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The continuing debate about urban bias: the thesis, its critics, its influence and its implications for poverty-reduction strategies

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Abstract: This article reviews the current state of the debate around the concept of 'urban bias'. It first reviews Michael Lipton's original formulation of an Urban Bias Thesis (UBT), and the initial debates that took shape in regard to his work and the work of Elliott Berg and Robert Bates. The main body of the article, however, considers a recent reworking of the UBT by Robert Eastwood and Michael Lipton, and four sets of objections that can be raised against it. Central to these objections are new accounts of the importance of mobility in constructing rural-urban livelihoods and claims emanating from the 'new economic geography' about the economic advantages of towns and cities. The article concludes with a short review of the implication of the continuing debate on 'urban bias' for public policy and Poverty Reduction Strategies.

Key words: urban bias, poverty reduction, development policy, Michael Lipton

I Introduction

Elegiac accounts of the loss of rural ways of life, or of the plunder and neglect of the countryside, are as old as hymns to the virtues of cities as sources of civility and economic progress. Writing in the mid-nineteenth century, Marx and Engels claimed that it was in cities that people would come to understand that, in capitalist societies, 'all that is solid melts into air' [1998 (1848)]. For all this led to devastating upheavals for peasants and proletarians alike, the Marxist view of the necessity of

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urban-industrial development was a long way removed from the perspective developed in the decades that followed by writers including Tolstoy, Blake, Ruskin and Gandhi, all of whom called for an end to such monstrous ways of being. Gandhi rallied against doctors: 'hospitals are institutions for propagating sin'; railways: the 'carriers of plague germs' which also 'increased the frequency of famines'; and industrial machinery: 'machinery is like a snake-hole which may contain from one to a hundred snakes'; it is an 'evil', the source of Europeans' enslavements of themselves, and must be done away with. He ended by suggesting that, 'civilization' in Gujarati means 'good conduct', and that good conduct can only be nurtured in villages [1997 (1908): 63; 47; 110 and 111; 67].

In the intervening one hundred years there has been fresh recognition that, as Jane Jacobs (1969) put it, 'without cities we would all be poor' or, more prosaically, from the World Bank (2000), that the levels of urbanization and GDP per capita are closely and positively associated. Yet debates about whether this development has been at the expense of the countryside continue. They are evident in the recent struggles around rural 'ways of life' in Europe and in the popular movements of farmers, landless workers and indigenous peoples in many countries, such as India, Mexico, and South Africa. Indeed, the idea that cities dominate the countryside has, on occasions, seemed to be the one point of common ground between pro-market reformers at the World Bank and social movements arguing for social justice and redistribution (Wolford 2007; World Bank 2005a, 2005b). The present food crisis is likely to resurrect this deeply held idea. With a long period of 'cheap food' apparently coming to an end in 2007, the UN Secretary-General called in 2008 for urgent action to prevent food price rises from undoing progress towards the Millennium Development Goals (MDGs). The Food and Agriculture Organization (FAO) and the World Food Programme have further argued the case for increased aid to agriculture. Faced with annual import bills for food estimated at over $1 trillion, and with riots reported in 37 countries, mostly in urban areas, a number of countries in the first half of 2008 imposed bans on the export of crops and increased the support in subsidy programmes for consumers (sometimes with the assistance of the World Bank).

With debates about the causes of the present crisis raging,[1] we are reminded that for some observers this was always a disaster waiting to happen – indeed, it is a necessary result of the under-funding of agriculture, the abandoning of national food security policies, and the continuation of inappropriate subsidies to urban consumers. We want to suggest here that the present crisis offers an opportune moment to reflect on one of the most significant contributions to development theory and policy over the past 50 years: the notion, developed most keenly by Michael Lipton, that development policies in the global South have been systematically distorted in favour of the interests of urban areas and against those of the (in many cases) majority rural population.

In the 1960s and 1970s, Lipton disagreed strongly with the romanticism of Gandhi and other neo-populists to provide a non-normative model of 'urban bias' that was far removed from 'a simple populist moan' (1989: i). One of his central charges was that goods and services originating in rural areas were underpriced relative to a market 'norm'; goods flowing from urban areas to rural areas were overpriced. Lipton's model of 'price twists' was later developed by Robert Bates (1981) and the World Bank (1981) in the context of sub-Saharan Africa. Urban bias was said to be especially acute in this region, where pervasive price distortions amplified unequal and inefficient taxation and spending policies.

What are we to make of this thesis today? Does it need to be amended in the wake of structural adjustment policies that have removed some of these price twists? Is there any evidence to suggest that governments and/or leading development agencies are guided by a version of the urban bias thesis (UBT), and if so, to what effect? Might it lead them to underestimate (in a sense, undervalue) the scale of urban poverty, or indeed the vibrancy of the cities that are pulling poor people to them? Does it even make sense to speak of 'urban' and 'rural' sectors of an economy? Is inequality always a result of bias? What counts as bias anyway? These are the most important questions that we address in this article, which partly takes the form of a review essay.

We briefly rehearse Lipton's original work on the UBT in section II, along with the initial debates that grew around it and around the World Bank's attempt to correct for urban bias by 'getting relative prices right'. More recently, Lipton has presented fresh evidence of what he sees as the continuing damaging effects of urban bias. Writing with Robert Eastwood, Lipton maintains that structural adjustment and economic liberalization have not reduced urban bias, as it was expected they would do (2000). Price twists against rural goods have been reduced, but distributional urban bias (unmerited public spending on goods and services in urban as compared to rural areas) has increased significantly outside some parts of Latin America. Urban bias is said to be rising most rapidly in China (Eastwood and Lipton, 2000). The stated reasons for this reworking of the urban bias thesis are discussed in section III. Section IV summarizes new developments in the critique of the UBT. Some of these criticisms hark back to points made in the 1970s and 1980s, but the debate has sharpened significantly in four areas: in regard to the relative growth of urban poverty; in regard to matters of measurement and definition; in regard to what counts as urban or rural in a world of increasing spatial interdependencies and complex livelihood strategies; and in regard to the causes and consequences of urban growth. Influential in these last two respects has been the 'new economic geography'. This is a body of work that emphasizes the economic benefits of cities and clustered activities. It also deals cautiously with the view that the concentration of some goods and services in urban areas is necessarily an indication of bias or predation.

