



SESSION 3: URBANIZATION, GROWTH, AND DEVELOPMENT

DISCUSSION BY DENIZ IGAN

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IN SEARCH OF A SPATIAL EQUILIBRIUM IN THE DEVELOPING WORLD

by Doug Gollin, **Martina Kirchberger**, and David Lagakos



WOULD YOU RATHER LIVE IN THE COUNTRYSIDE OR IN A CITY?

- If you stand naked on the front porch and the neighbors can't see you → it's rural
- If you stand naked on the front porch and the neighbors call the cops on you → it's suburban
- If you stand naked on the front porch and the neighbors ignore you → it's urban
- Cities force growth and make people talkative and entertaining, but they also make them artificial. – Ralph Waldo Emerson



SUMMARY & TAKEAWAY

- What explains the urban-rural gap?
 - Material possessions vs peace of mind
- Three prime candidates that could make urban living worse and require monetary compensation
 - (Lack of) public good provision, crime, and air pollution
- But all seem to be either unrelated to population density or actually improve with density
 - Other metrics deliver a similar message
- Hard to reconcile with spatial equilibrium
 - Better explanation: frictions that impede migration to cities are the reason for the gap

QUESTIONS & THOUGHTS

- Fun paper to read, innovative analysis, a lot of food for thought
- Counterintuitive to think of public goods provision as an urban dis-amenity
 - Urban slums exist but the cost of delivering public services to rural areas may be too high, creating infrastructure gaps between urban and rural areas (Table 1 confirms this intuition)
- Could support charts and tables with regression analyses that control for unobservable country characteristics
- Possible that spatial equilibrium emerges only at a certain level of development
 - Could provide at least suggestive evidence by comparing the countries in the sample and see whether the more developed ones paint a different picture
- Elaborate on what kind of frictions may impede migration to cities
 - What can policymakers do about them, or should they do something about them?

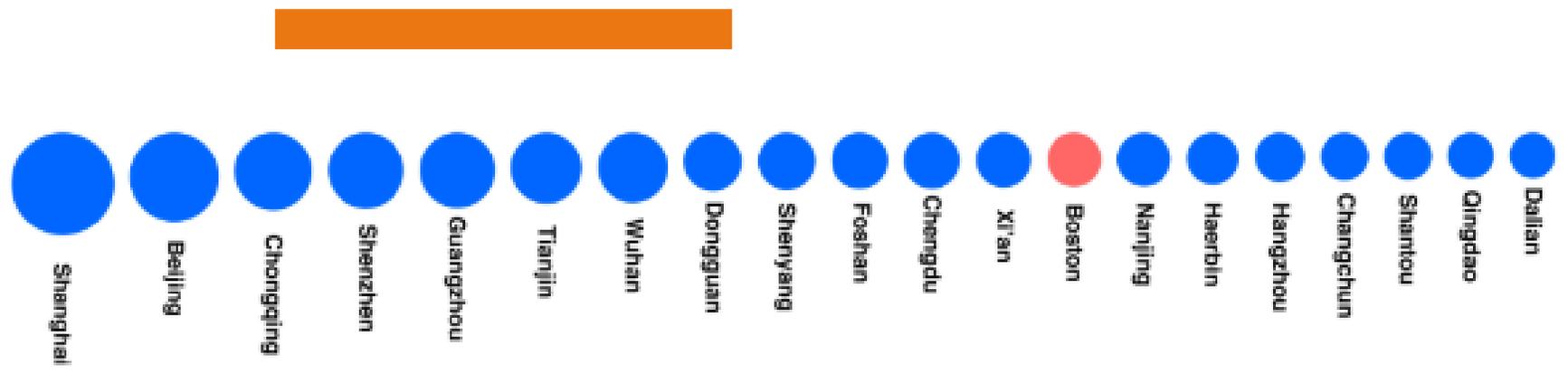
DOES POPULATION REFLECT CITY SIZE? THEORY AND EVIDENCE FROM WITHIN AND ACROSS RICH AND POOR COUNTRIES

by Remi Jedwab, **Prakash Loungani**, and Anthony Yezer





HOW BIG IS YOUR CITY, REALLY?



SUMMARY & TAKEAWAY

- How big is a city?
 - Traditionally, we associate population size with (economic) importance
 - But populous cities in developing countries are not that large in terms of other measures of importance (land area, interior space, or output)
- Why larger population \neq higher income?
 - Model-based explanation: relation should hold *within* a country because same technology and more mobility, but not necessarily *across* countries
 - Implications:
 - Alternatives to population size as measure of economic activity needed in cross-country studies
 - Cities in developing countries with population size similar to those in developed countries will have crowding

QUESTIONS & THOUGHTS

- Sensible model, impressive data work, and interesting factoids
- Actually surprising that elasticity of income wrt population (1.05) based on generic assumption on *share of land in housing construction (0.2)* and *share of housing in income (0.3)* fits both developed and developing countries pretty well
 - Maybe worth a bit more discussion to give insight on housing quality and costs
- Most tall buildings are commercial, not residential
 - Of the tallest 100, only 9 purely residential and 21 mixed use incl. residential
 - Disconnect with housing-based explanation?
 - Land required for non-housing use is not explicitly modeled
- Factors that could be discussed more:
 - Topography, type of economic activity, path dependency
 - Robustness to outliers
 - Land area and income elasticity: driven by US cities?
 - Building height and income elasticity: driven by (Asian) city-states?

