL DEVELOPMENT AREAS
 (Acc. to population density and per capita income)
 a) MEXICO AND CENTRAL AMERICA

Population	Per capita income relative to national average	Usual type of area
cities > 1 mill. inhab. and / or national capitals 	> 100%	METROPOLITAN AREAS
> 5 inhab./km ² *) 	> 100%	relatively high income (usually industry or mining based)
	50 - 100%	medium income (usually agriculture based)
> 5 inhab./km ² *) < 5 inhab./km ²	< 50%	high density
		medium density
< 5 inhab./km ² 	> 100%	relatively high income (usually mineral resource based)
	50 - 100%	medium income (usually agriculture based)

*) excluding cities > 1 mill. inhab. and national capitals

National borders

No subnational income data available

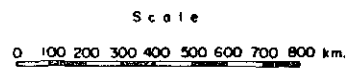
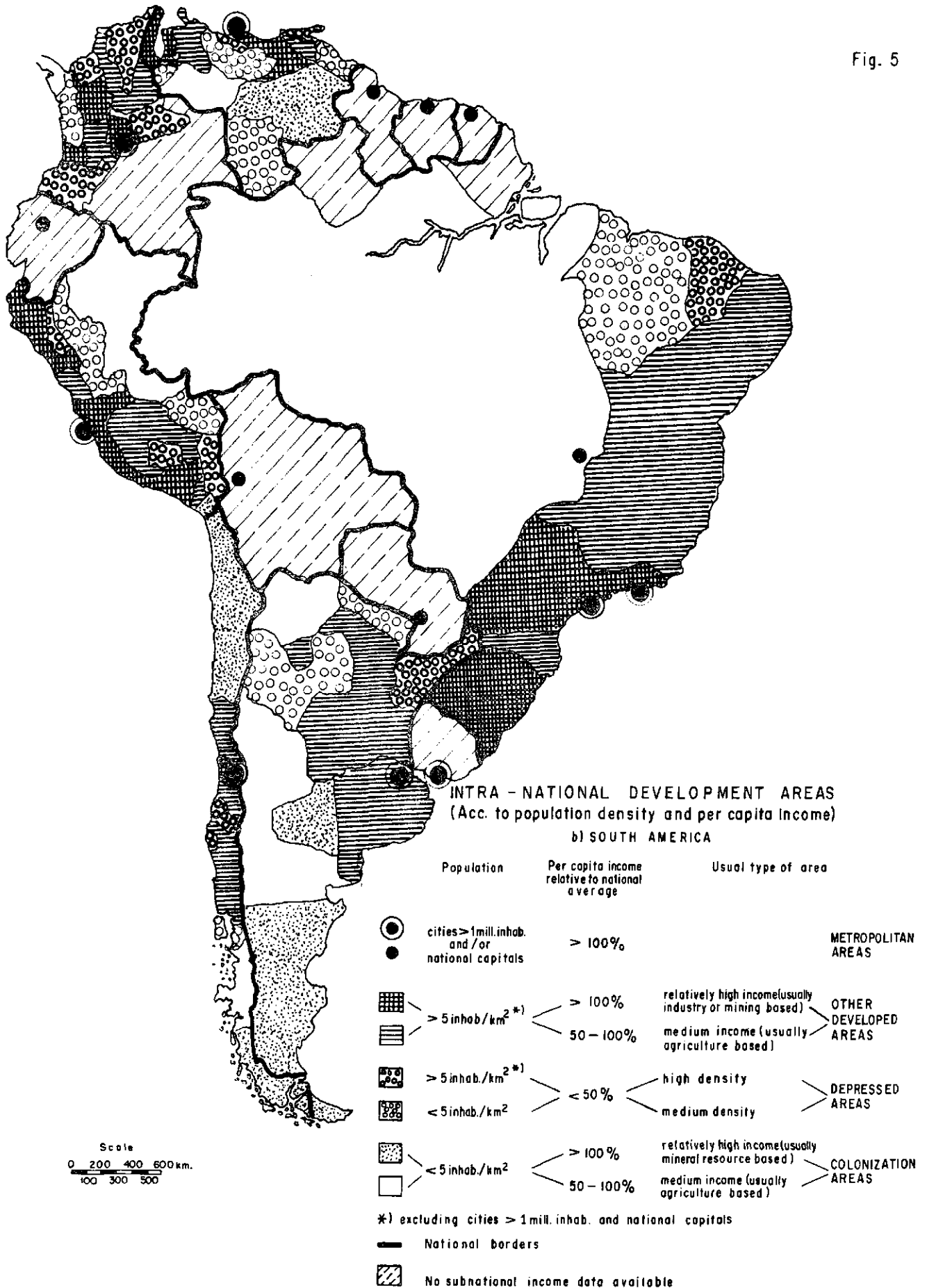


Fig. 5

Fig. 5



These area types are valued only in an intra-national comparison, not between countries (13). It thus serves as a rough (14) indication of the degree to which existing regional programs correspond to a national systems rationale in different countries. Reference will be made to them in Part V.

- (2) At the national level a series of indicators have been compiled in order to indicate the propensity of various countries to undertake different kinds of regional development policies. These indicators are shown by graphic rank order in Fig. 6. The higher the countries are located on the scales, the greater their potential inclination towards introducing regional development policies. Correlations for some of these indicators are presented in Part V. Indicators 1 and 2 refer to general characteristics of size of surface and population. The other indicators are related to :

-
- 13) This means that in Fig. 5 an area classified as "underdeveloped" in a rich country may in fact be better off than one classified as "developed" in a neighbouring poor country. Such cases become apparent by comparing Fig. 5 with Fig. 3. In this part we are not concerned with such comparisons between countries.
- 14) Rough because it would be desirable to use more than only these two sub-national indicators.

- policies for the decentralization of decision-making (3-5), whereby it is assumed that both the present degree of budgetary centralization and the distance over which decisions have to be made are relevant (to populated areas as the politically sensitive distance, while that to the most distant national frontier constitutes maximum potential distance between location of decision-making and that of its impact.)

- policies to reduce inter-regional disequilibria of per capita income (6-8). For those countries for which such data were available disequilibria were measured between the richest and the poorest sub-national unit (6), between national average and the poorest sub-national unit (7), and the share of population living in areas with less than 50% of national average per capita income (8). In the limited time available it was not possible to take account of different population weight between sub-national units - or different disaggregation of such units in individual countries, so as to improve the comparability of data between countries.

- policies for the incorporation of new areas (9). The only accessible indicator was the share of uncolonized areas as a percentage of total national surface. Areas

with less than 1 inhab./km² have been considered as uncolonized (cf. Fig. 2). No adequate data were available on resource potentials or the cost of opening up new areas, both very important variables in this context.

- for multi-national border development programs only a political indicator was used, namely the time elapsed since the last armed contention between two adjoining countries. A more detailed analysis of the socio-economic conditions of adjoining border areas between countries would be necessary to be able to develop representative indicators. The Inter-American Development Bank has done valuable studies on some specific border zones. (15) No comparable data for all border areas are available, however.

The remaining indicators refer to the economic capacity of specific countries to sustain regional development policies or in fact any policies of structural change (11-14), and to

15) cf. Hacia un Programa de Integración Fronteriza Colombo-Ecuatoriana. Banco Interamericano de Desarrollo, Washington D.C. 1966. Posibilidades de Integración Colombo-Venezolana, BID, Washington D.C., 1964.

Programa Fronterizo Argentino-Chileno. BID - INTAL, Buenos Aires, 1967.

the socio-political maturity of its population to demand and implement regional development (15 - 21).

2. Societal factors for Regional Development.

Apart from the spatial structure of development various societal factors are closely related to regional development policies, in particular those connected with the spatial distribution of power. A special role of regional development policy arises in Latin America from the traditionally high degree of concentration of political and administrative power in most of its countries, along with the rapidly increasing demand for participation in decision-making on the part of the population of all social strata, and of all parts of the country.

Administrative and political centralization have a long-standing history in Latin America (16). Among its major roots are the strong centralism of the Spanish administrative system, which after independence shifted from Madrid to the respective national capitals in order to bridge the lack of coherence in most of the newly created Latin American states. A further important push towards this centralization followed in the 30's of this century

16) Claudio Veliz, Centralismo, Nacionalismo e Integración, Paper presented at the VII Congress of the Interamerican Planning Society, Lima 1968.

when the state assumed a major role in the industrialization of most Latin American countries. This centralism has been perpetuated by the belief in most Latin American countries that major structural transformations (agrarian reform, redistribution of income, etc.) and the formulation of an autonomous national policy can only be secured through a strong central government. (17)

We shall use two relatively easily accessible indicators for the centralization of power in different countries. The first one is the degree of formal political centralization according to the respective constitutions. The second one is the degree of centralization of budgetary decisions.

a. Political centralization

The following table shows the formal aspects of political centralization in various Latin American countries.

(Table 3)

17) cf. El Segundo Decenio de las Naciones Unidas para el Desarrollo. El Cambio Social y la Política de Desarrollo Social en América Latina, CEPAL, Doc. E/CN. 12/826, 1969 pp. 11 ff.

TABLE 3

Political Centralization in Latin American Countries

	Constitutional form F = Federal U = Unitary	First sub-national level of government				Municipal Government					
		Name of Unit	Executive		Assembly		Name of Unit	Executive			Council elected
			ap- pointed	elec- ted	ap- pointed	elec- ted		ap- pointed	appointed among elected repres.	elec- ted	
Argentina	F	Estado		X ¹⁾		X	Municipio			X	X
Brazil	F	Estado		X ¹⁾		X	Município			X	X
Mexico	F	Estado		X		X	Municipio			X	X
Venezuela	F	Estado	X			X	Comuna			X	X
Ecuador	U	Provincia	X			X	Cantón			X	X
Colombia	U	Departam.	X			X	Municipio	X			X
Haiti	U	Departam.	X		X		Comuna	X			X
Chile	U	Provincia	X				Comuna			X ²⁾	X
El Salvador	U	Departam.	X				Municipio			X	X
Guatemala	U	Departam.	X				Municipio			X	X
Honduras	U	Departam.	X				Municipio			X	X
Nicaragua	U	Departam.	X				Municipio			X	X
Paraguay	U	Departam.	X				Municipio			X	X
Perú	U	Departam.	X				Municipio			X	X
Rep. Dom.	U	Provincia	X				Municipio			X	X
Uruguay	U	-					Departam.			X	X
Bolivia	U	Departam.	X				Cantón		X		X
Costa Rica	U	Provincia	X				Cantón	X ³⁾			X
Panamá	U	Provincia	X				Municipio	X ³⁾			X

1) In view of the suspension of certain constitutional provisions State Governors are at present appointed by the President.

2) For municipalities with more than 100,000 inhabitants mayors are appointed by the President.

3) May be elected if the law so provides.

In fact only three of all Latin American countries provide formal (18) autonomy at both the first sub-national and the municipal level: Argentina, Brazil and Mexico. These are only three of the four federal countries in Latin America. Two of these however, namely Argentina and Brazil, have for some time suspended some of the relevant constitutional dispositions and the state governors are currently appointed by the President. The third country, Mexico, where state autonomy is formally prescribed, is ruled virtually on a one party basis. This gives the impression that no Latin American country has succeeded in maintaining simultaneously two dimensions of a pluralistic system - one, along lines of political parties at the national level; two, along regional lines by granting formal autonomy to sub-national units.

In all other countries the executive chiefs at the first sub-national level are nominated by the President. This means that the central government maintains considerable influence at this level. It is interesting to note that among these countries is even one which by constitution is federal, namely Venezuela. Only three countries of this group have elected assemblies at the side of the governors (Venezuela, Ecuador and Colombia). (19)

18) The concept of formal autonomy (De lege) is used here in contrast to autonomy in substance (de facto) such as in terms of budgetary decision-making powers.

19) The majority of the remaining countries have no assemblies at all at this level; Haiti has one whose members are appointed.

At the municipal level formal autonomy is much greater. All countries provide for municipal councils elected by popular vote. In the majority of cases, also the mayors are elected. Only in four countries, namely Colombia, Haiti, Costa Rica, and Panama, they are appointed by a superior government authority. Bolivia represents a special case in that the mayors are appointed from among a number of elected representatives. (2o)

(Table 3)

b. Budgetary Centralization

The formal autonomy of sub-national governments described above is very often restricted considerably by the lack of functional attributions and more so still by the lack of financial resources to fulfill such attributions. This is expressed by the distribution of public spending between various govern -

- 2o) An extensive analysis of the constitutional provisions for municipalities in Latin America can be found in "El Municipio en las Constituciones Lationamericanas, in: Reunión sobre Financiamiento Municipal en Latinoamérica, Banco Interamericano de Desarrollo, Washington D.C., 1966. Vol. III. pp. 1 - 18o.

mental levels presented in Table 4. (21)

(Table 4)

Centralization of public spending in the hands of the national government in fact is very high in Latin America. In a series of countries the central government controls more than 95% of public expenditure: (22)

Bolivia
Chile
El Salvador
Peru
Costa Rica
Nicaragua

Between 80 and 95 % of public expenditure are controlled by the central government in:

21) In view of the difficulties for obtaining these data , they are not completely homogeneous. For some countries only data on capital expenditure could be obtained, for Argentina only such on current expenditure. In general the participation of sub-national levels will be relatively larger in current expenditure, while in capital expenditure the concentration in the hands of the central government is usually higher. Additional data on capital and current expenditure, separately, are available in Estudio Económico de América Latina, 1968, op.cit. pp.209 ff.

22) See also Table 4.

TABLE A

BUDGETARY CENTRALIZATION IN LATIN
AMERICAN COUNTRIES
(PUBLIC EXPENDITURE BY ADMINISTRATIVE LEVEL)

	Year (s)	Central Government *	State, Provincial Departmental or Territorial Governments	Municipalities
<u>Federal States</u>				
Argentina 1)	1963	68,86 %	22,98 %	8,16 %
Brazil	1966	57,99 %	34,01 %	8,00 %
Mexico	1958	90,50 %	7,10 %	2,40 %
Venezuela	1964-68	87,06 %	10,46 %	2,48 %
<u>Unitary States</u>				
Bolivia	1958	97,80 %	-	2,20 %
Chile	1966	97,48 %	-	2,52 %
Colombia	1958-60	70,60 %	17,00 %	12,60 %
Costa Rica	1956	95,60 %	-	4,40 %
Ecuador	1963	81,00 %	1,00 %	18,00 %
El Salvador 2)	1967	96,80 %	-	3,20 %
Guatemala 2)	1960-67	89,69 %	-	10,30 %
Honduras 2)	1966-67	90,50 %	-	9,50 %
Nicaragua	1962	95,20 %	-	4,80 %
Perú 2)	1962	95,62 %	-	4,38 %
Rep. Dominicana	1966	88,70 %	-	11,3 % 3)

* Includes Autonomous and Decentralized Agencies, Public Utility Companies, and Social Security Institutes.

1) Only current expenditure

2) Only capital expenditure

3) No disaggregation between Municipalities and other sub-national levels available.

Mexico
 Honduras
 Guatemala
 República Dominicana
 Venezuela
 Ecuador

Less than 80 % of public expenditure is controlled by central governments only in:

Colombia
 Argentina and
 Brazil, which is a special case in that almost half of public expenditure is controlled by sub-national levels of government.

Governments at the first sub-national level have considerable spending power in Brazil, Argentina, Colombia and Venezuela at the municipal level only in Ecuador, Colombia and Guatemala. In the remaining countries no single sub-national government level disposes of more than 10 % of public spending, in most countries even considerably less.

The automatic trend is towards an even higher centralization of public spending in the hands of the national government. The national governments are increasingly taking over functions

formerly performed by sub-national governments (23) and in general the taxes from which sub-national governments benefit are growing at a slower rate than those flowing to the central government.

23) cf. *Financiamiento de las Municipalidades*, Unidad de Finanzas Públicas, Departamento de Asuntos Económicos, Secretaría General de la Organización de los Estados Americanos. In : *Reunión sobre Financiamiento Municipal en Latinoamérica*, op cit. Vol. II, pp. 18 ff.

IV. GENESIS: THE EMERGENCE OF REGIONAL DEVELOPMENT POLICIES
AND PROGRAMS

1. Some paradoxes of planning in Latin America.

Latin America is a highly heterogeneous continent. This applies not only to a comparison between its various countries but even more so between sub-national units. Differences in development levels are often more pronounced within the same country than between national units as a whole. Some aspects of this heterogeneity have been examined in the preceding part III. Yet, just as political power and administrative decisions, planning in almost all Latin American countries has also been centralized at the national level, treating countries as more or less uniform entities although most of them are far from being integrated units in economic, social and physical terms. It might almost look as if by disregarding inter-regional desiquilibria the image of national unity was hoped to become reinforced. Or is it that planning models just would have become too complicated taking into account inter-regional differences?

In spite of considerable regional desiquilibria, and although many countries form no more than an aggregation of regional units, hardly integrated among each other, there are

barely three countries which have initiated a systematic development policy along regional lines.

To add a third paradox: although Latin America has the highest urbanization rate (24) of all continents in the world and although a major and rapidly increasing share of population and economic activity are located in a few metropolitan areas, hardly any country has so far undertaken a systematic urban or metropolitan development policy. (25)

2. The insufficiency of global policies.

National policies were in most Latin American countries conceptually based on the assumption of economically, socially and physically integrated national units (corresponding to developed countries from which the methodologies were originally imported and adapted for Latin America). On account of the internal heterogeneity of the countries, these policies had in fact impact only on a limited number of regions and localities which

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- 24) cf. London Wingo, Jr.: "Recent Patterns of Urbanization among Latin American Countries". *Urban Affairs Quarterly*, Vol. III N° 3, March 1967, pp. 81-110.
- 25) Hardoy Jorge E., R.O. Basaldua y O.A. Moreno, Draft Reports on Urban Land Policies and Urban Land Control Measures in South America, prepared for the Center for Housing, Building and Planning, United Nation (1968) memoogr.

possessed the conditions to respond to them. (26) The remaining areas were left widely untouched by these nationally uniform policies. Though conceived nationally, in their effect these policies turned out to be implicitly highly regional. With the short-coming however, that their regional implications were as haphazard as the different sectoral programs happened to break down regionally.

Within each of the regions this fall-out however was widely incompatible between sectors. These policies were particularly insufficient in fields where a trans-sectoral phenomenon manifested itself at the sub-national level, such as colonization and settlement issues, migration policies, manpower and employment policies, and depressed areas. Another bottle-neck lies in the lack of integration between economic and social development policies on a country-wide scale for which the regional level offers a special potential. (27)

3. A double-forked approach to development: participation and socio-economic growth.

-
- 26) Such conditions for response are participation in a market economy, existence of a basic local and regional infrastructure, qualified manpower, a potential for innovation, etc.
- 27) Rubén D. Utría, Development as a Social Phenomenon and its Implications for Social Policy and Programs at the Regional Level, mimeogr., Geneva, November 1968.

