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## New National Concerns and Regional Policy

In recent years there has developed in the United States a growing interest in a realm of policy that still lacks a proper name. It is variously called "regional development policy," "national urban and regional policy," and in official circles "balanced growth policy" and "national growth policy." This last is a confusing abbreviated term for "national urban and rural growth policy," while "balanced growth" is an undefined phrase in which "balance" means only "good" and "growth" is an anachronism, meaning "what the future holds in store." By whatever name, however, there is a widespread interest in the territorial dimension of our society, and a sense that this is a proper realm for social concern and purposive action.

The evidence of this concern is quite remarkable. It includes the work of national commissions, an abundance of symposiums and conferences, the springing up of research centers and recognized academic specializations. In the United States Congress, several pieces of legislation have been passed and many more have been introduced dealing with this matter. The White House has taken up the issue several times, both in general terms and in such specific areas as the proposed major reorganization of the executive branch and the New Federalism, but as yet without very clear departures or outcomes. Many states have passed important legislation and taken other steps relevant to this matter.

Beyond these governmental actions, the theme is found almost daily in the media and has become a suitable topic of conversation among cultivated people. And, of course, spurred by the newly discovered importance of the theme and aided by greatly expanded public and private funding of related research,

scholars have turned in large numbers to these questions. An indication of the torrent of words is provided by a selected (and quite incomplete) bibliography of works published in 1972 relevant to national growth policy: it runs to 143 pages.<sup>1</sup>

In spite of this widespread interest, the felt need for national policy on territorial issues is not matched by a consensus as to what such policy might look like in terms of its institutional framework, the instruments of its implementation, or, more importantly, the agenda of its concerns. Some proposals, notable because of the power and visibility of their sources, have variously espoused as principal themes land use planning, a generation of new cities, the rebirth of rural areas, governmental reorganization, and a variety of programs for dealing with metropolitan ills. Some proponents seem to think that such a policy should be embodied in a master plan for future development which would map preferred and prescribed land uses. Others think that a national policy should increase the range of local self-determination by transferring money from the federal to state and local governments and by lifting the restrictions of federal controls. Still others view the idea of national policy in this area as a dangerous novelty, either wasteful moonshine or, worse, a further threat to individual and local freedom.<sup>2</sup>

The sense of novelty associated with national territorial policy sits strangely in a country such as ours whose history, at least until this century, can be read as one of territorial development. The first decades of the nation were marked by the debates between Jefferson and Hamilton on the issues of law concerning commerce and land, the policies of exploration, or settlement, of disputed borders, and the acquisition of new territories. Into the nineteenth century, the matters of slavery and free territories pervaded the lives of two generations of Americans; and the Homestead Act, the incorporation of new states, trade policies, and, later, Reconstruction issues dominated our history and our concerns with regional issues. Such other questions as the development of railroads, free silver, the organization of territories gained from Mexico, and other territorial matters continued to be the basic stuff of national history and policy. It is only at some time between the passing of the frontier, dated by Frederick Jackson Turner as 1892, and the Woodrow Wilson presidency a generation later, that the sense of the territorial dimension of national policy declines into small-scale concern with particular problems, with the pork barrel and the strategies of electoral politics. In recent decades, only during the 1930s was there a sense that a national territorial policy might be viable, both in the rather romantic regionalist thinking associated with the Tennessee Valley Authority (TVA) and in the surprisingly modern National Resources Planning Board.

The history of territorial policy since the middle of the twentieth century, however, has been one of particular problems rather than general development. Its principal concerns and programs dealt with distressed areas (ARA, later EDA) left behind by the process of national development, and with the

major urban areas, which suffered both the problems of their own development (traffic, pollution, local finance, etc.) and the task of resolving the problems inherited from our past (poor, uneducated, and ethnically special migrants, civil disorder, etc.). Many programs and agencies were created, among them EDA, which testify to this range of problems and the public's awareness of them. But the most representative example of this problem-oriented approach—the Federal Disaster Assistance program, which extends remedial measures to regions that have suffered calamities attributable to acts of God, such as floods, tornadoes, hurricanes, or earthquakes—is almost never discussed in conjunction with other programs. Such a program is prototypical because it is addressed to the plight of a regionally defined group whose suffering is seen as unusual, undeserved, and unexpected, and therefore one which merits national aid.

Today there is ongoing a re-examination of many of these problem-oriented programs and a consensus that they have been generally ineffective and sometimes counterproductive. The problems have been far more recalcitrant than had been expected, and many more factors are involved than had been realized. The federal reaction to this situation is itself quite complex. There is some tendency toward dismantling programs, and some tendency toward trying to coordinate them. At the same time, new programs and agencies are coming into existence to deal with newly perceived problems, while there is a trend toward revenue sharing as a substitute for categorical programs.

Undoubtedly the newly rediscovered concept of national policy for territorial development is in some measure a response to disillusion with problem-oriented programs, a search for a larger context. Our situation of the past decade might be called a plethora of programs in search of a policy. But too often the need for policy is conceived of in terms which are too simplistic: as a need for either a master plan or for agency and program coordination. The idea of the master plan, often thought of as containing a national land use plan as a principal component, is a chimera. It presumes that we know enough about how the system works and that we are clear enough in our minds as to what we want to be able to plot a clear course from where we are to where we want to arrive. But we are far too ignorant to do this, even if we could spell out what it is we want. Further, as will be discussed below, there are inevitable contradictions among the purposes of different people and even among the purposes held by the same person. Under conditions of uncertainty and pluralism, the development of a national policy cannot consist of a purely technical specification of a route and destination; rather it must be a mode of travel that combines technical planning and political process.