Section V reflects on where the UBT stands in the wake of these criticisms, and what the implications might be for development agencies. We do not sign up for the view that accusations of urban bias are always wrong, or that there is no case for strengthening rural livelihoods on the basis of land reforms or technical improvements in small-scale agriculture. The attitudes of many public officials in poorer countries can also express a form of urban bias that needs to be challenged. Nor do we believe that the case for 'energetic [buzz] cities' has yet been made conclusively, or that development agencies should be putting most of their money into regional growth centres. It is not clear that public funds should always be supporting decisions that private actors might be expected to take. Nevertheless, we do think that contemporary critiques of urban bias have presented a case to answer. Their emphasis on mobility across and between sectors is surely helpful, as is an emphasis on the importance of removing obstacles to mobility. We need a better understanding of the costs and benefits of mobility to poorer individuals and households. Likewise, we need to tread carefully around claims such as this: that *because* 70 per cent of the world's poorest people reside in rural areas, *so* at least 70 per cent of development spending should be in rural areas. This statement, which seems to appear in some recent Poverty Reduction Strategy Papers (PRSPs), fails to recognize that definitions of rural and urban are not straightforward. It also fails to recognize that many rural 'residents' put together livelihood strategies that move well beyond the countryside. Finally, it fails to consider that for some rural residents, a more permanent move to towns or cities might improve their labour market options and economic returns. This holds true internationally as well as nationally.

II The urban bias thesis in the 1970s and 1980s

Michael Lipton published his classic account of *Why Poor People Stay Poor* (WPPSP) in 1977. Building on work conducted mainly in India in the 1960s, and drawing on collaborations with Gunnar Myrdal and Paul Streeten, among others. Lipton argued that the most important class conflicts in the contemporary world are not between labour and capital, or even between satellite countries and the metropolis, but are fought out among the urban and rural classes of the Third World. The tragedy is that the urban classes win most of these struggles. As Lipton puts it on the opening page of WPPSP, 'The rural sector contains most of the poverty, and most of the low cost sources of potential advance; but the urban sector contains most of the articulateness, organization and power. So the urban classes have been able to "win" most of the rounds of the struggle with the countryside; but in doing so they have made the development process slow and unfair' (1977: 1).

Re-reading WPPSP, we are struck by how much more the book contains than the simple Urban Bias Thesis (UBT). Lipton makes important points about the nature of the state in the Third World, and his arguments about the pro-poor effectiveness of land-to-the-tiller reforms have an obvious contemporary relevance (see also Lipton, 2009). Nevertheless, the sub-title of the book – *A Study of Urban Bias in World Development* – leaves the reader in little doubt about the weight and location of Lipton's major arguments. In a recent re-statement of the UBT, Lipton maintains that urban bias 'involves (a) an *allocation*, to persons or organizations located in towns, of shares of resources so large as to be inefficient and inequitable, or (b) a *disposition* among the powerful to allocate resources in this way' (2005, 724, summarizing 1977; emphases in the original). Given that the rates of poverty are higher in the countryside than in the city, urban-biased policies transfer resources from the poor to the less poor. These policies harm the formation of human capital in rural areas, lead to the draining away of talents and wealth that can be accumulated in the countryside, and represent poor value for money. At the margin, Lipton has strongly maintained, a given sum of government money will earn higher returns in the countryside – specifically in the small holder agriculture sector and via rural off-farm employment creation – than in cities or large-scale urban-based industries. Indeed, Lipton's stronger argument is that almost all cases of poverty reduction over the last 300 years have followed from improvements in rural incomes as a result of the increased productivity of small farms.

WPPSP further argued that the ill-effects of distributional urban bias were amplified in the 1960s and 1970s by a series of 'price twists' that were imposed mainly by government marketing boards and other parastatals, as well as by pervasive currency over-valuations that were intended to foster import-substitution industrialization. These price twists caused 'urban' goods or services to be overpriced in rural areas relative to an assumed 'free market' price; rural exports to urban areas and other countries were then under-priced relative to a similar market norm. Overall, urban bias thus led to 'substantially worse rural than urban outcomes' in most developing countries (Lipton, 2005). Its continuation, however, was ensured by (*a*) the pro-urban and industrial bias of mainstream development theory; and (*b*) more importantly, by the political power of the 'urban class[es]' to distort government taxation, purchasing, and spending policies in favour of almost all urban areas.

WPPSP was not without its critics. A number of authors writing in the late-1970s and early-1980s took issue with Lipton's stark claims that the 'worst of one third of mankind comprises the village underclass of the Third World' (1977: 28), and that 'the *whole* interest of the rural community is against cheap food' (1977: 67) (emphasis in the original). Brian Van Arkadie (1978) argued that Lipton was inattentive to urban poverty, and that most of the rural poor in South Asia (for example) were sellers of labour who did benefit from cheap food. Terry Byres (1979), too, importantly, argued that Lipton had neglected the power of rural voice in the Indian countryside. Keith Griffin (1977) and Stuart Corbridge (1982), meanwhile, took aim at Lipton's account of urban and rural classes. Griffin focused on Lipton's attempt to account for intra-sectoral differences in wealth and power by counting members of the rural elite as members of the 'urban class', and members of the urban poor as part of the 'rural class' (see Lipton 1989: 58, 66). 'Call this urban bias if you insist', Griffin said, 'but at the bottom it appears that on the one side we have the urban capitalists, members of the bureaucracy and the professions, the urban labour aristocracy and the large landowners, and on the other side we have the small farmers and tenants, landless agricultural workers and members of the so-called [urban] informal sector' (1977: 109).

