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THE STATE AND REGIONAL INCOME DISPARITIES IN LATIN AMERICA

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I N D E X

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INTRODUCTION

Regional imbalance is an important component of income inequality; a fact which is being recognized throughout the social sciences even within disciplines which have previously neglected its study. Two sociologists, Porter and Browning (1976; 12) recently noted that space "constitutes an important resource that interacts with, limits and contributes to the stability of the social order". Within sociology and anthropology, indeed, more and more writers are concentrating on the spatial dimension and on the study of concepts such as "internal colonialism" and the "centre-periphery mechanism" (Roberts, 1975; Long, 1975; Walton, 1975; Balán, 1976). Parallel to this change, disciplines which have traditionally been concerned with spatial phenomena are beginning to concentrate on the issue of inequality. Geographical, economic and planning studies are shifting increasingly towards a more political and class based approach to urban and regional processes (Coraggio, 1977; Harvey, 1973; Brookfield, 1975; Smith, 1977; Santos, 1977; Coates, Johnston and Knox, 1977).

Such growing interest is welcome insofar as there is little evidence that regional inequalities are diminishing in Latin America or in other less developed areas (Gilbert and Goodman, 1976). Despite the plethora of regional policies to be found in the sub-continent, regional "problems" remain as severe as ever; the Brazilian northeast, southern Mexico, the Peruvian Sierra and the Bolivian Altiplano continue to stand out for their concentrations of acutely poor people. The object of this paper is to examine some of the reasons why the state has failed to modify existing centre-periphery relationships.

The continuance of major regional disparities must be seen, of course, in a wider development context. And in the absence of genuine moves towards social equality in most Latin American countries the survival of regional disparities is not unexpected. Indeed, the main argument of this paper is that however strong regional policies, fundamental changes in geographical patterns of

inequality will not be achieved without substantial modifications in national development strategies. So long as national policy makers expouse economic growth as the sine qua non of development, regional problems will persist. Nevertheless, it is clear that regional disparities can be ameliorated through strong and consistent government policies. Unfortunately, the second argument of the paper is that such policies are the exceptions rather than the rule in Latin America. State action to modify regional inequalities besides lacking commitment, has suffered from a lack of understanding of the processes involved. In particular, there has been insufficient recognition that the state itself is a major perpetuator of regional disparities. So pervasive and complex has the role of the state become in Latin American societies that specifically designed regional policies form but a small part of the state's impact on spatial patterns. Its effect in poor regions is felt most critically through its policies towards industrial development, exchange rates, inflation, agricultural prices and so on. Insofar as regional planners have failed to take cognizance of this fact, the effects of spatial programmes have been outweighed by those of national policies. In addition, regional policies have been weakened by the use of methods inappropriate to the needs of Latin American societies. Some at least of the blame for poor planning rests with the academic literature on regional development and the inconsistencies it contains.

A. Patterns of regional inequality

Later I shall discuss the difficulties involved in measuring regional disparities and argue that a variety of indices are required before a reliable conclusion can be drawn either on trends or on comparative national situations. My attempt at this point to make a general statement about conditions across Latin America, therefore, runs the risks of misinterpretation, especially because the reliability of the data leaves something to be desired. Nevertheless, the broad patterns seem sufficiently consistent with the evidence on personal income distributions and other indices of inequality that some confidence can be placed in them (Weisskoff and Figueroa, 1976; UNECLA, 1971).

Firstly, regional income disparities as measured by a crude index, the coefficient of variation, are much wider than in most contemporary developed countries and indeed much wider than in most of those nations in the past (Williamson, 1965). The regional differentials in Latin America are not, however, wider than those in the small number of Asian and African countries for which data exist. Naturally, differences vary according to the particular index of inequality employed; indices reflecting economic growth tend to magnify regional disparities and those measuring social infrastructure and service provision tend to reduce them.

Secondly, the coefficient of variation shows no systematic tendency towards either greater equality or greater inequality in those nations for which data exist (Table One). While relative disparities between regions have failed to change markedly, absolute differentials between the poorest and the richest regions have normally increased. There are, however, no consistent declines in absolute incomes within the poorer regions of Latin America nor in health or social service levels. More often than not the average income and welfare level of poor areas has increased.

