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Small Towns and Regional Development: Major Findings and Policy Implications from Comparative Research

Jan Hinderink and Milan Titus

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Summary. The role of lower-order urban centres in regional development constitutes an important subject of debate. The existing controversies in the literature and the lack of empirical data to support the optimistic assumptions of policy-makers and planners inspired a team of geographers at Utrecht University in the 1980s to start a programme of comparative studies on the role of small towns in a selected number of regions. These regions were considered to be representative for four types of context with respect to the functioning of small towns—a south-east Asian and a Sahelian context, the context of agricultural colonisation and export production areas in central America and southern Africa, and the context of industrialising borderland areas in northern Mexico. The findings from the comparative studies and from recent literature allow us to challenge optimistic assumptions about the development role of small towns. The divergent character of the selected contexts and the differential impact of regional conditions explain the observed variations in town–hinterland conditions and the potential development role of small urban centres. The findings establish that generalisations about the role of small towns are hard to make and lead to some important policy implications.

Introduction

Small and intermediate urban centres—i.e. the lower-order centres in the urban rank-size hierarchy—and their role in regional development constitute an important subject of debate. In the academic world, opinions differ as to their possible contribution to the spread of modernisation, their impact on the development of the rural areas, their functioning as service centres and their role in damming the rural exodus (Hinderink and Titus, 1988). However, the conventional wisdom of policy-makers and regional planners is that small towns play an essential role as regional service centres in rural hinterland development through direct production link-

ages and ‘spread’ and ‘trickling down’ effects. In their opinion, the reinforcement of the small town production and institutional structures not only contributes directly to rural and regional development, but is even seen as a necessary condition (see, for example, Rondinelli, 1988, 1991; Evans, 1992; Gaile, 1992, p. 133).

Considering the importance of the subject, the existing controversies in the literature and the lack of empirical data to support the optimistic assumptions of policy-makers and planners alike, a team of geographers at Utrecht University started in the 1980s a programme of comparative studies. These

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studies focused on the functioning of small towns in a selected number of regions in order to elucidate the small town's role in developing its rural hinterland under different conditions. These regions were: the Serayu Valley and Bantul District in central Java; the Mopti Region and the Central Region of Mali; the colonisation regions of Huetar Norte in Costa Rica and Swaziland in southern Africa; and the state of Chihuahua in northern Mexico (Titus and Hinderink, 1998). All selected regions shared an important characteristic—their increasing functional integration in the (inter)national political and space economies. Multifarious factors were thought to underly such integration. In the studies undertaken in the framework of the research programme, special attention was paid to three important integrating factors: the commercialisation of agriculture, the rural–urban interactions, and the sectoral and regional policies pursued by national governments and regional organisations.¹

The selected regions were considered to be representative of four types of context with respect to the functioning of small towns.

(1) *A south-east Asian context* showing relatively densely populated rural areas with a favourable natural resource base characterised by intensive food and cash-crop farming systems and by peasant farmers who often supplement their meagre incomes with non-farm activities. Such areas usually produce relatively constant agricultural surpluses for the market, while on the other hand there is also a constant demand for agricultural inputs and urban consumer goods and services. Moreover, most of these areas are well served by infrastructural facilities, like roads for motorised traffic, and by a relatively balanced system of larger and smaller towns offering a wide range of commercial and public services.

(2) *A Sahelian context* showing less densely populated rural areas with mainly self-sufficient types of permanent food-crop farming next to extensive types of cash-crop farming, animal husbandry and fishery on the basis of communally owned resources. These

agricultural activities are mostly pursued on a very limited and ecologically unstable basis due to the prevailing semi-arid conditions. Infrastructural facilities in the rural areas are less developed than in the south-east Asian context, although accessibility by truck and microbus is still at a reasonable level. The regional urban system, moreover, shows a rather balanced structure, consisting of old regional capitals, market towns and local rural service centres with flourishing commercial and artisanal activities.

(3) *The context of recently developed agricultural colonisation and export production areas* in central America (Costa Rica) and southern Africa (Swaziland). These concern less densely populated rural areas which were first developed one or two generations ago, either by independent settlers, or by large companies—i.e. cattle ranches, plantations and mining companies. The first type of colonisation is mainly based on self-sufficient types of food-crop farming, whereas the latter is based on extractive types of production for the world market. The natural resource position of the producers is usually relatively favourable due to the large average farm size and the land reserves still available (although frequently of marginal quality). On the other hand, accessibility and marketing facilities in these areas often are quite deficient, so that the marketing of agricultural surpluses and the distribution of production inputs and consumer goods are severely hampered, in particular for the small independent producers.