The Declaration of Viña del Mar of 1969, emitted by the Special Coordinating Council of the foreign ministers of almost all Latin American countries (CECLA) formalized a conception of development policy that has increasingly become accepted in recent years. This conception recognizes that development does not only consist of raising economic and social levels but that at the same time it requires and over increasing participation of the population concerned in the formulation of policies conducing to higher economic and social levels and to related social changes. This increased self-determination is demanded at the continental and national scales in the Declaration of Viña del Mar in view of the high dependence of Latin America from foreign decisions (28). The

28) External dependence has always been a major preoccupation of Latin American planners but it was initially (mainly in the 1950's) viewed almost exclusively in terms of foreign commerce dependence from the raw material prices which the developed countries were prepared to offer. The answer was the primacy given to industrialization. Later on, a second dependency concept was added, namely that of technological innovation as a basic variable for autoctonous industrial development. (cf. *La CEPAL y el Análisis del Desarrollo Latinoamericano*, Comisión Económica para América Latina, Document I/CN. 12/AC.61/10, Santiago, March 1968, pp.XI-IV pp. 27 ff.). The third important dependency factor introduced was that of autonomy of decision-making on social, economic and political matters (cf. *El Segundo Decenio de las Naciones Unidas para el Desarrollo, El Cambio Social y la Política de Desarrollo Social en América Latina*. Comisión Económica para América Latina, Documento E/CN. 12/826, February 1969, pp. 11 ff.).

same self-determination or "participation" is increasingly demanded by university students and workers at the national and sub-national levels. Not that either of these two aspects of development policy had been neglected completely so far. What has been missing was the appropriate inter-relation between them. Economic and partly also social development policy have given little attention to promote at the same time public participation in the formulation of these policies. On the other hand the majority of the programs for popular participation and community development have so far been hardly vinculated to the national decisions on resource allocation for economic and social development . (29). Advances in the substance of economic and social development have therefore very often created still greater aspirations and thereby increased rather than decreased existing discontent. On the other hand , many community development programs have created viable local community structures, but without access to decision-making on major developmental issues at higher levels and have therefore very often also contributed to increased frustration. Development planning for sub-national units could be particularly useful for inter-relating the substance with the participation

29) Conceptos y Métodos de la Programación por Zonas para el Desarrollo de la Comunidad , Boletín Económico de América Latina, CEPAL, Volumen XII, N° 1, pp. 2 - 31.

component of development. (30) In the present study regional and inter-regional development policy is therefore being considered not only as a matter of optimal distribution of resources in space (as it is usually done) but essentially also as a question of decentralization of decision-making. Besides issues of resource allocation, questions such as the following gain importance : What is the optimal amount of centralization or decentralization in a developing society in terms of maximizing either economic development or the well-being of the population? or: Just how much centralization or decentralization of decision-making should exist in a given social order?(31)

Institutional questions of regional development play a major role in this context. So far most of the efforts to construct a

30) Rubén D. Utría, *Development as a Social Phenomenon and its Implications for Social Policy and Programs at the Regional Level*, CEPAL UNRISD, Geneva, November 1968.

Rubén D. Utría, *Desarrollo Nacional, Participación Popular y Desarrollo de la Comunidad en América Latina, Síntesis de las clases dictadas sobre el tema en el XVI Curso Ordinario de CREFAL, Pátzcuaro, Mexico, 1968.*

Richard F. Behrendt, "Autonomous and Plural Strategies of Development", In: *Development from Below, Problems and Stages of Socio-Economic Growth at the Regional Level. International Symposium of the "Wirtschafts Politische Gesellschaft von 1947"*, Berlin 1965.

31) I am indebted for valuable comments on these points to Gideon Sjöberg, City University of New York.

national framework for popular participation have resulted in a high degree of bureaucratization (32).

4. Regional Programs as a Stop-Gap for emergency situations.

Before the broader structural and societal factors described in the preceding Part III came fully to bear on actual policy formulation in most Latin American countries, regional programs and a certain amount of administrative decentralization were triggered by sheer natural catastrophes such as inundations, earthquakes and droughts. The highly centralized national government structures were unable to deal efficiently with the physical and social problems arising from such emergency situations. A series of decentralized institutions at the regional level were created in such instances: In Perú, earthquakes led to the creation of a series of departamental development corporations; in Brazil the periodic droughts in the North-East led to the creation of a National Department for Works Against Droughts, followed later by the Bank of the North-East and SUDENE; (33) in Chile the 1960 earthquake led to the creation of regional offices of the National Development Cor-

32) cf. CEPAL, División de Asuntos Sociales, Breve Compendio de Programas de Desarrollo Local y Comunal en América Latina, Santiago, 1968.

33) cf. Stefan H. Robock, Brazil's Developing North-East, op.cit.

poration (CORFO) and to the creation of provincial Development Councils; in Mexico inundations and irrigation problems led to the creation of a series of river-basin commissions from 1947 on, some of them with executive powers; (35) in El Salvador the 1965 earthquake provoked the comprehensive planning effort for the metropolitan area of San Salvador. These regional institutions can be traced back to a specific, very drastic natural catastrophe. Although they had been created for temporary emergency situations, they transformed themselves in the course of time into an instrument of regional or national power and became long-term institutions which have played an important role in regional development.

5. Broader motives for Regional Programs and Policies.

Apart from physical emergency situations caused by natural catastrophes, a series of other motives have led to the initiation of regional development efforts. Most of these motives were implicit and did not correspond to a broader rationale, i.e. they were usually politically inspired rather than systematically deduced from national economic or social

34) cf. Appendix I, The Test - Case Chile

35) cf. Thomas T. Poleman, *The Papaloapan Project, Agricultural Development in the Mexican Tropics*. Stanford University Press, Stanford 1964.

development objectives. Almost all of them were related to changes in the relations between center and periphery or in the relative importance of each of the two. Some of the more conspicuous of these motives were:

- a) shifts of economic importance and/or political power between regions of a country. Such shifts of economic importance were usually a consequence of changes in the structure of world demand for certain raw materials, of industrialization and the consequent decline of importance of certain agricultural areas, of a passing from handicraft to modern industrial production methods, or of the exhaustion of certain natural resources. Parallel to this, traditional political power centers were relegated to secondary importance and the persistence of their former power usually helped them to obtain special treatment by the central government. (36).

36) Examples of such shifts in economic importance or political power exist in Venezuela between the traditional power center in the Andean region and the new oil and commercial centers around Lake Maracaibo (state of Zulia) and the national capital of Caracas; related regional organizations: CORPOANDES and CONZUPLAN. In Colombia a similar shift happened between traditional agricultural centers such as Cali and the industrial center

Cont.

36) and national capital of Bogotá; related regional organization: Corporación del Valle , Cali.

In Brazil between the formerly important plantation areas in the North -East (sugar, cotton) or the rubber areas along the Amazon and the large industrial centers in the South-East: related regional organizations: SUDENE and SUDAM (for more details on these programs see Table 1).

In Guatemala between the early industrial center of Quetzaltenango and the new industrial center and capital of Guatemala City; no institutionalized program has arisen as yet for the Quetzaltenango area, although the South-West to which it belongs receives planning priority by the National Government.

Many of these programs took the form of schemes of depressed or stagnating areas. The fact that in many countries (except Brazil) other equally depressed areas did not receive such programs would indicate that the political objective of reducing friction between old and new power centers was usually more important than the rational one of combating depression.

The high concentration of power in the national capitals on the other hand demanded that areas newly arising to national economic importance were given special treatment regarding the allocation of national resources and for increased self-determination. Such programs were less frequent however. (37). Various reasons can be suspected for the fact that regional programs are more frequently introduced for areas whose economic and political power is declining rather than for those recently gaining economic importance: one, no doubt is the persistency of traditional power structures in Latin America. Second, that

37) Cases in point are the copper mining areas in the North of Chile (cf. Annex I: The Test-case Chile). In Honduras the rapidly growing San Pedro Zula on the Atlantic Coast as against the capital of Tegucigalpa. (A formal regional development program for the area of San Pedro Zula has not yet been institutionalized, but the important industrial development corporation of Honduras, La Financiera Hondureña, is dedicated almost exclusively to this area).

areas newly emerging to economic importance will initially be controlled to a high degree out of traditional national or foreign power centers. Third, that in the majority of cases the areas of greatest economic importance come to coincide with the national decision-making centers themselves.

- b) The differentiated speed with which individual countries have been able to push development towards their national frontiers. Maintaining a power equilibrium along national frontiers has always been considered a major factor for national sovereignty in Latin America. As long as most countries had not pushed the development frontier close to their national borders there existed little preoccupation and the presence of symbolic military forces was usually considered satisfactory for maintaining national sovereignty. With differentiated growth rates of individual countries, and the discovery of mineral resources (principally oil) in border areas, power disequilibria started to develop in some of them. Very soon this created a competitive effort for the development of certain border areas such as between Brazil- Perú,

Argentina-Chile, or with less pronounced resource potentials present between Chile-Peru, Paraguay-Brazil, Mexico-Guatemala.

- c) Reducing external economic dependency through the mobilization of national resources. Most efforts toward economic autonomy have been in the line of industrialization in consumer good sectors so far and have therefore usually led to further economic concentration in the existing core-regions. Due to the limited financial capacity of the countries concerned, only in few cases new natural resources have been mobilized for this purpose. Where this was done, a change in the existing spatial structure resulted. The most outstanding case is the Guayana Project in Venezuela which had as one of its major objectives the reduction of the country's dependence from its oil exports. (38)

38) "President Betancourt saw the Guayana Project as a way to a new Venezuela - a modern industrialized nation freed from colonial status, no longer the treasure lodge of foreign oil companies", cf. Rómulo Betancourt, *Tres Años de Gobierno Democrático*, Caracas, Imprenta Nacional, 1962, quoted in John R. Dinkelspiel, "Administrative Style". In: *Planning Urban Growth and Regional Development. The Experience of the Guayana Program in Venezuela*, op. cit. pp.301 ff.

- d) An increasing number of people living outside of the national decision-making center. In spite of the rapid growth of most of the national capitals, the colonization of new areas and the emergence of larger towns outside the national capital gave in creasing political importance to peripheral areas. National elections such as the last ones in Chile (1964) and in Venezuela (1968) were won to a con-siderable extent on account of votes from the periphery. This naturally makes national govern ments more alert to the wishes of peripheral areas and many of the regional programs have no doubt received considerable support from such motivations.
- e) Modern communications and increasing educational levels of population so far marginated from develop ment are raising the felt needs of these strata and let them bear more effectively on the national decision-making structures, both regarding increa sed resource allocation and a higher degree of self-determination. This has both an intra-urban as well as a regional aspect (principally rural population).

f) Increasing demand for resources of virgin areas.

The exhaustion of resources already in exploitation and the increasing stock of knowledge from investigation on still untouched resources are increasingly drawing the attention of many countries to their virgin areas. Brazil and Peru are among the most conspicuous examples. The financial capacity of individual countries no doubt plays a great role towards enabling them to approach such schemes.

g) Mobilizing peripheral markets for national industrial

growth. As the possibilities for industrial expansion within the limited markets of the main cities became exhausted, policies for economic development of many countries were turned towards national integration, thereby incorporating peripheral areas into the national market. This introduced an economic reasoning for integration, which usually had been considered a social or nationalistic matter.

h) Increasing the efficiency of development policy in view of the growing complexity of governmental tasks became a further motivation for administrative

decentralization and the creation of regional programs. The emergence of new responsibilities of the state led to the creation of a great number of specialized organizations, some of them along sectoral, others along regional lines. (39) No doubt this efficiency criteria has been involved in most regional programs and policies, although in many cases overshadowed by the earlier mentioned political motives. One might assume that in countries where there is little inter-regional power competition (either because of the smallness of the country, or because of its high degree of political and administrative centralization), efficiency criteria will be more pronounced and less superseded by political motives. In Chile for instance the creation of the provincial administrative Council in 1961 and of a system of regional planning offices from 1965 onwards (40) have been motivated primarily by efficiency criteria. The most pronoun

39) cf. Estudio Económico de América Latina, 1968, Primera Parte: Algunos Aspectos de la Economía Latinoamericana hacia fines de la Década 1960. CEPAL, Document E/CN. 12/825, Santiago 1969, Mimeographed version, p. I-212 ff.

40) cf. Appendix I, The Test Case Chile.

ced case perhaps is that of Guatemala where in view of the frustrating results of national planning, regional planning is explicitly being introduced "in order to make national planning more efficient in its phase of execution and control" (41)

- i) Precedent effects finally has been an effective multiplier of regional programs and policies. In most countries one or two regional programs had been introduced for any of the above mentioned motives. Such isolated programs would usually mobilize pressure on the central government to initiate similar policies in other areas. So in Peru almost all populated parts of the country beyond a certain distance from the capital are now covered with a next to complete network of development corporations; in Brazil the North-East served as a precedent for the establishment of regional Superintendencias in the remaining Macro-regions of the country; in Venezuela, a similar effect

41) cf. Memorandum N° 7 of the Consejo Nacional de Planificación Económica of May 23, 1968.

was exerted by the Guayana Corporation, (42) while in Chile the creation of the first Regional Planning Office in Concepción created pressure from the rest of the regions for similar institutions. This means that the initiation of one regional program has usually led within a short time to pressures for a nation-wide activity in this field. Due to lack of conceptual clarity and political support this has so far led in most countries to a sum of scarcely inter-related regional programs rather than to an integrated national policy for regional development.

6. Regional Policy Styles: Regionally versus Nationally Guided Programs.

Individual national governments have dealt in different ways with this rapidly emerging regional issue. In Part II/2 we have distinguished between nationally guided, regionally guided, and cooperative national/regional programs. Nationally guided programs are by far the most numerous ones, a fact no doubt attributable to the long-standing centralistic tradition

42) cf. John Friedmann, *Regional Development Policy: A Case Study of Venezuela*, M.I.T. Press, 1966, pp. 160 ff.

of government and administration in Latin America. Less numerous are the truly cooperative programs between national and regional guidance. This is understandable because such cooperative guidance systems require a mature social and administrative structures at all levels concerned. Last numerous are the programs of pure regional guidance. In many countries because regional initiative is too weak or non-existent, in others because such programs in the course of time have been brought under central government control and were converted to one of the two other categories.

It is interesting to note that there is no marked difference between federal and unitary countries in Latin America with respect to these policy styles. National guidance systems have been introduced by federal countries such as Mexico as well as by pronounced unitary states such as Chile. In Mexico the various river development commissions (see Part II/2) have from the beginning been firmly controlled by the central government (Secretaría de Recursos Hidráulicos). Water and agriculture are two key bottlenecks of Mexican development. Both these sectors are extremely difficult to handle from the central government level. The river development commissions have thus served the federal government as a useful instrument for working at the regional level without having to go through the state. These com

missions have no income of their own and are therefore depending entirely from resource allocations by the federal government. Fear of state resistance to federally formulated programs and possible coordination problems with the states are said to be the reason for this direct federal action at the regional level. In a similar way the Juntas Federales de Mejoras Materiales in Mexico are used by the federal government to work directly at the municipal level. Mexico is a special case in this sense as in spite of its size and its high degree of political and administrative centralization, regional or local autonomy of decision-making have never constituted a major political issue since the revolution of the 1920's. State autonomy in Mexico, although formally great (assemblies, governors and mayors are elected by popular vote) is very small in financial terms (the national government controls 90.5%, the states 7.1% and the municipalities 2.4% of public spending). This great financial power of the federal government and the lack of effective regional counterpressures evidently has facilitated such a strategy.

In Chile, on the other hand, all power is formally and factually concentrated at the national level (provincial intendentes and mayors of the large cities are nominated by the President; Provincial assemblies do not exist, although provided for in the constitution: 98% of public spending is controlled

at the national level). As there exist hardly any pronounced regionalisms, (43) there is no effective power except at the national level. The significant difference is that whereas in Mexico the federal government sought eagerly to guard its influence against competition from sub-national levels, the Chilean central government had no reason to jealously secure its influence as there exists no competitive power at any sub-national level. The Chilean central government, therefore, found it relatively easy to follow an efficiency criteria and step-wise delegate certain functions to regional branch offices or decentralized institutions. This was done at a rate at which such entities became technically able to absorb new functions and took place under the full control of the central government.

Regionally guiding programs have also emerged both in federal and in unitary states. After an initial period of existence however the respective national governments have developed vigorous efforts to increase their control over these regionally guided programs in order to be able to coordinate them with national policy. In some countries these efforts on the part of the central government have taken more than a decade, such as in Colombia or Venezuela. In other cases enforced central guidance

43) cf. Annex 1, Test Case Chile.

has been taken refuge to such as in Argentina. In Colombia a series of autonomous corporations (cf. Part II/2) had been created from 1965 on. Their action was little controlled by the central government and autonomous action at the sub-national levels was multiplied by the fact that, although formally a unitary state, sub-national governments are quite influential. (some 17 % of public spending are controlled by the departmental governments and over 12 % by the municipalities.) The present government under President Lleras Restrepo has therefore put great emphasis on relating the activities of the regional development corporations to national policy. A major step in this direction has been the constitutional reform of 1968 in which the autonomous character of the corporation was abolished and they were subordinated to the central government (Ministry of Agriculture).

In Venezuela the Guayana Corporation, created in 1960, was directly related to the President of the Republic and lent itself little to coordination by the national planning office (CORDIPLAN). (44) When in 1964 another and for the first time regionally guided development corporation (Corporación de los Andes) was created in Venezuela, CORDIPLAN became highly sceptic of any regional development effort that would fall outside of its

44) cf. John R. Dinkelspiel, Administrative Style, Planning for Urban Growth and Regional Development. The Experience of the Guayana Program of Venezuela . op.cit. pp. 308 and 503.

coordination and control. No doubt this would have disturbed the efficient and centrally controlled planning system of the country (45). After the recent election of President Caldera, the country's institutional framework for regional planning could be stream-lined by Presidential Decree N° 72 of June 1969. This decree provides for a regionalization of the country and for a Regional Coordinating and Planning Office in each region depending from CORDIPLAN. The Corporación Venezolana de Guayana and the Corporación de los Andes besides their existing attributions, will fill the role of these offices within their respective regions.

In Argentina (46) the introduction of a central guidance system for regional development goes back to 1966. In that year, the Federal Investment Council (C.F.I.), a body representing the provinces at the federal level in technical matters and originally in charge of most of the regional development schemes, was drastically reduced in importance, and most of its functions

45) Although formally a federal country, 87 % of public spending are controlled at the central government level.

46) Formally federal, though under the presently suspended constitution the President nominates the provincial governors.

were transferred to the National Planning Council (CONADE). This trend towards centralization continued when in 1967 the military government under President Onganía suspended the provincial assemblies and introduced nomination of the governors by the President. Initiative and funding for regional programs which before had stemmed to a great part from provincial sources was now transferred to the central government. As a remnant of provincial participation some 2% of the national budget are being redistributed through the Ministry of the Interior to the provinces in the form of a Territorial Integration Fund for minor investment projects (47).

