WP-14

A SURVEY
OF REGIONAL ECONOMIC POLICY
IN FRANCE, BRITAIN, AND THE UNITED STATES

by

Kay Auerbach

3/73

A SURVEY OF REGIONAL ECONOMIC POLICY

IN FRANCE, THE UNITED KINGDOM AND THE UNITED STATES

I. REGIONAL ECONOMIC POLICY: INTRODUCTION

Regional economics can be defined in part as the study of the optimal allocation of resources over space. Regional economic policies, therefore, are those designed to change the geographic distribution of a nation's economic resources. Ideally, this would imply policies which affect the entire nation but have a differential impact on various geographic areas, according to the nature of their problems.

In France, the United Kingdom and the United States, special policies to stimulate regional economic development have been undertaken in the last several years. The policies implemented in each of these three countries are described in this paper, and a critical evaluation of their effectiveness is presented. In all three countries, improved economic performance in so-called lagging, or depressed areas has been a primary objective of regional economic policies. Lagging or depressed regions are defined according to some set of criteria as those which have fallen behind the national economic growth and prosperity.

Almost all of the regional policies of these three countries have consisted of fiscal measures, i.e., direct government expenditures, government subsidies. Some reliance has been placed upon administrative measures in France and the United Kingdom. In France, these measures have been used to stimulate a high rate of growth in depressed areas, to restrain growth in congested areas, and to encourage an appropriate growth rate in the in-between territories which are neither depressed nor congested. In the United Kingdom, regional policies have been applied to both lagging and congested areas, and in recent British legislation there has been a tendency to include more intermediate territory. In the United States, regional policy measures have been directed almost exclusively toward depressed areas.

II. POLICIES AND EXPERIENCES IN THREE COUNTRIES

A. France

1. Regional Policies. French regional economic policies are designed to achieve the goals specified in regional economic development plans. The regional economic plans are a joint product of planning at the regional and central government levels arrived at through continual consultation and cooperation between the different levels of government.

The concept of economic planning at the national level has been a characteristic feature of successive French Five-Year Plans. In the development of the plans, a variety of econometric models are used to determine alternative possibilities for national economic growth. Through the planning process, a set of internally consistent goals are selected which have broadly based support from all members of the French economy. These goals are stated in terms of the overall rate of growth of the national economy, and other broad economic indicators such as the relative proportion of total output to be devoted to personal consumption expenditures and investment expenditures, and the probable development of the economy over a five-year period.

French economic policies, both national and regional, are closely related to economic planning. The goals specified in the Five-Year Plans are also the objectives of economic policies. Thus, in order to understand regional economic policies in France, it is necessary to first know something about the evolution of French regional economic planning.

French regional planning grew out of attempts to deal with severe-problem areas; the evolution of British and American regional economic policies has been similar. Early regional plans recognized the need to do something about the dual problems of congestion in and around Paris and the lack of job opportunities in depressed areas. In 1955, the country was organized into 21 planning regions, excluding Paris. However, it was not until 1962, under the Fourth Plan, that true regional planning began. Planning was carried out at the regional level and then coordinated with the objectives of the national plan. Through an iterative process, plans initiated at the local and national levels were made mutually consistent. The regional sections of the national plan represent the basic outlines of the respective regional plans, and at the same time, in their totality, are also the regional breakdown of the entire national plan. This regionalization was developed even further under the Fifth Plan. With a regionalized national budget, it is possible to measure progress in terms of the actual stages of completion on individual government-financed projects in particular locales.[1/]

A complicated administrative and institutional framework to implement this planning scheme has also evolved over time. The General Planning Agency is responsible for preparation of the national plan and its presentation to the Council of Ministers and

---

[1]Much of the material in this paper draws upon a detailed analysis of French Regional Planning published by Prof. Neil M. Hansen in "Public Policy and Regional Development," French Regional Planning and additional articles. See bibliography.

Parliament. It is also responsible for preparing annual budgetary proposals based upon the plan for submission to Parliament.