In terms of public policy formation, however, WPPSP was to prove more influential than its sharpest critics were inclined to recognize. In part, this was due to the merits of Lipton's arguments, and also because in his periodic responses to his critics Lipton was willing to tone down his accounts of singular urban and rural classes (see Lipton 1984 and 1989). More importantly, Lipton's work struck a chord with the World Bank and other lending organizations, albeit mainly in relation to sub-Saharan Africa. The work of political scientist Robert Bates in the 1980s helped mainstream Lipton's work. Bates provided incisive empirical commentaries on the ways in which marketing boards in SSA (Sub-Saharan Africa) were used by governments as 'an instrument of taxation [that led to] the diversion of revenues to non-farm sectors' (1988: 117). Bates also clarified how urban-biased policies made good sense for politically powerful groups in SSA, at least in the short to medium terms. Smallholding agriculturalists find it difficult to mobilize in SSA. This is in part because of low population densities and in part because of poor governance structures (Bates, 1981; see also Herbst, 2000). The cities, in contrast, do have power. Fearing urban food riots or even coups, governments in SSA want to keep the urban population happy.

Governments should not be seen 'as agencies that maximize the social welfare', or as being strongly driven by development ideologies; they are instead 'agencies that [enact policies] to accommodate the demands of organized private interests' (Bates, 1988: 121). Bates maintained that African governments were responding to a coalition of interest groups that included urban elites, the urban poor, and a few wealthy farmers. He also concluded, very much in line with Lipton's underlying thesis, that consistent 'interventions in agricultural markets in ways that violate the interests of most farmers' are, paradoxically, rational and yet unsustainable (Bates, 1988: 121). Ordinary farmers, being equally rational, learn not to sell their products to the government (they prefer self-consumption or black markets), and refuse to invest significantly in on-farm improvements. Food production suffers and urban food prices rise, possibly resulting in the very riots and coups that urban-biased governments want to avoid.

For Bates, this tipping point is precisely the moment when big international donors should press for more farmer-friendly policies. Stabilization and adjustment loans can force (or encourage) a change of policy and this can be presented as being more democratic, in the sense of responding to farmer concerns. Significantly, this same conclusion was advanced in the World Bank's 1981 report on accelerated development in sub-Saharan Africa, the so-called Berg report (named for its lead author, Elliott Berg) (World Bank, 1981). The Berg report disputed the view that emerging food-production problems in SSA were straightforwardly the result of 'natural' factors like climate change or desertification. They were mainly the result of government policies that set overvalued exchange rates and which minimized the role of private traders in food and other crop markets.

Interestingly, Michael Lipton was working for the World Bank when the Berg report was being drafted. In his view, the report was right to call attention to the price twists that damaged agriculture, but wrong to propose the rapid downsizing of the state as the (singular) solution.[2] The Bank's focus was on the inter-sectoral terms of trade and the need to remove government-imposed 'distortions'. For Lipton (and perhaps Bates), in contrast, these price twists, though important, were symptomatic of a much deeper inequality in the distribution of social and economic power between the countryside and the city. As Lipton wrote in 1989, the 'pricists are wrong to collapse urban bias into price twists … they are wrong to reduce the political compulsions behind urban bias to simple economic errors' (1989: iv). Lipton's more recent argument, indeed, is that distributional urban bias has increased precisely at the same time (and partly to take the place of) a series of successful neoliberal assaults on the urban-rural terms of trade.

III The urban bias thesis revitalized

It is important to grasp these points. The UBT is at heart an argument that connects numbers, prices, and geography to power. In his recent work with Robert Eastwood, Lipton accepts that 'price liberalization reduces price distortions against tradables' (2000: 1). Their work contends that, since levels of distortion have been highest in respect of agricultural inputs and outputs, it is fair to assume that 'correcting these distortions should narrow the substantial [and economically artificial and dysfunctional] gaps between the urban sector and the poorer rural sector' (2000: 1). Lipton might even agree that there is little clear evidence today or indeed since the mid-1970s (when the Green Revolution really kicked in), that the income terms of trade are biased against agriculture or rural areas (also World Bank 2005b). For some countries, this may have been so for some considerable length of time. Ashutosh Varshney (1995) rightly insists that in India, specifically, the fact that democracy preceded industrialization has meant that governments there, at least since the time of Nehru's death (1964), have been unable to enforce pricing policies that work against the interests of farmers. These policies were tried in the Second and Third Five Year Plan period (1956–66, the so-called Nehru-Mahalanobis years that Lipton decried in WPPSP), but were later abandoned. With one or two exceptions – notably Charan Singh's Bharatiya Kranti Dal (later Lok Dal) in the 1960s and 1970s – farmers in India have not felt the need to set up their own political party (if we assume, for a moment, a unity of interest among them). Their political clout is sufficiently weighty that all political parties must bend in their direction.

But if Lipton is happy to concede a measure of progress around the issue of price twists, he has by no means conceded the urban-bias thesis. His paper with Eastwood argues four further points: (*a*) that overall within-country inequality increased significantly after 1980–85, following 'adjustment' policies (a point that is widely accepted); (*b*) that these increases have not been offset by declining rural-urban inequality [the offsetting trends in inequality thesis (OTI)]; (*c*) that this absence of offset, save for in a few countries in Latin America, must be accounted for by a rise in distributional urban bias at a time of reduced price twists against the countryside; and (*d*) that this 'second offset' must be seen as evidence of the continuing power over public policies that is exerted in most developing and transitional economies by members of the urban class (or classes: the language is now uncertain). Eastwood and Lipton insist that urban/rural welfare ratios in developing countries are not 'falling towards unity'.

While acknowledging that there are data problems, especially in SSA, they conclude that, 'since the 1970s we find … on balance, faster health improvements and substantially faster falls in illiteracy, in urban than in rural areas' (Eastwood and Lipton 2000: 3). This is especially evident, they suggest, in China, notwithstanding significant reductions in levels of absolute poverty in both rural and urban areas.

Eastwood and Lipton attribute this failure (at best) of rural areas to hold their own with urban areas, notwithstanding price liberalization, to a number of factors, the most important of which are: (*a*) the ability of better-educated and better-placed urban people 'to exploit new economic opportunities in the wake of price liberalization'; (*b*) faster urban fertility transitions and the continued 'town-ward movement of young people, educated people, and in Asia and Africa, males'; (*c*) the 'prospect of real income gains from liberalization' in previously very restricted or protected urban formal activities; and (*d*) the existence of 'low-income, immobile and often regionally and ethnically specific groups, which – as in China – have proved weak in reaping rural "spread effects" from national growth' (even after 'the successes of poverty reduction in 1970–87'). (All quotes from Eastwood and Lipton, 2000: 1–2).