Thirdly, while income and welfare levels in poor regions have normally increased, intraregional inequality has sometimes worsened. In some cases, such as in certain cities of northeast Brazil between 1960 and 1967, absolute income levels among the poorer groups actually declined. With respect to social service provision the conditions of the poor have not normally worsened but due to rapid population increase larger absolute numbers of poor lack access to services. At the same time, higher relative and absolute numbers of people have access to infrastructure and services in most poor regions.

Fourthly, these inequalities have been modified in a spatial context where larger proportions of the population have become concentrated in a limited number of core regions. Industrial and urban expansion has taken place in the regions around the major cities of the continent and in general the degree of urban primacy has increased.

B. The role of the State

If poverty among peripheral regions is to be reduced the onus of action must lie with the state. Few writers doubt that the general tendency of the free market is to accentuate regional disparities. The difficulty is to determine under what conditions the state will be disposed to reduce income inequalities and under what circumstances its actions will be successful. This issue has been extensively discussed in the literature even before the capitalist state became a recent focus of research. As long ago as the fifties, Hirschman (1958) suggested that the state would normally even out regional disparities, while Myrdal (1957) argued that in practice, the actions of the state tended to worsen regional imbalance in most less-developed countries.

Recently, this issue has taken on new importance as writers such as Coraggio, 1977; Kusnetzoff, 1977; and Travieso, 1972 have denied both the state's willingness to interfere in a meaningful way and its ability to modify such fundamental contradictions of the capitalist system. Counterposed to this school of thought is the mass of technical planners involved in regional development programmes who clearly believe in the possibility of change. The reality of the situation, I believe, is that while no capitalist state will eliminate regional disparities, some degree of convergence is neither impossible nor incompatible with the working of the capitalist system. Within a capitalist framework governments can and do work towards a modification of regional relationships. At the same time, there are numerous governments which ignore or even encourage regional disparities; as Myrdal (1957) points out governments range along a continuum from the "oppressor" to the "welfare state". Admittedly, contemporary Latin America does not contain many examples of welfare states, but it cannot be denied that the conditions of the poor and the policies adopted by the state towards the poor vary considerably both within and between nations.

My point is that even though the state is constrained in the range of actions it can take, it possesses a measure of autonomy in most Latin American countries. While I accept that dominant class interests frequently determine the nature of state policies the nature of their influence is not

wholly predictable in a regional context. My fear about the more extreme statements about the state and regional inequality is that they deny the possibility of meaningful intervention and thereby preclude the possibility of any modification in regional processes.

The denial of state autonomy also goes against much marxist and non-marxist thought. To the non-marxist, the state's role in regional policy is clearly constrained by the actions of pressure groups, balance-of-payments situations, the demands of the I.M.F., limited national budgets, impending elections and so on, but a choice it still has. This choice is exercised on what is sometimes depicted as a series of "conflicts" between goals such as efficiency and equity, spatial concentration and decentralisation, urban and rural development (Friedman, 1966). A wise government will consider its priorities, examine the national and regional situations, analyse political realities and introduce its spatial policies accordingly. Sometimes the policies will accentuate disparities and sometimes reduce them; a point underlined by the wide diversity of regional programmes introduced by capitalist states.

Most marxists also admit the partial autonomy of the state. Thus Miliband (1969;130) notes in the case of western style political regimes that while "dominant economic interests in capitalist society can normally count on the active good-will and support of those in whose hands state power lies ... these interests cannot, all the same, rely on governments and their advisers to act in perfect congruity with their purposes ... governments may wish to pursue certain policies which they deem altogether beneficial to capitalist enterprise but which powerful economic interests may for their part, find profoundly objectionable; or these governments may be subjected to strong pressures from other classes which they cannot altogether ignore". Similar views have been put forward by Gold, Lo and Wright (1975; 46) when they argue that "the state is always relatively autonomous. It is neither completely free from active control by capitalist elites nor is it wholly dominated by them". Clearly the degree of autonomy will vary from government to government and from situation to situation but some flexibility does exist. Certainly, I would suggest that in some Latin American nations, possibly including Colombia, Mexico, Peru and Venezuela, recent governments

have acted to redress some of the inequalities created by the process of capitalist development.

