CHAPTER II

THEORETICAL APPROACHES TO THE GROWTH OF SMALL TOWNS

Growth centre theory
Agropolitan Approach
Selective territorial closure model
Regional public investment paradigm
Role of agriculture and industry in urban development
The classical political economy and Marxian political economy views that the erosion of feudal relations and attainment of capitalist conditions/relations in agricultural economy is a precondition for development of industries and urbanization. However, in most of the developing countries, agriculture has not attained this stage and still has subsistence form of development. Consequently, there is exodus of rural people to cities resulting in 'over urbanization'. In order to arrest the growth of large cities, many theories/approaches were proposed to develop small towns and influence regional development.

In this chapter an attempt is made to present the various theories of growth of small towns and critically review them in the light of conclusions drawn from the various empirical studies. The main aim here is

1. To identify the shortcomings and gaps in these various theories in explaining the growth and decline of small towns.

2. To formulate new hypothesis which enhances the understanding of the growth process of small towns particularly from the perspective of the complex rural-urban networks between them.

Growth Centre (or) Rural Service Centre Theory:

The theory of growth poles dates from the theory of Poles decroissance proposed by Perroux of France in the 1950s and has been elaborated further by Friedmann, Rodwin, A.O.Hirschman and others in the form of "concentrated decentralisation" since the 1960s.

The theoretical foundation of this view of small and medium towns is
in the theories of economic polarization, centre place theory and the various modernization theories.

According to Growth Centre Theory, towns objective is to stimulate production activities with external linkages with high order settlements and spreading economic growth in their regions. Here towns are supposed to effectively utilise the regional resources and increase productivity output and decrease regional inequalities in development. Various authors viewed growth centres to perform different functions. Some considered them to function as instruments of modernization and rural development. Some considered these growth centres as 'engines of growth' in their own right and for the benefit of their hinterland. Their development as market and service centres helps to increase the productive capacity of the rural producers and promotes the commercialization and specialization of agriculture in the framework of national economic growth. Some others assumed that the development of rural centres would increase local employment and helps to stem the rural exodus to the metropolitan areas.

In number of third world countries attempts have been made to stimulate the development of small and medium towns from the Growth Centre perspective particularly in 1970s and mid 1980s. In different countries many towns were selected and huge amounts of money is poured into them in the form of industrial investments, infrastructure in the form of roads, transport, health, education, electricity, drainage, housing etc. These centres are called as ‘Agrovillies’ in Pakistan, the ‘New Towns' in Malaysia, 'Rural Centres' in Zambia, ‘Growth Foci’ in India.
However all these attempts by Third World governments to divert urban growth and development to growth centres have met with relatively little success in terms of spreading the benefits of development to those previously bypassed. Because, these schemes are involved with high expense (both in terms of capital investment and of scarce managerial and technical skills). Further, they are based on tools, techniques and research which are relevant to developed countries and are no longer compelling in its logic in the Asian context. And here Stuckey says "regional theory and the notion of growth poles or growth centres were derived from the observation of growth and development in North America and Europe, but they were marched off into the world of underdevelopment in the fifties and sixties and asked to solve the problems of poverty".

Growth centre approach is criticized as having industrial bias and urban bias. Central to growth centre theory is "trickle down" and "spread effects". However, numerous studies in third world countries revealed that the implementation of a growth pole in an underdeveloped country would only tend to create "backwash effects" instead of "spread effects" and that the trickle down mechanism does not normally operate. In countries like Mexico, Brazil, growth centres failed to develop and in few places though efficient in terms of growth failed in distributional issues. Some even criticized growth poles functioning as vanguards of exploitation and functioning as tentacles of the large urban centres. Some studies done in Kenya, Sudan, Zaire proved that growth centres have weak productive functions and these towns serve the interests of a small political and
commercial elite at the national level and regional level. Most of the growth centre strategies are promoted without regard to a region's existing economic structure and both inter urban and rural-urban linkages. \(^{13}\) This strategy would end up by replicating national dualism at the regional level. \(^{14}\) Another reason for the lack of success of growth centres in meeting social goals such as development in poor areas has been the confusion between social and spatial equity.