(4) *The context of industrialising borderland areas* in northern Mexico, where recent processes of economic globalisation have completely transformed the regional economy. Until recently, this economy was dominated by extensive cattle breeding and grain farming next to intensive types of market gardening on irrigated plots. A relatively balanced system of urban centres had evolved which laid the foundation for regional development processes of a more diversified type. However, the rising tide of economic globalisation and related interventions from the Mexican government have brought an invasion of labour-intensive industries from the North

into this borderland region. These industries are mainly established in the existing urban centres in so-called *maquiladora* or assembly plants and are attracted by cheap labour, infrastructural and tax exemption facilities and, last but not least, by their strategic location *vis-à-vis* the US market.

Major Findings

The findings from our case studies and insights from other recent studies allow us to challenge the optimistic assumptions about the development role of small towns, for several reasons.

1. *The Inherent Weakness of the Small Town Production and Servicing Functions*

Except for the *maquiladora* towns with their important corporate-type sector producing for export markets, the small town production structure is generally characterised by a large servicing sector which often seems to have absorbed more labour than strictly necessary for its proper functioning. Present facilities for processing raw materials or serving rural producers and consumers with inputs, consumer goods and marketing opportunities, often require 'economies of scale' and 'critical thresholds' that simply cannot be provided or handled by small town establishments (see also Davila and Satterthwaite, 1987; Hardoy and Satterthwaite, 1986, pp. 279–284). This in turn leads to rather fragmented and inefficiently organised rural–urban trade relations, which then are increasingly 'by-passed' by more efficient traders operating from higher-order centres. Considering the deteriorating terms of trade for agricultural produce *vis-à-vis* the commodities and services produced in these higher-order centres, this would also imply an increasing transfer of surpluses produced in the rural hinterland areas to destinations outside the region.

Moreover, the small town public services are usually mainly geared to the needs and capacities of the urban middle class, thus neglecting the needs of the rural and urban

lower-income masses and contributing to social and economic stagnation in their hinterland areas (Huisman and Stoffers, 1992; van Teeffelen, 1992). These observations, which are particularly applicable to the south-east Asian and Sahelian types of small town, have been corroborated by other studies as well. In the African context, the main causes are found in the small and insecure supplies of agricultural surplus (see Pedersen, 1991, p. 246), as well as in the very low investments in infrastructural and public facilities at the lower end of the urban hierarchy (see Gaile, 1992, p. 132). In the south-east Asian context, with its much higher population densities, higher production surpluses and better developed transport systems, the small towns are frequently being bypassed as centres of processing, marketing and distribution, due to the competitive advantages of higher-order centres. Mainly for that reason, according to Evans (1992, p. 665), large corporate enterprises tend to avoid the smaller centres, while the locally overrepresented petty-type enterprises usually generate only few forward and backward linkages.

As far as the trade relations of the small towns are concerned, Pedersen (1991) also points at the strong fragmentation of trade activities, as well as at the prevailing patron–client relationships. Although such relationships serve to guarantee the necessary flexibility and stability under conditions of insecure supplies, they may also lead to undesirable forms of dependency and surplus extraction among the producers, while the great number of trade links lead to high transaction costs. Consequently, small town trade relations are under constant pressure, both from the more efficient large-scale traders in higher-order centres and from the rural hinterland producers seeking better prices for their surpluses.

2. *The Modest Development Role of Small Towns*

Research findings show that rural hinterland development of small towns derives its impetus and momentum from macro policies

and macroeconomic processes at the national level, rather than from local impulses emanating from the towns themselves. This concerns especially the impact of rural development programmes focusing on the Green Revolution, small-scale industries, infrastructural facilities and public services, all of which are directly and indirectly affecting rural production levels and living standards and, consequently, the demand for urban goods and services. It should be kept in mind, however, that government policies do not always affect rural hinterland development in a positive way. Such may be the case, for example, in the introduction of monocropping systems for export production, or the imposition of cash-crop cultivation for national self-sufficiency. Both the introduction of commercial groundnut and cotton cultivation in sub-Saharan Africa (see Jamal, 1995, p. 20) and the compulsory cultivation of HYV rice and sugar cane in Indonesia (Titus *et al.*, 1994) have had depressing effects on rural income levels, as farmers were prevented from cultivating more secure or more rewarding types of crops. In such instances, the development of the local rural service centres may be negatively affected as well—as has been demonstrated in the Bantul District and Serayu Valley cases (Huisman and Stoffers, 1998; Titus and van der Wouden, 1998).