Such an argument does not imply that the state is neutral nor deny that powerful economic and social interests regularly win their disputes with national governments whilst the voice of the poor is frequently ignored. Kusnetzoff (1977;435) is correct when he suggests that "in Latin American countries there is unfounded confidence that the central political body will impartially try to harmonize and mediate among the many interests in order to deal equitably with all sectors of the population". But I believe that he goes too far when he concludes that "state decisions are reached under strong pressures and control by the dominant sectors of these societies, whose political and economic interests are in constant conflict with the national majorities who are supposed to benefit" (my emphasis). To my mind this argument suggests that the state can do nothing whatsoever to redistribute income; frequent conflic between rich and poor there may well be but rarely constant conflict. Nevertheless, insofar as this situation approximates to the truth it represents the principal obstacle to effective regional development and to regional income and welfare convergence.

Once it is admitted, however, that the capitalist state in many nations has partial autonomy this opens up several possible policy alternatives. These alternatives may well range between what marxists call accumulative and legitimizing objectives. The accumulative role is intended to accelerate the rate of capitalist development; a role often achieved through incentives and subsidies to the private sector and through the removal of obstacles to its efficient operation. Import restrictions and the construction of economic infrastructure are clear examples of policies with accumulative objects. By contrast, legitimizing policies are designed to reduce political opposition and social conflict. The provision of social services, while it may also aid accumulation, is often intended to offer some benefits to poorer groups to retain their tacit support or to prevent overt opposition. Frequently, such policies are announced with a rhetoric of social inclusion encapsulating a picture of future prosperity and social harmony.

In practice the choice between accumulative and legitimizing policies differs little from what the non-marxist might depict as the trade-off

between equality and efficiency (Friedmann, 1973; Richardson, 1977). Under both frameworks a decision must be make whether to accelerate economic growth or to redistribute at the possible cost of growth. Whether such a trade-off is inevitable and whether there are possible combinations of equity and growth based policies is a vital issue requiring further investigation but the arguments of two seemingly incompatible sides seem relatively close on this issue.

C. The obstacles facing regional equilization policies

If partial government autonomy exists why have regional disparities persisted in Latin America? To this question I believe there is not a single, but a range of answers. It is not simply that the average Latin American government falls into Myrdal's (1970) category of the weak state since some of the region's governments take surprisingly strong and efficient action when they commit themselves to a policy objective. Nor is it simply that dominant class interests fail to support regional programmes because substantial policies have been introduced in the Brazilian Amazon, in the Venezuelan Guayana and in various regions of Mexico. Similarly, it is too simple to argue that the state ignores spatial inequalities because numerous governments have deliberately favoured poor regions in their national budgets and in the distribution of social infrastructure. The answer is more complex as I shall now try to demonstrate.

a) National development strategies. If there is a single dominating factor in the failure to resolve regional problems it lies in the realm of national development strategies. Most Latin American countries have tried to imitate the example of the developed countries and have attempted to establish industrial activity and agricultural enterprise with technologies similar to those in Europe and the United States. The import-substitution industrialization strategy and the later export based model adopted in Brazil and Colombia both fell into this category. The consequence of this policy for poorer regions is simple; since most industrial companies find new locational advantages in such areas most poor regions have remained poor. Only where natural resources have been available has this pattern been reversed and even then the capital-intensive form of industrial growth together with

its high import content has failed to generate widespread development. Inso far as imports to the poorer regions have become more expensive as a result of import tariffs, government policy has tended to accelerate the natural forces of the market towards polarized growth.

Latin American governments have not been unaware of such an outcome but have generally failed to redress the consequent regional inequalities. In this decision they have clearly been strongly influenced by the economic argument that favours growth now and distribution only at a later "stage" of development. Few national governments have asked whether the tendency can be reversed in the future or have questioned publicly whether the majority of their populations will ever participate in the advantages derived from growth. The arguments of those such as Furtado (1972-73) that industrialization based on a concentrated income distribution is in the interests of transnational enterprise given their massive investments in transitory, high-value, consumption items, have been ignored. Whether the neglect of equalization policies has been due to mis-specification by planners or is a reflection of the dominance of vested interest groups over the nation state is irrelevant here. The important issue is that national growth has been efficiency-orientated and capital-intensive, and has concentrated on a limited market made up by a small proportion of the national population. The process has neither created sufficient jobs to absorb the majority of poor Latin Americans nor generated sufficient pressures to force a redistribution of income. The process is inequitable but as Cardoso (1972; 1977) has indicated conforms to the needs of peripheral capitalism. The incomes of the poor have hardly increased while those of groups attached to the so-called "formal" sector have risen markedly. Since inequality has been the result of the national growth strategy, the regional consequences have been similar. The main thrust of development policies has been towards polarization. Only if substantial regional and or personal equalization policies are introduced can this process be reversed in the future.