Nor can a national policy be merely the coordination of programs, even if existing ones are improved and augmented by other programs. This is most obviously so because it is so very difficult to achieve and sustain coordination even among the closest of agencies, while the territorial programs are dispersed

among many U.S. departments, as are other importantly related programs such as those dealing with health, labor, and education. No conceivable administrative reorganization could orchestrate these dispersed activities. But national policy cannot for a more fundamental reason consist of the coordination of problem-oriented programs: most of the relevant programs are implicitly based on the supposition that the problems they must deal with are aberrations of the system, mere surface blemishes that can be corrected by plastic surgery. A national territorial policy, on the contrary, must address the national geography as an interdependent whole, where both problems and nonproblems are manifestations of the structure and operation of the system. By its very nature a national policy deals with the management of the national territorial system, rather than being a collection of remedial programs. Problem-oriented programs, then, cannot add up to a national policy, but it is unlikely that they will be replaced by it. Rather, a national policy would provide a context for their operation.

A national territorial policy would be more diffuse but more significant than master plans or program coordination. To explain what such a policy involves, it is necessary to go back to the significance of a country's human geography. A national society may be thought of as a highly interconnected system of many dimensions. The space of the system includes economic, legal, political, affective, social, and many other dimensions. The territorial distribution of the society is the two-dimensional projection of this multidimensional system onto a map. Adjacency and distance in the geographic dimension may be quite deceptive. Things that appear close may in fact be only distantly related and weakly interactive, and things that appear geographically separate may in fact be strongly interdependent. For this reason, some seemingly regional problems turn out upon examination to be nonspatial. In such cases programs that try for spatial solutions (for instance, by land use control or by location of public works) will be ineffective. In other cases, the geographic relation may be a very important one, and territorial action will have strong effects on other dimensions of the social system.

In this view national territorial policy deals not with a particular set of geographic issues but rather with the geographic perspective of all social issues. Whether the territorial dimension is central or incidental will vary from issue to issue. But, as the national geography reflects the structure of society, so important changes in that system will usually be reflected onto the geographic plane, and virtually all national policies will have an implicit territorial effect. Problem-oriented regional policies have been ineffective because they have too often ignored these realities. They have tended to view economic distress in certain regions, for instance, as almost a happenstance event generally remediable by the infusion of infrastructure capital, rather than as a geographic manifestation of profound changes in the structure of the economy. Further, the resources available to these regional programs have been minute by comparison to the

weight of the implicit territorial consequences of national policies addressed to issues which are not inherently spatial.

This last point deserves some further detail. It is widely accepted that the federal government is itself a significant actor in territorial development, not only through its regional programs, but also through the location of its offices and defense installations, its procurement policies, its public land policies, and other aspects of its operations. But it is less clearly perceived that virtually all of its policies have territorial impacts. To give a few instances:

Countercyclical policy affects various regions differently. Reliance on monetary controls will affect growing regions, which are engaged in heavy private and public borrowing and investment, quite differently from more stable ones. Fiscal policies, such as capital investment credits, will tend to have different patterns of incidence among regions, according to their industrial composition. Public works policies clearly favor regions which already have a shelf of projects that can be readily put into effect.

The fact that we have been conducting wars in Asia for the past thirty years with only few interruptions has probably been among the most significant factors molding the shape of national growth toward the West Coast.

Regulatory policies by the Interstate Commerce Commission, the Federal Communications Commission, and other regulatory commissions effectively redefine the national geometry through functional distances by their control of pricing, conditions of service, and other matters.

The deductibility of entertainment and other expenses accounts for much of the glitter and the economic base of major cities and the location of many conventions and corporate headquarters in those places.

Foreign trade policy shows its effects in many ways, from the current high prices and expanded output of agricultural products, to the fate of industries threatened by foreign producers, to the emerging trend of locating foreign-owned plants within our customs borders.

Science and research policy not only is highly selective in the locations of its expenditures, but has a strong secondary impact through the development of spin-off industries.

The list can be extended indefinitely, to include such matters as welfare policy, energy policy, the postal service, educational policy, antitrust policy. The point is that virtually all public actions have an implicit territorial dimension and that direct problem-oriented programs necessarily rank small and ineffective against the sea of implicit policies.

Just as the social geography of the nation is a reflection of the society, so also must the purposes of national territorial policy reflect national territorial

purposes. Too many proposals have been made for some configuration of new towns or cities or other forms of population distribution generally favoring the dispersal of population concentrations. Such proposals cannot be evaluated merely as configurations. The question is what any configuration does and to whom. As the geography of the country reflects the structure and dynamics of its society, territorial policy (or normative geography) must be aimed at general social purposes. An attentive reading of governmental, scholarly, and popular literature reveals five purposes current in the United States, which will be discussed briefly below, and frequent references to an undefined "balanced growth."

"Balanced growth" in its most common usage means that every region gets some share of national growth, that no area declines in population or income—in other words, that the population or income distribution of some period (1970, 1830, or 1790?) is to be preserved. This mechanical concept of balance is untenable for many reasons. It is sufficient to point out that within the United States rates of natural increase today vary from zero to those normally associated with underdeveloped countries. Hence, to preserve present patterns of population distribution, massive migrations would be needed to compensate for these differences in rates of natural increase. Although "balanced growth" is now deeply embedded as a national purpose in the language of national legislation and other official documents, it is difficult to find its explicit definition, and the meanings that can be inferred from its usage are quite varied. Perhaps the most explicit statement is that of President Nixon, quoted in the 1972 Report on National Growth: "the growth which this Nation will inevitably experience will be healthy growth only if it is balanced growth—and this means growth that is distributed among both urban and rural areas."