Each of the regions has its own planning commission. In addition, there exists a Commissions de Modernisation composed of over 1,000 nationally nominated members. The function of this Commission is to debate the objectives of the plan and to recommend changes prior to its submission to Parliament or before the annual Parliamentary budget review which evaluates progress under the current plan. In order to ensure the broad support necessary to fulfill the plan, the Commission's membership includes representatives of all segments of the French economy. For example, there were 114 union representatives on the Commission for the Fourth Plan, and in the Fifth, more emphasis was placed upon the role of industry in formulating and achieving plan goals. A section of the Fifth Plan stresses the crucial role of businessmen in the industrial growth of a planned market economy.

As a result of the regionalization in the Fourth Plan, a new coordinating agency, called DATAR, was created. It was charged with the responsibility for reconciling conflicts between the different planning levels and the different ministries which implement parts of the plan program, as well as serving as its public relations office.

French regional economic policies fall into two broad classifications: In the first category are those policies which involve the active participation of the government. The second category contains those policies that constitute a system of rewards and penalties to private business.

The budget of the French government provides a link between the goals specified in the economic plans and the concrete actions necessary to achieve those goals. The government's budget proposals cover both types of regional economic policies. The budget includes a list of all the investment projects the government intends to undertake in the form of social overhead capital.* It also includes an estimate of the cost to the government of various subsidies or tax rebates for private industry. A schedule of proposed administrative actions is also submitted for legislative review.

Direct government investment, although a small part of total national investment, has been very important in laying the foundation necessary to stimulate private industry to undertake the much larger investment necessary to achieve plan objectives. Government expenditures have been made to improve roads, build schools provide electrical energy facilities, and install sewage systems; all of which are types of infrastructure investment usually associated with government efforts to enhance the attractiveness of a particular area. In addition, factory sites have been developed by the government and donated to private industry, and a broad program

---

*Social overhead capital is also referred to as "infrastructure" and is defined as: "The foundation underlying a nation's economy (transportation and communications systems, power facilities, and other public services) upon which the degree of economic activity (industry, trade, etc.) depends. It may include such intangible assets as the population's educational level and social attitudes, industrial skills, and administrative experience." McGraw-Hill Dictionary of Modern Economics.

of industrial and related residential construction has been undertaken at government expense.

The French government has encouraged regional development by both positive and negative use of administrative tools. The government's own offices have been decentralized and relocated in areas where the government wants to stimulate growth by providing a new and stable sector for employment. Further, industrial and commercial construction in the Paris metropolitan area has been restricted by prohibitions relating to both new facilities and the expansion of existing firms. The government's investment funds have been spent almost entirely outside of Paris; only the very minimum of additional services has been provided in and around Paris. Simultaneously, the prices of all public services there have been raised in an attempt to force Parisian residents to pay the real cost of these services.

Although the French government is heavily involved in regional economic planning, French planning is of the type usually called "indicative." The French national government has no authority to directly coerce business or other levels of government to take positive actions to achieve plan targets. With the exception of the prohibition of certain acts by private industry, the central planning agency is limited to recommendations, both to the legislature on the maximum effective allocation of government investment funds and to the private sector on the most profitable channels for investment.

In addition to the direct actions discussed above, the central government's role has been to indicate the likely path of growth in the national economy to private industry and local governments, enlist their cooperation, and coordinate their investment policies. Great emphasis has been placed upon integrating the business community into every step of the planning procedure.[2]

The French government has provided a diversified package of inducements to encourage the relocation of private firms. Subsidies to industry have been an important instrument of French regional development policy. Firms are paid an employment subsidy for each newly created job in designated areas. Workers are trained to industry specifications at government expense. Loans at low interest rates subsidized by the government are available to finance a wide range of investment and relocation costs for businesses moving into certain areas. There is also a schedule of tax remittances and advanced depreciation allowances for firms that relocate.

2. An Evaluation. The major innovation provided by French regional planning has been the concept of development poles which are urban communities large enough to be industrially diversified and provide external economies to industry located there but not so large that they present the congestion problems of major metropolitan areas. In the French regional planning system, these development poles or

---

[2] Hansen, "French Indicative Planning and the New Industrial State," p. 88.

centers form the nucleus for the intermediate regions, which are considered to have good growth potential.

Regional economic policies in France have concentrated on these intermediate regions. All of the 21 French regions have been classified as either lagging, intermediate, or congested. Much of the government's own investment has been allocated to the second group of regions and their development centers, and the incentives to businesses to relocate have been made particularly attractive for moves to these regions. This emphasis has resulted from the regional policy makers' belief that growth in the intermediate regions serves two purposes. First, such investment and new industry provides new income and employment for the people of that region. Secondly, it simultaneously provides an attractive magnet to populations emigrating from depressed areas, and thereby reduces population growth rates in the large metropolitan areas.