The incorporation of rural hinterland areas in national and international market economies may also proceed more or less spontaneously and without the mediation of local service centres. The resulting growth and diversification of the hinterland economy then usually stems from increasing marketing and employment opportunities in other regions and higher-order centres. The latter process is usually triggered by improved rural-urban communications, facilitating permanent and circular types of labour mobility—especially to the larger cities. These processes have been widely observed and documented in the densely populated and commercialised rural areas of south and south-east Asia where they may contribute more than 50 per cent of rural household

incomes (see Bhalla, 1995; Harriss and Harriss, 1988; Harriss, 1991; Hugo, 1996; Trager, 1988; White, 1991).

In Latin America, these externally induced forms of rural hinterland incorporation and development are often related to agricultural colonisation areas which focus on production for national and international markets, such as Amazonia (Volbeda, 1997), Huetar Norte (Romein, 1995) or the Santa Cruz area in Bolivia (Zoomers, 1997). Our case of Ciudad Quesada in Huetar Norte has shown that this type of development does not always imply the reinforcement of the local servicing town's position. Another type of externally induced rural development may be brought about by the positive impact of employment and marketing opportunities offered by the *maquiladora* towns in the Mexican borderland region. On the other hand, this positive impact may be reduced by the influx of labour from other Mexican regions and the competitive effect of food imports from elsewhere. Moreover, direct production linkages between the rural hinterland economies and the *maquiladora* towns are usually weak or absent as most manufacturing activities are based on the processing or assembling of imported raw materials and semi-manufactured articles.

In sub-Saharan Africa, cases of externally induced rural development have been documented for areas like western Kenya, Zimbabwe and Swaziland (see Evans, 1992; Pedersen, 1997). In general, however, rural-urban and farm-non-farm relations here are much less developed than in Asia or Latin America, due to higher degrees of rural self-sufficiency and lower levels of productivity (see also Haggblade *et al.*, 1989). Moreover, small town functions often are ill-adapted to the needs of the rural hinterland population, so that small town development is only remotely connected with hinterland development.

From the above synopsis, one may conclude that small towns rarely play a prominent role in starting rural development in their hinterland areas. At most, they seem to fulfil a supportive role but, in the light

of the predominant national and international factors, this role is only of minor importance.

3. *The Dependent Character of the Small Town*

Changes in the structural characteristics and the role of small towns tend to follow the rural hinterland developments described above, rather than initiate them—again with the exception of the *maquiladora* towns. It is generally accepted now that rural service centre development is only possible with growing rural surplus production and marketing. Mellor (1990, 1995), for example, has pointed at the vital role of agricultural intensification and commercialisation in creating this rural surplus, which in turn generates a strong demand for urban goods and services. This holds not only for consumption, but also for productive purposes like credit, inputs, transport and repairs. This demand arises in particular from the emerging rural middle class, consisting of richer farmers and traders who spend a larger part of their income on so-called non-food commodities and services.

Other authors, however, have pointed out that increasing rural surplus production and demand do not always engender higher expenditures in the local service centres or towns (see Dunham, 1991, pp. 6–9). The higher-income groups in particular tend to buy consumer durables and imported luxury items which do not support the local hinterland economy and which are usually obtained in higher-order centres outside the region. Also, they may sell their larger surpluses directly to nearby higher-order market centres, thus short-circuiting the local market centres and obtaining better prices.

Another point of doubt concerns the assumed increase of productive investments in non-farm activities with rising rural incomes, which in turn may prompt the diversification of both the rural and small town economies (see, Hinderink and Titus, 1988). In the case of deficient local production facilities and under conditions of great climatological and

economic insecurity or speculative types of resource use—such as in the African Sahel zone or in the Latin American frontier areas—the expected investment responses may simply fail to materialise and the growth of small towns will lag behind.