The trouble with such definitions of balance is that they rely on geographic specifications of population distribution and rates of change. Clearly, any particular distribution and the dynamics of its change cannot be ends in themselves, but rather a means to more general social objectives. For instance, whereas most usages of "balanced growth" imply strategies of population maintenance for declining areas, it may well be that population decline is in many cases best for those who stay or those who leave. Thus, a more fruitful definition of balanced growth specifies those choices most in accord with social goals among the options available in terms of the realities of the social system and its dynamics. In brief, balance consists of trade-offs among objectives in the light of real choices, not of rigid adherence to a particular geographic pattern.

In the United States an implicit consensus is emerging on five basic goals of territorial policy, defined with different degrees of clarity and receiving different degrees of emphasis from different quarters. Because each of these goals is itself complex, the brief descriptions which follow do not do justice to the

issues. Their progressive definition and clarification must themselves be seen as part of the process of social learning involved in the formulation of a national territorial policy.

1. *National security.* Although this does not play a strong part in this country at this time, it has been a principal consideration of territorial policy throughout human history. Substantial military establishments still exist along our borders and coastlines in what may be regarded as a lagged effect of earlier military technologies and circumstances. Even today defense considerations play a role in transportation planning, the location of certain defense facilities, and other matters.

2. *National prosperity.* This is a well-established objective, although questioned more today than some years ago. It refers to the aggregate material abundance of the nation and may be roughly equated to GNP. It is what traditional cost-benefit analysis attempts to evaluate for projects. Much economic literature would call this the "efficiency objective," but this is a misleading term to a broader public and even to many economists who mistake short-run efficiency for long-run development.

3. *Equity.* This objective deals with the equality or fairness (they are not necessarily the same) of the distribution of material consumption. Commonly addressed by reference to the distribution of incomes, it also includes such matters as accessibility to services and the satisfaction of special needs.

4. *Environmental integrity.* This objective has burst upon the scene with evangelical force, with concerns ranging from the preservation of human life and health to the preservation of natural areas of aesthetic merit. It is, of course, a diverse and confused area, sometimes afflicted by exaggerated claims and demands, but a necessary and permanent component of society's concerns.

5. *Quality of life.* This is perhaps the most ill-defined of these objectives, but a profoundly important one. It refers to sociopsychological aspects of life, including the sense of individual worth, personal and group identity, and the affective aspect of modes of human interaction. The issues of alienation and community are among its principal themes.

The public realization of these objectives has been an evolutionary process approximately following in time the order in which they are mentioned. National security has been a consideration of regional policy since time immemorial. The interest in the regional dimension of national prosperity may perhaps be dated to the years following the adoption of national economic planning after World War II, as it became increasingly clear that the arithmetic of macroeconomic and sectoral planning needed to consider in many cases the geometry of geographic distributions. The goal of equity is not new, but the meaning of the term has changed. Equity-oriented policies for distressed areas have



been a hallmark of national action for many years. However, *national* economic policies at first focused almost exclusively upon the goal of aggregate growth, and only gradually and somewhat unevenly have the claims of equity been weighed alongside those of growth.

The goals of environmental integrity and quality of life have only recently been recognized by what may be termed official planning, and even now most planners and policy-oriented academics are uncomfortable with them, partly, perhaps, because these goals are so ill-defined and partly because all manner of free-lance commentators can have their opinions heard on these matters. Another difficulty, however, is that economics deals poorly with the issues raised by these objectives, and most planners and policy-oriented academics operate with concepts rooted in economics. Compare the atomistic rational man of economics with the problem of alienation or the group phenomenon of ethnic identity. Consider that environmental issues raise problems of indivisibilities, rents, externalities, public goods, merit goods, and many others which are among the least well developed areas of economics. It is not surprising that planners should be uncomfortable with these issues. Yet both quality of life and environmental integrity tend to be strongly regional, dealing with social and natural interactions that take place in fairly well-defined action spaces. The increasing public awareness of these issues probably accounts to a considerable degree for the felt need for national territorial policy.

More generally, although it is seldom put this way, it would appear that it is a growing awareness of the prevalence of externalities that generates the felt need for regional planning. An externality arises when someone's action changes the circumstances or parameters of action of another in ways that are not fully reflected in monetized exchanges. The modern world is so interconnected that externalities, whether positive or negative, are the rule rather than the exception. The response tends to be "regional" because most externalities occur within a geographic framework, be they congestion, pollution, conditions favorable to innovation, or pecuniary distortions. The regional issue may be said to be the issue of the territorial variation of externalities and, conversely, locational decisions may be viewed as choices among the different configurations of externalities at different locations. Thus the prevalence of externalities and their space-boundedness account for the focus on regional and locational issues. At the same time, externalities flaw the normal assumptions of the optimizing self-regulating market (to the extent that they are sometimes called "market failure") and, hence, the sense of need for public intervention, or "planning."<sup>3</sup>

In brief, there is a sense that territorial policy is needed because we are performing less well than we might in terms of a set of national goals. For several reasons, this policy cannot be the outcome of technical planning alone. First,

the territorial dimensions of the United States are strongly structured, but the relations are very complex and insufficiently understood for us to rely exclusively on technical analysis. Secondly, the purposes of the policy are not well defined, and their clarification and operational choices have to be made through an evolutionary process in which scientific analysis and political process complement each other. Thirdly, the purposes are multiple ones; hence, the choice of trade-offs will have to depend on a technical understanding of necessary consequences together with expressions of public preferences manifested through political processes. Fourthly, the plusses and minuses of these goals will be very unevenly distributed among diverse groups of people, both territorially and by other categories, with the result that the choice of actions and the striking of compensatory agreements will require extensive participation. Therefore, policy in this area cannot be devised by a technical secretariat, although it is clear that the quality of that policy will depend heavily on the quality of technical clarification of choices and issues.