The reason why such policies have not been introduced owes at least as much to the mis-specification of development goals by government planners as to domination by class interests. To a large extent I agree with Elliott (1975: 191) in his description of decision making in Third World countries.

"It is not ... that the bureaucratic elite is a greedy, self serving monster, gobbling up scarce consumption resources and thereby impoverishing the rest of the community. The real significance of the bureaucratic elite in the process of impoverishment is more subtle ... by using its power and influence, it distorts the allocation of resources and mis-specifies the nature of goods and services to be produced. It thereby impoverishes those who are excluded from that allocation".

In Latin America, mis-specification affects regional development in the following way. Given the deification of national growth as a developmental objective, regional policies gain support only when they promise to expand national economic potential. This generalization is valid even when a regional problem creates a crisis of legitimacy. Thus, in 1970 when renewed drought in the Brazilian northeast undermined confidence in SUDENE's ability to solve that region's problems, the Amazon programme was accelerated as a means of decanting the peasantry. But, if the PIN programme contained a strong social component, it also promised to sustain the Brazilian "economic miracle". Through an increase in export potential, natural resource development and the creation of an expanded market for the heavy industries of the southeast, economic appeal was added to the programme. It is hardly accidental that in the development of the programme the role of the nordestino peasant has been so limited; the Brazilian state has spent most of its funds in building roads and in encouraging large private and multinational enterprises to develop the interior through the offer of major tax subsidies.

In Venezuela, the Guayana programme is a still better example of a regional policy satisfying the ethos of national economic expansion. Undoubtedly, a social dimension was an explicit goal of the policy but its primary appeal lay in the potential for industrial development offered by the region's rich iron, bauxite and hydro-electric power resources (Friedmann, 1966). The espousal of regional development in the Guayana and its rapid demise in other parts of Venezuela can be explained only in terms of the former's contribution to national growth and the rest of the country's lack of similar economic potential. The same logic underlies the river basin projects in Mexico (Barkin, 1975), the Paysandú project in Uruguay and indeed practically all large regional projects in Latin America. Major regional

development projects have usually been adopted only when their principal contribution was likely to accrue to the nation. A vital contributory cause of this pattern has been mis-specification, the main element of which has been the ubiquitous and often misplaced belief in growth as the fundamental development objective.

Where national growth has conflicted with regional policy goals, the outcome has been inevitable. Government after government has established regional policies espousing goals of greater equity and regional balance. Invariably, the outcome has been that the effects of regional policies have been counteracted by the national policy. In this sense Bergsmann (1975) is correct when he argues that the regions of Brazil have been most dramatically affected by "accidental" spatial policies. The unintended spatial effects of national programmes have normally been stronger than the anticipated benefits from deliberate regional policies. In Colombia, this conflict was eloquently demonstrated between 1970 and 1974 when the Pastrana administration synchronously introduced both polarizing and decentralizing programmes. The key national growth programme based on stimulating the construction industry was expected to assist the largest cities; an outcome which was clearly demonstrated when 63 per cent of the available construction funds had been invested in Bogotá by the middle of 1974 (Gilbert, 1975). Parallel to this programme and embraced within the same national plan was a policy to decentralize economic growth through widening the availability of credit, improving infrastructure and generally stimulating the country's intermediate cities. The net outcome was that the decentralization policy was too weak to balance the polarizing effects of the national development programme. It can be argued, of course, that the policies were not incompatible but that without the decentralization programme, the polarization forces would have been still more powerful. Such an argument is valid but it does not contradict the fact that within the National Planning Department of the day, the strongest forces lay in the polarizing rather than in the decentralizing camp. Consequently, polarization was the dominating force during the period.