As mentioned elsewhere, growth centre strategy has industrial bias and the presence of agglomeration economies is central to growth centre theory. However, these economies are almost non existent in cities smaller than 1,00,000. \(^{16}\)

By mid 1970s when the studies done on performance of growth poles in various Third World countries proved the limitations of western based Growth Centre Theory, many urban analysts began working for alternative approach. While some emphasized the need for modified growth pole strategy suitable to the third world countries others recognized the necessity of a new paradigm whose objective is no longer economic growth as envisaged in growth pole but social development with focus on specific human needs. \(^{18}\) Later this led to formation of new approach towards the growth of small and medium towns. This is called "Agropolitan Approach".

Agropolitan Approach:

This was developed by Friedman and Douglass in 1978. This approach has its roots in the paradigm of 'territorial development*. Its sources of
inspiration are a dissatisfaction with narrow materialistic concerns and the top-down approach to development and a strong sympathy with the ideals of 'self-reliance' and 'small is beautiful'.

The 'territorial development' paradigm rejects the conception of the region as an open system and the subordination of regional development objectives to national (economic) ones. Its supporters advocate the use of region's resources for the benefit of the regional population, the development of an integrated and diversified agro-industrial economy geared to regional needs, the decentralisation of planning and decision making, grass roots participation and cooperative action at local level.

The "Agropolitan strategy" developed by Friedmann is a concrete example of regional development from a territorial point of view. Agropolitan model offers a spatial framework for rural development and is based on the idea of accelerated rural development oriented to human needs with a more equitable distribution of economic benefits, the direct movement of local people in the process of development and growth based on the activation of rural people, agriculture and resources. This strategy envisions creating towns in the fields by embedding some of the elements of urbanism in the dense rural areas. The dimensions of the Agropolitan district according to Friedmann, are a town of between 10,000 to 25,000 plus village communities within a commuting radius of between 5 to 10 kms. all of which would mean an overall size of population ranging from 50,000 to 1,50,000.
Selective Territorial (Spatial) Closure Model:

Closely followed by ‘Agropolitan model’, another model developed towards regional planning is selective territorial closure developed by Stohr and F.Todtling in 1979. As envisaged in Agropolitan model ‘selective territorial closure’ too emphasizes small-scale industrial organizations and non-market and informal sectors. Although it gives no explicit attention to small cities, it is obvious that the emphasis on small-scale activities and decentralised making would favour the small towns rather than the large and metropolitan cities.

One of the underlying emphasis in both ‘Agropolitan model’ and in ‘Selective Territorial Closure’ is to prevent the leakage of general wealth in the region. Priority should be given to small-scale and labour-intensive rural production activities and export-based activities should be promoted only to the extent that they lead to a broad increase in living levels of the population of the territorial unit. In both these approaches impulses to development are assumed to start from below and to 'filter up' from local to regional and finally to national levels.

Much of the criticism targeted against ‘Agropolitan model’ and ‘Selective territorial closure’ is that these are located in weak theoretical foundations. Further, these models represent "bottom-up" spatial planning strategies and based on virtually autonomous local decision-making and resource process, thereby undermining the role of "top-down" approach and planning. Richardson views that the bottom-up strategies would be effective only when strong interventions are made by
Thus, both top-down and bottom-up planning strategies are to be viewed as complementary rather than mutually exclusive and are essential for implementation of any effective regional planning and development.

Richardson criticizing both the 'Growth Centre Strategy' and 'Agropolitan model' says that growth centre strategy based on top-down approach which suggests that investments made to promote the larger cities in the national urban hierarchy-especially regional metropolis will lead to improvement and stability in the lower-order centres in the urban hierarchy, that is, in small and medium towns. Thus, growth centre strategy is based on 'trickle-down' and 'spread effect' theory. The Agropolitan model based on bottom-up approach and 'filter-up' theory emphasizes agricultural development as the major element of a small and medium towns development strategy. Both the models in their purest form does not suggest for the most obvious strategy - direct investment in the small and medium town themselves.

