The Continuing Debate About Urban Bias: The Thesis, Its Critics, Its Influence, and Implications for Poverty Reduction

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I Introduction

Elegiac accounts of the loss of rural ways of life, or of the despoliation and neglect of the countryside, are as old as hymns to the virtues of cities as sources of civility and economic progress. Marx famously described the French peasantry as being like a sack of potatoes. He also joined with Engels to claim that it was in cities that people would come to understand that, in capitalist societies, "all that is solid melts into air" (Marx and Engels, 1998). Tolstoy, Ruskin and Gandhi would later acknowledge the truth of this observation. Unlike Marx and Engels, however, they called for the disinvention of such monstrous ways of being. Gandhi railed against doctors: "hospitals are institutions for propagating sin"; lawyers: "lazy people [who] take up such professions to indulge in luxuries"; 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. Gandhi suggested that "civilization" in Gujarati means "good conduct", and that good conduct can only be nurtured in villages (Gandhi 1997 [1908]: 63; 59; 47; 110 and 111; 67).

In the intervening one hundred years there has been fresh recognition that, as Jane Jacobs (1969) puts it, "without cities we would all be poor" or, more prosaically, from the World Bank (1991), that levels of urbanisation and GDP per capita are closely associated. Yet debates about whether this development has been at the expense of the countryside continue. They are evident in recent struggles around rural 'ways of life' in the UK, and in the contention of the Indian farmers' leader, Sharad Joshi, that the 'Black British' [urban Indians] are exploiting rural Bharat [the authentic 'India' of the countryside].[1] In the context

[1] The phrase was used by Joshi in an interview with Jim Bentall (Bentall and Corbridge 1996).

of development theory and policy, however, the idea that urban areas might stand in opposition to rural areas was sharpened in the late-1960s and 1970s by Michael Lipton. Lipton broke strongly with the romanticism of Gandhi and the neo-populists and claimed to provide a non-normative model of 'urban bias'. One of his central charges was that goods and services originating in rural areas were under-priced 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 and the World Bank in the context of sub-Saharan Africa. Urban bias was said to be especially acute in this region.

What are we to make of this thesis, and how relevant is it today? Does it need to be amended in the wake of structural adjustment policies that have removed some of these price twists? Is there evidence to suggest that 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 extent of urban poverty, or indeed the vibrancy of the cities that are pulling poor people to them? Does it even make sense to cut the cake in terms of urban versus rural? Is inequality always a result of bias? What counts as bias anyway? These are the most important questions that we address in this paper, albeit in the form of a first cut at some difficult issues.

We elaborate on the main claims of the urban bias thesis (UBT) in section II. Lipton's ideas took shape at a time when development economists were beginning to rethink agriculture's role as a servant of development. His critique of 'urban bias' seemed to resonate with new thinking about social and spatial justice, about the production of 'premature urbanisation', and about the prospects for 'agricultural-demand-led-industrialisation'. In section III we consider a first raft of criticisms that was raised against the UBT, particularly as Lipton developed it in the 1970s. Critics charged that Lipton had conflated spatial and class-based logics of exploitation; that the UBT failed to prove the existence of price twists across the developing world; and that urban bias, even where evident, was not necessarily a bad thing. We also consider developments of the UBT by Robert Bates and Elliott Berg at the World Bank.

More recently, Lipton has presented fresh evidence of what he sees as the continuing mal-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. 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 IV. Section V then summarises new developments in the critique of the UBT. Some of these criticisms hark back to points made in the 1970s, 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 emphasises 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'.

Section VI considers where the UBT is left in the wake of these criticisms, and what the implications might be for development agencies. We certainly 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 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 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 the decisions that private actors might be expected to take. That said, we do think the critics of the UBT 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% of the world's poorest people reside in rural areas, *so* at least 70% of development spending should be spent it rural areas. This statement, which seems to inform some recent Poverty Reduction Strategy Papers, fails to recognise that definitions of rural and urban are not straightforward. It also fails to recognise 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 returns.

In the end, of course, it is unwise to assume that any one theory of development (whether the UBT or a version of the 'new economic geography') will supply all the answers,. As we emphasise throughout, there is a lot that we still don't know about 'urban bias' (or indeed 'rural bias'). More work is required. What is clear, however, is that the term has sometimes been used loosely and this bagginess is not helpful to policy-makers. Not all biases are the result of 'distortions', and neither poverty nor development solutions present themselves along strictly urban/rural lines. Location matters, but not in these too simple terms. Of equal if not more importance are questions of productivity, economies of scale and mobility/immobility.

II Michael Lipton and the Urban Bias Thesis

It is important to put the UBT in historical perspective. Development policies have always been more diverse than they are made out to be in development textbooks. Still, it is not unfair to suggest that many developing countries in the 1950s and 1960s were inclined to define development as a form of structural transformation. The aim was to seek the rapid transference of men and women from low-paying, often unproductive jobs in the countryside to more productive and better paying jobs in towns and cities. This was the conclusion and suggestion of W. Arthur Lewis's two-sector model of a developing economy. Lewis (1954) also followed common practice by equating agriculture with the countryside and industry with towns and cities. Lewis assumed that there was considerable unemployment or disguised employment in the countryside. Rural workers whose marginal productivity was close to zero could be decanted to the modern (urban-industrial) sector of the economy at no cost. They would then contribute positively to overall economic growth while improving their own standards of living. Permanent rural to urban migration was a 'good thing', at least up to the point where the rural-urban real wage gap began to close.