This does not mean that the French have not invested in their lagging and congested regions; rather, while both extremes have received governmental support, priority has been given to the investment needs of the intermediate regions because of the conviction of French regional economists that social and economic returns are highest there. Lagging regions have received particularly large amounts of capital in the form of education and training of the population of these regions. The government has also spent money in Paris and other congested regions, mainly in the form of economic overhead capital for such things as improving the transportation system and the communications network. However, attempts have been made to hold such expenditures to a minimum in order to avoid perpetuating the congestion problem.

Despite the sophisticated economic and administrative machinery of French regional planning, however, its achievements in improving the economies of the lagging and intermediate regions has been less than spectacular. An empirical study of the relationship between the amount of government-aided investment actually undertaken in each of the 21 regions and the degree of "need" of each region as defined by such criteria as unemployment rates, income levels and so forth was made by Professor Hansen.[3/] In that study it was found that French regional investment, in terms of both direct government investment in infrastructure and in terms of inducement to private firms, was allocated very much in accordance with regional needs during the Fourth Five-Year Plan. Despite this, private industry continued to locate and/or expand most rapidly in those regions that had already achieved a high level of economic activity. The study concluded that "the external economies provided by government grants, loans and tax advantages simply are not sufficient to offset the advantages of external economies available in more advanced regions.[4/]

---

[3]Hansen, French Regional Planning.

[4]Hansen, Ibid., p. 71

Professor Hansen has also been critical of what he feels has been a lack of emphasis on investment to improve the quality of human resources in French regional development policies. Such investment is necessary, he feels, because it enhances the growth potential of the intermediate regions and also ensures that the surplus labor emigrating from the lagging regions will be qualified for employment in technologically progressive industries.[5/]

France has developed a very comprehensive and sophisticated level of regional economic analysis, planning, and policies. Despite the great effort devoted to regional economic development, however, the results achieved by the end of the Fifth Five-Year Plan (1970) did not meet expectations. This may stem from the selection of overly ambitious goals in the planning process. Part of the lack of success may also be due to insufficient direct government investment necessary for the achievement of the substantial changes implied by the targets. And part of the failure may be traced back to regional economic policies that proved ineffectual in inducing the private sectors of the economy to make those changes in location that are required for the regional allocation of resources.

B. The United Kingdom

1. Regional Policies. The problems of depressed areas, particularly the coal mining regions, were apparent to the British as early as the 1930s. Immediately following World War II, legislation to

---

[5]Ibid, pp. 164-7.

assist these areas was enacted. The first legislation, the Distribution of Industry Act, was passed in 1945 and was followed by the New Towns Act of 1946 and the Town and Country Planning Act of 1947. The objective of this legislation was to attract private industry to areas with persistently high rates of unemployment.

The New Towns Act of 1946 established 22 new towns in England, Wales and Scotland, with all economic overhead capital to be financed with public funds. Under the Distribution of Industry Act of 1945 and its successor, the Industrial Development Act of 1958, public funds were also provided for the improvement of infra-structure in depressed areas, although the later acts tended to put more emphasis on government subsidies to private industries willing to relocate in the lagging regions. One of the most important provisions of the Town and Country Planning Act of 1947 was the creation of Industrial Development Certificates which were to be issued by the Board of Trade as prerequisites for the construction or expansion of any manufacturing plant above a minimal size (usually 5,000 square feet). The Board of Trade used this authority to sharply reduce new industry formation in and around the congested London and Birmingham areas and at the same time to encourage industrial expansion in the New Towns and Development Areas.

The New Towns Act of 1946 and the Town and Country Planning Act of 1947 have remained the basic legislation of British regional development policy. Among the most important of their several amendments were those in 1960, 1963 and 1966 which expanded the scope of the 1946-47 legislation and added new instruments of regional economic policy to those originally provided. As a result, the British have used a wide range of policy instruments to achieve regional economic development in the decades of the 1950s and 1960s.