Thus, Richardson, though mentions rural development aspects for growth of small and medium towns, gives more emphasis on direct measures to strengthen the economic base of towns and says that "development of small-scale industry, informal sector, agro-processing, decentralisation of government employment, small-scale export, trade and tourism, investment in intra regional transportation and communication are a high priority 'to strengthen rural-urban linkages, so should be strengthened".
Hackenberg, agreeing with Richardson says that “the best way to strengthen the small cities is to invest in them directly and to develop specific policies to improve their economic base”. He further says "spatial dispersion and small-scale urbanization have been stimulated by investments in electricity, transmission, telecommunication and truck transport".

Niles Hausen arguing on the same lines of Richardson and Hackenberg, emphasizing the role of public investment on the growth of small cities, developed his own method of investment. Thus, he develops a "Regional Public Investment Paradigm" for growth of small and medium towns.

Regional Public Investment Paradigm:

The hypothesis of this paradigm is that the impact of public over head capital investments on income levels (of small city population) can be significant but depend on

1. The type of investment.

2. The economic characteristics of the region in which the investment takes place.

Hausen divides Public Overhead Capital (OC) into two components:

1. Social Overhead Capital (SOC)

2. Economic Overhead Capital (EOC)

EOC: This includes capital invested in activities which support production activities like investment in construction of highways, transportation system, power projects, harbours and other similar undertakings.
**SOC**: This consists of education, training, health, and related projects oriented towards the development of human resources.

He classifies regions into three types. They are

1) Congested.
2) Intermediate.
3) Lagging.

Niles Hausen Public Investment Paradigm suggests that, regional policies might be made more efficient and more equitable by

1. Inhibiting further growth in large congested regions.
2. Emphasizing economic overhead capital (EOC) investments in intermediate regions and in regions possessing natural externaities.
3. Emphasizing human resource oriented social overhead capital (SOC) investments in lagging region.

**Role of Agriculture and Industry in Urban Development:**

Explaining the interrelations between rural and urban, Ranaanweitz emphasizes the interrelations between agriculture and industry. He says towns by creating a supporting system actually support the development process in the rural areas. They play an active role in the transition from closed oriented agriculture to market oriented agriculture and act as centres for the development of industries. He says agro-based industries increases interrelations between agriculture and industry, jobs for local people and also provides market for perishable agriculture products. The non-agriculture sector absorbs surplus labour and increased out put from
agriculture, provides services and goods vital for agricultural development.

Ranaanweitz realizes the importance of development of rural-urban relations for urban and regional development where he says "A different approach is needed for urban-rural relationships that can lead to the creation of a spatial structure unlike the one developed in the advanced countries". Emphasizing the need for growth of rural towns he proposes the notion of "Quite Centre". The quite centre is a physical unit containing only industrial and service installations without living quarters. The "quite centre" is the rural "business district". Workers are there only during working hours and leave after work to lead their lives elsewhere.

Maria Clawson agreeing with Ranaanweitz says agriculture development affects urbanization and is essential for sound urban growth. He also says urban growth and development is equally basic for agriculture development. Discussing urban impact on agriculture he says growth of cities/towns provides larger market, brings changes in the nature of agriculture, provides infrastructure for agriculture development. However, the importance of cities/towns as markets for agricultural products which was stressed by Ranaanweitz and Dr. Maria Clawson was criticized by Prof. Finkel based on experience in some of the developing countries where the cities/towns are surrounded by rural areas that cannot offer sufficient agricultural products to these cities. He also argues that industrialization and urbanization can only start after peasants have reached a certain level of development.
Bertrand Renaud says there are strong two-way interactions between urban and rural development. According to him a town provides large market, gives farmers scope to develop more intensive cash crops, have easier access to suppliers, have closer touch with government extension services. A dynamic rural hinterland contributes to town development through raising farm incomes, purchasing power, demand for both household goods and farm inputs. The stagnation of farm incomes affects urban development by leading to a low level of demand for both population and consumer goods by the majority of the population.