The country closest to a truly cooperative effort for regional development between the federal government and sub-national entities from the initiation of regional programs on ,

47) A very similar device was used in Peru before the creation of the Departmental Development Corporations. At that time (roughly up to 1950) some 2 to 3% of the national budget were distributed to the departmental Juntas de Obras Públicas in the form of a National Economic Development Fund. Both in Argentina and Peru the amount of the fund involved and the rather casual distribution procedures suggest that their function was rather to tranquilize regional forces and solve some local problems difficult to handle from the national level, rather than to achieve planned territorial integration or economic development, as the names indicate.

is Brazil . (48) This seems to be due principally to two facts: the very large share of the States in public spending (in fact the largest share of sub-national units in any Latin American country: 34 % as against 57 % of the National government) which made it virtually impossible to pass by the states in any regional development effort, and secondly the joint support from the regional and the federal level for the first powerful regional development organization, SUDENE. This no doubt was considerably promoted by the simultaneous function of Celso Furtado both in the Federal government and in SUDENE at that time. Although SUDENE is formally a federal organization it has developed into a platform from which the states can participate actively and efficiently in decisions on the allocation of federal funds within their region. In general national terms, however, the willingness of the national government to delegate major functions to the states has been only temporary . While in 1965 the Participation Fund which redistributes federal funds to the states was raised to 20 % of the federal budget, this quota was prac -

48) Besides Mexico and Argentina the only actually and fully federal country in Latin America , with both state governors and assemblies elected.

tically halved again in 1968, officially on account of cuts in total public expenditure to dampen inflation, inofficially also because of federal distrust in the capacity of the states to spend these funds efficiently.

7. The limited usefulness of traditional sub-national units for regional development purposes.

Practically all Latin American countries have sub-national units, be it states, provinces, departments, etc. What role do they play for regional development? Is there an essential difference between what can be achieved, say in a federal country like Brazil by State development policy and by a regional development organization?

It is a fact that in no Latin American country these traditional sub-national units have been used for explicit regional development policy. In most cases several of them were aggregated into larger development regions, usually not exceeding the number of a dozen (cf. Table 2). This might indicate that the traditional units were too numerous to be effectively coordinated by the central government and maybe too small to sustain the institutional

structures and the human resources required for planning and implementation of development at the regional level. (49). It also been maintained that they did not comprise units with an internal composition useful for development purposes (Mexico), that their administration efficiency was inadequate (Venezuela , Colombia), and that their structures were too rigid.

Three general types of regionalization principles were used: In Venezuela, Brazil, Chile and Argentina the highest sub-national units were aggregated into larger planning regions with only few deviations from existing limits.

In Mexico regional development units were defined as "geoeconomic regions" following mainly homogeneity criteria and respecting municipal borders, but cutting across state boundaries. (50) In several other countries such as Guatemala, El Salvador, Honduras

49) cf. Política de Desarrollo Regional, Oficina de Planificación Nacional, Santiago de Chile, 1968, pp. 23 ff.

50) cf. Angel Bassols Peltalla, La División Económica Regional de Mexico. Universidad Nacional Autónoma de Mexico, Mexico, D.F. 1967, pp. 188 ff. This regionalization is semi-officially used by the National Planning Directorate.

and Colombia center-periphery relations and gravity models are used as basic concept for the proposition of development regions. These differences of approach in part have technical reasons, but to a great extent also political ones. The intention sometimes was to use the existing sub-national units as controlled elements for regional development policy, in other cases the objective was to segment these units so much that their influence in the new regional entities would be minimal.

There are deeper reasons behind all this, however. In essence it is the search for a new and more development oriented (rather than administrative) relation between the national governments and some kind of sub-national units. In countries where such units existed only in form but not in substance, the pervasive desire was to vitalize them and to transform them into modern development instruments which could integrate themselves into a national development policy. In countries where these sub-national units were more powerful, the problem was how to integrate their development policy with the national one. Here coordination has been the key issue, and so far no encouraging solutions have been found

except perhaps in the two major regional programs in Brazil. Maybe both the traditional federal concept as well as the pure unitary system have become outdated by the requirements of multilevel development policy. This refers not only to developing countries. The same happens in most of the developed countries. Federal systems find state autonomy an almost unsurpassable obstacle to coordination (e.g. Germany) and some of the unitary states find it very hard to deconcentrate their decision-making structures (France seems a vivid manifestation of this fact).

The key issue in Latin America, where the majority of countries do not yet have rigid sub-national structures, therefore no doubt is to create a system of sub-national institutions (by adapting existing or designing new ones) which permit regional participation, the elaboration of rationalized programs at the regional level, and the integration of these two processes with national decision-making procedures. This is essentially the problem of securing effective political support for the planning process at different levels and of relating it to a flexible and

development oriented administration. (51). At the regional level the rigidity of existing administrative and political structures may be less of a handicap than at the national one - simply because in many Latin American countries they are weak or in-existent. The main bottleneck seems to be the lack of technically trained personnel with leadership qualities in this field. This gives great emphasis to the training and extension work in the field of regional development, not only for specialized technicians in the field but for related administrative personnel and politicians. It is often surprising how particularly at the regional level a minute number of initiative and well trained technicians can innovate administrative and political structures. (52)

8. Potential substantive functions of regional development policy.

With the changes occurring between centers and peripheries in individual countries and in the continent as a whole, and in view

51) cf. Planificación y Ejecución de Planes en América Latina, in: Boletín Económico de América Latina, Naciones Unidas, CEPAL, Vol. XII, N° 2, New York, October, 1967, pp. 132 ff.

52) Cases in point are various of the regional programs in Chile, in the South of Peru, at the Universidad del Valle in Colombia, in the field of public administration in Bahia, Brazil, to name only a few.

of the limited capacity of global and sectoral planning to deal with the heterogenous character of sub-national units; regional development policy can fulfill a series of very specific substantive functions. They deal with problems and potentials of geographic areas whose conditions are least represented by the "national average" on which national policies and planning models have traditionally been based. For their development these areas require specific policy inputs, as a complement to the general national policies. In broad groups, these areas are (1) depressed areas, requiring special policies for technology transfer, regional import substitution, social integration and/or out-migration; (2) colonization areas requiring special policies for the import of (public and private) capital and to channel immigration and settlement; (3) metropolitan areas, requiring special policies to rationalize their internal structure and for the social and economic integration of the flow of immigrants from other areas; and finally (4) new growth poles, requiring the improvement of external economies in selected locations of the country and special policies for the elaboration of regional resources and for regional

import substitution. These policies need to be integrated with the general national ones by geographic areas and are therefore often formulated in terms of specific regional programs and policies.

V. ANALYSIS : TYPES OF REGIONAL DEVELOPMENT POLICIES AND PROGRAMS

In the following analysis we shall distinguish between two basic elements of regional development policy: Decentralization of decision-making (V/1) and Regional policies in substance (V/2-5) (53). The first one is essentially concerned with a redistribution of power between center and periphery, the second one with the allocation of resources in space. In the practice of most regional policies and programs these two elements are combined with different emphasis. Hardly ever will one appear in pure form to the exclusion of the other, because decentralization of decision-making would hardly be able to fulfill its (mostly political or institutional) objectives unless a minimum of influence is granted on the actual allocation of resources; on the other hand, resource allocation with the objective of regional development will not be effective unless a minimum of decision-making is decentralized (an exception is the theoretical case that the objective of regional development policy were the permanent concentration of all activities in one location only). For analytical purposes it seems indicated to deal with these two elements separately, however.

53) See also Part IV/3.

1. Policies for decentralization of decision-making

Although present in most regional programs, few of them have decentralization of decision-making as a major orientation (see Table 1). The more important examples of those which do are the programs for the North-East and the Amazon in Brazil (N^os. 1, 2), (53 A), the departmental Development Corporations in Peru (N^o 1), the original form of the three regional corporations CVC, CAR and CVM in Colombia (N^os. 1,2,3) providing for their autonomous character, CORPOANDES in Venezuela (N^o 3) and most of the Chilean regional programs. Chile in fact is the only country which has advanced fairly well in pursuing a nation-wide policy for the decentralization of decision-making with a view towards regional development.

The degree of political and budgetary centralization in individual countries has been described in Part III/2. The predisposition for policies for the decentralization of decision-making does not depend solely from the present degree of centralization, however, but also from other characteristics such as size and form of the country, number of population, degree of

53-A) Numbers refer to Table 1 and Fig. 1.

urbanization, literacy rate, per capita income, and possibly others . (54). Of the factors presented in Fig. 7 surface of country number of population, maximum distance between decision-making center and colonized periphery respectively national border show a major negative correlation with the degree of centralization of decision-making on public expenditure. In general terms this means that the larger a country, the greater the tendency for decentralized budgetary decisions. This seems rational . If we now consider the deviation from the regression curve, we might assume that with increasing positive variance (distance to words the upper right of the diagram) countries are more centralized with regard to the specific indicator than the rest. With regard to these four variables, countries such as Mexico, Chile, Peru and Bolivia appear as the most centralized ones and therefore hypothetically most inclined towards budgetary decentralization policies. Other factors .

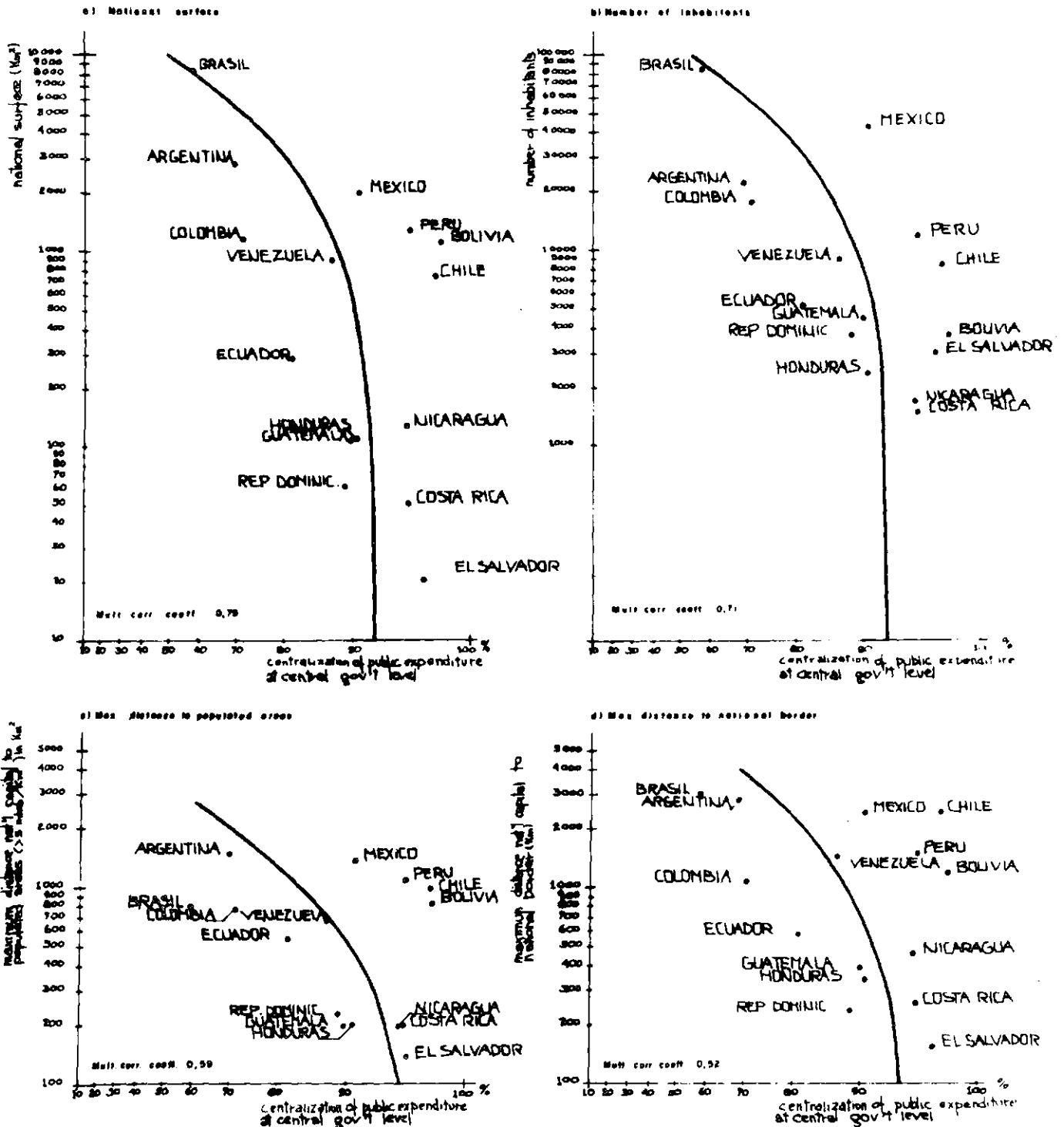
-
- 54) Paulo Reis Vieira in his study "Toward a Theory of Decentralization: A Comparative View of Forty-Five Countries" (Los Angeles, 1967) found a major correlation between budgetary decentralization and intensity of communications media, age of country, number of local government units, gross national product and, to a lesser degree, urbanization. Cf. also by same author: *En Busca de una Teoría de Decentralizacáo*, in: *Revista de Administracáo Pública*, Rio de Janeiro, 2º Sem. 1967, pp. 45 ff. The results are not completely applicable, however, as Reis Vieira is concerned only with the municipal as against the national level of government while in our context the intermediate levels are of equal interest. We have therefore in Part III/2 measured central government expenditure as against total public expenditure, which particularly in federal countries will lead to different conclusions.

such as constitutional forms, administrative usage and political considerations may counteract this inclination, of course. Countries with negative variance, such as Ecuador and Colombia already have a relatively great degree of budgetary decentralization compared to their size and magnitude characteristics. The main task here may be to coordinate sub-national decision-making with national ones. The countries at the lower end of the curve, inspite of their high degree of budgetary centralization, might find little necessity to decentralize budgetary decision-making except at the municipal level, simply because their entire size may be smaller than that of the sub-national units of many other countries.

Apart from such national characteristics however, not all types of regions within one country are equally prepared to receive decentralized decision-making functions. Uncolonized peripheral areas in their initial stages of development will neither demand nor be able to receive decentralized decision-making powers because of lack of social structures. In fact they will depend highly on central government support. Their administration usually depends directly from the central government, in federal countries frequently in the form of federal territories. As population increases and social structures mature, the decentralization of decision-making power will gain importance. This will often be a

CENTRALIZATION OF PUBLIC EXPENDITURE

Correlation with:



*) for data see Fig. 6

lengthy process, however. (55) Depressed areas will usually have a latent demand for decentralized decision-making but limited capacity to absorb such functions because of lack of adequate social structures and human resources. It will usually require a joint effort between the national government and regional political forces to establish the required institutions for decision-making in the region and to convert outright political pressure from the region upon the national government into a responsible system for rationalizing objectives, priorities and programs within the region. A successful example is the North-East of Brazil where SUDEME has been able to bring about a considerable change in political style and decision-making processes within a depressed region and in relation to the national government.

Metropolitan and other relatively developed areas outside the national capital are likely to make stronger demands and offer the highest capacity to absorb decentralized decision-making functions. The central government however, often may be reluctant to delegate decision-making powers to such areas, as they are potentially the most likely competitors for power at the national level.

55) The most ambitious Latin American program for opening up new resources areas in Latin America, the Corporación Venezolana de Guayana, has created an important heavy-industry complex and a new town of presently close to 120,000 inhabitants, but all major decisions are still taken in the national capital. In cases of agricultural colonization where extra-regional inputs of capital and know-how are usually less important, autochthonous decision-making will often get under way easier.

Usually it will require either very strong regional pressure based on concrete economic or political power or a national system of sufficient central government control so as to permit an enlightened policy for the decentralization of decision-making without putting in danger the position of the central government.

Border areas very often constitute a special case in which national governments are prepared to grant far-reaching powers of self-determination in order to maintain national integrity. This is particularly true where border areas are densely populated and at comparatively large distance from the national capital. Pronounced cases are the extreme North and South in Chile which have been granted development corporations with relatively great autonomy. So apart from the structure and the type of area its remoteness from the national decision-making center and its relative proximity to foreign decision-making powers plays a role. With decreasing ability to influence events over distance, the preparedness to delegate decision-making functions will increase if there are competitive loyalties to outside centers at stake.

De-facto decentralization of decision-making, in resumen, seems to be influenced by the following variables:

- distance (or accessibility) from the dominating decision-making center comparative to that to competing centers, and

- effective political weight of the area (in terms of number of voting population, active community structures) or its economic weight (in terms of contribution to national product or export gains).

A characteristic case is Peru where the departmental development corporations cover practically all of the more densely populated areas of the country beyond a certain distance from the national capital.

These are spontaneous and essentially politically oriented criteria. If we look at them from an efficiency standpoint, which a few countries have started to take into account for their policies for decentralizing decision-making, we find that the distance criteria remains essentially valid, as with increasing distance not only the political ability to influence events but also the quality of decisions declines. The second variable of political and economic importance however might require reformulation from static into dynamic terms. This means that priority might have to be given to areas of particular dynamics or development potential rather than of existing power. In this case decentralized decision-making may not only make a major contribution to socio-economic development, but the inherent dynamics of socio-economic development might at the same time contribute to the structural transformations necessary for assuming decision-making

functions within the region.

Regional or Inter-regional programs concerned to a major extent with decentralization of decision-making have usually found it necessary to adhere basically to existing political and administrative sub-national units. This was the case with the major development programs in Brazil and Chile, with the departmental development corporations in Peru and with some of the regional autonomous corporations in Colombia. - Regional programs which put little or no emphasis on the decentralization of decision making have usually given little importance to the limits of such sub-national units and at times have even ignored them intentionally. Cases in point are the majority of the regional programs in Mexico and the new regionalizations in Venezuela and that presently in preparation for Colombia. The important difference is that in the first group of cases existing sub-national societal structures were used as an input into the regional development effort, while in the second group of cases such structures were considered either of little importance or even a handicap to a coordinated national policy for regional development.

2. Depressed area policies.

Explicit nation-wide (i.e. inter-regional policies for depressed areas do not exist as yet in Latin America (Table 2).