The small town production structure may also be constrained by direct government interventions at the national level, such as by structural adjustment programmes based on considerable budget cuts and deregulation measures. Retrenchments in government expenditures tend to come down hard on the economy of the small town, due to its large and relatively dominant public-sector functions which are struck by subsequent wage freezes, redundancies and the postponement or abandonment of public schemes (see Holm, 1995, p. 100; Bryceson, 1996). Simultaneous deregulation measures may also have negative short-term impacts for the few corporate enterprises in town due to the concomitant rises in interest rates, the lifting of market protection and increased competition from imported goods. These impacts of structural adjustment policies have been corroborated by findings from our case studies in Huetar Norte (see Romein, 1995) and central Java (van der Wouden, 1997), where the small town economies experienced severe dips in the mid 1980s. Pedersen (1997, pp. 164–165), however, also observes contrary developments in Zimbabwe, where the long-term impacts of structural adjustment policies on small and medium-sized enterprises seem to have been mainly beneficial. Improved access to credit, raw materials and spare parts for the smaller enterprises and a higher degree of flexibility towards market shifts have given these enterprises a definite advantage over the formerly protected corporate enterprises.

In summary, we may conclude therefore that in every respect the national and regional economic and policy contexts have been more important determinants of the small town's structural characteristics and dynamics than might be assumed on the basis of the town's 'pacemaker' role towards its hinterland.

4. *The Impact of the Regional and Local Context on Small Towns*

There is strong evidence that, next to the impact of the previously discussed national and macro-structural policies and developments, the structure and role of small towns are very much affected by regional and local conditions. Among these conditions, we may identify obvious ones such as natural resource endowment, population density and market accessibility, but political economic structures and the distribution of income and purchasing power also exert a strong impact on the functioning of small towns.

The role of the natural resource factor is particularly evident in areas with uncertain rainfall conditions and precarious agricultural yields like the Sahel. The insecurity which this inflicts upon the farmers' lives has a direct impact on their spending and investment behaviour and consequently also upon their demand for urban goods and services. This is exemplified by Mopti's economic stagnation and its inability to develop a corporate-sector economy based on the processing and marketing of rural hinterland products (see Harts-Broekhuis and de Jong, 1993). A similar phenomenon may occur in agricultural colonisation areas with unstable soil conditions, such as in tropical rainforest areas with lateritic soils. Here quick soil depletion usually stimulates a shift to more speculative and extensive types of land use and subsequent environmental degradation. Moreover, the transformation of subsistence types of pioneer farming into extensive types of commercial farming or cattle ranching may easily lead to 'hollow frontier' conditions and stagnant service centres (see Coy *et al.*, 1997, pp. 31–52).

Sometimes, large-scale exploitation of local minerals and other raw materials (timber) is the most decisive factor in small town development. The so-called 'company towns' have often been founded with capital and support from mining and plantation companies, and therefore accommodate modern facilities of a much higher quality than is usual for service centres of their rank and

size. These facilities, however, may have little or no function at all for the majority of the rural hinterland population because they mainly serve the needs of the companies and the better-paid employees and civil servants, while neglecting the wage workers and poor subsistence farmers. As soon as the local resources have been depleted or substituted by the world market, the towns concerned will fall into decay and their position is reduced to the level of stagnant rural service centres (Evans, 1989; Hinderink, 1997; Volbeda, 1984).

Still more important is the role of the human resource factor expressed by variables like population density, growth and productivity. Under conditions of low population density and low productivity as found in the Latin American frontier areas and in sub-Saharan rural Africa—it may become extremely difficult to develop an adequate physical infrastructure and generate sufficient local surplus production. Consequently, the distribution of service centres may be very spread out, resulting in large areas being left unserved and a poorly developed urban hierarchy. Because of lack of competition among the centres and their low levels of specialisation, most of these centres offer a wide variety of service functions but usually only of low quality (van Teeffelen, 1992; Volbeda, 1984). Conversely, higher rural population densities and levels of productivity—as in the south-east Asian context—may lead more quickly to the formation of dense networks of service centres, due to a larger local demand for urban commodities and services, as well as a higher supply of locally produced surpluses for the market. Even in cases where only part of the rural population generates sufficient demand and surplus production, the critical threshold values for sustaining small town development will be attained earlier in densely populated areas. This is clearly demonstrated in the central Javanese context where, although rural per capita production and income levels are among the lowest in the country, this has not prevented the formation of a dense network of rural and regional service centres (see

Huisman and Stoffers, 1998; van der Wouden, 1997).