This 'bias' in favour of the 'modern' was encouraged by a body of work which suggested that innovations would flow from bigger to smaller settlements. The model of central places that was developed by the German location theorist, Walter Christaller, in the 1920s further suggested that certain goods and services could be provided on a sustainable basis only by settlements of a given size or rank order. Small towns could not expect to host major airports, for example, or large teaching hospitals. They simply didn't have the customer base. (We shall come back to this, because a similar proposition has been revived by the 'new economic geography'). It was always open to governments, of course, to try to develop regional growth poles in lagging regions. The government of Brazil took up this thinking quite energetically when it moved the country's capital from Rio de Janeiro to Brasilia, and so too did the government of India when it built a heavy engineering complex at Ranchi-Hatia. The idea that governments of developing countries should make a big push for industrialisation was also encouraged by post-war critiques of comparative advantage theory. Raoul Prebisch (1950) and Hans Singer (1950) suggested that there was a secular tendency for the income terms of trade to move against primary commodities. Governments that wanted to break a pattern of dependence on agriculture or primary commodities would need to protect their economies against foreign competition in order to build up locally substituting industrial units. Planning was very often the handmaiden to this commitment to import-substitution industrialization (ISI).

Whether or not these strategies have paid off is much disputed. *Dirigiste* strategies for development have been attacked vigorously over the past thirty years Neoliberals have objected to ISI on the grounds: (a) that it invites governments to second guess or govern the market; (b) that it locks in long-run inefficiencies, in part because of the failure to provide a convincing exit policy for sick or failing firms; and (c) that it provides massive scope for rent-seeking behaviour. In the 1960s and early-1970s, however, what might be called the ISI model was first challenged by a group of scholars and activists (including politicians like Charan Singh, the north Indian farmers' leader) who objected to its 'bias' against agriculture. Arthur Lewis assumed that agriculture's role in development was mainly to provide food and labour for the 'modern economy'; it was not itself a source of growth. Likewise, the Second and Third Five Year Plans in India presented the agricultural economy as a 'bargain basement' from which a net flow of resources could be extracted at no significant cost (see Corbridge and Harris 2000, chapter 3). This view was shaken in the late-1950s and 1960s when India became dependent on PL 480 grain transfers from the US. Famine stalked the State of Bihar in 1967 after two successive failed monsoons, and few villagers seemed to be getting jobs in the massive new steel mills and engineering plants that were growing up in their midst. India had adopted a capital goods-based model of ISI. More positively, a new body of work was emerging which argued strongly: (a) for the efficiency of farmers or rational peasants; (b) for the possibility of extending the production possibilities of small farms through the adoption of science-based technologies (notably those that made up the 'Green Revolution); and (c) for the possibility of a model of rurally-based industrialisation that would respond to farmer-led demands for goods like bicycles, radios and even two-wheel tractors (this model was associated with Taiwan and South Korea and was later generalised as a model of agricultural-demand-led-industrialisation).

Many eminent students of development, including T .W. Schultz, Bruce Johnston and John Mellor, sponsored this re-evaluation of the value of agriculture or rural-led economic growth (Johnston and Mellor 1961; Mellor 1976; Schultz 1964). At about the same time, the first editor of the first journal of development studies, (*Economic Development and Cultural Change*), Bert Hoselitz, claimed to observe the unwanted consequences of too much rural to urban migration. Hoselitz argued that urban growth in Latin America was no longer 'generative', in the sense of being called forth by agricultural and industrial revolutions. Third World urbanization was more often 'parasitic' or 'premature'. Urban problems and pathologies (structural unemployment, crime and disease) followed neglect of the countryside (Hoselitz 1957). If anything, developing countries were 'over-urbanizing', at least when compared to industrialized countries in the nineteenth century. Jeffrey Williamson (1965) further noted that primate cities concentrated income and absorbed resources. This hampered a reduction in inequality at later stages of development. By 1968, the first President of independent Tanzania, Julius Nyerere, was ready to declare that 'if his country wasn't careful, the main opposition within it would not be between workers and capitalists, or landlords and peasants, but between the countryside and the city'.[2]

It fell to Michael Lipton, however, to build upon Nyerere's observation, and to put together a more systematic account of rural-urban relations in developing countries. By 1968, Lipton, an Oxford-trained economist who had worked for Gunnar Myrdal, and who, unusually, had extensive field experience in rural areas of India, was beginning to float what became one of his defining ideas: that ordinary small-farmers in countries like India, hard-working, rational and innovative, were unable to secure a fair return for their efforts because of systematic policy discrimination against the countryside. Partly in consequence, they were unable to make use of (or stimulate) those positive rural-urban linkages that were being heralded by Johnston and Mellor.

[2] Some communist governments took these concerns more literally than did their capitalist or mixed-economy counterparts. Mao, for example, asked many Chinese 'to learn from the countryside' and 'to go up to the mountains and down to the villages' - a pursuit that cost up to 20 million lives between 1961-72, and which was accompanied by the reclassification of 47 cities as towns in 1964.