This in contrast to most of the developed countries in Europe and North America , (56) and although inter-regional disequilibria tend to be smaller there. (57). It is significant in this context that so far no Latin American country has even made a definition of its depressed areas as a fundamental basis for preparing such a policy.(58)

There is no doubt that the objective necessity for such policies exists in Latin America. In many countries we find very strong inter-regional disequilibria of per capita income (Fig. 6), the extreme being Guatemala with a disequilibrium between its poorest and richest sub-national unit of 1:37 , and between its poorest region and the national average still of: 1:12

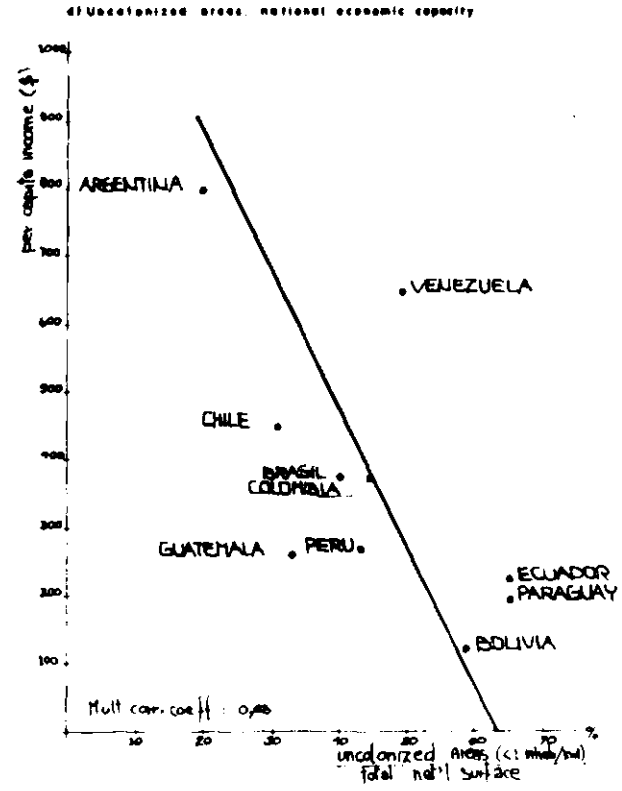
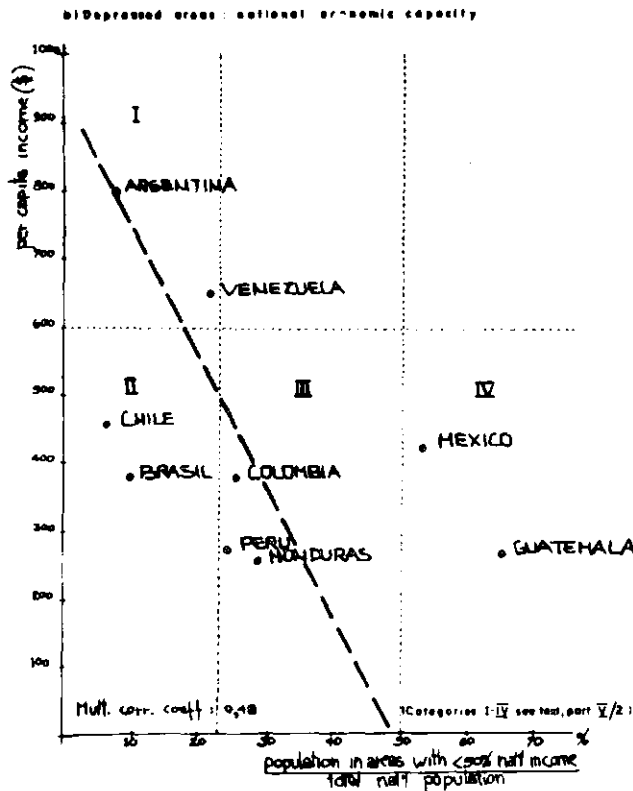
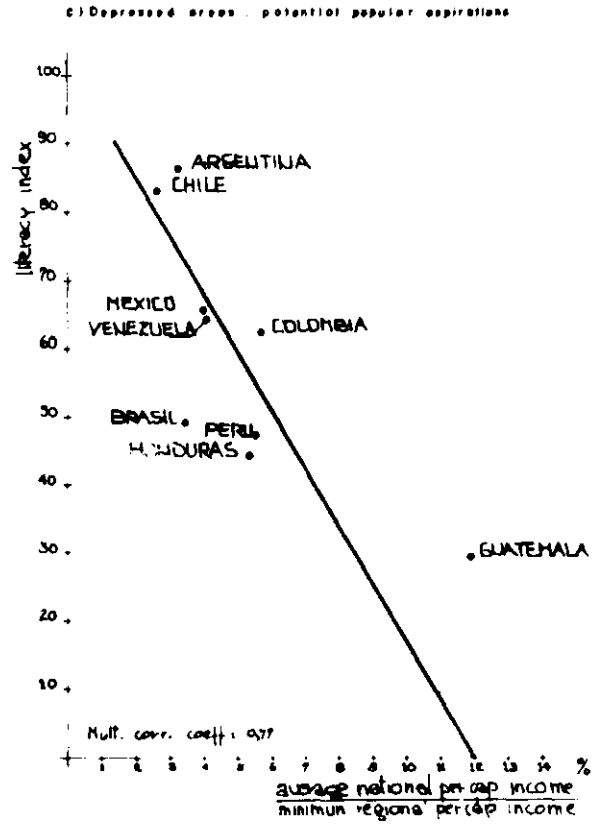
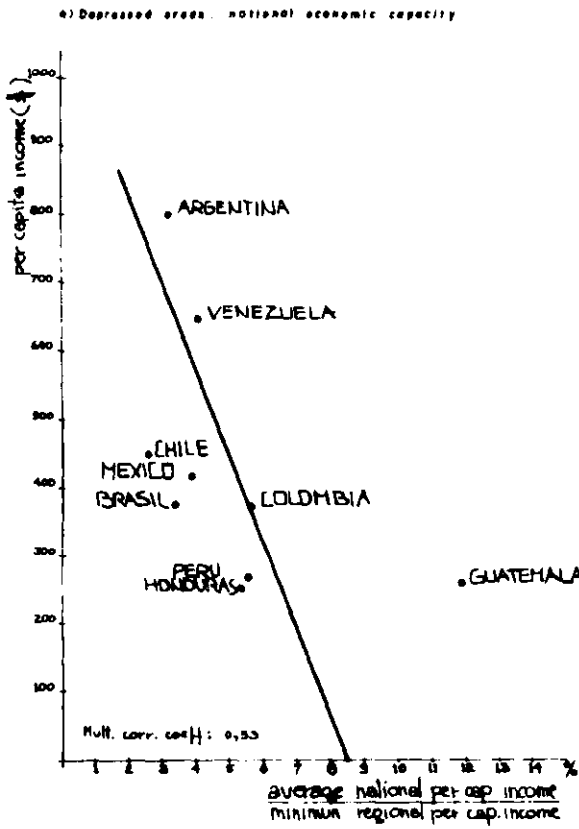
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- 50) cf. Area Re-development Policies in Britain and the Countries of the Common Market. U.S. Dept. of Commerce, Washington D.C., 1965, Libr. of Congress Catalog No 65-60021,
H.L. Klaassen, Area Economic and Social Re-development, Guidelines for Programs, OECD, Paris 1965
Regional Economic Development in the United States, U.S. Dept. of Commerce, Washington D.C., 1967
- 57) E.G. Williamson, Regional Inequality and the Process of National Development.
In: Economic Development and Cultural Change, Vol.XIII, No 4, Part II, Chicago, July 1965.
- 58) The only effort in this direction was made by the National Planning Inst. in Peru in a study document which, as far as we know , was never given political attention. Cf. Instituto Nacional de Planificación, II Curso Regional de Desarrollo Económico, Calificación de Areas Deprimidas del Peru por Departamentos. Re producido de Estudios OCEP/1960 mimeogr., Huancayo, March 1965.

The reasons for the absence of inter-regional policies for depressed areas no doubt are complex. Two factors may help to explain it at least in part: 1) the lack of economic capacity of the countries to tackle on a broad front the problem of their depressed areas, which would often mean diverting resources from global growth targets; and 2) a low social maturity on the part of the population of many countries to put effective political pressure behind the necessity of such a policy. In fact, Figs. 8/a-c show that there exists a negative correlation between inter-regional income differentials and national wealth (represented by per capita income) and socio-political maturity (represented by literacy rate). This means that in general countries with high inter-regional disequilibria tend to have both scarce economic capacity to deal with this problem and also relatively little political pressure forcing them to do so.

Regarding national economic capacity and inter-regional disequilibria, Fig. 8/a shows a medium-size correlation of 0.53, Fig. 8/b only one of 0.48. Countries which in Fig. 8/a lie higher above the regression curve, such as Argentina, Venezuela and Chile should be economically best able to cope with the magnitude of their inter-regional disequilibria. The lower a country lies at right angle to the regression curve, the more difficult it should find it to cope with the magnitude of its inter-regional disequilibrium. Unfortunately, the indicator used for inter-regional disequilibrium

*)
DEPRESSED AND UNCOLONIZED AREAS
 (Correlations with per capita income and literacy rate)

Fig. 8



for data see Fig. 6

(average national per capita income/minimum regional per capita income) has doubtful validity. Calculations to find a more representative indicator are under way but results are not available as yet.

In Fig. 8/b (% pop. in areas with 50% of national per cap. income and national level of per cap. income) the correlation is so low that it seems indicated to deal with categories of countries. One extreme is group IV (Guatemala and Mexico) with more than half of their population in depressed areas but with relatively little economic capacity to deal with the problem; the other extreme is group I (Argentina and Venezuela) with relatively little population in depressed areas and high national per capita income; the remaining two groups II (Chile and Brazil) with less than 20%, and III (Colombia, Peru and Honduras) with between 20 - 50% of their population in depressed areas, but both with low to medium national per capita income.

The felt need for depressed area policies is more difficult to measure still than the economic capacity. The variables used here are literacy rate and the relation between national average and minimum regional per capita income (Fig. 8/c). These two factors have a relatively high negative correlation. This means that countries with high inter-regional income differentials tend to have a low literacy rate and supposedly small effective political pressure for policies to alleviate the problem. With increasing

distance from the curve to the upper right countries should have relatively higher popular pressure to deal with the problem of its inter-regional disequilibria (Guatemala, Argentina, Colombia ,) while with increasing distance from the curve to the lower left of the curve this pressure should become relatively weaker. Unfortunately the same reservations regarding the disequilibria index have to be made as for Fig. 8/a).

While there are no national (inter-regional) policies for depressed areas in Latin America , there do exist a number of regional programs with a major orientation towards relieving the state of a depressed area and reducing its disequilibrium as against the rest of the country.

In Mexico for instance several of the river development programs, especially that for the Rio Balsas (N° 4), for the Papaloapan (N° 5) and for the Grijalva (N° 6) as well as the plan for Oaxaca (N° 11). (59). These regional programs in fact cover a great majority of the areas which in Fig. 5 appear as depressed. Coverage of depressed areas by regional programs in Mexico therefore seems fairly complete, although they have spontaneously arisen.

In Venezuela the program for the North-East (N° 4) is predominantly a depressed area program and covers no doubt one of the major pockets of depression of the country (Fig. 5). There are others in the South of Venezuela which so far have received little attention.

59) cf. Table 1 and Fig. 1.

In Colombia the National Corporation for the Chocó (N° 5) and the CVM (N° 3) cover depressed areas, although they both are not receiving major program emphasis in this respect. The remaining depressed areas (Fig. 5) receive no special attention in the sense of integral development. The Colombo-Ecuadorian border development program covers depressed areas but has become an almost actionless program in recent years.

In Brazil SUDENE and the Bank for the North-East (N° 1) cover the major depressed area of the country. As one of the most active programs in this line in Latin America it will be dealt with in more detail further on.

In Argentina the programs for the North-East (N° 2) and in part that for the North-West (N° 1) take care of the major depressed areas of the country.

In Peru some of the depressed areas are covered by development corporations although others, mainly in the interior (Fig. 5) have hardly received major integral development efforts.

Countries like Guatemala and Honduras (with considerable inter-regional disequilibria but little economic capacity) and Chile (with small disequilibria and relatively great economic capacity) have not as yet undertaken specific regional programs for depressed areas.

This rough overview shows that with the exception of some of the poorest countries and those where the problem plays very little role, most Latin American countries have initiated some kind of program for most of their depressed areas. Almost all of these programs have ad-hoc character however, lacking inter - relation to other programs and to explicit national development criteria. Some of them are no more than lip service with little coherent strategy and scarce funds behind them. Some of them have been in a study phase for almost a decade with major projects still waited for. Intuitive fear of draining scarce national resources through such programs and diverting them from more productive purposes may have played some role. In no Latin American country however systematic alternatives such as migration policy have been applied as yet to the depressed area problem. A rather casual approach in this direction is taken in Bolivia regarding the colonization of the East and current emigration from the over - populated agricultural areas of Santa Cruz, Alto Beni and Chanare (60)

The most powerful programs for depressed areas in Latin America are that for the North-East in Brazil (SUDENE) and

60) cf. Junta Nacional de Planeamiento de Bolivia, Plan de Desarrollo Económico y Social 1962 to 1971, in Planeamiento, Revista Trimestral, La Paz, September 1961, pp. 129 to 144. I am indebted for this reference to Mr. Eric Calceagno of CEPAL.

some of the river basin development commissions in Mexico. We shall discuss them briefly from the point of view of the strategies applied and some of the major benefits and bottle-necks experienced. They are representative of two different conceptions of development programs for depressed areas in Latin America, the infrastructure-agricultural development approach and the industrialization approach.

Most of the Mexican river development programs (61) and in fact most of the other Latin American depressed area programs have followed the infrastructure-agricultural development strategy. Basic elements were public sector investment in water regulation (often combined with hydroelectric power generation) and road construction oriented towards agricultural development. At some stage it was usually realized that these material inputs were not sufficient to raise employment and income, because the human element in the traditional societies of depressed areas was not able to make use of such pre-conditions out of their own initiative. In a second stage emphasis was therefore put on technical assistance and extension programs which in one of the Mexican river development programs has even taken an institutionally separate form with considerable international technical assistance. (62) These

61) cf. Thomas T. Poleman, *The Papaloapan Project Agricultural Development in the Mexican Tropics*, Stanford University Press, Stanford, 1964. We are following here mainly the Papaloapan Program in view of available analysis.

62) Plan LERMA Asistencia Técnica (N° 7)

technical assistance programs try to bring technological innovation and the main production targets of these programs down to the grass roots level for implementation. They are mostly restricted to the agricultural sector. Industrial development is some times (as in most of the Mexican river development programs) even explicitly excluded save for direct agricultural processing industries. Major structural transformations are usually not considered and most action is taken on an ad-hoc basis and with an engineering approach. In cases where an integral planning framework was elaborated (e.g. Plan IERMA Asistencia Técnica) it has usually not been able to relate itself to the action programs. Programs of this type are usually slow in tangible progress and their integral results on development are difficult to measure. Achievements tend to be formulated in terms of recuperated agricultural land, installed electrical capacity, energy produced, length of roads constructed.

The industrialization type of program for depressed areas like SUDENE has a later date of emergence. The programs for the North-East of Brazil had originally been conceived in a similar way as those described before. Up to 1960 they worked through the National Department against Droughts (D.N.O.C.S.) and the Pio San Francisco Program, both essentially physically oriented. Around 1960 the magnitude of the problems of the North-East made it clear that with only alleviating the direct consequences of the periodic droughts, no lasting improvement of living-conditions could be

obtained . The conviction that a direct strenghtening of the economy and the improvement of social welfare levels was essential for obtaining a lasting effect led to the creation of SUDENE. (63) The basic strategy element for the North-East of Brazil since 1960 was the capture of private savings, (64) mainly for industrial projects. Direct public investment in comparison was small. (65) Some 600 industrial projects were the result between 1960 and 1968 . (66)

A road and communications system was established, a modern educational system introduced, versatile professional opportunities newly opened in the region and a change in the style of regional politics and decision-making initiated along with the opportunity for the states to participate in program formulation for the allocation of federal funds in the region. Of the original strategy components of SUDENE , namely intensification of industrial investment, reorganization of agriculture and relocation of population surpluses (67) only the first one was achieved to a major extent. Since the main incentive for new industries was for capital inputs most of

63) cf. Stefan H. Robock, Brazil's developing North-East op.cit. P. 109.

64) Through an income tax credit legislation which discounted 50% of corporate income tax if an equal amount was invested in the North-East.

65) Public investment in the region through SUDENE was only about half of the amount of private capital transferred to the North-East on account of the tax savings incentives.

66) Proyectos Arrobados 1960-1968, Ministerio do Interior, SUDENE, Depto. de Industrializacao.

67) cf. IV Plano Director de Desenvolvimento Económico e Social do Nordeste 1969-1973, Ministerio do Interior, SUDENE, Recife 1968, p.18.

the new industries were highly capital intensive, using modern technology, but offered relatively little employment opportunities. (68) The limited local employment effect gave cause to relatively little regional income creation and a scarce expansion of regional markets. As an effect, these new industries remained modern enclaves within a large backward area. They received their capital and technology inputs from the outside (mainly from the South-East) and are shipping an increasing amount of their products to South-Eastern market. The hoped for impact on the rural areas by absorbing manpower and creating additional income for rural population was deceived. Due to the lack of regional market expansion these new industries created another problem at the national level: subsidized competition emerged from the North-East for some of the industries in the South-East, and in some sectors idle capacity arose due to the limited absorption possibilities of the national market.

A great part of the income created by this new industrialization flows back to the South-East, but in addition an instability has recently been created by pressure on the government to liberate the sale of these newly established enterprises by their originally tax-favored owners. This would indicate an inclination of investors in the South-East to withdraw their capital from the

68) cf. Mercio La Cerda, "Nordeste, Industrializacao e Absorcao de mao de Obra".
In: Boletim Economico da SUDENE, Vol. IV, No 1, October/December 1968, pp.116 ff.

North-East as soon as they have secured their initial tax benefit.

The rural sector has been relatively little changed, once because practically all of the private capital under the tax savings legislation went into industrial rather than agricultural investment, and secondly because the relocation of surplus agricultural labor as well as agricultural reform proceeded very slowly and have recently been de-emphasized even more because of fear they might aggravate the unemployment problem still more.

In resumen, three key problems have arisen in connection with the program for the North-East: the first is the lack of creating self-sustained regional growth with at least a decreasing dependency from extra-regional inputs. To a great part this is due to the lack of a regional multiplier effect under which growth would increasingly be based on regional savings and an amplification of regional markets. Secondly, the lack of diffusion of the development process from the few industrial enclaves to the rest of the region. Thirdly, the insufficient compatibility between the development of the North-East and national development criteria.

The new SUDENE plan (69) takes account of the first two problems by giving special emphasis to the following four policy lines, agrarian reform, democratization of the enterprises created under the tax savings legislation by profit sharing schemes for the workers, higher public participation in development efforts and its benefits, and intensified natural resources investigation. At the national level two related points are receiving special attention in the Planning Ministry: a study of the effects of development in the North-East on the national economy, and a series of studies on the reasons why the growing centers currently in development are contributing so little to an amplification of markets and what type of new growth poles could contribute more to the broadening of the national market. Brazil is the first Latin American country in which these questions of regional development are being attributed a key role for national growth.

3. Colonization and Resource Frontier Policies

About a third of the surface of Latin America is still uncolonized. (70) The question of whether, when and how to open up these areas is an essential issue, both from the continental and from national points of view. If we consider as uncolonized areas

69) IV Plano Director de Desenvolvimento Económico y Social de Nordeste, 1969-1973, *op.cit.* p. 19.

70) 33,8% of continental surface (measured by sub-national units) have less than 1 inhab./km². If the Antarctic possessions were included this percentage would be much higher still.

those with less than one inhabitant per km² we find that several countries such as Paraguay, Ecuador, Bolivia and Venezuela have so far colonized only about half of their national territory or even less (Fig. 6, indicator 9). Other countries like Colombia, Peru, Brazil, Guatemala and Chile have between half and three quarters of their surface colonized, Argentina a little over 82%. The remaining countries have no major sub-national units with population densities of less than one inhabitant per km² (see also Fig. 2). In general uncolonized areas are much more abundant in South America than in Central America.