Another important factor contributing to the positive relationship between rural population pressure and small town development may arise from the need of rural surplus labour to create (additional) employment in the non-farm sector. These small-scale, 'supply-push' types of non-farm activities usually show a preference for establishment in rural service centres due to their locational advantages with respect to nearby markets, transport and energy facilities, and raw material supplies (see Dunham, 1991, p. 23; Berry, 1995, p. 294). Not unexpectedly, this positive relationship appears to be strongest in the south-east Asian and Latin American contexts where rural population densities, income levels and demand for non-agricultural products reach higher levels and farm-non-farm linkages are more direct than in sub-Saharan Africa (see, for example, Haggblade *et al.*, 1989; Pedersen, 1997, p. 12).

Obviously, local and regional differences in market, production and consumption conditions play a vital role in shaping the small town's economic structure and functions. Market accessibility, for example, does not only determine the level of commercialisation of the hinterland economy, but also the range of the towns' service facilities and their competitive relations. In cases of overlap between services, 'bypassing' and 'erosion' effects may occur which ultimately lead to a loss of functions in the weaker centres. This was particularly obvious in the case of the central Javanese towns, which experience heavy competition not only from higher-order centres in their collection and distribution trade functions, but also from their neighbouring small towns, as was the case in the Serayu Valley region (Titus, 1991; van der Wouden, 1997).

As the small town economy is not only determined by factors of market accessibility and rural hinterland productivity, but also by various administrative structures and institutional arrangements, the role of political-economic factors becomes particularly

relevant for explaining differences in development opportunities. The control of investment flows and public finances in particular may offer relevant explanations for the frequent observation that regional administrative centres (such as district capitals) tend to expand or consolidate their economic functions at the expense of the lower-order centres in their hinterland areas (see Gaile, 1992). Government investments and bureaucratic control seem to have played a major role in the development of regional centres in our Serayu Valley, Swaziland and Mali cases.

Local relations of production are another important political-economical aspect determining rural hinterland productivity and rural-urban relationships. In rural areas with independent farmers producing food and industrial cash crops, Green Revolution programmes, for example, will have a much more favourable impact on local productivity and local demand for urban commodities and services, than in areas characterised by large land holdings or *latifundia* with (share) tenants. In the first case, surplus production mainly accrues to the farmer-tillers, whereas in the latter case it mainly accrues to the land-owners and the traders supplying credit to the impoverished tenants in exchange for low off-farm prices. Experiences with Green Revolution programmes in divergent areas like the Punjab (India), Java (Indonesia), central Luzon and the Visayas (Philippines) offer strong evidence in support of this differential impact on rural development. In the Philippines, and especially in the *hacienda* areas, the Green Revolution was less successful and income distribution more skewed than in Java or the Punjab, so that rural and regional service centre development there could take much less advantage of an increasing rural demand for consumer goods, inputs and services (see Boyce, 1993). Similar impacts have been reported from different areas in Java, whose western province has a less egalitarian land tenure system than the other two provinces. Here, absentee ownership and sharecropping arrangements have brought lower yields to the farmer and have

resulted in weaker linkage effects between rising rice production and non-farm production (Sadoko, 1989, pp. 46–47).

Moreover, since areas more or less exclusively devoted towards large-scale export crop production by a labour force of unskilled wage workers, usually offer fewer opportunities for developing a balanced urban network (see Gilbert and Gugler, 1992, p. 50), rural service centres are frequently underdeveloped. This is not only due to local conditions of low purchasing power and the lack of demand for production inputs and marketing facilities by independent farmers, but also to the fact that large-scale agricultural or cattle production for the export market only needs support from a few larger centres or company towns. This situation applies in particular to the vast corporate-type plantation areas in south-east Asia and Central America, as well as to the extensive cattle-ranching areas in South America, but it might equally apply to former 'white settler' areas in sub-Saharan Africa, like those in Kenya, Swaziland or Zimbabwe (see van der Post, 1988; Wanmali, 1996).

