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Theoretical approaches of regional development

The regional science attempted to provide answers to actual issues of economic life :

- Optimum localisation of activities in the area,
- the calculus of costs corresponding to transport from one point to the other,
- distance from periphery to central areas,
- migration and other demographic phenomena,
- specialisation, agglomerations, scale economies etc.

From the viewpoint of economic development, the 20th century represented on one hand the continuation of modernisation process of human society and on other the emergence of globalisation and its effect on economy.

At world level the theories of economic growth are completed and updated regarding social inequities existing in the development level of some regions of the world; During over 50 years of development, the history of regional economy was interspersed with a relatively high number of approaches, theories and models. Even though in the beginning, regional analyses had a relatively simple character. Once the practical importance of the field was acknowledged the power of regional increased.

Main features of theoretical approaches includes -

- Localisation and - Economic Development

Localisation - Defined as a process of conscious choice of an optimum place for developing certain economic activity, localisation was influenced by the existence of natural resources and existence of knowledge/innovation,

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Presence of demand. Both resources and necessities presented in timevariable elements affects locational decisions.

Among the major contributors to locational analysis - Von Thunen (Agriculture location), A. Weber (Industrial location), T. Palander (Monopolistic Competition), W. Christaller (Services localisation), A. Losch (Profit Maximisation), G. Myrdal (circular and cumulative causation), J.R. Bouderville, W. Isard, A.O. Hirschman, J. Paelinck (polarised economic growth) are included.

To begin with regional theories had an absolute abstract character and perhaps much too simplified approach, as they followed the natural path of knowledge development and adjustment to the complex process of eco'ic social and environmental developments. Currently these theories collect important influences from many knowledge fields, turning into more real and practical in its usefulness.

These theories represents the focal points of regional science. These are no longer regarded as just a means by which companies or population can sway the optimum development of their activities, but represents an instrument available to territorial policies through which these can be influenced by targeted actions and specific measures of development directions

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Economic Development - Conceptually regional economic development is based on a multitude of successive quantitative and qualitative changes that contributes to reaching a high living standard and welfare.

Development of theories regarding regional development -

① Growth/Development poles - The pioneer of this theory was F. Perroux. He recognised that growth process does not occur all over, but it shows in varying degrees of intensity in certain points or poles. The diffusion of growth is realised by various channels towards variable terminals from the assembly of an economy.

There are some unclear aspects regarding the definition of growth poles. The purpose of the emergence of a growth poles is compromised if there are no transmission channels for the development.

② Circular and cumulative causality - Significant contributors to this approach includes G. Myrdal, R. Prebisch, F. Hilgert. The initial hypothesis of the theoretical approach is that mobility represents a perturbing factor. Factors mobility presents a limited in time utility constituting a substitutive factor of the other factors without succeeding to compensate the marginal productivity differences emerged at regional level. This approach has high degree of applicability.

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③ Centre-periphery - Originally proposed by J. Friedmann, this approach considers relations existing between central and peripheral areas as true engines of development at regional level. Also, the main effect of relationship is represented by the emergence of decreasing performances from the central areas to peripheral areas. In conclusion, the profit is less perceived in the peripheral area while the growth in the central area is determined by export. Labour force and capital leave the periphery and intend the adjustment to the conditions of the central area. This theory has a large applicability in present perspective, under the conditions in which discussions are led about the convergence bet'n centre and periphery, even though fundamental inequalities are maintained on long term.

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