Further, national territorial policy is by nature extensively concerned with indirect effects, both because geographic agglomerations and distributions are expressions of externalities and because policies addressed to issues other than territorial have pervasive indirect territorial effects. This suggests that national territorial policy will need to be conducted not as an isolated set of programs but as an integral part of national policy. At the same time, since those indirect effects are ongoing and inevitable, it is impossible in a sense *not* to have a policy, and the real question concerns the explicitness, coherence, and thoughtfulness of that policy.

From this perspective, the form of national territorial policy may best be compared to that of foreign policy. All of the conditions described apply to foreign policy as well, except that the latter deals with foreign territories rather than domestic ones. Like foreign policy, territorial policy must be considered a permanent aspect of national policy, strongly interacting with other policy areas, combining political judgment and process with technical analysis, evolving over time in response to improved understanding of circumstances and national purposes. It is often diffuse and contains internal contradictions. It obeys in some cases the logic of general strategies, it may develop particular strategies for certain countries or regions, it forms at times particular commitments, and it contains (but does not consist of) agencies and programs. Further, like territorial policy, it is concerned with many situations which are slow to change and which therefore require "national" policies in the meaning of multiparty consensus to insure sustained effort and steady purpose.

The analogy must not be pushed too far. For instance, the inhabitants of foreign territories are not voting citizens of the United States. More importantly, the government structure for the conduct of foreign policy would clearly be

unsuited for domestic territorial policy. Indeed, the design of an appropriate set of government institutions for territorial policy is a largely unresolved issue, too complex for discussion here except for a few observations.

No reorganization of federal agencies and departments can house under one roof all those activities directly concerned with territorial matters, much less those with important indirect effects. The problem is one of finding ways to give presence to the territorial perspective throughout government. This suggests the direction of staff functions at the center, possibly by deepening the role of the Council of Economic Advisers and the Office of Management and Budget or by providing professional staff to the Domestic Affairs Council of the Cabinet. A further possibility is suggested in Section 703(c) of the National Housing Act, which empowers the President to establish an advisory board composed of scholars and federal, state, and local officials to assist in the preparation of the biennial Report on Urban Growth and any supplementary reports. Such an advisory board, if established on a permanent basis with first-rate staff, might be able to perform indicative functions of analysis of problems and their consequences, especially indirect ones, and to assume some of the functions of an agency such as D.A.T.A.R. (*Délégation à l'Aménagement du Territoire et à l'Action Régionale*) in the French government, including that of a forum for the negotiation of diverse interests and perspectives.

The organizational form, however, cannot be specified at this early stage. It will require inventiveness and social learning and a better understanding of the matters involved. However, some things are likely to be central, whatever form organization takes. First, on this set of issues, Congress will play a greater role than in other areas of national policy because it is the only branch of government representing territorial units. Further, it is likely to be particularly receptive to analyses of the implicit territorial consequences of national legislation, budget, law, and regulation and hence not to limit itself to a myopic view of direct programs.<sup>4</sup> Second, the viscosity of geographic processes makes this a poor issue for partisan politics and calls for approaches which are non- or bi-partisan and, in this consensual sense, national. Third, this same slow pace will generally make territorial issues postponable, which means that under the common pressure of other events they will be frequently ignored. If sustained intelligence and political validity are to be maintained, the government organization must be such that it guarantees a place at the table to territorial and other slow-paced policy issues. Fourth, the diversity of publics, interests, and regions involved makes it necessary that whatever form the formulation and execution of policy takes, it must provide mechanisms for the expression of the diverse interests and views of those concerned or affected in various ways and an arena for the mediation of their interests. Otherwise, the policies will lack the necessary information or legitimacy.<sup>5</sup>

Whatever the organizational form, there must be a level intermediate between general national purposes and project and program evaluation. This in-

intermediate level may be called that of strategic issues, and to a very large extent the future of this policy area will depend on the wisdom with which the grand issues are framed. Several possible strategic issues may be mentioned. One is the acceptance of the inevitability of population decline in many areas, and the development of appropriate responses. Another is the balance of national and local interests in the increasing number of cases of local opposition to growth on environmental or quality-of-life bases. Another is the reintegration of the South to national parity after more than a century of inferiority. And yet another is the territorial dimension of the society as it moves toward a postindustrial economy. These issues, or some comparable set, provide a strategic halfway house between the generality of the social goals and the specificity and tasks of particular programs, and they may provide the political formulas by which territorial concerns can be adequately faced in our polity.

Each of these matters is, of course, most important and most complex, but my comments here are limited to population decline and the territorial implications of the sectoral changes in the economy.