Eastwood and Lipton conclude that policy makers should not act like the hedgehog that knows one big thing: in this case, that price liberalization has benefited rural producers. Rather, they need the wisdom of the fox who knows many little things: in this case, that a reduction in urban bias price twists has been more than offset in many places by an increase in distributional urban bias, and that this offset has been imposed by the continuing greater power of the urban class(es). The case for significant aid to the countryside remains – a suggestion, as we have seen, that leading donors are now beginning to take seriously again.

IV Updating the critique of the UBT

Clearly, there is merit in some of these arguments. There is little evidence to suggest that urban/rural welfare ratios are 'falling towards unity', although there might be some movement in that direction. Nor should we discount the continued importance of urban bias in some non-democratic polities. [There are parallels here with Amartya Sen's (2000) suggestion that famines – which strike particularly hard in rural areas – occur only in authoritarian societies.] Even in countries with established rural voice it is always possible to find evidence of some policies that smack of urban bias in the sense that Lipton and his colleagues intend: as politically-inspired distortions (usually of, or against, some assumed market 'norm'). Open and hidden subsidies to urban land development – and not to village residents – would be one such example. Further, as Braverman and Kanbur argued in 1987, policy changes based on price reforms alone can lead to welfare losses when farmers are forced to substitute production regimes. It is also apparent that farmers and other producers in the developing world now have to deal with the effects of one-sided liberalization: each year, food and other crops worth $360 billion are exported to poorer countries from the Organisation for Economic Co-operation and Development (OECD), where many subsidy regimes remain intact. The recent US Farm Bill alone provides for $307 billion of subsidies and support programmes to agriculture over five years (*The Economist*, 24 May 2008).

However, specific examples do not make a general theory, and Lipton presented his UBT as a general argument for why poor people stay poor in developing countries. Can this argument be sustained when we seem to be observing higher levels of urban poverty (relative to rural poverty) in some countries, especially in the wake of the Structural Adjustment Programs (SAPs) that removed at least some of the price twists to which

Lipton, Bates and Berg once objected?[3] Does it make sense to write off urban poverty in this way, or to count the urban poor as *de facto* 'ruralites' as Lipton once did? We begin this section with a review of some recent work on urban poverty. We then turn to three areas of concern that are being raised in respect of the UBT: to matters of definition and measurement; to questions of livelihood formation across sectoral boundaries; and to the work of 'new economic geographers' on the economic benefits of towns and cities.

1 Let's not forget the urban poor

Eastwood and Lipton are concerned by what they see as growing rural-urban inequalities in the developing world. They have little to say, however, about the growing extent of urban poverty in developing and transitional economies. Before the present crisis, which according to some estimates will move 100 million people into poverty, it was estimated that between 330 and 500 million people in the cities of the global South lived in absolute poverty, which represents about 40 per cent of all poorer people and 25 per cent of the urban population. This is a long way from Lipton's claim in WPPSP that the, 'Worst off one third of mankind comprises the village underclass of the Third World' (Lipton 1977: 28). Using standard poverty lines and other measures, Haddad, Ruel and Garrett arrive at the pessimistic conclusion that 'the number of urban poor is increasing; the share of the urban poor in overall poverty is increasing; the number of underweight preschoolers in urban areas is increasing; and the share of urban preschoolers is increasing. The locus of poverty and under-nutrition does seem to be changing from rural to urban areas, at least based on the data we have presented' (1999: 1897).

Data from some of the world's poorest countries – Angola, Bangladesh, Chad, Guatemala, Haiti and Niger – suggest that over half the urban population in these countries is poor, and for a few others (such as Honduras and Mongolia), the proportion of poorer people in urban areas is actually greater than it is in rural areas (Satterthwaite, 2004). There is also evidence that this trend is becoming more valid for larger, and richer, countries. In Indonesia, over one half of the country's 40 million poor people live in urban areas, but if the poverty threshold is adjusted for the cost of living difference across rural and urban areas, then the total number of poor people increases to nearly 80 million and that of the urban poor to 50 million. In Zambia, moreover, it is clear that much of the increase in urban poverty rates observed through the 1990s was caused by increased food prices following structural adjustment (Thurlow and Wobst, 2004).

Eastwood and Lipton might object that the growing urbanization of poverty is the result of increasing urban bias, a point that is not lost on Martin Ravallion when he writes that 'more spatially concentrated and visible forms of poverty [in cities] … [will] generate new pressures on government to respond … in ways that may or may not be coincident with good policies for overall poverty reduction' (2002: 436). It is true that safety-net programmes have supplemented 'food baskets' in the short term, sometimes in response to political fears, but this is often due to hunger and nutritional deficits among the urban poor, and as a concession when rolling out welfare regimes more generally (Hall, 2006; Molyneux, 2007). It is evident, moreover, that there is comparatively little enthusiasm in policy circles for enhancing *urban* food security through assistance for 'urban farmers'. The FAO (2007) estimates that as many as 200 million urban residents produce food, representing about 15 per cent of total world food output. In Cuba, a country that adopted an ideological anti-city bias from the 1960s, urban agriculture accounts for around 60 per cent of consumption in Havana (Cruz and Sánchez Medina, 2003). Urban farmers benefit on occasions from small development projects, but far more often they have to deal with threats of eviction or denial of services.

2 Definitions, data and measurement

In the initial version of the UBT, Lipton was keen to stress that there are clear boundaries between the rural and urban sectors, and that figures which relate to different administrative units (from which the units' data are generally collected) are telling us something of importance about the exploited position of the countryside. We shall come back to the first of these claims shortly. It is important to note, however, that definitions of urban and rural are neither straightforward nor stable. There are good reasons to think that current estimates of urban poverty might underestimate the extent of the problem. This point is important in the light of recent work by Deborah Potts (2005), which argues that Bates' paradigmatic work on urban bias in Zambia used data that overestimated levels of population and income per capita in urban areas.