Lipton made this charge in an edited collection that he published with Paul Streeten in 1968 (Streeten and Lipton 1968). This was at a time when national planning in India had been suspended amidst the apparent chaos of ISI. By 1977 he was in a position to propose a more ambitious thesis. In *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (*WPPSP*) Lipton argued 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" (Lipton 2005, summarising 1977). He then suggested that urban bias, which was modest or absent in nineteenth-century Europe and North America, had become pervasive in developing countries since about 1950, when a new ideology of urban-industrial developmentalism took hold. This ideology was prosecuted by marginalists, Keynesians and Marxists alike, and was aided, curiously, by forms of rural neopopulism, like that of Gandhi, which failed to present the countryside as a source of economic progress or a site for efficient state investments. Lipton argued that urban bias was evident in the provision of education and health-care resources, and in the broader geography of public spending decisions.

Bias was amplified by what Lipton termed price twists. The idea of a price twist refers to two things: to the notion that the price of a good or service departs significantly from the price it would command under free market conditions; and to the notion that distortions are imposed or induced by the state or an agency acting on its behalf. Price twists occur in all parts of an economy. The urban bias thesis holds, however, that in developing countries the mass (or balance) of prices is twisted against the interests of people in the countryside in two key ways. One common method is to overvalue the currency of a country – to run an overvalued exchange rate – that lowers the price of foreign imports. This might allow a measure of import-substitution (the price of plant and machinery is reduced), or simply make Mercedes cars and Gucci handbags cheaper for members of the 'urban' elite. Overvaluation also lowers the price to farmers of crops they want to sell abroad. Another method involves using the power of the state to buy up most of a country's food crops. The aim is to make sure that urban dwellers have cheap food. The method involves the state acting as a single purchaser (a monopsonist), or something like it. Farmers are forced to sell in uncompetitive markets and are the victims of prices that are twisted against them.

Lipton objected to urban bias on the grounds of equity and efficiency. As he put it in *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" (Lipton, 1977: 1).

Given higher rates of poverty in the countryside than in the city, urban biased policies transferred resources from the poor to the less poor. These policies harmed the formation of human capital in rural areas (the development of better educated and more healthy rural workers), led to the draining away of such talents and wealth as could be accumulated in the countryside (the rural skills drain of educated younger workers), and represented poor value for money (at the margin, Lipton strongly maintained, a given sum of government money would earn higher returns in the countryside – specifically in the small agriculture sector and via rural off-farm employment creation – than in cities or large-scale urban-based industries). 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 city dwellers.

III Byres, Bates and Berg: A Focus on Price Twists

Lipton's urban bias thesis cut against the grain of mainstream development thinking in the 1970s and was strongly contested throughout .then and into the 1980s. His most persistent antagonist, Terry Byres, maintained that the UBT was an exercise in 'comparative statics'; it failed to understand the historical obligation of the countryside to create an economic surplus for the urban-industrial sector (Byres 1972, 1974, 1979). Byres noted the violence of primitive accumulation in the English and Scottish countrysides (notably, the enclosure movements), and of primitive socialist accumulation in the USSR (which resulted in the liquidation of many *kulak* families). On balance, however, he considered that the ends justified the means, and that the transfer of resources from the countryside to the city was a precondition for economic growth and development. Lipton was accused of indulging in neo-populist pipe dreams that were at odds with the lessons of history.

Lipton had little difficulty in defending his thesis against Byres. He pointed out the teleological nature of Byres' argument and its lack of concern for the victims of 'development'. He responded more carefully, however, to two further critiques. A first line of criticism was empirical. Lipton suggested in *WPPSP* that the, "Worst off one third of mankind comprises the village underclass of the Third World" (Lipton 1977: 28); he also argued that, "The WHOLE interest of the rural community is against cheap food" (op cit: 67, emphasis in original). *WPPSP* further suggested that urban bias was pervasive across the developing world, as indeed were the price twists at the heart of Lipton's analysis. Brian Van Arkadie (1978), Stuart Corbridge (1982) and Keith Griffin (1977) 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, too, importantly, argued that Lipton had neglected the power of rural voice in the Indian countryside. In short, the urban bias thesis was too generalized. Lipton conceded some ground in his 1984 'response to his critics', while insisting that the scale and intensity of poverty was greatest in the countryside (Lipton 1984; see also Varshney 1993). He sought to argue that cheap food policies made it hard for employers of rural labour to raise wage rates. His emphasis, in other words, was on 'real' wage rates.

A second line of criticism was theoretical. Griffin and Corbridge took exception to 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'.[3] "Call this urban bias if you insist", said Griffin, "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" (Griffin, 1977: 109). Corbridge accused Lipton of having not just an "untenable conception of class", but also a reductionist conception of politics. "Beginning with a claimed identification of policies and plans that are made by and for urbanites, Lipton must provide urban and rural classes to conform to his assumption that

[3] There are parallels here with W. Arthur Lewis's belief that urban informal workers were rural by virtue of their equivalent levels of productivity.

certain politics and interests must always and automatically represent certain classes" (Corbridge, 1982: 101).