The one negative tool used, the restriction of construction in congested areas, was discussed above. On the positive side, the British government has constructed industrial estates, improved infrastructure in existing communities in the Development Areas, and provided all of the economic overhead capital requirements for the New Towns. A broad spectrum of inducements to private industry to locate in depressed areas has also been provided, including subsidies on land, buildings and industrial equipment, low interest rate loans, subsidized training or retraining of workers, subsidies to firms for employing additional labor in depressed areas, subsidized moves of firms and their employees and a miscellany of tax relief measures.

The 1966 Industrial Development Act was particularly significant because it involved a basic change in the conceptual framework of British regional economic planning and policies. The boundaries of areas eligible for special assistance were expanded to include large territories surrounding the depressed areas. As a result, over 50 percent of the total area of Great Britain became eligible for regional economic assistance. Moreover, the bulk of assistance to the enlarged Development Areas began to be focused on "growth-centers" which had shown some potential for future growth.[6/]

In September 1967, an additional and fundamentally new tool was added to the arsenal of British regional economic policy measures: the Regional Employment Premium. This provided all manufacturers wholly located within the expanded Development Areas with a direct wage subsidy to be effective for seven years and estimated to account for about 7 percent of total labor costs. Eligibility for the subsidy on entire labor forces was not based on meeting any such conditions as new or expanded facilities or increased hirings.

2. An Evaluation. A major criticism of British policies for regional economic development is that they have not been effective in terms of the stated goals. The British legislation discussed above attempted to stimulate regional economic growth primarily through the relocation of private industry. Migration to London and other congested southern cities was reduced and some new industry relocated in the north as a result of these acts, but by the late 1960s it was obvious that areas of high unemployment and substantial socioeconomic depression remained.

---

[6] William H. Miernyk, "British Regional Development Policy," Journal of Economic Issues, Vol. III, No. 3 (September 1969), p. 34.

Although it is not possible to prove statistically the success or failure of specific policies, most authors analyzing the effects of various acts have felt that costs have greatly outweighed gains. Studies of the impact of regional development programs on such things as rates of unemployment, per capita income, and relocation of industries have not been able to prove that British policies have been successful in a cost/benefit sense. Several authors have attempted to analyze the reasons for this lack of marked success, and the evolution of British legislation during the 1960s appears to reflect some of the more dominant themes of these assessments.

In a study of the impact of British regional policies in reducing rates of unemployment in the Development Districts through 1965, William H. Miernyk concluded that the identifiable fractional declines did not represent notable success. He noted, however, that other authorities on the subject have argued that without the various Development Acts, unemployment in these depressed areas would have grown substantially in the late 1950s and the first half of the 1960s. [7/] Authors familiar with the French approach to regional economic development have been particularly critical of British programs as representing fragmented efforts to deal with severe local problems rather than coordinated regional economic policies.[8/]

---

[7] Ibid, pp. 36-37.

[8] J-R Boudeville, Problems of Regional Economic Planning (Edinburgh; Edinburgh University Press, 1966), p. 76.

In several studies which have attempted to determine the real motives behind a firm's decision to move, it has been pointed out that the type of infrastructure or subsidization supplied by British policies would provide little stimulus to most firms to change location. For the most part, firms continue to locate in large urban areas which have established industrial bases, rather than moving to the new industrial centers created by government investment. One reason for this is that the inducements have not been effective because they are biased in favor of industries which are capital-intensive in nature.[9] Capital-intensive industries,** are those which need relatively less labor, and therefore absorb little of the excess labor force generally found in depressed areas. Moreover, capital-intensive industries tend to need highly skilled labor; thus, training costs add to the overall costs of the relocation of these types of industries. Since capital-intensive industries are traditionally less "foot loose" then labor-intensive firms, the inducements necessary to make them move may prove very costly to the government.

A 1967 survey of British regional economic development by Cumberland and Van Beek summarized the major deficiencies.

---

[9] B. J. Loasby, "Making Location Policy Work," Lloyd's Bank Review (January 1967), p. 44.

** Capital-intensive industry. "An industry which uses large amounts of capital equipment in relation to its labor force or its output. The capital intensity of an industry can be measured by either capital/labor or capital/output ratios. Examples of industries with high ratios are petroleum, primary metals, chemicals and paper; those with low ratios are the apparel, leather, and furniture industries." McGraw-Hill Dictionary of Modern Economics.