Consider, first, the matter of what counts as 'urban'. Most countries adopt a definition which mixes a threshold size criterion with an index of urban function that is usually linked to the relative absence of agricultural land or employment. But these definitions vary significantly. Satterthwaite (2004) notes that India is less than 30 per cent urban or more than 60 per cent urban. It depends on what proportion of settlements with between 2,000 and 20,000 inhabitants is classified as urban or rural. Apply a Peruvian or Swedish definition of density to Bangladesh (usually regarded as 80 per cent rural and where 89 per cent of all poor people are said to live in rural areas) and the country becomes majority urban. A recent World Bank (2005a) paper notes that in Latin America, the adoption of an OECD definition of 'urban' makes the region twice as 'rural' as official (government) data suggest.

Now consider the matter of urban poverty and its measurement. The widespread adoption of uniform poverty thresholds based on \$1 per day can produce large undercounts of poverty in more monetized economies. This is especially the case in cities, where most household expenditure surveys do not include the costs of land, housing and some services (Marcus *et al.*, 2002, Mitlin, 2004). Satterthwaite (2004) also contends that the use of 'proximity variables' – how far a person is from a good or service – can give a falsely upbeat account of such things as the provision of clean water in big cities. The Asian Development Bank, for example, claimed in 1995 that 100 per cent of Mumbaites had reasonable access to drinking water, quite neglecting questions of quality, frequency of supply and cost. As Farrington *et al.*, (2002) note, a framework that considers entitlement rather than distance may best capture the link between service provision and livelihood processes. In Kenya, for example, almost twice as many infants or children under-five die in rural areas as compared to Nairobi, per 1,000 live births. Yet average infant mortality and under-five mortality rates are much higher in Nairobi's informal settlements than they are on average in rural areas. About half of Nairobi's population lives in informal settlements (Satterthwaite 2004).

Given these data, it is vital that policy makers move beyond the rather stark 'urban versus rural' comparisons that one reading of the UBT suggests and interpret rural poverty as the result of urban bias. We should be much more aware of how 'corrections' to bias are worked out on the ground. But the difficulties here are at least twofold. First, while the relative productivity of capital and land is such that an urban-rural real wage gap is always likely to occur, we lack empirical support for a model that accounts for finer geographical differences in poverty and wealth. The recent finding of the Commission on Growth and Development (2008), for example, that productivity in urban areas of developing countries is between three to six times higher than in rural areas does not explain the large and growing presence of poor neighbourhoods in cities, or why the incomes of these areas might be closer to rural areas despite higher productivity and access to human capital resources.

Second, if we are to interrogate bias as defined by Lipton – as 'an allocation, to persons or organizations located in towns, of shares of resources so large as to be inefficient and inequitable' – then we need much better data than we have at present. Few governments collect or organize expenditure data in ways which might clarify the extent or direction of bias.[4] Contemporary institutional reforms to accounting procedures might help, but reforms that favour decentralization, public–private partnerships, and the third sector make the picture more complex. A complete audit of bias would need to provide robust evidence on a much broader set of pricing, subsidy and resource allocation decisions. One could certainly argue, for example (*pace* Lipton), that subsidies to urban households in the form of interest caps, or indices for housing finance, have significantly affected patterns of economic growth (Buckley, 1996). There are also unquantified subsidies to urban developers who are not required to cover the full cost of land and housing developments, or of the services used where direct water pumping is involved. We also lack sufficient data on the proportionality of tax burdens on cities, notwithstanding Lipton's eagerness to make 'unfair' rural taxation a part of his original UBT. We do know that the residents of many large cities contribute more through direct and indirect taxation, on a per capita basis and as a share of income, than do nationals generally. Bogotá accounts for about 15 per cent of the Colombian population, produces approximately 52 per cent of the GDP and yet receives only 9 per cent of national fiscal allocations and just over 7 per cent of municipal transfers (or one-third of the tax take) (Gilbert and Dávila, 2002). By the same token, farmers in Punjab, India, have benefited for many years from heavily subsidized and, in some cases, simply 'free' provision of water and electric power. In our view, a general argument about Urban Bias is not open to being confirmed or denied as things stand.

Nevertheless, the assertion that, *because* aid to agriculture has fallen globally since the 1980s, *so* 'policy-makers [are acting] as if world poverty was best cured in towns: by increasing urban resources and getting them to the urban poor' (Lipton 2001: 1), appears to be an overstatement. We might want to hypothesize that urban bias is at work in Rwanda, where the government reportedly spends only 3 per cent of its budget on agriculture, but we must be careful in assuming that the 43 per cent of the budget spent on PRSP priorities is always allocated to 'urban' areas or issues. (Ansoms and Marysse, 2005; also Mitlin, 2004). Moreover, international aid of some kind still provides substantial support to agricultural budgets in the poorest countries, in some cases accounting for more than 50 per cent of the total (Ashley and Maxwell, 2001). Increasingly, aid tied to improvements in governance, or to judicial and human rights reform, might be expected to benefit both rural and urban inhabitants.

How can we set these observations against one another other than in a schematic manner? And how should we factor in the anecdotal evidence available to us? One of us knows that a senior urban adviser to one African government was given 10 minutes to convince a disinterested cabinet regarding the merits of urban policy. Although a majority of the country's GDP and recent economic growth was city based, and notwithstanding the fact that the adviser's proposal was to identify policies that would strengthen links between cities and countryside, he noted that cabinet members generally held rural constituencies and/or regarded the city poor as rural. Where should we fit this into our analysis? The truth is that we lack information on how dispositions become policies, to use a familiar Lipton phrase, yet without a handle on dispositions it is hard to see how one can attribute intention (or willful ignorance) to a generalized urban (or rural) 'bias'.

3 Rur-urban economies and cross-sectoral livelihood strategies

It is necessary to point out that Lipton recognizes some of these concerns. He often refers to his thesis as a hypothesis or research agenda, which is how it should properly be described. He has expressed irritation at policy makers who accept the UBT as 'fact' or as an 'all-explaining dogma' (1989: vii). It is arguable, however, that Lipton has not yet come to terms with two more robust criticisms of his hypothesis, the first of which centres on what Frank Ellis and Nigel Harris (2004) call 'new thinking about urban and rural development'. Although they are not directly concerned with the UBT, Ellis and Harris put forth three linked propositions that bear significantly upon it.