The growth-before-distribution ethos also pervades the formulation of regional development programmes even when politics dictates that a genuine policy of spatial decentralization be expoused. Thus in the Brazilian north

east programme resources have been channelled for redistributive reasons away from the southeast. New industrial employment has been created in the main cities of the northeast and the programme has helped to raise the regional product of the area. Such a programme was not motivated by national growth objectives. The locational inefficiency involved in locating industry so far from the country's main markets and supply areas has not been negligible and without considerable incentives private industry would not have responded to the programme. But while the aims of the policy clearly did not reflect the national growth ethos, the method of implementation did. Industrial expansion for large companies was certainly not slowed by the enormous tax reliefs offered under the 34/18 mechanism. No change was invoked in the capital intensive nature of Brazilian industry because of the failure to offer stronger incentives to labour-intensive companies (Goodman, 1972). Nothing was done to redistribute land or to introduce other social measures which were alien to the national growth strategy. The inevitable corollary has been that while the regional product increased, intraregional disparities widened. Whether measured in terms of urban-rural differentials or in terms of the income shares of rich and poor, the latter have seen little improvement in their economic and social situations. There is also some evidence to suggest that real per capita incomes of the poor in several cities actually declined during the sixties despite the programme (Gilbert and Goodman, 1976). In the northeast, the programme helped the poor but the benefits were undermined by the lack of an equity component and by the effects of national policies concerned with controlling inflation and hence wage levels. Stabilization programmes throughout Latin America have tended to hurt numerous groups including the poor in peripheral regions.

In the case of the Amazon programme, one can go further and suggest that the regional policy directly harmed the region's poor. The plight of the indigenous communities is legion and need not be discussed further but in addition, spontaneous settlers have frequently suffered eviction from lands which they have farmed for many years. Rather than achieving the rhetorical goal of settling poor nordestinos in the interior, the tax incentive schemes and the methods by which land titles have been allocated have forced settlers off the land and further into the interior (Mason, 1978). The

famous "agrovilas" along the roads have become a sad joke as has the technical and financial help that should be available to the colonist. The programme has been geared throughout towards large enterprises because their participation would guarantee rapid economic expansion.

Throughout Latin America regional policies have fallen into the same trap. By employing the same strategies at the regional as at the national level, the formal sector has expanded creating employment and higher incomes for the few while creating little in the way of opportunities for the majority. While the harmful effects on the poor in the Amazon are especially regretable, there is little sign in other countries of the poor benefitting to any substantial extent (Barkin, 1975).

b) Centralization and associated tendencies. Interregional income equalization and help for poor regions may be achieved through non-spatial policies. It is frequently argued, indeed, that more equitable tax policies and social service distribution are superior to regional development in the help they give to the poor (Richardson, 1977). Thus increased national expenditures on primary education, health, sanitation and rural roads may help the poor within the periphery much more than specific regional programmes. Linked to this argument is the fact that most Latin American states have become more functionally centralized over time. Faced by a backward periphery with an inert government and administrative system central governments have often established their own agencies to implement social programmes. Thus many of the new responsibilities absorbed by the state since the second world war have been undertaken by the national government; in Colombia, for example, this has led to a massive increase in the number of semi-autonomous government agencies from 20 in 1950 to 126 in 1974. In the sense that the national government is more efficient than local government, this development is often beneficial. Frequently, infrastructure and services have been brought to the periphery in this fashion. But this centralist approach does not stimulate regional development and can undermine local initiative. As Roberts (1975: 80) has observed in Peru, for example, a strong centralist bias has acted as "an irritant to local development". In its possibly well intentioned effort to accelerate the pace of social change it has concentrated decision making within the national government hierarchy in Lima. Such a

developmental approach is doomed given the social economic structures in many Latin American countries since "the capacity of any centrally located body to plan and effect a social transformation depends on the extent that the population can be, and is already, hierarchically organized in coherent and integrated economic and social systems. Integrated market systems and hierarchies of cities that embody such an organization are not the outcome of central control, but are the essential preconditions for it".

It is also possible that the functional centralization of authority over service provision may not benefit the periphery. It is often the case, for example, that efficiency outweighs equity in the allocation of government funds. Frequently this is desirable in the sense that it prevents waste. At the same time the fact that say primary education facilities are provided only in the urban areas because larger numbers of students can be reached for the same expenditure accentuates regional disparities. If a series of government agencies are using the same cost-effectiveness strategy, regional imbalance will become much greater. To some extent this has been the case in Colombia especially with respect to health provision. The National Hospital Plan (1970-1972), for example, specified that the largest cities should be provided with 5.6 hospital beds per 1 000 people whilst the rural areas should have 0.8 beds. This disparity was justified on the grounds that current usage of the large numbers of beds in the main cities was much higher than in the rural areas; given a limited budget those funds would be best spent in the metropolitan areas. The weakness of the argument from a social viewpoint was that limited hospital use in the rural areas was not unassociated with a lack of medical personnel in those same areas! A cost-effectiveness criterion while sensible from the agency perspective made little sense in the wider context of regional imbalance and social deprivation. To the extent that most government agencies tend to concentrate on urban activities rural and regional neglect is guaranteed.