Lipton has since toned down talk of a single urban class with a singular political interest. In any case, the basic logic of Lipton's thesis was soon rephrased by the American political scientist, Robert Bates, in a manner that dispensed with the semantic tangles of *WPPSP*. Bates added little to the underlying economic analysis proposed by Lipton. His analysis of agricultural systems in sub-Saharan Africa (SSA) led him to conclude that the interests of smallholding agriculturalists were discriminated against by political elites on a systematic basis. Bates cited a US Department of Agriculture report on Sub Saharan Africa that noted how for three [key] food crops, in over 50% of the countries in which the crop was grown the government had imposed a system of producer price controls, and in over 20% the government maintained an official monopsony for the purchase of that food crop (Table 1). Bates paid particular attention to the ways in which marketing boards were used by governments in SSA as "an instrument of taxation [that led to] the diversion of revenues to non-farm sectors" (Bates 1988: 117). Marketing boards had been set up to stabilize farmer incomes, but they were now being used to "purchase export crops at an administratively set, low domestic price" (ibid.). Governments could then market these crops at the prevailing world price, pocket the accumulated revenues, and spend the money on the urban sector (as well as on project assistance for a small number of wealthy farmers).

Table 1: Price Controls and Government Monopolies for Staple Crops

	Countries in which crop is grown	**Countries with producer price controls**		**Countries with legal monopoly**	
	Number	**Number**	**Percentage**	**Number**	**Percentage**
Rice	26	25	96	11	42
Wheat	12	8	67	4	33

Millet and Sorghum	38	9	24	7	18
Maize	35	24	69	9	26
Roots and Tubers	33	6	18	1	3

Source: United States Department of Agriculture (cited by Bates, 1988).

If Bates went beyond Lipton it was in clarifying how urban biased policies made good sense for politically powerful groups in SSA, at least in the short to medium term. 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, have power. Fearing urban food riots or even coups, governments in SSA want to keep the urban population happy. Governments, then, 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 (ibid.). Ordinary farmers, being equally rational, learn not to sell their products to the government (they prefer 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. Stabilisation 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). 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 channelled food purchases through marketing boards or other parastatals. 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.[4] The World Bank at this time was beginning to embrace a minimalist view of the state. Anne Krueger was making her mark and would soon become the institution's Chief Economist. 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. 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.

IV Lipton Revisited: Distributional Urban Bias

It is important to grasp this point. The urban bias thesis is at heart an argument that connects numbers, prices and geography to power. In his recent work with Robert Eastwood,

[4] Interview with Michael Lipton, Brighton, 3 March 2005.

Lipton accepts that "price liberalisation reduces price distortions against tradables" (2000: 1). Since the level of distortion has 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" (ibid). 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 in India. Ashutosh Varshney 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 Lok Dal in the 1960s – 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 (Varshney 1995).

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.[5] 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

[5] Lipton has expressed a view that price twists remain significant at the global scale, given EU, Japanese and US farm-support policies. Interview with Michael Lipton, Brighton, 3 March 2005.

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).

Divergences in urban/rural HDI scores are most obvious in countries like China, which have also seen a rapid rise in overall (non-sectoral) levels of inequality. They are less marked in a country like India. 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 “townward 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, *op.cit*, pp.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.

V The Critique of Urban Bias Revisited

It is important to recognise the merit of 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.

But specific examples do not a general theory make, 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, not least in the wake of the structural adjustment programmes that removed some of the price twists to which Lipton, Bates and Berg rightly once objected? 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 further 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.

a. Let's not forget the urban poor

Eastwood and Lipton are much exercised 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. It is estimated that between 330 and 500 million people in the cities of the global South now live in absolute poverty, which represents about 40% of all poorer people and 25% 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 undernutrition 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 there is poor, and for a very few countries (such as Honduras and Mongolia) the proportion of poorer people in urban areas is actually greater than it is in rural areas (Satterthwaite 2004; also Kessides 2005).

Indeed, the urbanisation of poverty over at least the past two decades has been associated with a growing problem of food security in cities and towns (for Ghana and Uganda see Maxwell,1999 and more generally Mitlin 2004). In Zambia Thurlow and Wobst (2004) note that SAP corrections led to an increase in urban poverty during the 1990s as food prices went up sharply, as well as to increased poverty for non-farm rural households; rural poverty, in contrast, fell slightly leading to a slight improvement in levels of inequality. Not all SAPs, however, benefited small farmers in sub-Saharan Africa (Ashley and Maxwell 2001). Private traders can be less willing to venture into remote villages for a few bags of maize than some erstwhile parastatals; commodity prices 'at the farm gate' have continued to fall, in part under pressure from highly subsidised imports or more efficient producers elsewhere; and the cost of capital has risen as state banks have been closed or oriented to productive lending, and as private banks have been scared off by transaction costs.[6] Significant urban poverty existed before the era of SAPs and has grown since. This suggests that the urban poor might have benefited less than had been assumed from urban bias and much less from its solutions, while continued problems in the countryside suggest that small-scale farmers were not well placed to react positively to measures attempting to tackle price twists. Perhaps ironically, while the UBT suggested that cities would do better than rural areas (because more favoured), the growing urbanisation of poverty has sparked renewed calls to be watchful of urban bias. Martin Ravallion worries 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" (Ravallion 2002: 436).[7]

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[6] We thank Frank Ellis for these observations (pers.comm.).