Jean Canause says steps should be taken to prevent push effect in the villages, by providing further means of earning a living, opening up of economic opportunities within the villages, channeling more agricultural productivity. Without this no capital accumulation and no surplus food provision could be made available for industrialization. Thus, modernization of agriculture is an important precondition for smooth urbanization.

Y. Abt though agrees that agriculture and urban development are interrelated however favours agrarian reforms and development as a first phase.

Mellor develops the theory of how a town acts as a ‘growth pole’ of hinterland. He advocates a development strategy based on yield increasing and cost decreasing methods in agriculture and the linkage effects of such agricultural development. Under such a strategy Mellor says that, the
market town acts as the focal point for organization and decision making. The crux of Mellor's argument is that, increased agricultural production by the wealthier land owning classes generates demand for more non-agricultural production in the form of demand for more consumer goods industries thereby brings increased employment and thereby the growth and development of small towns. Further, this expanded employment of the lower income labour classes, who spend the bulk of their increased incomes on food, provides the demand for further increase in food production and thereby development of rural areas.\textsuperscript{43}

Hugh.E Evans describing the role of small towns in promoting rural development and urban deconcentration says that, small towns play a significant role in spurring agricultural production, raising rural incomes. This in turn spur demand for non-farm goods and services, creates job opportunities for surplus rural labour, raises demand for rural produce and once again boosts agricultural productivity and incomes. This he calls as "Virtuous Circle Model of Rural-Urban Development".\textsuperscript{44} However, Manning (1988), Hunt (1983), Harris (1987) question this model and says that the spin-off effects of agricultural development on small town is questionable. Peter.L.Doan (1989) agreeing with O.P Mathur (1982), Rondinelli (1983) on the importance on rural-urban linkages says they are essential for the distribution of intermediate inputs to agriculture and the corresponding provision of agricultural outputs as inputs to other procedures. He also suggests for initial investments in small towns which are closely linked to agricultural hinterlands to stimulate development in the entire region.
High lighting the role of infrastructural facilities and other agricultural inputs available in the small towns in agricultural development, Amitabh Kundu & Monis Raza explains that the land productivity is positively correlated with socio-economic infrastructure of the region—with banks, railway station, road mileage, rural electrification, rural literacy, availability of fertilizers, market facilities etc. BrijRaj Chauhan also emphasizes the positive relationship between the growth of agriculture and urban development and describes the impact of green revolution on urban development and vice-versa. He explains the impact of urban development in the spread of rationality, banks, transport and communication and other urban institutions in the countryside and their positive influence on rural development.

Thus, the above theories on rural-urban linkages proposed by Ranaanweitz, Maria Clawson, Hugh E. Evans, Peter. L. Doan, Bertrand Renaud and others talk of positive aspects of relationships between town and country, that is, how proximity to town and its infrastructure facilitates rural development and vice versa. But, contrary to these theories, there are some other theories developed by Kautsky, Micheal Lipton, Micheal Peter who talks of how proximity to town has led to impoverishment of surrounding hinterland and how town function as parasitic in development.

Kautsky describing the mechanism of the exploitation of the country by the town says that as the villages become more and more dependent on cash, rural moneylenders acquire urban interests and compete with urban money lenders. As loans from urban banks replace with traditional source of
supply, borrowing gets cheaper, individual farmers get benefited. But, this urban lender invests the surplus money in the town and not in village as done by erstwhile village lenders. He further says that as communication develops, the land owner relations with city/town increases, he stays there, becomes absentee land lord, invests the surplus money in the town. At the same time, lower classes become more dependent on town for labour and for supply of everything. All the subsidies, welfare activities etc benefit rich class and thereby all the production, surplus money is invested in the town by this class, who most of them have strong links with town. Thus, he says that urban development which is a part of capitalist development leads to a steadily growing exploitation of agriculture.