On the other hand, efforts at decentralizing authority to local governments can also accentuate regional disparities. In Colombia, various effects were made from the late sixties on to provide credit facilities for local government projects. Local authorities could apply for funds to a variety of government, quasi-government and private agencies providing that the

projects were self-financing. Unfortunately, the inevitable outcome of this policy was to favour the largest and most prosperous cities. Lacking an adequate tax base and often efficient administrations, the poorer cities simply failed to produce adequate projects. Between 1964 and 1973, Bogotá, Medellín Cali and Barranquilla received 73 per cent of the internal credit granted to the 34 largest cities compared to their population share of 57 per cent (ANIF 1974). What this outcome reflects is the close association between the spatial distribution of economic activity in the country and the quality and incomes of local government. Since the major cities contain the bulk of business and industrial interests and a high proportion of the higher income groups, there is a positive correlation between per capita local government revenues and city size. Any programme, therefore that relies on local authorities, to help themselves, is bound to favour the largest and most dynamic cities and thereby perpetuate regional disparities.

Nevertheless, it would be misleading to suggest that government expenditures on social infrastructure generally accentuate regional disparities. Evidence from several countries shows that per capita central government expenditures are highest and taxation incomes lowest in the peripheral regions. In Brazil, for example, Chalault (1977: 124) demonstrates that "during the sixties, the Northeast received more expenditures from the Union than it paid in taxes; from this perspective, the fiscal system was a mechanism favouring the region; in per capita terms, during the sixties the Union spent less resources in the Northeast than in the Southeast, while in G.D.P. terms the expenditures were approximately equal". Similarly in Colombia the central government's expenditure is progressive in per capita terms though much less so when compared to per capita income levels. Many national governments are genuinely engaged in a process of redistributing income to the poorer regions. This constitutes a legitimizing goal in the sense that they are merely redressing the consequences of the national development strategy. The private sector and the process of economic growth accentuate regional disparities, one of the functions of the state is to harmonize the interests of different regional groups by balancing that process. The tendency for regional disparities to increase or decrease depends on large part on the seriousness with which central governments go about this legitimizing task.

c) The quality of planning and the wisdom of planners. The appeal of planning is that it promises all things to all men. It is also neutral in the sense that it is open to governments of all political persuasions to use it as a means of evaluating alternative policies, testing the consistency of different programmes and of recommending methods of implementation for political decisions. In practice, of course, the process of planning is never neutral. Politicians appoint planners, determine the environment in which they operate and provide or restrict funds for planning action. Under any political system planning reflects the dominant ideology and power structure.

In Latin America many of the failures of planning, whether at the national, urban or regional scale, have been due to the unwillingness of the dominant political groups to permit particular kinds of planning action. In some cases planning has been deliberately encouraged as a smokescreen for political inaction; on other occasions as a cover for unpopular forms of action. "Growth centres" have been designated in regional plans but no funds committed to them; within urban areas zoning regulations have been used to prevent the incursion of low-income groups into the residential areas of the elite. A case can also be made that planning would not have become so important in Latin America had it not improved the chances of obtaining foreign loans. Since the main international lending institutions approve of planning and demand that projects be submitted in some kind of planning framework, politicians have been forced to establish planning agencies or forgo international credit. In such circumstances those planning agencies are used merely to dress dubious projects in elegant clothes; a process that was preeminent in the granting of an IADB loan for the Eastern Zone of Bogotá (Reveiz et.al. 1977; Gilbert, 1978).

Even in Latin America, however, planners can influence policy when the full social implications are not grasped by political and economic interests potentially hostile to that policy. Unfortunately, it is my contention that even when such favourable circumstances arise planners often miss the opportunities open to them. As Ramírez (1974: 2) has suggested, it is only if planners understand the social forces operating in society that they can recognize "what room is left for social change according to the values of the particular environment and of the planners". But even when they grasp the

political opportunities a misunderstanding of regional processes and the complex role of the state in most Latin American countries often undermines the value of the actions taken. All too often programmes are recommended which will do little to resolve the problems requiring solution (Boisier, 1976: chapter one).