### **The Population Decline**

The consensus of students of current trends in human geography is that population decline in a great many districts is an inevitable result of national development characteristics; yet our policy and our rhetoric are based on the presumption that such decline is both undesirable and reversible. Clearly, if national policy sets out to do the impossible, it will not only fail but it will also increase human suffering by raising and then disappointing expectations.

The basis for expecting population decline in many areas is at least threefold. First, and most general, population decline (or substantial out-migration) in districts tends to be a phenomenon of extraordinarily long standing. The depopulation of the countryside began at least during the agricultural revolution of the eighteenth century. Many of the areas now losing population had their highest numbers at the turn of the century and even in the nineteenth century. Few of today's population losers are newcomers to that category. It can seldom be expected that phenomena of such long standing can be reversed.

Second, the causes of this population decline are readily apparent. Many of the areas of decline have an agricultural technology and economic base, and the continued evolution of agricultural technology and economic structure has resulted in declining ratios of people to capital and to land—fewer people can produce more in the same area. Similarly, primary extractive industries, primary processing, and other forms of manufacturing have increased in productivity far more rapidly than has the demand for their products; hence, the demand for labor in these activities, rather than increasing, has in most cases declined. If, in addition, consideration is given to certain trends in the location, scale, and agglomeration of these activities, it becomes quite understandable that, in

spite of the growth of a few rural and small urban places, the trend in a great many places must be one of population decline.

The third reason for expecting decline in many areas has to do with the increasing scale of many services (including retail, personal, and business services and assembly, storage, and marketing of the products of primary industry) together with the greater facility of movement resulting principally from improvements in roads and motor vehicles. The net effect of these trends is the thinning out of centers, with a few growing by absorbing some of the functions of the others, which decline and in many cases disappear.

Two things are worth noting in this interpretation. First, the population decline is a response to declining employment opportunities. However, this is not because the industries they represent have departed for the big cities but because of the evolutionary logic of these economic activities in their own regions. Second, from this interpretation it should be clear that within the overall pattern of employment and population decline, some places will grow. The fact that some are growing should not be extended, as is too often done, to the wishful hope that their magic formula can be learned and applied to all declining places.

It seems unwise and misleading under these circumstances to pretend (socially, if not individually) that local decline is evidence that something has gone wrong which can be put right by some program of local assistance. Such labels as "balanced growth," "national growth policy," "Economic Development Administration," and "regional development policies" testify at least by implication to this attitude. Although in more discriminating usage "development" means changing for the better rather than growing, in practice the two are equated.

Acceptance of the inevitability of population decline faces great political and emotional difficulties, but quite plainly it would be better than what we have. Today, if one suggests, for instance, that most of Appalachia will decline in population, one is accused of writing it off. But our alternatives are not limited to the social abandonment of the area and its people or to the false hope of universal growth. In reality, some places within distressed regions will grow and should be helped to do so. But many places will decline, and realistic policies to facilitate this contraction are needed.

It is surprising how little theory or empirical study of decline is available; yet decline is not simply a phenomenon symmetric to growth, but in reverse. Investment, population composition, sectoral mobility, housing markets, and many other aspects are certain to be different. In many cases of labor surplus both those who leave and those who stay may be better off, while in others there will be severe problems. Even the phenomenon of net out-migration is relatively little understood; it is a statistical construct arrived at by taking the difference between the real-life events of departures and arrivals. We know that net migration is only a small fraction of the total number of moves; yet we

have little sense of the difference in the significance of net and gross out-migration. For instance, fast-growing places tend to have not only higher rates of in-migration than declining places, but also higher rates of departure.

A clearer idea of the varieties of population decline and its concrete problems is urgently needed. For instance, since the young and the better educated are the ones most able and willing to migrate, their ranks are reduced in an area of net out-migration. What concrete problems does this create? One may speculate: a reduction of local entrepreneurship and management capacity; a reduction in the supply of certain types of skilled labor which may be a necessary complement to the employment of the larger number of the less skilled and less well educated; or a reduction in the quality of life because of the sense of familial and cultural loss among those remaining. On the other hand, to what extent does the reduction in the numbers of these more desirable workers enable older or less educated people to compete for jobs which would have otherwise been unavailable to them?<sup>6</sup>

Other problems of population decline may stem from the increased proportion of the elderly in the local population, resulting in higher dependency ratios, higher structural unemployment because of their inability to adjust to sectoral shifts, and a need for providing more of the services such a population needs. Similarly, the thinning out of population and markets may require consolidation of certain private and public services ranging from drugstores and beauty parlors to schools and hospitals, and some amount of local resettlement of population. Such consolidations may be faced with a variety of legal, financial, physical, administrative, and other problems. In many cases, continued provision of some private or public services may require subsidies or other aids even after consolidation. A "centers" policy would then consist of aid and facilitation of *service centers*, rather than attempts to promote *growth centers*.

Declining areas undoubtedly suffer from many other problems, some general to all such areas and others specific to particular ones. The point here is not to enter into the details of these problems, but to argue as strongly as possible that population decline is the unavoidable reality for many places, and that national policy should recognize this and devise programs that strike a balance of goals: efficient transformation of the economies of such districts, considerations of equity and quality of life for their populations, and relevant environmental issues. There is no reason why people cannot live well in places with declining population.