First, it is important to address questions of poverty in a capital-livelihoods framework that is not rooted in sectors, and perhaps not always in countries. This is a perspective long pushed by Ellis (2000), and indeed by the UK's Department for International Development. Just because a man, woman or family resides in a village doesn't mean that he, she or they are 'rural'. People are often on the move (Potts, 2005; Tacoli, 2005; Thurlow and Wobst, 2004). They guard against seasonal or other forms of agricultural risk by working partly or even mainly in towns and cities, and indeed by migrating to other countries when they can (see Bryceson, 2004; Dercon and Hoddinott, 2005; Potts, 2006). This is ever more the case, Ellis and Harris suggest, in those areas of sub-Saharan Africa where erstwhile 'farmers' are confronting the effects of land division, land depletion, unstable output prices and poor trader coverage. All of this, Ellis and Harris conclude, 'makes the more ambitious claims of the agricultural optimists for poverty reduction look quite ludicrous' (Ellis, personal communication).

Second, and related to the previous proposition, the diversification of rur-urban livelihoods through ceaseless circulation is associated with returns to source areas in the form of new talents and skills (brain circulation) and remitted incomes. Lipton tends to present town-ward migration in negative terms: people are pushed to towns and cities by urban bias. Ellis and Harris (2004), in contrast, see migration as a necessary response to what Bryceson (2002) calls 'deagrarianization'. It is a boon to 'rural' families and the broader space-economy. What really matter to individuals, or households, are barriers to circulation. Rightly, in our view, Ellis and Harris direct the attention of policy makers to those check-posts, illegal taxes, internal passport schemes and the like which prevent people from voting with their feet. As Corbridge and Kumar (2002) have shown for eastern India, these impediments can establish significant transaction costs on rural producers and result in sub-optimum behaviour. In other instances, however, population mobility and financial mobility are having effects on the countryside (and cities) in ways not always foreseen in WPPSP or its recent reworking. Remittances are perhaps the most obvious example: present estimates value remittances at $300 billion, counting official channels only (the scale of informal methods of transfer may be 10 times greater) (Munzele Maimbo and Ratha, 2005). Looking at a range of countries, Sander (2003) found that international remittances amounted to between 7 and 37 per cent of GDP. These funds are often used to cover emergency expenditures, or for consumer goods, health and education, housing and land purchase and savings. Allowing for poor quality of data, it is notable that people who have lower incomes and are in receipt of remittances are not dedicating these funds to agriculture, even in circumstances where other sources of investment are limited.[5]

Third, and more radically, Ellis and Harris (2004) maintain that the urban-rural distinction proposed by Lipton and others is out of date and misleading. In most poor countries, they suggest, higher levels of global and national integration are helping produce new 'city regions' that link the so-called urban and rural in new and exciting ways. In many countries, most modern manufacturing is located in green field sites and industrial and service corridors are emerging that are many hundreds of kilometers long, resulting in cities merging to form super-metropolitan regions or networks barely distinguishable as separate entities. In their view, such increased spatial integration 'facilitates much enhanced migration of workers and redistribution of manufacturing capacity from richer to poorer areas' (Ellis and Harris, 2004). The upshot, they suggest, is that policy makers need to leave their old conceptual baggage behind. They need to dispense with 'populist visions of prosperous peasants' (Ellis and Harris, 2004: ii), and recognize that positive policy changes are being delayed by governments that seek solutions to 'rural' or 'agricultural' problems *in situ* – perhaps by making rural-urban migration difficult, or by investing heavily in technical change in small-scale agriculture.[6]

4 City engines, buzz and the new economic geography

The work of Ellis and Harris is also largely supported by, and in part draws upon, a body of work called the 'new economic geography'. Lipton's first account of urban bias struck a chord with a corpus of work on urban primacy that sought to associate city size and dominance with efficiency. Harry Richardson presented empirical work on Bangladesh, Egypt, Pakistan and Indonesia which showed that the social-investment cost of absorbing one extra family in a large urban area was three times more than in a rural area, and increased with city size (1987: 561–80). While many social scientists with an interest in development have long ago rejected the idea that urban primacy is dysfunctional to economic growth or welfare, some urban economists have continued to explore this issue. Henderson (2002) has recently presented data on economic growth and urban concentration for 100 countries grouped according to urban primacy (five yearly intervals from 1960 to 1995), finding that a medium-sized country with high urban primacy experienced an average 1.46 per cent loss in its annual growth rate. He concluded that the incidence of 'lost growth' rose with GDP per capita, thus implying that at any given level of development there is an optimal level of urban concentration.

Henderson's conclusion has more recently been endorsed by Henry Overman and Anthony Venables in a paper prepared for Department for International Development (DFID) (Overman and Venables, 2005). Urban primacy can be caused by an excess of rent-seeking behaviour, or what Lipton calls urban bias. In cases governments respond only or mainly to urban interests, or where urban-based trade unions win a real wage premium for their members, it is likely that migrants will move to the city in excess of the numbers warranted by the real rate of (productive) job creation (Harris and Todaro, 1970). At the same time, however, Overman and Venables insist that most non-primate cities in the developing world are growing for much more positive reasons – an observation that is particularly important for Africa, where the urban profile has been 'flatter' than in Latin America and South-East Asia. Urban areas, they suggest, are overwhelmingly the sites of new job creation (2005: 3), and this is mainly because of the 'productivity benefits of cities' (Overman and Venables, 2005: 2).