In the more densely populated tribal or communal farming areas in sub-Saharan Africa, however, the prevalence of self-sufficient and stagnant types of food-crop production offers little impetus for rural service centre development. Usually there is a network of local service centres, but only in a rudimentary form providing basic services and commodities. As most service centres are not able to perform productive functions for their stagnant hinterland areas by processing and marketing rural surpluses, the remaining distributive functions are often of a parasitic type (see Southall, 1988; Pedersen, 1990; Evans, 1992). By selling mainly imported commodities and food at deteriorating terms of trade to their hinterland populations, these centres are draining the small rural surpluses. Moreover, by providing urban-oriented educational facilities to their hinterland populations, the centres often also contribute to a continuous 'brain drain' from these areas. The main reason for the negative role of African small towns in

rural development, therefore, might be their inability to bridge the gap between a predominantly self-sufficient and communally organised rural economy on the one hand, and a market-oriented capitalistic economy at the national level on the other. As soon as rural relations of production become more commercialised and rural purchasing power rises, small towns may also perform a stimulating role in the African context, as has been exemplified by the studies of small towns in our Swaziland case (see van der Post, 1988).

In contradistinction to the observed impact of regional and local conditions on the structure and role of small towns, the *maquiladora* towns are much less affected by their rural hinterland potential. The main reason for this is that the rise of manufacturing activities and concomitant growth of services in these centres are nearly completely determined by foreign direct investments and by production relations focusing on the international market. The proximity to the US border and the use of cheap local labour are the main regional and local factors affecting the *maquiladora* towns with their footloose manufacturing industries operating in industrial enclaves.

5. The Area-specific Occurrence of Mutual Dependence Relations between Small Towns and their Hinterland

The different opinions on the interaction of small towns with their hinterland, as found in the literature and among policy-makers and planners, are influenced by divergent paradigms of regional development—whether explicitly stated or not (Hinderink and Titus, 1988). According to these paradigms, this role can be of only one kind: either stimulating and innovating, or parasitic and exploitative. These paradigms do not consider the possibility of a change in the functioning of small towns or, simultaneously, a partly stimulating and partly exploitative role.

Findings from our research point to the existence of such mutual dependence relations, although this dialectical type of urban-

rural interaction remains confined to areas where rural relations of production have already been transformed to the extent that the majority of the producers are integrated into national and international markets. However, this does not exclude the possibility that, in such areas, the rural economy may be integrated in a subordinated and exploited way. This dependent position may find expression in unfavourable terms of trade for food crops, or in a growing dependency on export-oriented cropping systems which are subject to strong price fluctuations. Yet, rural incomes may have improved if the integration in the market economy has led to some net increase in rural surplus production—for example, through rising yields per unit area which compensate for possible price losses—and if part of the produced surplus remains in these rural areas and their service centres to enable private investments in local economic growth and diversification (see also Pedersen, 1997). Such a situation not only requires a more or less egalitarian and owner-based rural production structure as signalled by Southall (1988, p. 5) and Harriss and Harriss (1988) for the African and Indian contexts, but also a relatively strong and indispensable position on the part of rural producers in securing national food supplies and earning foreign currency.

In addition, convincing evidence has been found that small town functions should be backed by an emerging modern middle class of entrepreneurs, professionals and civil servants, who have the training, the knowledge and the means to exploit new opportunities and to develop more efficient hinterland relations (see Harriss and Harriss, 1988). This is corroborated by both negative and positive examples in our case studies. In cases where the urban middle class was lacking or poorly developed, as in the Mali town of Mopti or in the Serayu Valley town of Banjarnegara, urban functions often were poorly performed and of low quality. On the other hand, the presence of ethnic minority merchants and entrepreneurs in many south-east Asian and African towns clearly contributed to their dynamic functioning (see van der Wouden,

1997, pp. 152–153; van der Post, 1988, p. 237).

Only if these conditions are fulfilled, will some balance be achieved in the basically unequal rural–urban relationships, for rural producers may then enjoy a certain bargaining position with the dominant forces of the market and the government, while the small towns may play a mediating role in bridging the conflict of interests between the local, regional and national levels. At the same time, small towns may enjoy some intrinsic advantages over larger urban centres due to functional intertwining with their hinterland interests. Consequently, they cannot afford extremely exploitative hinterland relations, if they do not want to be by-passed by the more efficient higher-order centres. Besides, for reasons of proximity, rural and regional service centres often seem to enjoy initial advantages over higher-order centres as locations for non-farm activities arising from local initiatives and (re-)invested surpluses (Pedersen, 1997, p. 2). The foregoing implies that governments should primarily focus their sectoral and regional development efforts on generating agricultural and non-farm surpluses by improving the rural physical and institutional infrastructure and marketing facilities, as well as by supplying credit, inputs, extension services and price incentives to the farmers. Part of this rural development effort may be channelled through the regional and rural service centres, but much can be achieved directly at the village and farmer levels by providing local services and incentives.