None of this should be interpreted to mean that all rural and small urban places will decline. Many are growing and prospering without benefit of public aid, and many others can undoubtedly be helped by national programs to the benefit of local and national purposes. The Economic Development Administration, the Regional Development Commissions, and the new Rural Development Act are aimed in this direction. The components and assumptions of these programs need to be re-examined, however. Others at this conference

have done so in greater detail, but a brief listing of the issues may be useful:

These programs define the districts of their concern as homogeneous regions characterized by certain problems, and seek solutions within those regions. Yet we know that in many cases those distressed regions are the joint backyards of functional regions that include prosperous centers. The regions where some problems occur are often not coterminous with the regions that must be analyzed to understand the nature of these problems or within which the most important actions must be taken.

A strategy of growth centers makes good sense in that a concentration of efforts is more promising than their dispersal. However, in many cases, as had been noted, a growth center has no realistic expectation of growth, and a quite different service center strategy seems more promising. Formulating a policy for growth centers, moreover, in reality entails several problems. There is no existing science for the identification of such centers; hence, they are designated either as a reward for ongoing growth or in the wishful hope that growth may occur. Since there is no great theoretical basis for selecting a minimum size or other attributes of the places to be chosen, and since there are enormous political pressures to award this designation to many candidates, the inevitable tendency is to proliferation, thus negating the initial logic.

In general, existing programs have favored aids to capital on the basis that more capital is needed to absorb labor surpluses. But theory and experience argue that, by reducing the relative price of capital, the effect is to attract capital-intensive activities and to encourage the substitution of capital for labor. A policy of wage subsidies would seem more promising as a means of encouraging an increased demand for labor by reducing its relative cost.

The provision of infrastructure capital has been a principal form of aid to distressed areas. It is argued that this infrastructure will create the preconditions for the arrival of private industrial capital, which will provide more and better jobs for the local population. But, in effect, too often this has resulted in a form of cargo cult, where industrial parks, roads, sewer and water works sit empty and silent for years, awaiting the magic arrival of enterprise. This belief in the automaticity of the process from infrastructure to jobs has been one of the least commendable features of many programs. A vigorous program of search, marketing, and facilitation should be required for every growth center to bring about the attraction, retention, or expansion of industries. The most valuable prototype of this activity remains that of the *Corporación de Fomento* in Puerto Rico in the late 1950s.

Human capital programs (education, training and retraining, counselling, and placement) have traditionally been slighted by regionally oriented agencies, although today they receive more emphasis than before. The reasons for this neglect are complex and include the realities of the functional responsibilities of various federal agencies and congressional committees. But the neglect of the human capital approach also reflects a painful dilemma of regional programs. When a person in a distressed area receives more education or training, he is far more likely to leave the area. Thus, the investment in human capital in a poor area tends to walk away toward developed areas, and may leave the original area poorer rather than richer in human resources. The quandary is that if the problem is regionally defined, investment in human capital may be counterproductive, while if the problem is viewed as one of people rather than places, there will in all probability be a net overall gain, at least for the national prosperity objective.

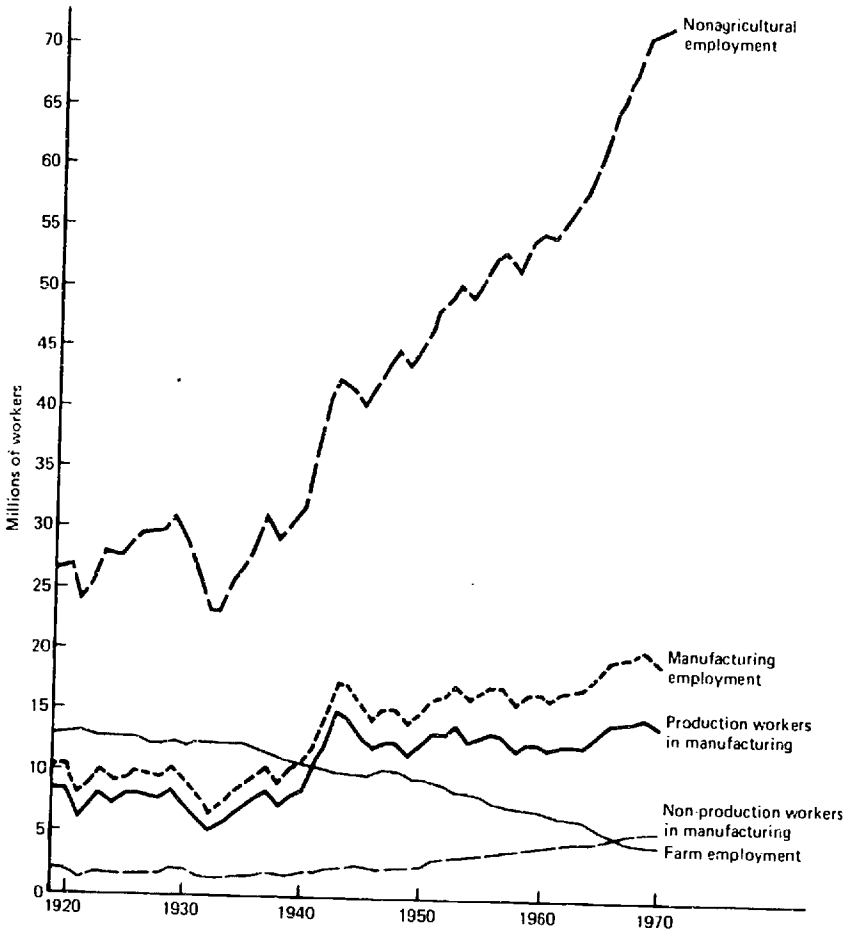
Most programs for distressed areas, including the central slums of metropolitan areas, have promised growth in employment through growth in production manufacturing. Yet the number of jobs being created or potentially movable in this sector is far smaller than the number of jobs needed by the populations concerned. For all practical purposes, the *absolute* number of production jobs in manufacturing has been static for three decades. Regardless of occasional success stories of localities which have generated or attracted manufacturing, a national policy of employment distribution cannot be based on manufacturing. It must be based primarily on the service sector, since this is the one in which jobs are being formed. It is very unclear how this is to be done or, indeed, just what this means in terms of particular jobs, economic activities, and policy instruments, but it is the only choice available, and I expand somewhat upon this point later.