[7] Ravallion's caution follows his finding that the urban share of poverty will reach 40% in 2020, when the urban population is 52%, and will not be 50% until the urban population is 61% in 2035. It should be noted, however,

b. Definitions, data and measurement

The UBT further assumes that the boundaries between the rural and urban sectors are clearly drawn, and that figures which relate to different administrative units (from which data are generally collected) tell us something of importance and confirm the exploited position of the countryside. We shall come back to the first of these claims soon enough. 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.[8]

Consider, first, the matter of what counts as 'urban'. Most countries adopt a definition which mixes a threshold size criterion (e.g. 5,000 or more residents) with an index of urban function (usually linked to the relative absence of agricultural land or employment). But these definitions vary significantly. Satterthwaite (2004) notes that India can be said on different definitions to be less than 30 percent urban or more than 60 percent 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% rural and where 89% of all poor people live in rural areas) and the country becomes majority urban. A recent World Bank (2005) 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.

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that the study assumes that "escaping poverty in urban areas means getting a skilled 'formal sector' job at a real wage rate well above the rural wage. An urban household is poor if it does not get such a job, and everyone is poor in the rural economy". Quite a set of assumptions, not least given some evidence of higher informal (than formal) sector wages.

[8] The point is important in the light of work by Potts (2005) who notes that Bates, among others, was prone to cite data that overestimated the level of urban population and income in Zambia, which served as one of the paradigmatic examples of urban bias.

Now consider the matter of urban poverty and its measurement. Satterthwaite observes that the adoption of uniform poverty thresholds based on $1 per day can produce large undercounts of urban poverty in more monetised economies. This is because household expenditure surveys generally do not include the costs of land, housing and some services (see Mitlin 2004).[9] It is possible that 'corrections' to urban bias may provoke larger than expected impacts on urban poverty because of this undercount – note, for example, that in Nouakchott (Mauritania) low-income families pay one-fifth of their incomes for water following privatisation (Marcus et al 2002; also Mitlin 2002). Satterthwaite further notes 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% of Mumbaites had reasonable access to drinking water, quite neglecting questions of quality, frequency of supply, and cost. Farrington et al (2002) argue that entitlement rather than distance is the most appropriate means to link service provision to livelihood processes and poverty measures. It is also widely reported that almost twice as many infants or children under-five die in rural Kenya as compared to Nairobi, per 1000 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 (Satterthwaite 2004; also Kessides 2005). About half of Nairobi's population lives in informal settlements. Given this fact, it is vital that policy-makers move beyond the simple urban versus rural comparisons that one reading of the UBT suggests.

[9] The point can be underscored by observing the inconsistent reference to $ US 1 per day. Some tables use 1993 purchasing power parity whereas others refer to 1985 dollars. As the 1985 dollar was worth about $US 1.45 by 2000, many millions of people could pass the poverty threshold through dollar deflation rather than by poverty alleviation.

And this is just the start of things. If we are to have much faith in the UBT we clearly need to develop more robust accounts of 'rural' and 'urban' poverty. We also have to specify and find empirical support for an economic model that accounts for geographical differences in poverty and wealth in terms of systematic 'bias'. Let us leave to one side the question of static versus dynamic bias, or whether a bias towards cities is a reflection of the greater dynamism of urban versus rural areas. Even if we define bias as Lipton does - as "an allocation, to persons or organizations located in towns, of shares of resources so large as to be inefficient and inequitable" – it should be obvious that consistent measurement of these resource shares is a tall order, and that is before we get to the specification of what is inequitable or inefficient.[10]

Lipton, Bates and Berg were surely right to point to those price twists (distortions) that made it difficult for farmers in Kenya and Tanzania in the 1970s to make a decent living from exporting commodities like coffee or tea. They were also right to link these policies to the centralisation of power in urban areas. But, again, one swallow doesn't make a summer. Nor does the demonstration of one instance of 'urban bias' provide coherent justification for a switch in the geography of development assistance. In any case, one can make an argument against open or hidden subsidies in all sectors – including to India's better-off farmers in the form of cheap water and electricity – without resorting to a generalised argument about urban bias. Our point, indeed, is that a general argument of this sort is not open to being confirmed (or denied) as things stand. The number of calculations that would have to be made is enormous, and in many cases we lack credible supporting data. One could certainly argue, for example (*pace* Lipton), that subsidies to urban households in the form of interest rate caps, or indices for housing finance, have significantly affected patterns of economic growth.

[10] For discussion, see Barrett (1996), Braverman and Kanbur (1987), Karshenas (1996), Suryanarayna (1995).

There are also as yet unquantified subsidies to urban developers who are not required to cover the full cost of land and housing developments, or of the service use where direct water pumping is involved. At the same time, we know that Bogotá accounts for about 15% of the Colombian population, produces approximately 52% of GDP, and yet receives only 9% of national fiscal allocations and just over 7% of municipal transfers (or one-third of the city's tax take). Indeed, it took until 1996 for Congress to modify an allocation of resources to the city that was based on population figures from the 1964 census.