Policy Implications

To which policy implications do the above findings lead us? From the preceding discussion, one may conclude that it becomes only justifiable to divert public means to the reinforcement of the small town structure and functioning (for example, by investing in market centres, energy and water supply, or in housing and industrial estates) if certain basic rural development conditions have been met. Thus, there seems little in support

of a possible reversal in the regional development efforts as suggested by Rondinelli (1983, 1988), since hardly any evidence has been found to suggest that small towns really initiate rural hinterland development. What is more obvious, however, is that the small town has a supportive role in rural hinterland development as soon as the required conditions for this development have been fulfilled at the local and higher levels of decision-making and policy implementation. It is in creating these conditions and in stimulating this supportive role that the main justifications are found for a planned effort aimed at rural hinterland and rural service centre development.

A crucial point in question is whether these rural and small town development efforts should be primarily defined in terms of regional or sectoral policies. In practice, a sectoral approach seems much easier to implement as it requires less complicated coordination and achieves more predictable and short-term measurable impacts in other sectors through direct linkage effects. Programmes for agricultural intensification and rural economic diversification, for example, usually have a direct positive impact on rural service centre development by increasing the tradeable surpluses of both farm and non-farm activities and by raising the demand for urban commodities and services. The successfulness of sectoral programmes, however, is strongly determined by local resource conditions and production relations and, consequently, also their impact on the small town economy. This means that successful sectoral planning requires the consideration of regional conditions and should be carefully adapted to local conditions. With respect to small town development, this implies, for example, the avoidance of mechanical planning models allocating public service facilities according to rules based on central place theory (see van Dusseldorp, 1971; ESCAP, 1979; Wanmali and Islam, 1995). As our case studies have demonstrated, both the nature and quality of these facilities should be better adapted to the needs and capacities of both the local urban

and rural hinterland populations (van Teeffelen, 1992; Huisman and Stoffers, 1992).

In cases where town-hinterland relations are included in a regional development planning approach, the regional political-economic context becomes even more relevant. Thus, completely different approaches are required for reinforcing small town functions in the south-east Asian context or in the Sahelian context. In the first case, it is feasible to strengthen the small town functions which serve the growing demand from a densely populated and increasingly productive rural hinterland area that is not exclusively dependent on its own service centre. This means that the small town functions should be reinforced in such a way that more surplus is kept within the region—for example, by improving its distributive and collecting trade functions or by establishing local processing industries.

In the Sahelian context, there are few reasons for stimulating the demand side of the regional economy by reinforcing the small town's commercial functions. Instead, all efforts should be directed towards improving the supply side of the stagnant rural hinterland economy and improving the town's poorly developed public service functions *vis-à-vis* the needs of its impoverished hinterland population.

Similar differences in regional conditions should be observed when dealing with town-hinterland relations in pioneer farming areas or in export-oriented *hacienda* areas. In sparsely populated pioneer farming areas, problems of accessibility, marketing and public service problems are usually the most acute, which implies that most measures should be aimed at reinforcing small town functions which serve the demand side of the regional economy, whereas in the *hacienda* or *latifundia* areas, there is still much scope for improving the supply side by intensifying and diversifying land use and by changing obsolete production relations preventing an economical use of available resources and urban functions.

To conclude, generalisations about the role of small towns, based on whatever theoretic-

cal point of view or inspired by whatever planning model, are hard to make. Due attention has to be paid to the level of hinterland development and to the prevailing political and economic conditions. The lesson to be learned then is that if we want to acquire insight into the potential development role of small urban centres, the regional context should play an essential part in our analysis.

Note

1. The theoretical basis of the research programme was spelled out in Hinderink and Titus (1988). Over the years, the programme yielded a wealth of detailed studies and quantitative data, published in the form of books, articles and PhD dissertations, and in unpublished but freely accessible MA theses. On the basis of all this published and unpublished material, two summarising books were written—Lindert and Verkoren (1997) and Titus and Hinderink (1998). These books focus on the various aspects studied, elaborating on the theoretical approach underlying these studies with specific examples of the towns, countries and processes referred to and with appropriate quantitative details. The text of this paper is in many ways a synopsis of these books. It attempts in a concise way to present the major findings and policy implications without going again into greater detail, quantitative underpinning and specification, but with inclusion of the relevant 'basis material' as presented in the references.

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