The ability of individual countries to open up uncolonized areas evidently depends to a great extent upon their economic capacity. Besides this, differentiated cost of opening up specific areas, their resource potential, physical and climatic characteristics, play a role. If we present economic capacity again by national per capita income we find a negative correlation between the percentage of still uncolonized territory (less than 1 inhabitant per km²) and national per capita income (Fig. 9/d). Of the countries with still uncolonized areas, in other words, those with the greatest share of uncolonized territory tend to have low per capita income (Paraguay, Ecuador, Bolivia), while those with high per capita income have little uncolonized territory left (e.g. Argentina). When considering the correlation between the two

factors we may assume that the higher a country lies along the regression curve, the greater its economic capacity to deal with the respective magnitude of its colonization areas; the most favorable case is Argentina, followed by Venezuela and Chile. On the other hand, the lower a country lies along the regression curve, the less it is likely to have the economic capacity to handle the magnitude of its colonization areas; Bolivia, Paraguay and Ecuador are extreme cases in point. In many countries in fact there may exist a direct causal relationship between the two factors, i.e. the large share of still uncolonized territory may be a consequence of the poverty of the country.

Looking at actual policies for the opening up of new territories we find that no Latin American country has a national (inter-regional) colonization policy, setting forth priorities and strategies for integral development of new areas (Table 2). It is difficult to judge the reasons for the absence of integrated, long-term policies in a field of evidently so great importance, both regarding the cost and the potential benefits of new colonization.

The reason no doubt is the great scarcity of information on uncolonized areas, their resources and the long-term cost of colonization policies; a second one is the political prestige usually vested in colonization policies which might be impeded by hard-coined economic calculi; a third reason seems that integral

colonization policy requires more cross-sectoral thinking than most other types of regional development policies and is therefore least in line with traditional practice of development planning in Latin America. A major re-thinking therefore is necessary in this field.

There have been a series of regional programs, however, which in more or less isolated form were oriented towards colonization or the opening up of new territories (Table 1 and Fig. 1). So in Mexico the commissions for the Papaloapan (Nº.5) and the Grijalva Nº 6), while no integral development organizations exist as yet for the scarcely populated areas of Yucatán and Southern California (Fig. 2/a). In Guatemala the national development company for the Petén covers the only large uncolonized area of the country. In Honduras the paper and pulp project La Ceiba is located in a major uncolonized area of the country. The projects in these two latter countries have developed little force up to now, however, due to the limited financial capacity of the respective countries.

In Venezuela the Guayana Project (Nº 5) is no doubt the most impressive program for opening up new areas in Latin America and the only one oriented towards establishing a mineral based resource complex. The South and Center-South of the country hold rather large still uncolonized areas of much less or at least not yet established resource potentials. In Colombia the C.V.M. (Nº 3)

has a certain colonization emphasis and the program for the Chocó (N° 5), which is presently being restructured, may receive it later on. The large interior areas of Colombia are still untouched by systematic colonization policy however. In Brazil the foundation of the new capital Brazilia (N° 3) and SUDAM (N° 2) as well as the programs for priority border development areas (N° 5) have intersectoral colonization character, while the road construction program for the interior is basically an engineering program with spontaneous colonization going along with it. In Paraguay practically all regional programs have predominant orientation towards colonization, explained by the fact that it is the country with the highest percentage of still uncolonized territory in Latin America. In Peru the Carretera Marginal de la Selva (N° 5) has a similar engineering orientation as the road programs in the interior of Brazil. All the Amazon interior of Peru however is still hardly covered by development efforts except for the establishment of the free port of Iquitos. In Argentina the programs for the Comahue (N° 3) and for the Patagonic region (N° 4) have major colonization character. They cover practically all the uncolonized areas of the country. In Chile the programs for Chiloé (N° 4) and Aysén (N° 5) and in part the Magallanes Corporation (N° 2) have colonization character. They cover most of the uncolonized areas of the country.

Most countries have thus paid piecemeal attention to their uncolonized areas. Often the motive may have primarily been

one of national security and sovereignty, rather than economic or social rationale.

It is interesting to observe that no multi-national colonization programs have so far been successfully formulated. On the contrary, it can be said that most multi-national regional development programs which happened to include larger uncolonized areas, such as the programs for the La Plata basin or for the Argentine-Chilean border areas, have hardly been able to advance so far. In uncolonized areas, where national sovereignty still is least manifest, individual countries apparently are most cautious not to surrender any decision-making powers to multi-national propositions. More than in any other type of area, the development of colonization areas has therefore been the most strictly guarded domain of unilateral national decision-making.

Programs for opening up new areas have usually have had as their main orientation either resource mobilization or pure colonization (occupation of territory).

Resource mobilization program have as their main objective to mobilize natural resources which lie in areas so far uncolonized. In these cases usually careful resource investigation and cost benefit analysis of the major components of the program took place before it was actually initiated. National criteria were usually

applied such as the incorporation of hydrological or mining resources into the national economy. These programs usually have been integrally planned--mostly from the central level--and have been executed in systematic stages regarding basic infrastructure, productive equipment, distribution and marketing outlets and some marginal social development and technical assistance efforts to cope with the problems arising for local or newly immigrated population.

The classical example is the program for the Guayana Region in Venezuela, furthermore that for the Comahue region in Argentina, most of the Mexican river basin development commissions and some programs in highly capital intensive forestry or agricultural programs such as the Pulp and Paper Project La Ceiba in Honduras. In their management aspect, these programs are a continuation of the former private resource mobilization schemes undertaken mainly by foreign companies, with the difference that now national development criteria are introduced. The Venezuelan Guayana Corporation for instance, is a highly efficiency oriented enterprise run basically out of the national capital and "created to help achieve national goals through the development of industry, power, and a new city in what was virtually an empty space". (71)

Geared towards these national targets and working through a centralized organization weakened the staff: "knowledge of

71) Roberto Alamo Blanco and Alexander Gantz, "Economic Diagnosis and Plans".

In: Planning Urban Growth and Regional Development, the Experience of the Guayana Program of Venezuela, Ed. Lloyd Rodwin, M.I.T. Press 1969, p.61.

concrete local economic and social conditions and made local participation in decision-making or even in information of the population less feasible". (72) Important parallel tasks such as the attraction of small and intermediate size firms, the establishment of social services and urban infrastructure were not given equal attention, and short-comings in these sectors at times were adversely affecting production in the key industries. (73)

These programs usually succeeded in making major contributions to national growth. To regional development, however they contributed almost exclusively by economic inputs, rarely complemented by the promotion of regional decision-making structures. Integral development in the sense of containing both these factors in most cases remains to be waited for in a later phase.

Colonization programs: The remainder of the programs in this group had as their major objective the occupation of territory, very often before major knowledge of its resources existed and sometimes with the implicit objective of being better able to define these resources. These programs require less public financing and are therefore easier to start. The main public functions usually are the opening up of a penetration road and some stimulus towards immigration by means of land titles or migration

72) cf. Lloyd Rodwin, "Reflection on Collaborative Planning", In: "Planning Urban Growth" op.cit., p. 478.

73) op.cit. p. 87

subsidies. Colonization takes place spontaneously in most cases, at best according to previously defined land division plans. Following this initial colonization the state will then put in some basic local infrastructure.

Very often this type of colonization is a secondary phenomenon of ambitious road projects such as those in the interior of Brazil and the Carretera Marginal de La Selva. So far no integral study of the economic effect and the urbanization patterns provoked by these new roads has become known. (74). The danger of un-economic colonization with great public overhead costs arising later, or the partial destruction of natural resources can therefore not be encountered at an early stage. (75) Since beyond highway construction the state tends to participate relatively little in initial colonization cost, spontaneous social structures are forced to form. While there may be substantial and spontaneous community development, the economic result of many of these colonization efforts may in an initial period remain rather meager. In some colonization areas such as in the Eastern Department of Peru population has even

74) For the highway Brazilia-Belem cf. Orlando Valverde e Catharina Vergolino Dias, A Rodovia Belém-Brazilia, Estudo de Geografia Regional. Fundação IBGE, Instituto Brasileiro de Geografia, Rio de Janeiro 1967. This is the only comprehensive study known of the area around one of these new highways. It appeared after the highway was basically terminated however and therefore serves rather for the ex-post knowledge of physical and agricultural conditions, while the highway had been planned as a more or less autonomous engineering project.

75) Michael Nelson, Planificación de Inversiones y Políticas para el Desarrollo de Tierras de las Zonas Tropicales Húmedas de América Latina, Proyecto de Investigación, Forrador, Resources, for the Future, Inc. ILPES, mimeogr., Santiago, August 1967.

slightly diminished instead of increased . (76).

In order to obtain better economic results, more paternalistic institutional forms have been used also in agricultural colonization, partly sponsored by the state, partly by private enterprise such as in Matto Grosso in Brazil. In this case the economic objective of resource mobilization moves into the foreground as against pure occupation of territory, which is mostly guided by strategic objectives. The majority of colonization projects with strategic objectives are in the humid tropical areas however and their total cost often is very high if they are only agriculturally based. (77) In resumen two key issues of colonization policy in Latin America appear to be the formulation of national strategies defining priority areas and sequences of policy instruments for the opening up of new areas. The second important point is finding a juxtaposition of institutional forms providing for both efficiency in natural resource mobilization and enough opportunities for local initiative so that autochthonous societal structures form for which colonization areas offer an optimum environment, and which are a bottleneck for the development of most Latin American countries.

76) Michael Nelson op.cit. p.51

77) Michael Nelson op. cit. p. 53

4. Border Development Programs

Peripheral areas are a principal object of regional development policies and programs. Border areas usually occupy an extreme position regarding national periphery. Programs for these areas as a rule are unilateral or national ones, only in exceptional cases in the last five years bi-or multi-national border development programs have arisen.

National border development programs are almost exclusively concerned with undeveloped or underdeveloped border areas, caused by the fear that a vacuum in such an exposed location might fill itself from a neighboring country. Bi-or multi-national border development programs in the majority of cases deal with comparatively developed areas, for which already sufficient information is available to show to both (or all) nations concerned that they will benefit from border area integration via the creation of a larger, new region or via resource complementation.

- a. National (unilateral) border development programs are usually colonization or settlement programs with predominantly strategic or nationalistic objectives. Little consideration is given to economic rationale. The first stage is often very similar to any colonization or settlement programs for remote areas: transport and

communications infrastructure and some incentive for immigration and land occupancy are the main instruments. Only that in these border areas the military forces mostly play a considerable role in providing this infrastructure and in keeping up means of communication, free or at subsidized prices. This includes not only transportation of people but also of production inputs like seeds, fertilizers and machinery to the region, and of products to outside markets. The cost of remoteness is thereby reduced considerably and usually the objective of maintaining the territory occupied is reached sufficiently. The predominant economic form very often is subsistence farming. Programs of this type are undertaken in the Petén of Guatemala (N° 1) (78) in the "priority development areas" of Brazil (N° 5), in the "Vital Colonization Areas" (N° 2) of Peru and in the Chilean Colonization areas of Chiloé (N° 4) and Aysén (N° 5) as well as recently in the Argentine Patagonia (N° 4).

A second stage of border development strategies emerges usually when in this competitive game of land occupancy considerable advantage is gained by one country against a neighboring one. This usually leads to a strategy

78) N°s. refer to Table 1 and Map 1.

which beyond the pure occupancy of territory is geared towards raising the economic development level of the border area as rapidly as possible. Since regional resources are usually little known and no specific locational advantages with regard to the national economy exist, two artificial devices for attracting population and economic activity have become fashionable: Free ports and Casinos. The free ports usually facilitate duty free imports from abroad, tax exempt handling and often also duty free re-sale (or contraband) to the rest of the country. By this kind of extra-territoriality an external economic base is sought for a peripheral area instead of a national one. The intention is to initiate economic activity on the basis of imported (duty free) material inputs, to be combined with local (or nationally attracted) manpower, capital and entrepreneurship. The margin between national and world market prices usually is large enough to compensate the moving of the mentioned national production factors to these peripheral locations. Since free-port legislation tends to be temporary and many pre-requisites for industrial production (trained manpower, infrastructure, external economies) are usually scarce in these areas. Commerce

will develop in the first place. This commercial development is usually of a squatter type with enterprising people coming from the developed parts of the country, investing locally as little as possible and transferring their utilities back to the center as quickly as they can. Benefits for the local population tend to be small and of short-term effect only. A free-port of this kind will usually produce an escalation effect. If one country decides to promote its border area by a free-port, the neighboring countries will follow suit very soon. In the interior of the Amazon for instance, three such free-ports were created subsequently by Peru (Iquitos, N° 4), by Brazil (Manaos, N° 6) and currently by Colombia (Leticia, N° 7). A similar pair of competing free-ports existed between Chile (Arica) and Peru (Tacna). It is doubtful that any of the free-ports of this type can create sustained development in border areas unless complementary public investment and specific incentives for manufacturing industries are initiated.

A third stage are, therefore, integral border development programs in which (usually emerging from one of the described free-port devices) a combination of migration

incentives, public infrastructure investment, duty and tax exemptions oriented specifically towards manufacturing sectors, along with training and social development measures are launched. It would be worth a trial to find out whether such a program can be realized without going through the preceding, rather uneconomical stages. One bottleneck may be that such an integral program would make it very difficult to be run directly from the national capital unless resources are so affluent that distance friction can be minimized by intensive transport and communication links. Since most border development programs initially have a scarce economic base, this is improbable. Some local decision making structures will therefore be required both for the sake of the efficiency of the program and to satisfy the demand for self-determination on the part of a growing community at extreme distance from the national capital. Moved by factors of this kind, the only two existing integral border development programs have led to an interesting experience of allocating national resources to peripheral areas combined with delegating decision-making functions to the areas concerned. No wonder, this happened in a country like Chile with an

extreme relation between population and longitudinal distance from the capital .(79). Both these programs the Junta de Adelanto de Arica (Nº 1) and the Corporación de Magallanes (Nº 2) have emerged from the previously described type of free-port.

A coordination problem often arises with regard to the decentralization of decision-making to such border development corporations. On the one hand, increased decision-making powers in the border areas will tend to increase the share of local inputs and participation and in most cases of program efficiency. On the other hand, particularly for border area development, the integration with national development policy is usually given high importance. For the only two cases in Chile it has been possible to recuperate such coordinating powers after an initial autonomous corporation status thanks to the strong position of the central government in this country and by proving to the regional corporations that joint planning between the national and the regional level was able to increase the impact of the program as a whole.

79) See also Annex 1, The Test Case Chile.

Another integral border development program is the National Border Development Program (PRONAF) of Mexico (N° 1) for its Northern border with the United States. For a border fringe of 20 km., special incentives for industrial settlements are given by duty free import of machinery and of material inputs and by state income tax waivers. (80) This program is based not only on foreign (U.S.) material inputs and capital, but to a great extent also on sales in the U.S. market. As regards infrastructure investment, it is complemented by the Juntas Federales de Mejoras Materiales (N° 2). As distinct from the Chilean border development programs there is practically no decentralization of decision-making involved.

None of these unilateral programs could so far be transformed into a multi-national border development program however. No doubt very special conditions have to exist for such multi-national programs.

- b. Multi-national border development programs have so far come into existence only in very few cases (see Table 1)

The three growth pole projects for Central America (Gulf

80) cf. Dilmus D. James, An Economic Appraisal of the Mexican Border Industrialization Program. Paper presented to the Western Regional Science Association, February 1969.

of Fonseca and Río San Juan de la Costa) are still in a preliminary study phase. The first program to become institutionalized was that for the Colombo-Venezuelan border area (81) which unified a combination of four lucky pre-conditions: the areas on both sides of the national border had traditionally constituted a cultural and ecological unit and had in Colonial times even belonged to the same Spanish province; (82) areas on both sides of the national border belong to the same river basins; considerable complementation existed between both border areas regarding migration and commerce, which lead to problems on both sides of the border impossible to control unilaterally; there existed considerable potential for an inter-change of electricity supply and health and educational services between the densely populated areas on both sides of the border.

A few years later a similar program was initiated for the Colombo-Ecuadorian border zone, (83) based on the fairly

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- 81) Posibilidades de Integración de las Zonas Fronterizas Colombo-Venezolanas. Informe de la Misión del BID presentado a los Gobiernos de Colombia y Venezuela, Washington, April 1964.
- 82) Op.cit. p.16
- 83) Hacia un Programa de Integración Fronteriza Colombo-Ecuadoriano, Informe de la Misión del BID preparado con la colaboración de ILPES y presentado a los gobiernos de Colombia y Ecuador, Washington, February 1966.

successful precedent just mentioned. This program was designed for two basically homogeneous areas, however. They both were depressed areas with little potential inter-relations between them and great physical obstacles for mutual communication. The program very soon stagnated and the main benefit turned out to be international financing for the Panamerican Highway in this border area.

The La Plata basin (N° 3) development program is too complex and politically sensitive to be dealt with adequately in this context. From the beginning no doubt it was a very difficult task to make coincide the aspirations of five governments at a time (Brazil, Bolivia, Paraguay, Uruguay and Argentine). The main bottleneck seems to have been the lack of resource information on this huge area, which particularly for the countries participating with large uncolonized areas would have meant rendering an unknown magnitude of resources for multi-national propositions. Integral planning efforts were therefore relegated completely by the International Coordinating Commission and emphasis has been put on improving information on natural resources and hydrological conditions and on

the complementation of transport infrastructure. Besides these items, two concrete projects are to be promoted which in essence are uni-or bi-national, namely the Bolivian port Bosch and a bi-national border integration project between Argentine and Bolivia, somewhat along the lines of the two first mentioned bi-national projects.

All of these multi-national border development programs have come into existence through the mediation and with technical assistance of International institutions such as RID , ILPES, PCIE, STECA.

A complex field of analysis and strategies has developed in this connection. (84). Two functions have basically been inspired by these programs: to facilitate interchange between parts of a functional region which currently is cut apart by a national border , meaning regional integration of "live" borders (85). This type of border integration has been comparatively successful as it filled already existing needs on the part of two countries. Another type of program would be oriented

84) La Integración Fronteriza : Un Fin y un Medio, Apuntes Metodológicos. Secretaría del Programa para el Desarrollo de la Cuenca del Plata, BID-CEPAL-CIAP- OEA-PAUD. Mimeoogr., Buenos Aires, 1968.

85) Op. cit. p. 17

towards integrating border areas which so far have not been inter-related, or integration of "inactive" borders. This type of program has hardly succeeded so far, although it may be the more constructive one offering new development potentials by creating possibilities for multi-national resource complementarities and for enlarging markets for areas which so far have been too small to make use of economies of scale. This kind of border area integration would offer a small-scale substitute for country-wide multi-national integration.

On the whole it seems that there exists a certain complementarity between nation-wide integration and border integration schemes. When nation-wide integration is stagnating, border integration seems to advance comparatively well. On the other hand, when continental or sub-continental integration schemes become promising, such as recently for the Andean countries, multi-national border development schemes lose political interest in view of bigger solutions hoped for.

5. Metropolitan Area and New Growth policies

About half of Latin America's population is living in urban areas (86). More than a third of its population lives in larger urban centers of 20,000 inhabitants and more. If

86) Using the usual Census definition of 2,000 or more inhabitants. cf. Lowdon Wingo, Jr., "Recent Patterns of Urbanization among Latin American countries", in: *Urban Affairs Quarterly*, Vol. II, No 3 (March 1967) pp. 81-110.

we take the population of all Latin American cities of more than 1 million inhabitants plus national capitals together, it is larger than the total population of any Latin American country except Brazil. (87). The later category contains the existing metropolitan centers, cities over 20,000 inhabitants most of the potential and new growth poles.