### **The Post-Industrial Society**

The meaning of the shift to what has been variously called "the service economy" or "the post-industrial society" is that the principal business of our society is no longer the growing of crops, the extraction of resources, or the manufacture of things. The terms refer to a dimly understood set of service activities ranging from those provided by the barbers, grocers, and school teachers of traditional economic base theory to vast bureaucracies in such fields as insurance, finance, travelers' services, government, engineering, research, and health. The magnitude and rapidity of this transformation can be seen in Figure 1. Over the somewhat arbitrarily selected period 1950-1970, nonagricultural employment as a whole rose by 56 percent, while manufacturing employ-



**FIGURE 1 Employees on Nonagricultural Payrolls, Manufacturing Employment, Production Workers in Manufacturing, Nonproduction Workers in Manufacturing, and Farm Employment, 1919-1970**



SOURCE: *Handbook of Labor Statistics*, U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 1705.

ment rose by 27 percent. But within manufacturing, the rise in production workers was only 12 percent, while the number of nonproduction workers within manufacturing (who are in most cases service workers in spite of the classification of their industry) doubled. By comparison, there was a rise of 1.5 million production jobs in agriculture during the same period.<sup>7</sup>

In spite of its growing pre-eminence, the service sector of the economy remains for the most part *terra incognita*, described in the available studies about as well as medieval cartographers could map the world's continents. Little is known about the structure, economy, or activities of this sector, and less about

its locational dynamics. For instance, in spite of the visible evidence of rapid technological change and massive investment in this sector in the form of data processing and transmission, most economists still think of it as labor-intensive and technologically static, and national accounts value many of its outputs at the cost of inputs.

The territorial future of the nation depends for the most part on the locational dynamics of this poorly understood sector. By way of illustration, between 1950 and 1970 some seventy urban areas crossed the size threshold into Standard Metropolitan Statistical Areas; four-fifths of them were economically specialized in service sectors. It becomes important, therefore, to learn more about these developments in order to anticipate problems and to guide that evolution in positive directions where it appears that the market cannot do this by itself. By way of illustration, it appears that much of this growth is taking place in large bureaucracies whose business is, in one way or another, receiving, storing, processing, and sending information. Several public agencies, most notably the Federal Communications Commission, are today involved in framing the rule for ownership of transmission lines, pricing policies, ownership of information, rights of customers, and so forth. It is not too much to say that, almost unnoticed, the transportation of information is being shaped and that this will be as significant to the geographic structuring of economic activity as was the shaping of the national network of canals and railroads in an earlier era.

The basic geographic question appears to be whether a substantial number of service industries will evolve locationally, as have many manufacturing industries. A widely accepted theory of the locational evolution of manufacturing<sup>8</sup> views the history of a typical manufacturing activity as originating in a center whose externalities are particularly suited to innovation, normally an urban center. In its early stages, such an industry needs ready access to complementary services and producers, and its organization and technology will be in a state of flux. As the industry matures, it internalizes many of those complementary activities, and routinizes and standardizes its products, technology, organization, and procedures. At this mature stage the industry will look to more distant locations for specialized advantages in labor costs, transport, and the like. In this view, then, industry is being created in innovational centers and diffuses toward the hinterland. Thus, since manufacturing as a whole is a mature sector, today most manufacturing employment growth is taking place in smallish metropolitan centers and outside metropolitan centers altogether. Indeed, the process of diffusion does not stop at the country's borders, but goes farther, to locations abroad in such countries as Korea and Taiwan.

Most services, in traditional thinking, require close proximity between the producer and the client, and those which serve large national markets, such as publishing, have shown strong preference for major urban centers. If these are to be the dominant patterns, most future growth will occur in existing urban areas, and the decline of economic opportunities in the hinterland will accele-

rate. The question is, again, whether the logic of diffusion of manufacturing employment will repeat itself in the case of services. If not, what policies will need to be undertaken to cope with wrenching problems of regional dislocation? And if they are to disperse, what will be the pace and pattern of this dispersion, what imbalances will occur, even if only temporary ones, and what steps should we be undertaking to meet goals of prosperity, equity, quality of life, and environmental integrity under this transformation?

It would appear, on impressionistic evidence, that there is a reasonable expectation that certain service industries will go through the same natural history of diffusion as manufacturing. Just as manufacturing, in its increased proportion of nonproduction workers, is becoming more like services, so some services are becoming more like manufacturing. These services are standardizing information and its handling, making it suitable for large-scale organizations employing large numbers of low-skilled workers trained to carry out specific tasks. Capitalization, standardization, routinization, organization, and the other hallmarks of mass production are visibly arriving in many service industries. At the same time the technology of rapid transmission of large quantities of information has joined the standardization of that information and the routinizing of its handling, permitting firms to gain advantages of scale and location by being able to interact with others at a distance.