> They conclude that: (1) The debate concerning the merits of subsidizing local industry as a method of achieving regional development has generally been conducted without reference to goals and objectives. (2) Generally accepted goals of regional development can be identified as advancing the level of per capita income, reducing unemployment, strengthening the capability of local government with respect to requirements for local government service, and improving the quality of the environment. (3) Neither empirical evidence nor economic theory and analysis support the contention that subsidization of local industry is as appropriate a measure for achieving the objectives of regional development as are other available policies. (4) There is evidence of growing need for a comprehensive national policy on regional development.[10]

This study stressed the need for additional emphasis on economic overhead capital expenditures in distressed areas and, in particular, on vocational training programs aimed at structurally unemployable workers.

Changes in British Development Area legislation in the late 1960s reflected some of these criticisms. Obviously, whatever the regional development acts prior to 1965 may have accomplished in reducing unemployment and income disparities in the United Kingdom, they did not meet expectations, and Parliament therefore took additional steps to remedy the situation. The 1966 definition of geographic territories eligible for assistance as Development Areas and the new emphasis on growth centers were attempts to reduce the fragmented nature of the New Towns legislation and so move

---

[10] John H. Cumberland and Frits Van Beek, "Regional Economic Development Objectives and Subsidization of Local Industry," Land Economics, Vol. XLIII, No. 3 (August 1967), p. 264.

toward a more truly national regional development policy.

The subsidy for labor contained in the 1967 Regional Employment Premium was a marked shift away from the capital-biased subsidies of the industry relocation acts. However, this Premium has also been the target of much criticism, mainly directed at its across-the-board nature and what many consider to be an excessive period of applicability. Other potential flaws noted have been the lack of any training provisions, the lack of relocation assistance, and the failure to recognize and respond to the problem of labor union rules as a cause of structural unemployment.

C. The United States

1. Regional Policies. Regional economic policies in the United States have been initiated largely in response to depressed economic and social conditions in specific geographic areas. In the early 1950s, these conditions were usually measured in terms of high rates of unemployment and/or low levels of income in comparison with the nation as a whole. Later, some local policies were designed to cope with problems resulting from congested metropolitan areas. In 1957-58, about 14,000 different programs were directed at improving regional economic conditions.

In the early 1960s, two pieces of national legislation designed to deal with the problems of high-unemployment areas were enacted. The Area Redevelopment Act (ARA) of 1961 specified that single counties defined by Labor Department statistics as having high rates of unemployment were eligible for assistance. The Manpower Development and Training Act (MDTA) of 1962 established a program of vocational training to be administered through the State Employment Services. However, the Public Works and Economic Development Act of 1965 was the first major piece of national legislation designed to cope with the problems of depressed areas on a regional basis. Under Title V of this act, six Regional Action Planning Commissions were established: (1) Appalachia, (2) Four Corners, (3) Ozarks, (4) Coastal Plains, (5) New England, and (6) Upper Great Lakes. Implementation of this act was assigned to the Economic Development Administration (EDA), an agency of the Department of Commerce. Of the six regions, the Appalachian area has been by far the most active and has received the bulk of federal assistance.

The six regions defined in the 1965 act were selected because they were "depressed areas." Determination of their boundaries was based on high rates of unemployment and out-migration, low levels of income, large quantities of substandard housing and poor medical and educational facilities. The policy objective of the Public Works and Economic Development Act of 1965 was to improve living conditions in the six designated regions as rapidly as possible. The act specified the policy instruments to be used and inferred that others (those which encouraged emigration) were to be avoided. Public works were emphasized as the primary policy tool for improving conditions, and over two-thirds of the authorized funds were specifically allocated for this purpose. In practice, the EDA concentrated almost entirely on economic overhead capital projects, such as building roads and highways. This was particularly true in Appalachia.

In carrying out its responsibilities, the EDA interpreted the 1965 act and subsequent appropriation measures to mean that it was to allocate public works funds and approve loan projects on a "worst-first" basis. The policy of "worst-first" consisted of assigning the highest priority to the most severely depressed areas and then allocating the funds within those areas to projects with large and immediate employment effects.

The EDA also interpreted the enabling legislation to mean a restrictive out-migration policy. Migration was only encouraged to so-called "growth-centers," towns of less than 250,000 population in or adjacent to the defined boundaries of the depressed area. Designation as a "growth-center" was not based upon assessment of the town's potential for viable long-run growth, but rather upon a judgment that the town ought to grow. In most cases, these "growth-centers" already had unemployment rates exceeding the U.S. national average.