How can we set these observations against one another except schematically? And how should we factor in anecdotal evidence? One of us knows that a senior urban adviser to one African government was given 10 minutes to convince a disinterested cabinet of the merits of urban policy. Although a majority of the country's GDP and recent economic growth was city-based, and notwithstanding that the adviser's proposal was to identify policies that linked cities to the countryside, he noted that most cabinet members held rural constituencies 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 Lipton's phrase. 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. Measuring generalised urban (or rural) 'bias' is extremely difficult, if not impossible.

c. Rur-urban economies and cross-sectoral livelihood strategies

It is only fair to point out that Lipton recognises many of these concerns. He often refers to his thesis as a hypothesis, which is how it should properly be described. Policy-makers who accept the UBT as 'fact' are making a serious mistake. 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 argue 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. This is a perspective long pushed by Frank Ellis, and indeed by the UK's Department of International Development. Just because a man, woman or family resides in a village doesn't mean that he, she or they are straightforwardly 'rural'. People are often on the move. They guard against seasonal or other forms of agricultural risk by working partly or even mainly in towns and cities.[11] 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 concludes, "makes the more ambitious claims of the agricultural optimists for poverty reduction look quite ludicrous".[12]

Second, and relatedly, 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 that can aid consumption smoothing strategies and capital accumulation (Skeldon 1997). Lipton tends to present migration in negative terms: people are pushed to towns and cities by urban bias. Ellis and Harris, in contrast, see

[11] Recent work on livelihood strategies reports the use of multi-locational decisions by households and individuals to deal with poverty and vulnerability. Tacoli (2004) has shown how the productivity and diversity of farms in West Africa has improved as a response to increased demand from urban areas, and Thurlow and Wobst (2004) have noted that households with greater contacts to urban markets have benefited most from SAP corrections. There is also some evidence for changing patterns of urbanisation and migration, in part attributable to SAPs (Thurlow and Wobst 2004; Tacoli 2004). After a time in which migration in SSA appeared to becoming more permanent, there is now evidence of temporary and split-family moves, including from urban to rural areas, and of a greater quantity of rural-rural migration (Potts 2005).

[12] Ellis, pers. comm.

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 matters to an individual or household is barriers to circulation. Rightly, in our view, Ellis and Harris direct the attention of policy-makers to those check-posts, illegal cesses, internal passport schemes and the like which prevent people from voting with their feet. Corbridge and Kumar (2002) have shown how one *adivasi* [tribal] 'farmer' in Jharkhand, India, Polus B, lost more than 50% of the value of ten trees he was trying to sell quite legally to a local timber depot. Knowing full well that he would have to make multiple (10 or more) trips to see the Divisional Forest Officer, forty kilometres away, and that he would have to pay off various agents of the state at formal or informal checkpoints, Polus opted to sell his trees to a broker [*dalaal*] who managed the sale for him for a substantial fee.[13]

Third, and more radically, Ellis and Harris 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 national integration are helping to produce new 'city regions' that link the so-called urban and rural in new and exciting ways. In their view, "most modern manufacturing is located in green field sites, is rural" (Ellis and Harris 2004: 1). Increased spatial integration "facilitates much enhanced migration of workers and redistribution of manufacturing capacity from richer to poorer areas" (ibid.). 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" (ibid.: ii), and recognise 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.

[13] The barriers apply to money as well as to people. Research from South Africa has pointed to the transaction costs incurred by many poor households when they attempt to transfer/hold funds from cities into rural savings accounts or to cash (Dallimore and Jones 2004).

d. city engines, 'buzz', and the new economic geography

The work of Ellis and Harris is also 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 question the association of 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). Similarly, Ades and Glaeser argued for a 'black hole' effect whereby a 1% increase in the share of total population living in the central city reduces the growth rate of an economy by 0.08% per year (1995: 216). An examination by Henderson (1999) of data on economic growth and urban concentration for 100 countries grouped according to urban primacy (five yearly intervals from 1960 to 1995) also found that a medium sized country with high urban primacy experienced an average 1.46% loss in its annual growth rate. Henderson suggested 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 DFID (2005). Overman and Venables accept that urban primacy can be dysfunctional. It can also be caused by an excess of rent-seeking behaviour, or what Lipton calls urban bias. Where 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 flock to the city in excess of the numbers warranted by the real rate of (productive) job creation. This is a key proposition of the Harris-Todaro migration model (Harris and Todaro 1970). At the same time, however, Overman and Venables want to insist that cities – including many non-primate cities in the developing world – are growing for much more positive reasons. Urban areas, they suggest, are overwhelmingly the sites of new job creation, and this is mainly because of the "productivity benefits of cities" (2005: 2-3).

Work on this topic is still in its infancy, but 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 proximity and from dense networks of association and backward/forward linkages (see Henderson 2002, 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 recognise 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" (ibid.: 7, citing Arnott and Gersovitz 1986).