Micheal Peter arguing on the same lines of Kautsky says the coming of large scale agriculture capitalism to the rural areas, have caused the collapse of the traditional rural economy, exodus to large cities and expansion of informal sector resulting in the urban primacy. 49

Micheal Lipton, discussing the process of exploitation of the country by the town, says that, ‘as villages become more and more dependent on cash, and as rural money lenders acquire urban interests and compete with urban lenders in spending the money on products of urban life and investment in urban areas, it leads to the deterioration of villages’. 50 The process that Lipton writes here is that which Harvey refers to when he speaks of the 'shift in the circulation of surplus value' that comes about with the development of capitalism. However Harvey argues that with
overall economic growth urban centre puts surplus value back into circulation in such a way that town/city functions as a 'growth centre' or 'generative town'. But, Lipton suggests that with type of economic growth that takes place where better linkages of rural areas with urban areas is leading to impoverishment of rural areas through penetration of consumer market into rural areas and thereby its impoverishment. Thus, Lipton views towns as being mainly exploitative and 'parasitic' in relation to their hinterlands.

Hoselitz (1955), Barber (1967), Frank (1971) also express similar views but from the perspective of centre-periphery relationship. They say that the relationship between the centre (town) and the surrounding countryside lies at the course of strategies which utilise the centres for regional and rural development. They view these settlements to be 'parasitic', sucking the wealth of the countryside giving nothing in return.

Maria Clawson, Bertrand Renaud, Hugh. E.Evans, Peter. L.Doan, BrijRaj Chauhan, Harvey. D., Wibberly, Abt, Rondinelli, Mellor all through discuss the relations of urbanization and agriculture development and how they mutually reinforce each other. Another group of urban analysts viz., Kautsky, Micheal Lipton, Micheal Peter and others explain how urban development leads to rural impoverishment. While some emphasize agriculture as precondition to urban development, others emphasize urban development as a precondition to increased agricultural development. However, all these theories have their own limitations in explaining the
conditions under which urban and rural development mutually reinforce each other and are generative to each other. This may be because most of theories to a large extent discuss the urban-rural relations mostly from the spatial relations or sectoral linkage perspective and give little emphasis from the class relations or productive relations perspective, that is, networks between various classes involved in agriculture, industry and conditions behind these networks and their consequences.

Though they discuss the mutually influencing role of agriculture and industry for rural and urban development respectively, they gave little emphasis on the conditions under which this take place.

Efforts on these lines were started in very recent periods. Amitabh Kundu (1992) says different patterns of agricultural development generated different types of non-farm employment influencing different types of urban development.

In the areas of weak agricultural development, the growing labour force, forces growth of low productive non-agricultural activities in rural and urban areas which does not generate any development in the region. However, areas of sustained agriculture growth, generated positive non-farm employment both in rural as well as in neighbourhood towns leading to positive development. This process has resulted in a strong rural-urban linkages.  

A recent study sponsored by the Agro Climate Regional Planning Unit,
Ahmedabad (Kashyap and Desai: 1990) confirms the thesis that agricultural development and its impact on non-farm activities differ significantly in regions at different levels of agricultural development and land productivity.

Amitabh Kundu says an analysis of the linkages between agricultural development and non-agricultural activities and between rural and urban areas is not possible through an all India study taking all the districts. These linkages must be examined at different regions. He examines the different levels of impact of agriculture on urban development through analysis of variation in the levels of agricultural production, its growth, cropping pattern and so forth. He emphasizes the need for analyzing the pattern of agricultural growth and its linkages with non-agricultural activities. He says policies for strengthening the rural and urban linkages and promoting integrated regional development should be different for different sets of region. Similar sentiments were expressed by Misra R.P., Sundaram K., Prakash Rao V.L.S., where they advocate for area-wise studies to understand urban-rural picture. The theory of "Functional Economic Area" developed by Fox and Krishna Kumar (1965) also says that the regional urban systems can be identified according to their economic, geographical and transportation characteristics. Planning for urban development can be done on the basis of such region and according to the relative need and function of each town in its regional context.