To the degree that such processes prevail, the diffusion of the service sector may take over from the diffusion of manufacturing. The problems then would be similar to current ones. For instance, the diffusing industries might not spread in exactly the way the population is distributed. Other imbalances, not new, may occur: newly arrived industries may employ young women, leaving male unemployment largely untouched. Two types of policy would then be needed. One, remedial or adaptive, would look to the problems of transitional dislocation of particular places or population groups. The other, developmental, would look to the policies and programs needed to mold the geography of this great structural change in accord with national objectives. These questions are likely to include the investment, pricing, and regulatory policies for information transmission; policies affecting the effectiveness of key personnel, such as the availability of same-day round trips to other locations and same-day delivery of mail and key publications; policies affecting the recruitment and retention of key personnel, such as schools, facilities for continuing advanced education, and amenities. All of these matters involve public actions which set the ground rules for private decisions.

A small example may serve to make the point. In France, there has been for years a policy of developing a national microwave network. Their national airline has taken advantage of this to link its ticketing, reservations, and other operations from its desks in Paris and elsewhere to a distressed area in Brittany, where a data-handling center provides much needed local employment. It is a clear example of the process of standardization, routinization, and transmission (transportation) for a service activity.

In brief, the transformation to a service economy is already far advanced and certain to continue. Our policies and our thinking remain fixed on manufacturing as a principal generator of employment and determinant of locational patterns. A change to new ideas and new understanding is urgently needed.

The nature of the territorial development of the country was once a central concern of the nation and its leadership. This perspective was lost in the early part of this century, and since then we have focused on the problems of special areas rather than on the shape of overall development. Today there is a renewed sense that there is need for overall policy, but we have an imperfect understanding of the agenda of such a policy. It has been argued here that such a policy is neither a master plan nor a collection of programs. Rather it is a geographic perspective on all public policy and on the nature of socioeconomic development. A national territorial policy is likely to organize itself around certain strategic issues, and the programs of particular agencies will gain new meaning in the context of such policy.

Undeniably, the form of such a policy, its table of contents, and its institutional organization are now only dimly perceived. Yet there seem to be strong reasons to start on a process of social learning and discovery and to put aside expectations that it can be born fully formed.

**AUTHOR'S NOTE (1977):** Since this was written four years ago there have been some changes. It seems to me there is less fascination with an overall "national growth policy," and more interest in sectional conflicts such as that between the Sun Belt and the Snow Belt. Much of this revolves around issues of energy and resources, politicizing regional development along the lines of Ricardian rent.

Perhaps the greatest and most surprising change has been the reversal of migration from the country to the city, at least in the sense that, on the whole, there is now a net yearly migration of about half a million from SMSAs (Standard Metropolitan Statistical Areas) to nonmetropolitan areas. With the exception of parts of the old cotton and tobacco belt, most broad nonmetropolitan regions are recipients of net in-migration, including Appalachia. A growing number of SMSAs, especially among the largest, are losing population.

The principal reasons for population decline in so many metropolitan areas appear to be, in order of their importance, the continuing decline of fertility, migration among metropolitan areas, and migration to nonmetropolitan areas.

The principal reasons for the net in-migration into nonmetropolitan areas are the expansion of urban fields beyond the defined boundaries of SMSAs, the continuing dispersal of manufacturing, continued growth of the outdoor recreation industry, increasing numbers of retired people whose income is not geographically bound, increased activity in resource development and environmental conservation, and the tendency during economic hard times for relatively recent urban migrants to return to their place of origin.

While some of these tendencies were anticipated, the reversal of migration has been a surprise to most of us. Nonetheless, my general argument still seems valid to me in two central respects. First, that our collective understanding of the geographic dimensions of social processes is poor; hence, policy interventions should be closely

monitored and master plans avoided. Second, that population maintenance approaches, whether aimed at rural or metropolitan areas, mistake both the diagnosis and the remedy.

## NOTES

1. U.S. Congress. Senate. *Toward a National Growth Policy: Federal and State Developments in 1972*. 93rd Cong., 1st sess., 1973.
2. The experience of countries that have made firmer commitments in this policy area is a doubtful guide. Several socialist countries, such as the Soviet Union and Yugoslavia, have made regionalization a key aspect of their planning and governance. Among the mixed economies, the French experiment has received the most attention. Yet if one looks beyond the smoothness of official versions, one finds scholars and officials perplexed by many of the same questions. It is worth noting that these countries have frequently restructured their government apparatus and redefined the agenda of their regional policy. In brief, although there is much to be learned by their experience, they too sense a national need in this regard which is not being fully met by their current approaches.
3. These comments as stated apply to market economies, but their logic is the same in mixed or socialist economies, in which centrally planned or semi-independent state enterprises consider only direct relations.
4. This suggests that the staff function, or some part of it, might be located with the Congressional Research Service.
5. In many areas of public action, such as roads and power facilities, we already find that the lack of a participation and bargaining mechanism drives opponents to a veto position which is all too often effective. Hence, the call for participation is not based on romantic premises, but on the need for an alternative to the ramming through of projects or to immobilism.
6. This possibility makes it necessary to be cautious in the use of wages or per capita income to study the effects of population decline in local economic well-being, since falling income can be consistent with improved circumstances in the presence of these compositional effects.
7. The rates chosen for these comparisons tend to exaggerate the growth in production jobs in manufacturing because 1950 was a recession year, and production jobs in manufacturing are more sensitive than other kinds of jobs to cyclical shifts.
8. Best developed for the United States by Wilbur Thompson in numerous writings, but to be found also in various versions in works of others.