Not all 'bias' is bad. Compare, however, 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 not work or income but shelter and 'welfarism'. The difficulties here would seem to be twofold: (a) if urban workplaces are more expensive, might they not also be more productive (even if we allow that inadequate tax or cost recovery mechanisms might not recoup these benefits for a wider range of actors)? and (b) the footfall use of social investments in towns and cities should be higher than in rural areas, and therefore represents a significantly higher rate of user-return. There is insufficient research on how economies of scale pertaining to infrastructural works might change with city size. Large cities might be more prone to high cost retro-fitting, with the result that optimum service installation might have to be geared to smaller urban centres connected to rural areas. Interestingly, Lipton's response to (b) is 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.[14] This might be the case in, for example, a country such as Tanzania where rural health services are increasingly provided by private and civil society organization (CSO) sectors; elsewhere, however, fees for education and health have been abolished or reduced substantially in the past five years (supported by PRSPs). Another question that needs to be answered is this (from a Liptonian perspective): why, if cities are so

[14] Interview with Michael Lipton, Brighton, 3 March 2005.

dynamic, have we not yet witnessed more of the spread effects of their growth and anti-poverty effects?

VI Conclusion

Where does all this leave us? 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). We say Amen to that. 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.

Having said that, a review of the urban bias debate helps us to move forward in five key respects. 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 developing country aid to agriculture had fallen from over one-third of total aid in the 1980s to just 12% of the total in 2001 (Lipton 2001). Lipton might be right that agriculture has come off badly. Nevertheless, three points need to be taken into account. First, if they are being generous, critics of UBT might point out 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 –and so the case for aid to the countryside is much reduced. Second, critics will maintain that agriculture is not a priority area for growth, and as Ashley and Maxwell (2001) note agriculture is a net recipient of government revenue. Second, anti agriculture should not be confused with anti rural in the round. The World Bank (2004) notes that approximately 49% of its allocations for MDG Goal 2 (primary Education) and 54% of allocations to MDG Goals 4-6 (Health) were allocated to" rural space".

We draw from these points the difficulty of assessing the influence of UBT without a workable definition of bias and a detailed audit of agency spending over a number of years. We can illustrate with the debate surrounding a review of DfID's £200 million support for India (2003-4) by the International Development Committee of the House of Commons. The Committee observed that the decision to allocate close to 40% of all assistance from 2001 to 2004 to just one State, Andhra Pradesh, very largely in the form of Direct Budgetary Support (DBS) and on the basis that the then Secretary of State for International Development having identified the (then) Chief Minister of Andhra Pradesh, Chandrababu Naidu, as a driver of change also meant supporting a rush for growth that was heavily biased to urban centres and the urban middle classes. DFID lent its name to AP's Vision 2020 document, which predicted that "the proportion of AP's population engaged in farming would decrease from 70% to 40% [by 2020], and that large-scale farming using modern technologies would become the norm" (41). Christian Aid has accused DFID of contributing significantly to a spate of 4,000 farmer suicides across the State (see report at bbc.co.uk on 16 May 2005).

The case is suggestive of urban bias. But does Christian Aid attribute too much power and influence to DFID? The suicides began before 2001 and were affected by adverse climatic factors and high levels of farmer debt (in part incurred in the wake of an expansion of irrigation and power sector reforms). There is also a conceptual issue to be faced here. How can we know what DFID's role was? Does DFID itself even know how its funds were spent under DBS? The Select Committee notes that, "It remains difficult … to assess what role (if any) DFID played in the success of AP's reforms" (2005: 41) and it questioned whether the reforms were successful in terms of "delivering pro-poor results" (42). What concerned the Committee was that it was difficult for DFID to demonstrate just where UK monies had been spent. Whether or not there was 'urban bias' is then difficult to assess without more information on the disbursement of DFID funds, an assessment made more difficult because of DBS, and a difficulty likely to get worse if DFID moves soon (as the Government of India is demanding) to transfer most of its funds to New Delhi to support Centrally Sponsored Schemes. We would also need to provide a very robust definition of urban bias. Vision 2020 does seem to favour large farmers, and most suicides have been in small or marginal farming households. Meaningful demonstration of even static urban bias, however, would require a detailed audit of government tax and spend policies. Then there is the matter of bias over time, and whether it makes sense to build up more dynamic sectors of an economy…

Whether leading agencies are in tow to a kind of rural bias is another matter. This would be equally hard to prove. Nevertheless, 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. For example, the Brundtland Commission's *Our Common Future* devoted only one chapter to cities; the World Bank's 2001 *World Development Report, "Attacking Poverty"*, contained few references to urban issues; and DFID's *Eliminating World Poverty* document gives more space to global climate change and the laundering of drug monies than it does to cities. The Commission for Africa Report does signal a demographic shift in the incidence of poverty, but it makes its first specific mention of urban poverty on page 220. The present iteration of development priorities, the Poverty Reduction Strategy Papers (PRSPS), have also been critiqued as 'anti urban'.[15] One review found that every PRSP mentioned rural development as a priority (World Bank 2003) while some PRSPs either disregard urban areas entirely, even in countries that exhibit rising levels of urban poverty, or represent the urban poor as less deserving than rural counterparts (Mitlin 2002; Thin et al, 2001). Interestingly, there has been no internal review of PRSPs at The World Bank to understand the implications for urban poverty and policy (compare World Bank 2003).