2. Evaluation. Not long after work began in the depressed areas, it became clear that there were several shortcomings in the principles underlying the Public Works and Economic Development Act of 1965 and its implementation by the Economic Development Administration. Although the 1965 legislation was national in origin, its basic concept was one of pinpointing aid to severely depressed areas.

Restricting the economic development regions to these depressed areas automatically limited the possibilities for policy action. As the Committee on Rural Poverty pointed out:

> Thus, from the standpoint of their geographic boundaries and focus, our present regional commissions are problem centered with little flexibility to consider the full range of opportunities for development.... As such, they are ill-suited for comprehensive planning and development, particularly in a long-range context.... It is the Commission's view that greater care must be exercised in delineating regions and more attention devoted to combining areas that share something other than economic and social stagnation.[11]

Also, the allocative criteria of the EDA's "worst-first" approach to regional development, that is first, concentrating funds in public works with the highest immediate employment benefits, and secondly, allocating funds first to the most depressed areas, left little room for broader and longer-run cost/benefit considerations. Most of the EDAs funds were not spent to change the basic economic structure of the region in order to make them more attractive to firms with good long-run growth potential. In contrast to the earlier MDTA, the EDA did not strongly emphasize vocational education or the establishment of retraining centers. As a result, the unemployed rural poor tended to become the unemployed urban poor.

Out-migration from rural areas to "growth-centers" was of dubious value; the "growth-centers" were themselves already depressed and in need of additional employment opportunities, and the newcomers were very likely to be unemployable. As Hansen

---

[11] "The People Left Behind," Report of the Committee on Rural Poverty, September 1967, p. 108.

points out, "if the people chiefly need skills, they will be as unemployable in growth centers as they are in depressed areas.... Without greater investment in human resources in lagging regions there is little hope that industry will be attracted to such areas or that their residents can find jobs in other areas."[12]

The question surrounding emigration, the extent to which people were to be encouraged to permanently leave high unemployment locals and the areas to which they could be directed for resettlement, was one of the most involved with which the EDA had to cope. The limiting factors discussed above, the narrow boundaries established for the depressed areas and the emphasis upon infrastructure, placed severe restraints upon the use of emigration as a general tool of regional development. Moreover, emigration policy was one of the most politically sensitive areas of the 1965 act particularly from the point of view of elected officers representing depressed areas.

Many of the problems encountered by the EDA resulted from the limited scope of the Public Works and Economic Development Act of 1965. The U.S. approach to regional economic policy has been to concentrate on areas with specific problems of great magnitude. As a result, policies aimed at relieving congestion in metropolitan areas have conflicted with other policies aimed at raising employment or income in depressed areas.

---

[12] Hansen, "Public Policy and Regional Development," p. 54.

Those authors who have compared U.S. experiments in regional economic development with those in Europe have been particularly critical of this fire-fighting approach to regional development. It is argued that the piecemeal method of the United States has resulted in the two worst possible consequences of concentrating public investment in lagging and congested regions. Because of the difficulty of attracting new firms to lagging areas while simultaneously limiting out-migration, public investment there has had a low rate of return. At the same time, public investment in congested regions has simply set the stage for the next round of the same problems. These problems are attributable to the lack of a broad national policy for regional economic development, which has resulted in the neglect of the intermediate regions and their growth potential.

The weaknesses apparent in U.S. ventures in regional economic development to date have stimulated several suggestions for a national (federal) regional economic development institution. Those who have compared United States and French experiences in regional economic development emphasize that only a central government organization can achieve the necessary degree of interstate and interagency coordination. A federal institution is able to view the needs and problems of the entire nation and so coordinate solutions to divergent problems (i.e., depressed vs. congested areas) in a manner most beneficial for all the people. A central agency can obviate many of the difficulties caused by partisan local objectives, such as those the EDA encountered in out-migration policy. A central agency also has advantages in economic planning and administration, especially since it is more likely to have the resources necessary to develop the data, models and other tools needed to specify the trade-offs between economic and social goals which must be considered in regionalizing national economic development policies.