An important cause of such misunderstanding stems from inadequacies in the regional development literature. There is an absence of techniques relevant to the conditions found in most Latin American countries and frequently no real understanding of the causes of regional differentiation. The inadequate techniques derive in large part from the veneration for imported planning concepts (Gilbert, 1976). The transfer of planning wisdom from Europe and the United States is understandable in the sense that such countries have had extensive experience in regional development from which Latin Americans can learn. In principle transfer has much to commend it, but in practice transfers are rarely made with sufficient thought or modification. Even when programmes have been less than successful in their countries of origin, it is not unknown for them to be shipped wholesale to the Latin American continent.

But the fault lies not only with the practising planners. They are hardly helped by the regional development literature which frequently contains errors of interpretation, casual empiricism and a failure to underline the ideological assumptions on which a planning concept is based.

The literature on regional income disparities is a clear example of such difficulties. For many years the modernization ethic led to a search for a universal development path along which all countries would one day follow. One outcome of this search was the Williamson (1965) model which demonstrated that as per capita income levels rose in a nation, regional disparities first widened then diminished. Supported both by cross-section and time series data Williamson's findings were wholly consistent with those of Kuznets (1966) and others for personal and functional distributions of income. The findings were correct, but the interpretation placed upon them by other writers largely erroneous. Williamson's results were interpreted as proof that regional disparities in developing countries would soon diminish or that they could be eliminated by government action. The possibility that

convergence might prove difficult in less developed countries occurred to very few writers. The dominant ideology encouraged such misinterpretation and the formulation of planning strategies unsuited to the needs of Latin American countries.

Unfortunately, the shift in the development-studies paradigm towards greater social concern has not improved understanding of regional processess. In place of the positive assumption that disparities will lessen over time there is now a compulsive belief that the gulf between core and periphery will remain and usually widen. Under the process of capitalist development surplus extraction will lead to the impoverishment of the periphery. Such an argument underlies Griffin's (1969: 5) suggestion that in Peru "the level of consumption of the Sierra was lower than it would have been had there been no trade" with the Coastal region. It was also implicit in Frank's (1967) original and essentially spatial model which linked world metropole, national metropolis and rural area in an exploitative relationship that led inevitable to the impoverishment of the periphery. It is only gradually that the marxist literature on regional development is absorbing Cardoso's (1972) observation that capitalist expansion is occurring within less developed countries. The implication for regional development is that if Brazil say can develop within a dependent framework so too can the northeast of Brazil despite the continued expansion of the southeast. Of course, such development will increase regional domination, may accentuate intraregional disparities and in certain circumstances can lead to a decline in real incomes among the poor, but the fact that the peripheral region can experience economic growth generates a different set of policy questions.

Most commentators fail to recognize this fact and assume that within a dependency framework absolute exploitation of poor regions is inevitable. Very few distinguish that relative exploitation is more frequent; surplus is extracted by commercial and industrial interests based in the dynamic regions but sufficient remains within the periphery to raise income levels (Wilson, 1975). Such flexibility of interpretation does not undermine the case that relationships between rich and poor regions are inequitable. It merely underlines the point that in a capitalist system centre-periphery relationships are highly complex and that the resulting social consequences are sometimes harmful and sometimes not.

It is unfortunate, too, that regional welfare disparities are particularly difficult to measure. Part of the problem lies in the fact that whilst "equality is easy to measure ... inequality may take innumerable forms, and by any standard of measuring must be arbitrary" (Bowen, 1970:29). In the case of regional inequalities this difficulty is accentuated by the arbitrary nature of regional units. Since most measurements are recorded for administrative regions, income and welfare levels are calculated for areas of differing geographical size, population numbers, urban composition and physical structure. One result is that levels of regional inequality can be altered radically by aggregating or disaggregating regional units. Such problems will persist until statistics are collected for standard areas. Even so, it is doubtful whether it will prevent the careless use of statistics to prove a particular argument. Such carelessness has become almost intrinsic in regional studies. Phrases such as "regional disparities are narrowing" or the "gulf between core and the periphery is widening" are thrown out with the mere hint of a statistic and without any qualification. Unfortunately, such statements make little sense unless a range of alternative forms of inequality are considered (Gilbert, 1974; Slater, 1975). Specifically, the following inequalities should be mentioned: the trend in average measures of inequality such as the Gini coefficient or the coefficient of variation; the extent to which the richest regions have gained or lost vis-a-vis the poorest in both absolute and in relative terms; the degree to which inequality has increased or decreased within rich and poor regions; the direction of absolute welfare levels in poor regions - are the poor poorer or more prosperous? Without such information generalizations about regional tendencies are meaningless. Accuracy of course will not resolve regional disparities but it should help diagnosis of the real patterns and processes involved.