In part these characteristics derive from how PRSPs conceptualise poverty and policy spaces more generally, and provoke similar critiques to those leveled at UBT. First, most PRSPs rely on simple distinctions between rural and urban, a strong elision of rural development with agriculture, and a reliance on income/expenditure assessments of poverty with few explicit allowances for spatial distinctions in cost of living indices. Second, PRSPs mark a step back in our understanding of poverty as a combination of livelihood strategies or the accumulation of assets.[16] As Ansoms and Marysse (2005) observe PRSPs offer mostly

[15] PRSPs aim to provide multi stakeholder produced diagnoses of poverty and to devise medium-long term 'road maps' for the prioritisation of policy actions, focusing on interventions that deliver benefits to the poor. In 1999 finance ministers of World Bank and IMF member countries urged Highly Indebted Poor Countries to draft PRSPs as a condition of debt relief. From 2000 the PRSPs became the principal device to catalyse local, national and international initiatives toward attaining the Millennium Development Goals and increasingly inform the Country Assistance Strategies of major donors keen to gauge the gap between rhetoric, budgets and verifiable outcomes. Donors might, for example, take a view about whether it is appropriate for the government of Rwanda to spend about 43% of its budget on PRSP priorities but only 3% on agriculture (Ansoms and Marysse 2005).

[16] The key assumption within most PRSPs is that economic growth favours the poor – a point often reinforced by reference to Dollar and Kraay (2000) who go on to question the wisdom of explicitly pro-poor policies.

descriptive and “static” accounts of poverty and a survey of 19 Interim and full PRSPs found only three used social capital (and only two referred to social integration) (Thin et al, 2001). Only five of 23 PRSPs studied by Mitlin (2002) afforded basic needs (usually a composite of health, education and sanitation) a significant emphasis, while other studies note that PRSPs pay little attention to inequality of income and almost no attention to gender, ethnicity, race, age or disability, or how combinations of inequality (exclusion) contribute to vulnerability (Farringdon et al 2002; Marcus et al., 2002; Thin et al 2001). The framing of PRSPs within urban/rural divides, the reliance on limited measures of poverty and the downplaying of livelihoods represent a lost opportunity if we accept that poverty is affected by the flows and interactions of people, capital and goods across space. Furthermore, the limited optic misses a chance to operationalise approaches, notably the adoption of rights based frameworks, that might ‘level the playing field’ by matching policy to entitlements rather than disposition.

Second, there is the question of whether or not the debate about urban bias isn’t 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 (Breman 1985). We know less than we should do about the social and psychological costs of migration and separation. Lipton might also take issue with 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 suggest that migrants will use remitted incomes to reclaim degraded land, or to invest in new machines or crops (see page 7 of their paper)? 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, and to repeat, can be made without any 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'. Their prospects will still be improved by a prior enhancement of their capabilities. As things stand, however, too many children in rural areas of South Asia and sub-Saharan Africa aren't 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 children 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. Many 'urban' bureaucrats will resist being posted to areas where their own families will find it difficult to access schools, health care, clean water and even electricity. Non-economic forms of urban bias can also be critical in reproducing patterns of social exclusion that hurt residents in rural areas. Think of the bias against 'stupid peasants' ('rural *junglees*' in South Asia, *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 remote rural areas. 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 – another population which suffers from stigmatisation and social exclusion.

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 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, as they surely are. 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.[17]

[17] Positively, perhaps, The World Bank has recently widened its spatial lens to refer to "rural space" that includes small and medium sized towns (World Bank 2003). As work elsewhere in the Bank notes a possible link between city size and the quality of governance, and despite some of the more positive outcomes of decentralization, an intriguing question is how far 'urban governance' in smaller centers is able to affect rural and specifically agricultural development.

These are important observations. We do not entirely agree with Ellis and Harris' conclusion that 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 on the back of a strong commitment to economic innovation and the production of dynamic growth clusters, and not on the backs of rural people or as a result of the activities of rent-seeking politicians. But as Overman and Venables report, "further work needs to be done integrating urban economists' models of the city with the migration models of Harris-Todaro et al" (2005: 14). The spread effects of urban economic growth also remain to be clearly demonstrated. 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, will come a less patronising 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, might come 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.[18]

Fifth, it needs to be said very firmly indeed that the simple fact that good or service A or B 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

[18] Including by means of urban to rural migration – now common in parts of Latin America and sub-Saharan Africa – and what has been called counter-urbanisation (Potts 2005).

scale in provisioning. Not all biases in outcome are the result of wilful distortions at the level of public policy.[19] Bias should refer to distortions against what is rational or desirable for a society (assuming a minimum level of agreement), and not simply to a map of public expenditure or revenue raising.

To sum up: there is much to admire in the urban bias thesis, but the most important parts of it can be restated (as a sort of level playing field argument, for example, or as an argument against some forms of predation) without any resort to a generalised model of city-countryside exploitation.[20] 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 where political power concentrates in particular places it needs to be challenged or held accountable. But there also needs to be a 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. We must be careful to retain the provocation set out by Lipton but avoid

[19] In addition, the relative productivity of capital and land is such that an urban-rural real wage gap is always likely to occur. There is a danger in the UBT that the simple existence of rural poverty or urban-rural poverty is taken as proof of urban bias.

[20] A last point here: 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" (op. cit. p.ii). This begs the very 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. On how poorer people 'see' and deal with the state in rural areas of India, see Corbridge et al (2005).

reference to ‘urban bias’ either as a matter of fact or as a pathology that always needs correction. It is not one thing or the other.

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