III. CONCLUSION

Regional economic development has been a matter of concern in France the United Kingdom and the United States in the last several years. Of these three countries, France is the only one which has attempted to regionalize national policy objectives and coordinate economic planning and policies at national and local levels. Regional development undertakings in Britain and the United States have tended to consist mainly of stop-gap measures designed to solve the severe problems of some geographic areas. Recent British legislation on regional development, however, has indicated a tendency toward a more national basis for regional policies.

All three countries have relied heavily on government expenditure and revenue policies to stimulate growth in appropriate areas. In all three countries the results of these policies have, to some degree, been disappointing; even in areas which have received substantial amounts of government financed assistance, improvement in economic and social conditions has been far less than was initially hoped for by policy-makers. In particular, government efforts to induce private industry to relocate in depressed areas or "growth-centers" have been far from successful.

Two critical elements for a successful regional economic development program seem to have evolved from French experiences with regional planning and policies. First, it is essential that regional economic policies be developed and coordinated at the national level. Secondly, greater emphasis in regional development efforts should be concentrated on the intermediate regions which show the best promise for sustainable long-term growth, rather than the extremes of either the depressed or congested areas.

SELECTED BIBLIOGRAPHY

Boudeville, J-R. Problems of Regional Economic Planning. Edinburgh Edinburgh University Press, 1966.

Cameron, G. C., and Clark, B. D. Industrial Movement and the Regional Problem, Edinburgh: Oliver and Boyd, Ltd., 1966

Chimtz, Benjamin. "Appropriate Goals for Regional Economic Policy," Urban Studies, Vol. 3, No. 1 (February 1966), pp. 1-7.

Committee on Rural Poverty. "The People Left Behind," September 1967, pp. 108-9.

Cumberland, John H., and Van Beek, Frits. "Regional Economic Development Objectives and Subsidization of Local Industry," Land Economics, Vol. XLIII, No. 3 (August 1967).

Davin, Louis E. Economie Regionale et Croissance. Genin, 1964.

Friedman, John. "Poor Regions and Poor Nations: Perspective on the Problem of Appalachia," Southern Economic Journal, Vol. 32 (April 1966), pp. 465-73.

Gilmore, Donald R. "Development of the 'Little' Economies," Committee for Economic Development Supplementary Paper No. 10, April 1960.

Hansen, Niles M. "Development Pole Theory in a Regional Context," Regional Economics: Theory and Practice, ed. David L. McKee, Robert D. Dean, and William H. Leahy. New York: Free Press, 1970.

______________. "French Indicative Planning and the New Industrial State," Journal of Economic Issues, Vol. III, No. 4 (December 1969).

______________. French Regional Planning. Bloomington: Indiana University Press, 1968.

______________. "Public Policy and Regional Development," Economics and Business, Vol. 8, No. 2 (Summer, 1968).

______________. "Toward a New Approach in Regional Economic Policy," Land Economics, Vol. 43 (November 1967), pp. 377-83.

______________. "Human Resources and Regional Development: Some Lessons from French Experience," Southern Economic Journal, July 1967.

______________. "Unbalanced Growth and Regional Development," Regional Economics: Theory and Practice, ed.

Isard, Walter I., and Cumberland, John H. (eds.). Regional Economic Planning: Techniques and Analysis For Less Developed Areas. Paris: European Productivity Agency of the OECD, 1961.

Krutilla, John V. "Criteria for Evaluating Regional Development Programs," American Economic Review, Papers and Proceedings, Vol. 45, No. 2 (May 1955), pp. 120-55.

Loasby, B. J. "Making Location Policy Work," Lloyds Bank Review, January 1967.

Luttrell, W. F. Factory Location and Industrial Movement. Edinburgh: National Institute of Economic and Social Research, 1962.

McCrone, Gavin. Regional Policy in Britain. London: George Allen and Unwin, Ltd., 1969.

Miernyk, William H. "British Regional Development Policy," Journal of Economic Issues, Vol. III, No. 3 (September 1969).

Needleman L., "What Are We to do About the Regional Problem?" Lloyds Bank Review, January 1965, pp. 45-58.

Perroux, Francois. "Note sur la notation de pole de croissance," Economii que Appliquee, Nos. 1-2, 1955, pp. 142-54.

Richardson, Harry W., and West, E. G., "Must We Always Take Work to the Workers?" Lloyds Bank Review, January 1964, pp. 35-48.