D. Conclusions

All capitalist societies contain important regional disparities. At the same time the disparities found in Britain, France, Japan or even the United States pale into insignificance compared to those found in most Latin American countries. Different historical circumstances and experiences are mainly responsible for the different situations, but there is another difference of possible importance. In most developed countries regional imbalance has been the object of serious government attention for a number of years; in Latin America it is a recent innovation introduced by frequently less than committed governments. It would be difficult to argue that regional policies in developed countries have been totally successful. Indeed, disparities persist despite considerable government expenditures, and many effort at regional development have been more notable for their inconsistency than for their success. Nevertheless, regional disparities have declined and in Britain the current concern is whether employment decentralization programmes have indirectly accentuated the problems of the central cities. Perhaps the critical question is whether regional disparities have declined because of government action or due to changes in the priorities of the private sector. Would congestion costs eventually have risen sufficiently to encourage spontaneous decentralization; could the state have saved considerable energy and expense by ignoring regional question? In general the answer is no. Government policy has helped to remedy the situation and disparities would have been greater without its action. But in turn this raises another question. Have governments in Europe and the other developed countries reduced disparities mainly through regional policies? Again the answer must be no. Without the assistance in Britain of free education and health programmes, pensions for the old, grants for retraining, and unemployment benefits, regional disparities would have been much greater. Regional policy in Europe was introduced into social systems which were unequal but where the worst excesses were being removed by national welfare programmes.

It is here that the prime difference lies with Latin America. Decentralization programmes are being introduced without any real effort to remove basic inequalities. Indeed, as a result of national development strategies inequalities between rich and poor are becoming worse in far too many countries.

The persistent search for strategies to maximize economic growth is tending to perpetuate existing inequalities and increase them in absolute terms. In such a context regional policies are bound to be ineffective and Latin America exhibits more than its fair share of abortive regional exercises. As Cornelius (1975:23) has argued "until the goal of greater equity in the distribution of benefits flowing from the development process is given higher priority than other national policy objectives, even the few programmes implemented in the name of redistribution are likely to discriminate against the poor, or at least fail to help them appreciably". Regional development policies can only be effective if the wider development context is modified. In this sense the principal obstacle in the amelioration of regional disparities is the mis-specification by the state of national policies.

Table 1

REGIONAL INCOME INEQUALITY IN LATIN AMERICA

Nation	Year	V_W^1	Basis of measurement	Number of regions
Argentina[2]	1959	.32	Gross product	22
	1969	.45	Gross product	22
Bolivia[2]	1967	.57	Gross internal product	9
Brazil[2]	1939	.78	Gross national income	21
	1949	.73	Gross national income	21
	1959	.65	Gross national income	21
	1969	.60	Gross national income	21
Chile[2]	1958	.27	Gross domestic product	7
	1967	.35	Gross domestic product	7
Colombia[3]	1950	.46	Gross internal product	24
	1960	.31	Gross internal product	24
	1970	.33	Gross internal product	24
	1975	.31	Gross internal product	24
Mexico[4]	1940	.43	Gross internal product	8
	1950	.64	Gross internal product	8
	1960	.57	Gross internal product	8
	1970	.57	Gross internal product	8
Peru[2]	1961	.53	National income	23
Venezuela[2,5]	1961	.43	National income	9
	1969	.66	Gross regional product	9

1. $$V_W = \sqrt{\frac{\sum_i (y_i - \bar{y})^2 \cdot (n_i/n)}{\bar{y}}}$$

where n_i = population in region i,

n = national population,

y_i = income per capita in region i,

and $\bar{y}$ = national income per capita.

The smaller the coefficient the narrower regional disparities.

2. Sources are listed in Gilbert and Goodman (1976).
3. Svenson (1977).
4. Unikel (1976).
5. Ingles (1975).

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