However, "Growth Centre Theory", "Agropolitan Theory", "Public Investment Paradigm", "Integrated Spatial Development", "Quite centres".
"New Towns", and the various other urban theories discuss the growth of small urban centres and its relation with hinterland from the point of view of either spatial linkages between urban-rural or from the point of view of sectoral linkages (industry and agriculture) and emphasize on what interventions are to be brought out in different spaces and sectors to get desired development. They give little importance to identifying and understanding the role of various relations and networks operating between different functional groups existing in urban and rural areas and how these networks manipulate sectoral linkages and spatial linkages and thereby influence the growth of small towns and regional development.

Most of these theories agree to the propositions that the growth of small urban centres depends on the vitality of its hinterland. But, these studies have limitations in explaining why towns in many countries inspite of strong hinterland are not developing. Even if developing, what type of development are they experiencing and what is the impact on the various sections of the region? Studies of this nature are not done in third world countries.

Thus, it is suggested that research must enquire beyond the proposition that the growth of small towns depends on the vitality of hinterland and beyond studying the spatial and sectoral linkages between town and country. Efforts also should be made to study the socio-economic relations between various productive groups involved in these sectoral and spatial linkages in order to arrive at a more clear understanding of the causes and conditions of development and underdevelopment of small towns.
This point is aptly stated by Isaac Ayide Adalemo as follows: "rather than rely on spatial structures per se, efforts are to be made to understand the linkages and dynamic social processes which enables the spatial structures to perform function of centre of development and influence the community positively". Going further, Andreas Bodenstedt says, efforts should be made to study town-country relationships in the context of concrete case studies focusing on the processes that cause "interlocking", "interlacing", or "interweaving" of existing relations. He views that these kind of studies are essential because, regional development processes depend on the existence and effectivity of interlocked relationships between town and countryside. He says that the focus should be on

a) The moral character of the exchanges going on between town and and country functional groups.

b) The conditions under which the town-country linkages improve and benefit both of them.

The present thesis makes attempts in these directions by studying the complete gamut of town-country networks functioning in Dharmavaram and Markapur regions and how they influence the growth processes of these two towns.
NOTES:

   UNCRD, Nagoya, Japan, Nov., 1975.
7. Stuckey, B, 1975, p 90.
14. UNCRD meeting in Nagoya, op. cit.
20. Ibid.
21. Richardson, in O.P.Mathur op.cit, p 335.
32. Ibid, pp 311-312.
34. Ibid, p 7.
36. Ibid, p 177.
37. Ranaanweitz (edt) op. cit. p 13.
38. Ranaanweitz, op. cit. p 125.
40. Ibid, p 92.
41. Ibid, p 94.
Ranaanweitz, op. cit. p 124.
43. Harris & Harris, 1984, p 83.
Amitabh Kundu & Monis Raza, 1982, p 73.
49. Micheal Peter, 1984, p 58.
50. Harris & Harris, op. cit. p 85.
51. Funnel D.C., in Alan Gilbert (edt.), 1976, p 89.
54. Ibid.
55. Ibid, p 45.
56. Misra, R.P. et al., 1974, p 112
58. Krishna Kumar T., in National Seminar on "Industrialization of States in India with Focus on Andhra Pradesh", University of Hyderabad, August 7-9, 1987.
59. For a discussion of these research gaps, please see, Hardoy & Satterthwaite, 1986, p 3.
Andreas Bodenstedt, 1982, chapter 27, p 2. The underlines are mine.

62 Ibid.

63 Ibid, p 11.