These areas no doubt are major pacemakers for the development of Latin America as a whole. (88). Still we find that planning gives less attention to the development of these areas than of most other types of regions of Latin American countries (see Table 1). This may be because a major part of each country's development automatically takes place in its bigger urban centers. There is no quantitative lack of growth in these areas. At the same time this means however that the major transformation processes of development and conflict situations created by them arise primarily in these areas. Such processes of change no doubt need major policy guidance.

But urban development policy in Latin America with some exceptions is still in the traditional land use phase (Plan Regulator), and a series of countries have not even introduced this stage

87) cf. Poul O. Pedersen and Walter Stöhr, "Economic Integration and Spatial Development of South America". Paper presented to the VII Interamerican Planning Congress, Lima 1968.

88) Lowdon Wingo, Jr., "Urban development in Latin America: A policy Perspective". Paper read at the Catherine Bauer Wurster Memorial Public Lecture Series held at Harvard University, April 1966, mimeogr., p.8.

but are still grappling with the introduction of elementary instruments such as an urban land catastro. At best four countries have so far introduced policies with the object of securing rational urban development (Bolivia, Venezuela, Chile and Ecuador) (89)

Integral Metropolitan Planning Programs with practical implications have been almost non-existent so far in Latin America. Most of the large cities have introduced physical planning in the sense of land use plans, but not complemented by socio-economic development plans nor investment programs. The only exceptions that have become known are the "Executive Group for Sao Paulo" (N° 8) (90) and the Technical Office for Planning and Coordination of the Metropolitan Area of San Salvador (N° 1). For various other big cities regional studies are underway, so for the metropolitan areas of Mexico, of Bogotá, of Buenos Aires, Lima and Santiago, but they are either still in a preliminary phase or have not been able to receive political support. For the Metropolitan Area of Lima, for instance, a rather sophisticated study had been prepared under guidance of the National Office for Urban Planning (ONPU) but upon termination was left practically without political support.

89) cf. J.E. Wardoy, R.O. Rosaldúa and O.A. Moreno, "A draft report on Urban Land Policies and Urban Land Control Measures in South America". Prepared for the Center for Housing, Building and Planning, United Nations (1968).

90) See Table 1.

Evidently there must be reasons for the absence of coordinated policies for such vital regions of Latin American countries. One reason may be that the national agencies responsible of major investments in these areas feel able to handle metropolitan problems directly on account of their immediate vicinity. Since furthermore a major part of their investment budgets flow into these areas, they are little prepared to limit their freedom of decisions by either delegating power or submitting decisions to coordinating mechanisms. On the other hand, the representative bodies of the big metropolitan centers are usually highly synchronized with the national ones (91), so that there exists no institutional framework for expressing specific aspirations of metropolitan units or for bringing pressure on the central government to delegate functions. As a result, governmental action in metropolitan areas is often more sectoralized even than in other regions of the country. Only in some secondary cities which recently have outgrown the national capital of their country such as Sao Paulo, political weight and own financial resources have been large enough to lead to an autochthonous metropolitan planning effort. (92) It would go beyond the frame of this study to deal with the complex substance of metropolitan planning.

91) In many cases there exist no representative bodies for the metropolitan area at all, such as in some countries' s federal districts, or otherwise they are split up into a large number of small municipalities.

92) In Brazil no doubt the federal constitution has aided considerably in this process.

Programs for new growth poles with concerted implementation have been no more numerous. The idea has been very fashionable ever since Francois Perroux coined the idea, and most Latin American countries have in the last years more or less freely "designated" growth poles. In some cases this was done according to traditional central place theory by defining amount and variety of (predominantly tertiary) activities and their areas of influence, (93) some are considering in addition transport and migration flows (e.g. Colombia) to define existing functional relations. Few of these growth pole definitions go beyond a static rating of urban hierarchies and attempt to estimate future growth potential either on a local basis (e.g. Honduras) or taking into account also hinterland potentials (e.g. Guatemala and Chile). Fairly reliable methods have been developed to estimate agricultural potentials, (94) but no applicable methods as yet to estimate industrial or general urban development potentials of specific cities in an national framework

Furthermore there does not exist sufficient knowledge on the factors which really make a "growth pole" as distinct from just any urban area. External economies and economies of scale no doubt

93) cf. Serie- Centralidade, Brazil 1968, Fundacao IBGE, Instituto Brasileiro de Geografia, Divisao de Geografia, Rio de Janeiro.

94) See the studies of Esteban Strauss , IUPERJ, on Man-Soil relationships and their application to Central America, Brazil and other parts of Latin America.

play an important role. But systematic growth pole policy will hardly become effective unless there can be stated for each case what specific type of investment by sector, in which magnitude and in which sequence is necessary in order to produce self-sustained growth . (95). A second problem is that not enough knowledge exists about the necessary pre-conditions regarding the "growth pole" and its hinterland so that some of the growth created in the center is diffused to the surrounding area rather than that the center absorbs and reduces the proper development potential of its hinterland. (96) This is intimately linked to the question of innovation flows. (97)

Basically due to the lack of knowledge about the processes behind the creation and diffusion of growth in space, most ambitious for national programs for new growth poles have not materialized in substance so far. In various countries more or less isolated programs for specific locations are underway.

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- 95) Lowdon Wingo, Jr., Urban Development in Latin America: A Policy Perspective, op.cit.
- 96) cf. Bert Joselitz, "Generative and Parasitic Cities", in: Economic Development and Cultural Change, Vol. III (1955) pp. 278 - 94
- 97) For Latin America two studies have become known on the latter subject . At the national and continental level: Poul O. Pedersen, Innovation Diffusion within and between National Urban Systems, mimeogr., Santiago-Copenhagen, 1969. At the regional and local level, a study of Innovation Processes with special reference to the Guayana Region in Venezuela is currently in progress at the Center for Development Studies (CENDES) in Caracas.

Among the earliest and best known are the creation of Brazilia as the new capital of Brazil (N° 3). This case actually anteceded classical growth pole theory and considered the creation of a new city on a predominantly service (government) function, as marginal input containing functions such as an industrial park. (98) As the population of Brazilia and its local demand grew, agricultural and some industrial development in its surroundings was induced. Brazilia thus represents the rare case that a region was developed almost exclusively from the local demand side (instead of from the production-side or on the basis of regional resources). - The other well known case is Guayana City which was developed as the main project of the Guayana Regional Development Program in Venezuela (N° 5). The process here has been almost totally reverse in that the development of Guayana City was exclusively based on regional resources (hydroelectric power and iron ore) and on consecutive heavy industry, while it received practically no support from local demand. It is interesting to note the difference of spatial development patterns in these two cases: Brazilia has had a considerable diffusion effect on its surrounding areas while Guayana City is essentially draining resources and the scarce economic development

98) Which by-the -way for years remained practically vacant because land was held back by speculators.

that had existed (e.g. of Ciudad Bolívar) from its hinterland. (99)

Most of the other growth pole projects are based on already existing towns. The Interamerican Development Bank has recently started to promote systematic studies for defining the growth pole potential of secondary cities in various countries which have shown dynamic development in the past and considerable local initiative to intensify this trend in the future. Cases in point are Monterrey in Mexico (Nº 10), three multi-national growth poles in Central America, namely in the Gulf of Honduras (Nº 1) in the Gulf of Fonseca (Nº 2) and at the Rio San Juan de Costa Rica (Nº 3). These last three Central American areas have been defined less on account of past economic dynamics but because they are the only three areas from the development of which all five Central American countries can directly benefit. Another project is underway for the Recôncavo de Bahia in Brazil (Nº 4) with a view to establishing a growth pole based on natural resources in a depressed area with BID support. (100)

99) Present plans for agricultural development in the Orinoco Delta area may change this, although it will be based again primarily on national demand and very little on local demand. (cf. Informe Anual Corporación Venezolana de Guayana, 1968, Separata : La Agricultura, p. V-65 ff.)

100) cf. Polos de Crecimiento e Integración Regional, Boletín de la Integración, Banco Interamericano de Desarrollo, Instituto para la Integración de América Latina (INTAL) Buenos Aires, September 1967, pp. 407 ff.

Another program is underway for Concepción in Chile (Nº 6). In Peru BID is supporting pre-feasibility studies on the growth pole potentials for some 10 major cities which may well lead to a national system's approach in concrete growth pole policy.

6. Towards national frameworks for Regional Development

The numerous policies and programs enumerated so far are carried on essentially isolated from each other. As long as they were of limited magnitude and small impact, national development objectives were neither particularly promoted nor handicapped by these programs. They helped to round off some of the rough edges which global and sectoral policies left in specific parts of the country. As these programs multiplied (in part through precedent effects) and secured substantial financial resources, the question inevitably arose whether it was conducive to national development objectives to strengthen the program for Region A rather than for Region B, or to which extent sectoral investment criteria should maintain their prevailing position as against regional ones. Traditional planning techniques had no answer to these questions.

Countries with sizeable regional programs such as Brazil, Venezuela, Mexico and Colombia would potentially have been those most eagerly looking for criteria to rationalize and integrate them with national development policy.

Not only the complexity of the problem there, but the fact that these regional programs had built up vested interests at the regional or at the national level avoided that such questions moved to the foreground however. Rationalizing programs after all might have meant reducing some of them. It so happened that the first major thrust towards the formulation of an inter-regional development policy at the national level, counting with effective political support came to bear in Chile, a country with at that time (1964) few regional programs and at the same time little regional consciousness. (101) The emergence of the issue of inter-regional policies at the national level brought about a chain reaction. Even small countries which obviously would not have to be preoccupied majorly about regional development issues, started to deal with it.

Regionalizing the national territory was in most countries considered a first pre-requisite to introduce regional development policy. Often this was done irrespective of the type of regional policy to be introduced. From the type of regional policy envisaged depends, however, what kind of regions are to be defined and what importance they are to be given. Certain types of regional policy which are designed and implemented from the central level and are concerned primarily with resource allocation (rather than decentralization of decision - making) could be carried out equally well without a laboriously defined system of regions, using only locational criteria for resource allocation. (102)

101) See Annexe 1, Test Case Chile.

102) cf. Walter Stöhr, The Definition of Regions in Relation to National and Regional Development in Latin America. Paper presented at the First Interamerican Seminar on the Definition of Regions for Development Planning, September 4 to 11, 1967 Hamilton (Canada). In "Regional Studies" London, March 1969.

Also in cases where the coordination of central government activities by a real units is the main objective (103) it matters little how regions are delimited and any version consistent with a majority of existing sectoral regions will do. In both these cases, much more important than the limits of regions is the definition of priority locations for sectoral and inter-sectoral investment (e.g. in "growth poles"). The sophisticated efforts for delimiting regions for this purpose in many, particularly the smaller countries, could therefore easily be diverted to more important tasks.

A careful definition of development regions is much more important in countries where these regional units, beyond coordination purposes, are to serve also for the initiation of regional decision-making (e.g. Chile) or for its integration with national policy formulation (e.g. Colombia, Venezuela, Peru and Argentina) (104). In view of the persistency of regional decision-making structures, once established, it is advisable to consider their optimal grouping before a regionalization is adopted and then not to change it unless important spatial transformations take place. In this case regions are a structural element for the formation of sub-national societal institutions, while in the first two cases they are a pragmatic device to orient administrative procedures.

103) See Table 2

104) See Table 2

Apart from the usefulness of their end product, regionalization studies in most countries offered the advantage that for the first time a great number of regional data was elaborated (105) as potential information for future policy purposes. In some countries, unfortunately, the wealth of data at the sub-national level accumulated in this process was obscured again as planning data from then on were aggregated only by these large regional units and not by the finer sub-national divisions used before. In countries where the policy value of regions is scarce (106), this might turn the entire regionalization effort into a deficit enterprise.

In some countries which had introduced the earliest regional programs already before 1960 (Mexico and Colombia) river basins are still the dominant criteria for regional delimitation. For purposes of physical development (water regulation, land reclamation, generation of hydroelectric power) these limits seem adequate. For integral socio-economic development however they very often prove insatisfactory. (107) The inadequacy of this physical delimitation usually is felt once industrialization becomes a major program objective or if structures for popular participation and regional decision-making are to be created. Then such physical

105) For Argentina cf. Consejo Federal de Inversiones, Bases para el Desarrollo Regional Argentino, Buenos Aires, 1963. For Brazil cf. Subsídios a Regionalizacáo, Fundacáo IPGE, Instituto Brasileiro de Geografia, Divisáo de Geografia, Rio de Janeiro, 1968.

106) For instance in some of the small Central American countries.

107) A comparison to this effect between TVA and the Venezuelan Guayana Project is found in John Friedmann, "The Guayana Program in a Regional Perspective" in: Planning Urban Growth and Regional Development, The Experience of the Guayana Program of Venezuela, ed., Lloyd Rodwin, M.I.T. Press, Boston, 1969.

delimitations may become a real handicap. (108)

Beyond the regionalization of national territory, inter-regional policies in a national framework have been extremely scarce (see Table 2).

Programs for certain types of areas have been discussed already in the preceding sections on depressed area, colonization area and growth pole policies. A delimitation of such types of areas and the definition of policy guidelines for them very often may be much more useful than the customary regionalizations. These categories of areas constitute units of different development stage within one country requiring specific policy inputs. Since the objectives of regional development within these area categories are similar (e.g. reducing inter-regional disequilibria, opening up new areas) priorities within them can be stated much more clearly than for the heterogeneous general development regions.

Of nation-wide development programs for certain types of areas only those for rural areas (see Table 2) have not yet been discussed.

108) The Colombian Magdalena and Sinú Valley Corporation (CVM, 1963) for instance, traces part of its debility back to the fact that its limits embrace and cut across a great number of cultural units from the low-lands to the high-lands, sometimes excluding their centers, so that the program never could really be filled with life. (I am indebted to Ruben Utría for drawing my attention to this case).

In fact, up to 1968 no Latin American country had initiated a nation-wide inter sectoral rural development policy. It had been substituted by sectoral policies such as for agricultural development (covering only the production side of rural areas), or by comprehensive policies for territorial sections, such as agrarian reform. The entire rural medium as an inter-sectorial spectrum had never been dedicated a unified policy however. For the first time Mexico in 1968 initiated a "Coordinated Program of Public Investment in Rural Areas" in a pilot effort in the state of Durango, which during 1969 is to be expanded over the rest of the rural areas of the country. This program is specifically oriented towards strengthening the small rural centers of between 500 and 2,500 inhabitants by coordinated investment in water supply and sewage systems, electrification, local roads, storage facilities and health services. (109) This program explicitly excludes the medium size and larger villages and towns of more than 2,500 inhabitants which are considered to dispose of greater own resources and which traditionally have received more attention from state and federal agencies. On the other hand it also excludes the very smallest rural settlements of less than 500 inhabitants, probably because they are not considered viable settlement sizes in the long run.

109) cf. Programa de Inversiones Públicas para 1969, Secretaría de la Presidencia, Mexico D.F.

Regionalization of total national development policy is still in its infant stage in most Latin American countries (see Table 2). Venezuela and Brazil have explicitly formulated and are implementing priority treatment for certain regions of their countries, namely the Venezuelan Guayana and the Brazilian North-East and Amazon regions. Many other countries mention general regional development priorities in their national plans, but mostly without any implications for concrete policies.

Chile is probably the country which has relatively advanced most towards establishing an operational framework for inter-regional policies at the national level. This effort is particularly interesting since it tries for the first time in Latin America to compatibilize global, sectoral and regional criteria for investment allocation . (110) This is attempted by an inter-regional programming model adapted from that developed by the Netherlands Economic Institute (111), by the definition of regional guidelines

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- 110) cf. Política de Desarrollo Regional, Directivas Nacionales y Regionales. Oficina de Planificación Nacional, Santiago, 1968.
- A model of inter-regional programming and compatibility, Oficina de Planificación Nacional, División de Análisis Cuantitativo, Santiago, 1968.
- 111) The Element of Space in Development Planning , Netherlands Economic Institute. Resources for the Future. Preliminary version, February 1967.

for sectoral investment, and by a series of institutional provisions geared towards establishing the closest possible links between planning and executive functions. The regionalization of the national budget is considered a key instrument in this connection. Some aspects of the Chilean experience are examined in more detail in Annex 1.

Walter Stöhr

The Implementation of

Regional Development Policy in

Chile

I. The Background of Regional Development in Chile

1. The institutional and socio-economic centralization of Chile.

In spite of its spectacular length of some 4.500 Kms Chile has traditionally been the country with the most highly centralized structure of decision-making among the larger, more populated and relatively further developed countries of Latin America. ¹⁾ In smaller or less populated countries, no doubt, the necessity

1) Argentina, Brazil, Colombia, Chile, Mexico, Peru, Venezuela and — although no sufficient data are available — Cuba, which are coincident with the countries considered as "relatively higher developed" by ALALC, ECLA and other Latin American international organizations. These countries in general will extend over more than 700.000 Kms², with population figures of more than 3 Million inh., and per capita incomes of more than \$ 400.-

to decentralize decision-making is much smaller, while countries with lower development levels have less economic and human resources to do so.

In Chile, some 97,5% of all public spending are decided upon at the level of the national government, with only some 2,1% being left to municipal governments for minor current expenses such as street lighting and garbage collection. Some corresponding percentages of national decision-making on public spending are 57% for Brazil, 70% for Colombia, 87% for Venezuela, 90% for Mexico. This means that in Chile all important decisions are taken out of the national capital for areas as far as 2.400Km. away in the extreme periphery of the national territory, a distance not surpassed in any other country in Latin America, except Brazil and Argentina, both formally federal states.

Parallel to this, a strong demographic and economic centralization in and around the national capital exists with 49% of population, 54% of economically active population, 70% of industrial employment and 53% of gross national product corresponding to the national capital and surrounding provinces of the Macro-Zona Central (provinces of Santiago, Valparaíso, Aconcagua, O'Higgins and Colchagua). Within this Macro-Zona Central, however, the only province with pushing dynamics, exceeding the national average, is that of Santiago where 90% of the country's increase of employment takes place. 2)

2) Análisis del Crecimiento Regional de Chile en el Período 1952-60, Oficina de Planificación Nacional, ODEPLAN, Santiago, 1968, p.48.

2. Implicit regional development policies up to the early 1960's.

During the last decades, but with particular emphasis from 1960 onward, a series of implicit regional development policies were initiated by the central government in order to solve very specific problems of certain regions or to improve the efficiency of central government action in the regions.

The first push in this direction followed the big earthquake of 1960 causing great damage in the South of the country with which the central government evidently could not cope without delegating important functions into the area concerned. It was in this connection that for the first time the National Development Corporation (CORFO) created regional offices and delegated to them major functions for economic recovery. This corresponds to the experience of most other Latin American countries where usually the first impetus for regional development programs or a deconcentration of decision-making powers came from natural catastrophies such as inundations, droughts, earthquakes or volcanic eruptions which the central government was not able to cope with from the national capital. With the difference, however, that in Chile this delegation of functions did not become institutionalized (as e.g. the departmental Corporations in Peru) but remained flexible. This facilitated later adaptation to an explicit national system of regional policy.