It is worth spelling out the implications of this perspective, not least at a time when it has been capturing the attention of many leading development agencies. The new economic geography seems to suggest that most cities grow by exploiting the efficiency gains associated with clustering activity, face-to-face contacts and simple buzz. What might be called the 'urban advantage' is based on economics of scale and market access: bluntly put, both firms and workers benefit from dense networks of association and backward/forward linkages (Henderson, 2003; Venables, 2005). This being so, importantly, it is unwise to be 'anti-urban' or to insist too much on the pervasiveness of urban bias. Policy makers should recognize the 'growth-engine' effects of city-based economies or city-regions. If people want to move to cities, this might be in their best interest, at least in the medium to long term. That said, all cities suffer from market failures. Policy makers will need to address questions of persistent congestion, poor housing, pollution and urban poverty. Just as importantly, policy makers should not assume that a concentration of goods or services in urban areas is necessarily a result of 'urban bias'. There are good reasons why large hospitals and universities are located in urban areas. What matters is not their immediate location but whether they are available to people living elsewhere, including in rural areas. Transportation – mobility – is key, and is often the answer to apparent inequalities in provision across space or sectors. As Overman and Venables point out: 'It may be that there are increasing returns in the provision of [public] goods; if you can only afford 100 miles of paved road, it may be efficient to build most of it together rather than scattered around. In this case an "urban bias" in public expenditure and provision may be an efficient allocation of resources' (2005: 7, citing Arnott and Gersovitz, 1986).[7]

V 'Urban bias' and public policy

Where does all this leave policy makers? When Winston Churchill worried about the force of his speeches in Parliament, he reminded himself to 'shout here [because] the argument is weak'. We detect more than a fair bit of shouting in the debates around urban/(rural) bias. Overman and Venables very properly note that positive (clustering/spillover effects) and negative (rent seeking/urban bias) hypotheses about city growth in the developing world 'are not mutually exclusive; both operate to varying degrees in different countries and cities' (2005: 5). Academics are notorious in some quarters for sitting on the fence, but there is no case for opting for the urban-bias thesis or its 'opposite' in the round and in all respects. Forms of politics or public policy that steamroller over local realities in the name of theoretical purity do not help poorer people.

At this point, a review of the continuing debates on urban bias helps us move forward in five areas. First, there is the matter of the influence of the UBT itself. Michael Lipton maintains that bias against the countryside is still evident in the policies of leading development agencies. In a recent paper he claimed that the proportion of aid to agriculture in developing countries had fallen from over one-third of total aid in the 1980s to just 12 per cent of the total in 2001 (Lipton, 2001). However, critics might respond that the case for aid as compensation for 'bias' is much reduced now that many of the price twists that once confronted farmers in sub-Saharan Africa (especially) have since been removed – partly as a result of Lipton's thesis and proselytising on its behalf. They might also claim that agriculture is not a priority area for growth, especially when agricultural productivity is low and, in some places, falling (Bryceson, 2002); that the extent of rural to urban migration and/or of urban growth relative to rural means that the absolute effectiveness of aid (if not the marginal case) has changed; and that there is no case for devoting aid to support cash crops for export when the private sector can do this job.[8]

Whether leading development agencies are now in tow to a kind of rural bias is another matter. This would be equally hard to prove. The World Bank (2004) does note that approximately 49 per cent of its allocations for Millennium Development Goal 2 (primary education), and 54 per cent of allocations for MDGs 4–6 (health) were allocated to 'rural spaces'. Insofar as rural areas possess fewer such services and, depending on the country, and our earlier discussion notwithstanding, more than half the poor, this allocation might be justified or even insufficient. Conversely, it is perhaps of more than incidental interest that the urban departments of most donor agencies are small compared to their agricultural/rural equivalents, and that key donor documents sometimes give little scope to urban issues. The Commission for Africa report (2005) makes its first specific mention of urban poverty on page 220, and reviews of PRSPs have routinely criticized the lack of attention to urban poverty (Mitlin, 2004). If the emerging critique of the UBT helps bring a discussion of urban poverty more firmly to the table, it will have served one important purpose.

Second, there is the question of whether or not the debate about urban bias is a red herring. It is obvious that one can make the case for taking urban poverty seriously without evoking ideas of rural bias. By the same token, many of the very important arguments that are now being made by Lipton and his supporters have no need of a generalized theory of urban bias. Lipton might wish to object to several of the claims being made by Ellis and Harris. He might object, for example, to the proposition that 'mobility has overwhelmingly positive impacts on processes of change' (Ellis and Harris, 2004: i). Proponents of the UBT are not opposed to migration, but they challenge the idea that rural agents are acting entirely under circumstances of their own choosing. Migration is not a matter of individual choice when individuals lack basic freedoms. We also know less than we should about the social and psychological costs of migration and separation. Lipton might also object to the suggestion that there is no scope for improvements in small-scale farming systems in sub-Saharan Africa (see also World Bank, 2004). If this is the case, why do Ellis and Harris (2004: 7) suggest that migrants will use remitted incomes to reclaim degraded land, or to invest in new machines or crops? Is it significant that they are proposing investments by individual agents (returnees) rather than by governments or donor organizations? In addition, it would be a mistake to assume that the UBT is inattentive to the need for diversified livelihoods in rural areas. Lipton has long argued for rural investments, as opposed to straightforwardly agricultural investments. These points, however, can be made without reference to a model of the exploitation of the countryside by the city.

Third, a less strident account of 'urban bias' can be strengthened in some areas. Suppose one takes the view that the future for many poor people is 'urban'. It is still common sense to suggest that their prospects will be improved by a prior enhancement of their capabilities. As things stand, however, too many young people in rural areas of South Asia and sub-Saharan Africa are not able to go to a local primary school or clinic. Many of them live too far from an urban centre to be able to access town-based schools. They and their parents might be mobile in employment terms, but young people also suffer badly from immobility. Aid agencies that sink money into well-equipped rural schools are hardly falling prey to the seductions of urban-bias theory. Nor would they be wrong to pay some teachers a supplement to turn up to village schools on a regular basis. One of the problems of the UBT is that it is phrased too much in economic terms. Other forms of urban bias can be critical in reproducing patterns of social exclusion that hurt residents in rural areas. Think of the bias against peasants – often mixed with ethnic stereotypes: *junglees* in India, *indios* in parts of Latin America – that is expressed by some bureaucrats and NGO workers, and which contributes to the relative absence of the state in many rural areas. Think, too, of the quite reasonable resistance on the part of many 'urban' bureaucrats to being posted in areas where their own families will find it difficult to access schools, health care, clean water and even electricity (Corbridge *et al.*, 2005). Development agencies can hardly turn their backs on these forms of 'rural' poverty, any more than they should turn their backs on urban slum dwellers.