In a country of the longitudinal extension of Chile, securing national dominance over peripheral areas was another important motive for the initiation of regional development programs and the

3)
granting of regional autonomies of decision-making. With the further extension of the settlement frontier the demands of population in the peripheral areas for central government investment were increasing and so was the danger that these areas might look for support to neighboring countries whose adjoining peripheries were increasingly developing. So in 1953 the Chilean government legislated first on a special import statute for the Department of Arica in the extreme North, followed in 1958 by the creation of a type of regional development corporation (Junta de Adelanto de Arica) with far-reaching tributary powers and spending autonomy for this border area. In 1965 special import privileges had been granted to the provinces in the extreme South of the country (Magallanes, Aisén, and Chiloé), followed by the creation of a Regional Development Corporation for the province of Magallanes in 1968. Both these corporations provide for participation of regional private and public representatives in decision-making on the allocation of investment funds within their region, although the central government has retained the right to give final approval to the corporations' budget propositions.

A third factor contributing to a regionalization of national development policy was the demand on the part of some of the major natural resource areas, particularly the copper mining areas in the North (copper is providing 61% of Chile's foreign currency earnings for exports) to receive a share of national

3) For a long time already Chile has maintained a regionally graduated salary system for public employees, offering special zonal allowances and other privileges for work in the peripheral areas in order to be able to maintain administrative offices there.

public investment more in line with what they claimed was their contribution to the national economy. Under this pressure, a national coordinating commission for the North (Comisión Coordinadora para el Norte) was created to decide each year on the use of and on the coordination of a percentage of the nation's copper taxes which according to the Copper Law of 1955 was reserved for investment in the copper producing areas. From other regions such sector-based pressures have not yet arisen (with the exception of isolated cases such as the match-industry in Talca and Rengo) because industry in its majority is concentrated in and around the national capital and therefore relates itself directly with national decision-making centers, while agriculture disposed of its traditional channels to relate itself with the national government. With industrial growth in the regions, however, pressure for sustained regional participation in the allocation of public funds is bound to arise more frequently.

The above policies were initiated principally by political pressure.

Last but not least, improving the efficiency of central government action in the regions became a major concern with the increasing complexity of governmental functions for development, and the difficulty of coordinating them among each other and of adjusting them to the specific problems and the potentials of each region. In 1962 the government decreed the creation of Provincial Development Committees (Comités Provinciales de Desarrollo) composed of representatives of the public and private sector within each of the provinces, with the objective of creating information for planning and project definition and to help coordinate the activities of central agencies within the provinces.

The National Development Corporation's (CORFO) regional offices were to act as technical secretariats to these committees and the University of Chile to provide technical assistance, extension, and regional research under a special "Convenio" with CORFO. For various reasons this effort never became very successful, among others for the lack of institutional coherence of this tri-partite system, because of the preponderance of committee work with only part-time inputs of the technical components (regional CORFO offices and university), the lack of an efficient link to the implementing agencies at the national level (CORFO's national planning department was essentially a study group which lacked coordinating powers) and the overly great number of provinces (25), too numerous to be efficiently guided from the national level and to achieve satisfying performance with the limited human resources available in this field. When the Frei Government assumed power two years later it replaced this system by one more streamlined but leaving less room for regional participation.

On the whole, these implicit regional development policies were guided by nationalistic, political, and efficiency criteria. Economic criteria were only indirectly involved-insofar as many of the politically pushing regions happened to be among the country's most important reservoirs of natural resources and of entrepreneurial ability, and since increased administrative efficiency might have contributed heavily to national growth. Social criteria such as the reduction of inter-regional disequilibria had little practical impact except for an incipient program for the Maule region. In hindsight this may be explained by the fact that regional disequilibria are relatively small in Chile: inter-provincial differences of per capita product are among the lowest of all Latin American countries.

It was not until an explicit regional development policy was initiated in 1965 that the potential conflict between economic and social criteria became evident. The priority for a pilot regional program given to the economically potential Bio-Bio region instead of reinforcing on-going planning for the depressed Maule region, was symbolic for the weight given to economic criteria.

Another characteristic of the Chilean regional development spectrum is that vertical coordination between various administrative levels never had been a major motive for regional planning (such as in most developed countries), simply because in practice there only exists one effective administrative level, namely the national one. Coordination and planning therefore had been primarily concerned with horizontal coordination between sectors.

This means that when in 1965 the Frei government institutionalized regional planning as an integral part of the newly created National Planning Office (ODEPLAN) there existed few of the rigid regional structures and "faits accomplis" which have held back the structuring of a homogeneous national system of regional development in other Latin American countries.

Chile therefore offered an almost artificially "pure" test-ground for the systematic structuring of a national-regional system of development planning. This same lack of depth in the institutional structure, however, constituted a sensible debility for the implementation of any regional policy. It left the national agencies practically as the sole actors and with a great scarcity of response at the regional and local levels.

II. Structuring an explicit national policy for regional development in the second part of the 1960's.

When in 1965 under the recently initiated Frei government a separate National Planning Office was created for the first time in Chile, the regional planning function was to be an integral part in this new venture towards rationalizing integral development policy. During the election campaign already Frei had promised the initiation of a pilot regional development effort for the Bio-Bio area, centered around Concepción, as a major issue of his policy. For the first time this was to be a regional program explicitly oriented by economic criteria. Concepción is the only emerging larger industrial center outside the Macro-Zona Central and the idea was to create a second core region of national importance and to increase national growth by incorporating the natural and human resources and the potential market of the Southern regions of the country into the national economy. Different from the previous regional efforts, this pilot project was to be part of a national framework for regional development, which was to prepare for administrative decentralization, popular participation in the regions and the incorporation of regional resources for national development.

One of the first tasks conferred by the President to the new regional planning group of the National Planning Office was therefore the regionalization of the country as a physical framework for a regional development policy. The 25 provinces were aggregated to the more manageable number of 11 regions plus one Metropolitan Zone. In the course of time, for the majority of these regions a technical regional planning office has been established whose major functions are the creation of improved regional information for

central government decisions (by way of formulating regional strategies, plans and programs and their evaluation) and the coordination of the activities of government agencies and of the private sectors in the regions.

The Regional Planning Offices had a number of side-effects, however, which in their innovative effect were of far reaching importance : For the first time the provinces of Chile were not depending exclusively upon the actuation of their parliamentary representatives in Santiago in order to bring their demands to bear on central government action but they were to have their own technical institution which could analyze their development potential and their problems, and systematize and formulate their demands. Regional consciousness developed. This is proved by the fact that a big run for regional planning offices (ORPLAN) started among the regions and that it was difficult for the central government to maintain its policy of introducing new ORPLAN stepwise as regional communities organized themselves and as human and financial resources became available to staff these new offices and give them guidance from the national level.

A second very important side-effect was that these offices became cristalization points for regional professionals who realized the chance to do constructive development work for their region and act in positions which before had only been offered to them in the national capital. Not only did this increase the efficiency of these offices but at the same time it reduced the pressure on regional professionals to move to Santiago. A good example is the province of Magallanes where a group of Christian Democratic professionals congregated at a very early stage to design some basic features for a future regional development strategy.

A third very important side-effect was the stimulus which the creation of ORPLAN had on the organization of the private sector in the regions. In the Bio-Bio region for instance there arose for the first time in Chile a private development association of industrialists for the region which not only made claims to the government, but undertook to define development projects for the region with a long-range prospective. Another private industrial group, though as yet less forceful, organized in the Maule region. Similar effects were exerted on the regional university centers which suddenly realized the opportunity of not only making academic studies on the problems of their respective regions but to contribute directly towards development efforts at the regional level. The new Center for Regional Studies at Austral University in Valdivia is a case in point. Many public agencies were stimulated to give more attention to regional problems and many of them reinforced their offices in the regions, created new ones or gave them increased responsibilities. Even such centralized agencies as the Census Bureau or the Central Bank established regional offices in the form of a pilot regional statistical office in the Maule region and an office of the Central Bank in the Bio-Bio region to study financial flows between the region and the rest of the country and to define regional requirements of development financing. In total, there was a multiplier effect on diversifying and activating institutional structures within the regions which might well prove to become a key factor for their future development.

In order to orient the actions of these diverse regional institutions and of central government agencies towards common objectives in line with the national planning effort, the substance of a regional

development policy had to be elaborated. 4) The Policy of Regional Development is based on the objectives of the National Plan for Economic and Social Development, namely an acceleration of the GNP growth rate to 5% and after 1970 to 6%, re-distribution of income, stabilization of inflation, maintaining full-employment and limiting foreign indebtedness.

The policy of Regional Development has been elaborated in a two way system: at the national level by ODEPLAN's Regional Planning Department and at the regional level by the respective regional planning organizations, in some cases ORPLAN, in others Regional Technical Secretariats and in some cases (Santiago and the North) by special tasks forces of ODEPLAN. The Regional policy document finally resulted from a mutual adjustment of the work at these two levels.

The general regional development policy is formulated along three lines: Global development priorities for entire regions, the definition of growth poles for regional development and the definition of specific natural resource areas for sectoral development. 5) In order to become effective, these general policies had to be linked to the public and the private decision-making machinery through very specific implementation channels. The efficiency of these implementation channels will be the testing point for the entire regional development system.

4) Política de Desarrollo Regional, Oficina de Planificación Nacional (ODEPLAN), Departamento de Planificación Regional, Santiago, 1968.

5) Política de Desarrollo Regional, op. cit. pp. 33 following.

III. Implementation channels for regional development policy.

Planning in Chile fulfills an advisory role. It must therefore work in such a way as to convince executive agencies that its arguments are better than theirs. Its actuation therefore has to rely basically on supplying executive agencies with improved and plan-oriented information. ODEPLAN's direct dependency from the President of the Republic is of little help for influencing agencies' day-to-day decisions. It can enlist the direct intervention of the President only in the case of special and very important projects or - with a view to long-term structural transformations - for changing existing decision-making structures. This can be done by creating new inter-relations between agencies, by adapting the performance of existing agencies to planning requirements, and finally by creating new development institutions.

The creation and transfer of new information so far has primarily taken place between the regional offices and the central offices of ODEPLAN : for the first time integral information was created systematically at the regional level on specific problems in the region, quantification of deficits, analysis of regional development potentials, definition of projects and the effects of central government policies in the regions.

Development strategies and specific programs were elaborated at the regional level which permitted an evaluation of development policy for the respective region. In the Bio-Bio region for the first time a comprehensive program evaluation was made showing achievements realized as against the targets of the development strategy elaborated two years before.

At the same time information was channeled from the central to the regional level : methodological guide-lines, past and programmed investment of central agencies, and a regionalization of national plan targets. It consisted mainly in assembling and systematizing information on past and programmed activities of the various sectoral agencies at the central level. This information served as input and guidance for the autoctonous planning process at the regional level in cooperation with sectoral representatives in the provinces. The product of this planning process was returned to the national level in the form of a regional development strategy, regional budget propositions, program evaluations, and propositions for specific projects. It is the task of the Regional Planning Department at the central level to compatibilize this information with the national policy for regional development and then use it as input into the global and sectoral planning process within ODEPLAN and in the various sectoral agencies.

Whereas communications between ODEPLAN and ORPLAN have reached a considerable degree of intensity, those with implementing agencies are still lacking sustained and effective performance. Important individual projects would be handled in an ad-hoc manner, usually in a joint effort between ORPLAN-ODEPLAN and the responsible sectoral agency, but a systematic flow of effective information with them has not yet been reached. In part this hinges on the institutional preparedness for inter-agency communication : at the regional level close cooperation between ORPLAN and the ministerial representatives in the regions was easy to establish because they both had practically no decision-making powers and could benefit from inter-sectoral cooperation to strengthen their prestige within the region and

in the eyes of their central authorities.- ORPLAN, although in some cases closely inter-related with regional interests, communicated well with ODEPLAN because they were formally depending from it.- Effective inter-communication was naturally most difficult at the national level with the powerful central executive agencies. Increasing impact has been achieved recently however, as ODEPLAN proved capable of helping to solve conflicting situations between ministries and coordinate between complementary projects of different institutional responsibility. It would seem a good opportunity to use this emerging confidence in the conflict resolving capabilities of ODEPLAN to provide sectoral agencies more systematically with relevant information, which later on could be amplified towards comprehensive planning indicators.

The potentially most important information flows created in this context are those related to the budgeting process. Whereas traditionally the national budget was elaborated on the basis of only very scarce regional information provided by ministerial representatives in the provinces, ODEPLAN and the Budget Bureau have recently initiated a process in which, using the above mentioned new communication channels, the ORPLAN together with the ministerial representatives in the provinces participate actively in the budgeting process by proposing integral regional budgets. The process which is being tentatively used consists first of a disaggregation of the National Budgetary target figures by regions. In the frame of these guiding targets and a listing of projects already committed from previous years, ORPLAN derives programs and projects on the basis of its previously elaborated regional strategy. For these projects priorities are proposed, with special emphasis given to functional inter-relations between various projects. The regions are given a fairly wide margin of liberty in structuring

their own program propositions and in adapting national priority criteria for projects to regional objectives.- The decisive question of course, is the impact which this new budgeting process will have on actual resource allocation by the executing agencies within their respective budget items. The first important hurdle no doubt was taken by having the principle of regionalizing the budget included in the budget law. The second decisive point was that active collaboration could be reached between the budget bureau, ODEPLAN and the sectoral agencies with regard to regionalizing past and programmed budget figures.

To measure the concrete impact of regional planning on actual resource allocation will not be possible before a few years hence as legal and other previous commitments leave only a comparatively small portion of the budget open to annual policy innovations. No doubt an important advance has been made however; by creating a consciousness of the regional dimension of the budgeting process and of intra-regional functional relations between projects. In the long run the success of regionalizing the budget no doubt will be optimal if it is considered as an, admittedly concentrated, but integral phase of an information and guidance process between ODEPLAN and the implementing agencies sustained all the year round.

A crucial stage of the decision-making process is the evaluation of specific projects by the respective executing agencies. There have been efforts on the side of the budget bureau and more recently in ODEPLAN to develop an appropriate set of evaluation criteria for the different sectors, but there has been little attention given to criteria of project location and implications for regional development.

An important instrument for coordinating regional policy in Chile are inter-agency committees. They in fact constitute an institutionalization of communication flows and inter-sectoral decision-making. At the regional level the most important and newly created committees are the regional committees of Intendentes in the two regions of Bio-Bio and Maule, where ORPLAN work has advanced most. These two committees are important instruments for coordinating public action not only between sectors but also between the provinces of the respective region. In the rest of the country several regional committees are working on a more informal and sometimes only partial basis in that they are concerned primarily with the more important sectors of their region. Agricultural coordination committees are active in practically all regions of the country to coordinate action of the various agencies acting in the agricultural sector. In Region Ten (10) committee work is particularly active in the transportation sector which is a special problem of the Canal region.- At the national level commissions on regional development are concerned with inter-sectoral coordination for only a few specific regions : the oldest one is the already mentioned Coordinating Commission for the North (CONORTE) which is active for the copper mining provinces; another commission has been created recently for problems of metropolitan transport in Santiago and another one is working on the development of Chile's border areas, only to mention the more important ones. Furthermore there are a series of national committees on general economic policy such as the planning committee of CORFO, of the Central Bank, of the State Bank and the Economic Council, on tourist development, etc., in which ODEPLAN participates and where, among others, regional development implications are treated in an

ad-hoc manner. But there exist no commissions as yet on nation-wide problems of regional development such as on a national policy of urban development, on a national colonization policy, on natural resource development policies, rural development policies, etc. No doubt a serious bottleneck is the lack of preparatory work for action strategies on these questions. This would constitute an important work topic for the immediate future which ODEPLAN might tackle in cooperation with some of the directly concerned sectoral agencies (some advances have been made on urban development policy and in the field of natural resources).

Regional incentive legislation had been used in Chile for a long time to develop areas of internal political or external strategic importance. In part this legislation has been substituting or preceding a delegation of central government decision-making powers to regional entities. Regional incentives like tax exemptions, import duty exemptions, regionally differentiated salary scales for public employees and minimum wages are abundant. Most of them have not been designed in the framework of a national policy for regional development. There are a few exceptions such as the recent decree N° 2198 on a regionalized system of duty exemptions for imported capital goods which was formulated on the basis of technical criteria supplied by ODEPLAN. A major bottleneck for the technical orientation of such incentives is that it has not yet been possible to start a sustained effort of analyzing the actual impact of different types of regional incentives on development.

A second bottleneck for the implementation of regional policy via regional incentive legislation is that in most cases there does not exist a mechanism for coordinating these incentives for private activity with the necessary complementary public investment. So far this has only been possible in the frame of regional corporations such as the Junta de Adelanto de Arica and the Corporación de Magallanes.

Regional corporations are an extreme form of administrative decentralization. With only one such corporation (Junta de Adelanto de Arica) in existence prior to the introduction of a national policy of regional development, it has been possible to structure them according to or adapt them to national criteria. For the time being corporations are only envisaged for areas in the extreme periphery in which direct policy orientation from the national capital is most difficult. The coordination of these regional corporations with national policy is effectuated basically by two devices : approval of the corporation's budget by central agencies (usually the Ministry of Finance or CORFO) and by the supply through ODEPLAN of a planning secretariat for the policy orientation of these corporations. This technical secretariat in some cases is the respective ORPLAN (Corporación de Magallanes) or is established by a special "convenio" with the corporation (Junta de Adelanto de Arica).

Milder forms of administrative decentralization have been undertaken by a series of institutions. On a multi-sectoral basis this was done by CORFO in its Institutos CORFO NORTE (for the greater part of the Norte Grande and Norte Chico) and Aisén and Chiloé (for the respective provinces). These CORFO-

Institutos, which have a regional council with public and private regional representation, have a certain liberty in fund allocation within the budgets approved by the central office of CORFO. Coordination with integral regional development policy takes place principally at the level of the Instituto's Council in which ODEPLAN is represented.-

Sectoral decentralization has been advanced so far in the Ministry of Agriculture through its regional agricultural committees, and more recently in the Ministry of Housing and Urbanism through its zonal and local programming offices. Coordination with integral regional development policy in these two cases takes place informally, in some cases through the provincial or regional Administrative Committees. This is no doubt the weakest form of coordination at the regional level. But it is still potentially much more effective than with other sectors such as public works, education, health, etc., where sectoral decentralization has hardly been undertaken and where the lack of policy attributions makes the regional delegates in these sectors very weak partners for regional coordination. In other words, an increasing delegation of functions of the central agencies to their regional delegations will be an essential requirement for effective coordination of government policy at the regional level.

Financial institutions for regional development have not as yet been created in Chile. This means that on the whole, regional development is depending on the general national investment financing system which operates out of the national capital. One major exception is the Junta de Adelanto de Arica which has recently amplified its activities to include investment credits for directly productive purposes. A decentralization of pre-investment

studies has been initiated recently however ; the Ministry of Housing and Urbanism has been contracting out during several years now feasibility studies for the integral development of cities, and for the Bio-Bio region the Interamerican Development Bank has recently made a special grant to CORFO for feasibility studies for projects in this region.