Fourth, if we move beyond false polarities, we see that locational issues – where goods and services are delivered in space, for example-are best understood alongside more-mobile portraits of livelihoods and city-region formation. Ellis and Harris ridicule the idea that poverty can be addressed 'simply by going to the residential location where particular concentrations of the poor are found' (2004: 18), a point that exercises Satterthwaite (2004) as well. They paint a picture of 'Third World' agriculture that is hit by declining real-output prices, limited markets, price instability, high climatic risk and declining farm sizes. In their view, the future is one of deagrarianization. It follows, they suggest, that people living in remote or mainly agricultural regions should be encouraged to diversify their livelihoods and move elsewhere within a regional economy. Mobility and migration are key. Donor agencies should encourage governments in poor countries to step back from policies that block mobility, or which blindly support sectoral anti-poverty programmes or even decentralization. The concentration of economic activities often makes sense, and is most likely to occur in cities. These cities, however, are attached to smaller towns, peri-urban localities and even 'rural' areas in broader spatial systems.

These are important observations. We do not entirely agree with Ellis and Harris' conclusion that an agency like DfID should be 'running with growth where and when it occurs … putting [its] weight behind removing obstacles to such growth processes and increasing their dynamism' (2004: iii). It is possible that energetic 'nursery' cities or city-regions are emerging in the global South, but as Overman and Venables report, 'further work needs to be done integrating urban economists' model of the city with the migration models of Harris-Todaro *et al*' (2005: 14). In any case, it is not clear that development agencies should put their money in regions where the private sector is already promoting significant economic growth. Nevertheless, a more positive take on the role of cities in the developing world is long overdue. With it, perhaps, there will be a less-patronizing view of the urban poor as somehow 'undeserving' – as if members of this growing population have brought poverty on themselves by leaving the countryside. And with it, too, we can hope, there might be a renewed emphasis on the different ways in which individuals and families construct livelihoods across the so-called urban-rural divide, often in the face of obstacles erected by the state.

Fifth, it needs to be said very firmly that the simple fact that a good or service is placed in an urban area, and not in the countryside, is not in itself evidence of urban bias. This is another point that is made most effectively by the new economic geography. Many goods and services can be provided more efficiently in large cities, or in small or medium-sized towns, than they can be in the countryside. There are important economies of scale in provisioning. Not all biases in outcome are the result of wilful distortions at the level of public policy. Bias should refer to distortions against what is rational or desirable for a society over a given period of time (if we can assume a minimum level of agreement on this), and not simply to cross-sectional maps of public expenditure or revenue raising.

The important parts of the urban-bias thesis, therefore, can be restated (as a sort of level playing-field argument, for example, or as an argument against some forms of predation) without resorting to a generalized model of city-countryside exploitation.[9] It is misleading to speak of a single urban class exploiting a single rural class and unhelpful to underestimate the positive effects of 'ceaseless circulation'. To the extent that the UBT has encouraged a neglect of urban poverty and the economic dynamism of many cities in the developing world, it has also had unwelcome effects on policy. What is required now is a re-balancing. There needs to be an acceptance, *pace* Lipton, that if political power concentrates in particular places, it needs to be challenged or held accountable.

But there also needs to be recognition, *pace* the 'new economic geography', that the concentration of economic power can be beneficial to the construction of dynamic regional economies and of household livelihood strategies that embrace mobility. It is not one thing or the other.

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Notes

1. Diagnoses of the causes vary from the effects of conversion to production for ethanol, rising demand for grains from China, climate change, and speculators shifting to commodities in preference to stocks or real estate.
2. Interview with Michael Lipton, Brighton, UK, 3 March 2005.
3. We need to be cautious here. Not all SAPs benefited small farmers in sub-Saharan Africa. Private traders can be less willing to venture into remote villages for a few bags of maize than some erstwhile parastatals. In addition, to the extent that most of the benefits of 'pro-urban' price distortions were enjoyed by employees of the parastatals themselves, and not by the urban population at large, the effects upon rates of urban poverty following their removal might be less onerous than some models suggest. We thank Frank Ellis for these observations (personal communication).
4. For discussion, see Barrett (1996), Braverman and Kanbur (1987), Karshenas (1996), Suryanarayana (1995).
5. Deshingkar and Anderson (2004) find that in south Asia and sub Saharan Africa remittances from rural–urban migrants are often greater than incomes from agriculture.
6. Neither Ellis and Harris, nor Lipton, have much to say on how institutions and organizations such as customary authorities, clubs and association constrain production, technological and knowledge transfer, and the movement of people. The distribution of incomes and wealth will be determined by many more and complex power relations than accounted for by UBT.
7. Compare with Lipton, who notes that 'extra urban workplaces cost far more than rural and farm workplaces – more equipment, education and infrastructure', and goes on to suggest that this may be why urban-biased programmes create 'welfarism' rather than work or income. The difficulties, however, are twofold. First, if urban workplaces are more expensive, they might also be more productive. Second, the footfall use of social investments in towns and cities should be higher than in rural areas, and therefore represent a higher rate of user-return. Interestingly, in conversation, Lipton's response to this point was that the marginal return to improved health care in rural areas would be greater than in the case of a more heavily used urban clinic, and that the shift to fee-paying public services has been most aggressive in rural areas. This might be the case where rural health services are provided by private and civil society organization sectors, but elsewhere fees for education and health have been abolished or reduced (supported by PRSPs). A more pertinent question from a Liptonian perspective is: why, if cities are so dynamic, have we not yet witnessed more of the spread effects of their growth and anti-poverty effects?
8. Lipton would recognize that 'helping agriculture' and 'helping the rural poor small holder' are not coterminus. Subsidies to better-off farmers, while they may reduce rural-urban inequality of allocation, defy the principle of allocating resources according to marginal productivity.
9. Bearing in mind Sen's work on famine and the Berg report itself, it can hardly be helpful for Ellis and Harris to maintain that 'conditions in the countryside will automatically improve if rapid growth for food demand occurs in fast growing cities' (Ellis and Harris, 2004: ii). This begs the Liptonian question of *how* food is bought or extracted from the countryside. Interestingly, too, Majumdar *et al.* (2004) have recently argued that urban bias can be continued even where rural and urban agents have equal (formal) voice. Visibility means that urban residents are more aware of the competency of their governments in providing public goods than are rural residents; governments then respond to their stated concerns and reinforce distributional urban bias.

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