The creation of regional development banks has been suggested from various sides but the issue so far has not advanced beyond the question of how influence on these new financing institutions should be shared between the private and the public banking systems. Before creating expectations in new regional financing institutions it might be reasonable however to try and anticipate the real effect of regional development banks in Chile. The objective of regional development banks is to increase volume and efficiency of a regional capital market by mobilizing regional capital or by attracting outside (national or international) capital and by improving the combination of capital inputs for reaching specified development objectives. The experience of regional development banks in other Latin American countries (particularly Brazil) seems to show that the first mentioned function of mobilizing regional capital in most cases has been very limited. The attraction of outside capital usually has been highly dependent on special regional incentives or on massive transfers of public funds. Only if such pre-conditions are to be established does it seem sensible to consider the banks' role for allocating and combining financial resources more efficiently for purposes of regional development.

Recently an interesting idea has been developed to mobilize regional capital for projects in the provinces through a system of regional bonds. If this idea is realized, the experiences might well serve

as a factor in the evaluation of the feasibility of regional development banks.

Public infrastructure investment has during the last few years increasingly been used as an explicit locational incentive for private industrial investment by means of industrial parks. These have been set up in several provincial towns such as Antofagasta, La Serena, San Antonio, Talca, by the National Development Corporation (CORFO) and more recently also by Societies formed jointly by the National Corporation for Urban Renewal (CORMU) and the respective municipalities. To guide these isolated initiatives, ODEPLAN has started to define elements of a policy for the establishment of industrial parks in a national context.⁶⁾ .- A further instrument to attract industries to the provinces are training courses for industrial workers which the National Manpower Training Institute (INACAP) is carrying out in the regions.

IV. Chile's experience in the light of regional development policy in Latin America.

Chile has taken a very special course in shaping a regional development policy, different from practically all other Latin American countries. It so far is the only country in this sub-continent which has been able to structure a national policy for regional development embracing all the country. No doubt, to a great extent this has been facilitated by the absence of strong traditional regionalisms in Chile. The policy to deconcentrate demographic and

6) Localización Industrial y Desarrollo Regional, La Experiencia Chilena, Oficina de Planificación Nacional (ODEPLAN), Depto. de Planificación Regional, Santiago, 1968.

economic growth has rather been initiated by the central government as an instrument to advance national integration and sovereignty over peripheral areas. Central guidance of this process seemed essential in order to secure development of these distant areas in conformity with national interests.

These initial conditions offer Chile the chance to structure a pluralistic system of cooperation between national, regional and local forces without having to pass through a burdensome phase of power conflicts between these spheres that have hampered similar advances in other Latin American countries. In most other countries these conflicting situations have either lead to an enforced dominance of the central government attempting to reduce the power of subnational units (e.g. Mexico, Argentina), or to a predominance of programs for specific regions which so far have made their coordination with national objectives difficult (e.g. Venezuela, Colombia, Brazil). Both these disequilibrium situations in the geographic distribution of power have been a serious obstacle towards a cooperative multi-level effort to establish an effective national policy for regional development.

This propitious lack of inter-level competition in Chile was caused, however, by an absence of power at any level except the national one. This virtual institutional vacuum at all subnational levels has focussed the main problem in Chile's regional development on the vitalization of subnational institutions which are able to cooperate with the national government in a regional development policy. This task was to be fulfilled jointly by ODEPLAN (primarily in the public sector) and Promoción Popular (for the private sector). Since

the institution-building propositions of Promoción Popular for anything above the neighborhood level (Juntas de Vecinos) was turned down by Congress, popular participation in the planning process at the provincial and regional levels received a sensitive set-back.

At the technical level, Chile is the only country which has advanced fairly well towards a regionalization of the national budget. Many Latin American countries do not even dispose of the basic information on how their public investment is being allocated in space. Chile has dedicated two years to this laborious task. Only on the basis of such data it is possible to advance one step further and evaluate the national implications of the implicit regional policies which have been pursued so far and which may be explicitly formulated in the future. No conclusive analysis in this respect has been produced by any Latin American country as yet.

The second technical aspect where Chile has advanced considerably beyond other countries, is the elaboration of a regional development model⁷⁾ to complement the national development model. This has been considered by Chile's regional planners as an important instrument to tie in regional planning with global and sectoral planning.

7) A Model of Inter-regional Programming and Compatibility, Oficina de Planificación Nacional, (ODEPLAN), Santiago, 1968.

V. Some important tasks for the near future

Chile has advanced remarkably in setting up a centrally guided institutional framework for formulating a national policy for regional development. This no doubt is one of the important inputs into the planning process. In order to obtain concrete results from this new planning process, however, the output channels have to be made more effective. This no doubt will have to be the main preoccupation of Chile's regional planners in the years to come.

For this purpose the institutional structure for regional planning, which presently consists primarily in a dialogue between ODEPLAN and ORPLAN, will have to be broadened considerably. At the regional level this signifies an increasing cooperation of the ORPLAN with the regional representatives of the public sector, particularly of those agencies which have delegated major functions to their regional offices (CORFO, MINVU, Ministry of Agriculture). The second emphasis would have to be towards stimulating the organization of the private sector and its inter-relation with regional planning activities. The advances in this respect of Bio-Bio, Magallanes, Arica and more recently the Maule region, are no doubt encouraging examples for other regions. This will help to create the pluralistic structure without which an effective planning system can hardly be achieved. It is very probable that working through the regional level may be the quickest and most effective way of promoting a pluralistic decision-making structure also at the national level, strengthening the dialogue between the public and the private sector.

At the national level a main emphasis would seem advisable towards improving the continuity and planning orientation of information flows on regional data between ODEPLAN and the sectoral agencies. The confidence which ODEPLAN has recently been able to gain by successfully intervening in the solution of conflict situations between sectoral agencies may increasingly contribute to the preparedness of executing agencies to use such information as decision guidelines.

An important ingredient of communications with the executing agencies would be a joint effort between ODEPLAN and the sectoral agencies to define common criteria for project evaluation, including criteria of location and regional development implications. This no doubt would constitute one of the most effective links between regional planning and implementation.

Furthermore it would seem important to intensify contacts with the private sector in the field of regional planning. This might take the form of a technical office to provide the private sector with better information on locational conditions in different parts of the country for specific production purposes.

A joint national-regional task would be the continuing improvement of regional participation in the capital budgeting process. A basic requirement for this would be a sustained training effort to improve the planning and budgeting capacities at the subnational levels, particularly for the sectoral representatives in the regions, for municipalities and for ORPLAN and related personnel. No doubt the preparedness of central agencies to delegate functions

to their regional offices will have to depend greatly on the technical capacity of these offices to handle additional tasks.

A final point of major importance is the improvement of factual information on the developmental impact of some of the major instruments of regional policy : different types of regional incentives which have been widely used and will need some rationalization, the processes of spatial diffusion of development, the impact of certain combinations of sectoral investment on regional growth, the inter-relations of urbanization and regional growth are cases in point. A considerable part of these studies no doubt will have to be referred to competent university institutes.

ANNEX 2: SourcesTable 3 - Political centralization in Latin American countries

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- Reunión sobre Financiamiento municipal en Latino-America, BID, Washington D.C., January 23-26, 1966.
- For those countries where data were not available in the mentioned sources, information was obtained from the respective embassies.

Table 4 - Budgetary centralization in Latin American Countries

- Gonzalo Martner , Planificación y Presupuesto por Programa, ILFES . Edit. S XXI, 1a. edición, 1967, Mexico 12, D.F., p.18.

Bolivia (1958), includes central government, autonomous entities and public enterprises; Colombia (1958-60), includes central government, decentralized institutions and public enterprises;
Ecuador (1963), includes central government and autonomous entities;
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- Venezuela, Oficina Central de Coordinación y Planificación - Sector Público. Diagnóstico 1960-1968, Pronóstico 1969-1973.

ANNEX 2: Sources: (cont'd)

FIG. 2 Population Density by Sub-National Units (1960)

a) Mexico and Central America

- Jaime Dorselaer, Alfonso Gregory, *La Urbanización en América Latina*, Tomo I, Fig. 30.
- *Distribución de la Población en el Istmo Centroamericano*, CEPAL, E/CN.12./CCE/357 TAO/LAT/87, p.18.
- Geografía Universal Instituto Gallach. (It was used in the areas in which there was discrepancy between the two sources already mentioned).

b) South America

- Jaime Dorselaer, Alfonso Gregory, *La Urbanización en América Latina*, Tomo I, Fig. 33
- Walter Stöhr and Poul Pedersen, *Urbanization, Regional Development and South American Integration*
- Geografía Universal Instituto Gallach. (It was used in the areas in which there was discrepancy between the two sources already mentioned).

FIG. 3 Absolute Per Capita Income by Sub-National Units. (Around 1960).

a) Mexico and Central America

Mexico:

- E. Mendoza B., "Regional Implications of Mexico's Economic Growth", in: *Archivo Mundial de Economía*, Kiel 1968, Table 8, p. 111.
- *El Proceso de Urbanización en México*, Luis Unibel, 1968, n. 182, Cuadro 23.

FIG. 3: (Cont'd)

Honduras:

- Consejo Superior de Planificación

Guatemala:

- Banco de Guatemala, Cuentas Nacionales, p. 96.
- Algunas Características de la Población de Guatemala, 1964, p. 9.

b) South America

- Walter Stöhr and Poul Pedersen, Economic Integration and Spatial Development of South America, October 1968, Appendix 2.

FIG. 4 Relative Per Capita Income by Sub-National Units as Compared to National average. (Around 1960).

a) Mexico and Central America.

Mexico:

- E. Mendoza B., "Regional Implications of Mexico's Economic Growth", in Archivo Mundial de Economía, Kiel 1968, Table 8, pp. 111.
- El Proceso de Urbanización en Mexico, Luis Unibel, 1968, p. 182, Cuadro 23.

Honduras:

- Consejo Superior de Planificación.

Guatemala:

- Banco de Guatemala. Cuentas Nacionales, p. 96.
- Algunas Características de la Población de Guatemala, 1964, p. 9.

FIG. 4 (Cont'd)

b) South America

-Poul Pedersen, Ford Foundation, Urbanization, Regional Development and South American Integration, October 1968.

FIG. 5 Intra-national Development Areas (according to population density and per capita income.)

a) Mexico and Central America

- Fig. 2-a)

- Fig. 4-a)

b) South America

- Fig. 2-b)

- Fig. 4-b)

FIG. 6 National Propensities Towards Regional Development Policies: some Hypothetical Indicators, Graphic Rank Order.

Indicator (1) - Area in Km^2 . Source: Noticias de la CEPAL, N° 6, 1967.

Indicator (2) - Population, U.N. estimate for 1966. Source: Noticias de la CEPAL N° 6, 1967.

Decentralization of Decision-Making

Indicator (3) - Centralization grade of public budget: % consolidated expenses public sector.

- See source Table 4.

Indicator (4) - Maximum distances from first order centers (capitals or metropolitan cities) to populated areas (> 5 Inhab./ Km^2)

- Source: Walter Sthör, Poul Pedersen, Urbanization, Regional Development and South American Integration. Approximate graphic distances.

FIG. 6 Cont'd)

Indicator (5) - Maximum distances from first order centers to national borders.

- Walter Stöhr, Poul Pedersen, Urbanization, Regional Development and South American Integration.

Reduction of Inter-Regional Desiquilibria Policy

Indicator (6) - Maximum Regional Income per Capita
Minimum Regional Income per Capita

- Source : Walter Stöhr, Poul Pedersen, Urbanization, Regional Development and South American Integration.
- Colombia (1961): 16 regions are considered, 8 regions are missing: Guaitira, Arauca, Uichada, Meta, Cauqueta, Tutumayo, Amazonas, Vaupes.
- Perú (1961): 24 regions were considered.
- Chile (1961): 24 provinces were considered
- Argentina (1961): 24 regions.
- Brazil (1961): 21 regions (including the state of Guanabara. 6 regions are missing: Rio Branco, Amapá, Acre, Guapore, Sierra dos Aimores, Distrito Federal.
- Venezuela (1961): 23 regions.

Other Sources:

- Mexico: The gross national product per capita was considered since there was information missing on the income per capita.

Source of the gross national product, 1960, Revista del Instituto de Economía Mundial, Kiel University. Archivo Mundial de Economía 1968, Table 8, p. lll, op.cit.

FIG. 6 . (cont'd)

Source of population 1960. El Proceso de Urbanización en Mexico. Distribución y Crecimiento de la Población, Luis Unikel, 1968, p.182, Cuadro 23.

- Honduras: Consejo Superior de Planificación, Tegucigalpa, 1969.
- Guatemala: the geographic gross product was considered, (quetzals of 1958) for 1964.

Source of IGR, Banco de Guatemala, Cuentas Nacionales de Guatemala, p. 96.

Source of population, Algunas Características de la Población de Guatemala, 1964, p. 9

Indicator (7) - Average National Income per Capita
Minimum Regional Income per Capita

- Walter Stöhr, Poul Federsen, Urbanization, Regional Development and South American Integration.
(data compiled by Poul Federsen)

Honduras

- Consejo Superior de Planificación

Mexico

- Archivo Mundial de Economía 1968, Table 8, n. 111, op.cit.
- El Proceso de Urbanización en Mexico, Luis Unikel, 1968, p.182, Cuadro 23.

Guatemala

- Banco de Guatemala, Cuentas Nacionales, p.96
- Algunas Características de la Población de Guatemala, 1964, p.9.

FIG. 6 (Cont'd)

Indicator (8) - Area Population \leq 50 % National Income Per Capita
National Population

Source of population \leq 50% National income per capita.

- Poul Pedersen, October 1968.

Source of national population 1966

- Noticias de la CEPAL, No 6, 1967.

Source of population for countries from which there were data missing in some regions and therefore could not be considered in national population.

- Regional figures of national census obtained from the Universal Geography of the Gallach Institute.

Other Sources:

- Mexico (the national gross product was considered, 1960)

- Revista del Instituto de Economía Mundial-Archivo Mundial de Economía 1968, p. 111, op.cit.

- Guatemala

- Source of GGB. Banco de Guatemala. Cuentas Nacionales de Guatemala, p. 96.

Source of population. Algunas Características de la Población de Guatemala, 1964, p. 9.

- Honduras

- Consejo Superior de Planificación, Tegucigalpa, 1969.

Policies for Incorporation of New Areas

Indicator (9) - Surface of Uncolonized Areas (\leq 1 inhab./km²)
National Surface

FIG. 0 (Cont'd)

- Source of surface of area still uncolonized
Antecedents obtained from the national census of
the Universal Geography Gallach Institute. Areas
< 1 inhab./Km²:
- Paraguay (1962)
 - Presidente Hayes
 - Boquerón
 - Olimpo
- Colombia (1964)
 - Amazonas
 - Guainia
 - Vaupéz
 - Uichada
 - Meta
- Argentina (1960)
 - Chubut
 - Santa Cruz
 - Tierra del Fuego
- Bolivia (1950)
 - Santa Cruz
 - Beni
 - Pando
- Brazil (1960)
 - Rondonia
 - Amazonas
 - Roraima
 - Amapá
 - Mato Grosso
- Peru (1962)
 - Loreto
 - Madre de Dios
- Venezuela (1961)
 - Bolívar
 - Amazonas
 - Delta Amacura

FIG. 6 (Cont'd)

Other Sources:

- Guatemala (1964)
Source: Algunas Características de la Población Guatemala, 1964, Dirección General de Estadísticas 1968, pg. 9.
Región: Petén
- Chile (1962)
Source: Areas < 1 Inhab./Km²
- J. Dorselaer, A. Gregory, La Urbanización en América Latina
Area:
Entidades de Población, Dirección de Estadística y Censos
Noticias de la CEPAL, N° 6, 1967.
- Ecuador
Geografía Universal Instituto Gallach

Multinational Programs for Border Areas

- Indicator (10) - Interval since the last martial intervention with each one of the neighboring countries (including boundary conflicts).
Almanaque Mundial 1967. Reader's Digest, p. 265

Economic Capacity to Confront Regional Development Policies.

- Indicator (11) - Per Capita Income 1961 - Dollars
Antecedentes Cuantitativos Referentes al Desarrollo de América Latina, IIEES, November 1966, Cuadro N° 12.105, p. 12.

Other Source: El Desarrollo Económico de América Latina en la Post-Guerra, CEPAL, U.N., New York, 1963.
E/CN.12/559 Rev. 1, November 1963, p. 53.

- Indicator (12) - Gross Internal Product per Capita (Dollars 1960)
For the Year of 1964.
Boletín Económico de América Latina, U.N. Vol.
XII, No 2, October 1967, p. 240, Cuadro No 11.
Mexico - Población y Producto Estatal y Per
Capita de las Entidades Federativas, 1965,
(prices 1960).
- Indicator (13) - Annual rate of growth of real income between
the years of 1948-49 and 1959-60.
- El Desarrollo Económico de América Latina
en la Post Guerra.
- El Desarrollo Económico de América Latina U.N.,
New York, November 1963, p. 18, Cuadro No 12
- Indicator (14) - Rate of growth of the gross internal product
year 1964. (Base year 1960 = 100)
- Boletín Económico de América Latina, U.N. Vol.
XII No 2, October 1967, p. 238, Cuadro 10.
- Socio-political Conditions to Carry On a Regional Development
Policy.
- Indicator (15) - Literacy Rate.
- Percentage of people with fifteen years of
age or more that know how to read and write.
- Antecedentes Cuantitativos Referentes al De
sarrollo de América Latina, IUPER, 1966, p.
97, Cuadro 14.302.
(In are indicated the years to
which the percentages correspond).
- Indicator (16) - Urbanization Rate
- Cities of 20,000 or more inhabitants over the
total population since the 1st census
(indicated in parenthesis).
- Social Trends, E/CN 12/308, p.I.-61, Cap.II
- Indicator (17) - Intensity of Rural-Urban Migration, % over
population 1960.
Recent Patterns of Urbanization Among Latin
American Countries, London Wingo, p.10, Table 2.

Indicator (18) - Development of Middle Class 1960

Economic active Population not manual

Economic active Population manual

Expressed in %

Cuestiones de Sociología del Desarrollo de América Latina, Fernando Cardoso, p. 80, Cuadro N° 7.

Indicator (19) - Manufacturing Development, Year 1960

Economic Active Manufacturing Population

Total Economic Active Population

Expressed in %

- Cuestiones de Sociología del Desarrollo de América Latina, Fernando Cardoso, p.80, Cuadro N° 7.

Indicator (20) - Modernization of the Manufacturing Sector: Year 1960.

P.E.A. Fabril (active pop.in industry)

P.E.A. Manufacturer (active pop.in all.manuf.act.)

Expressed in %

Cuestiones de Sociología del Desarrollo de América Latina, Fernando Cardoso, p.87, Cuadro N° 13.

Indicator (21) - Political Stability

No. of Revolutions (Overthrow of government)
Between the Years of 1945 - 1965.

- América Latina, Una y Múltiple Desarrollo, 1968, p. 316, Cuadro N° 98, Pettv Cabezas.

FIG. 7 Centralization of Public Expenditure, Correlation with:

- a) National surface
- b) Number of inhabitants

- c) maximum distance to populated areas
- d) maximum distance to national border

See Source of Figure 6

FIG.8 Depressed and Uncolonized Areas (correlation with per capita income and literacy rate)

- a) depressed areas: national economic capacity
- b) depressed areas: national economic capacity
- c) depressed areas: potential popular aspirations
- d) uncolonized areas: national economic capacity

See Source of Figure 6.

