Elephants in the room: urban primacy and economic growth in Africa

Kris Hartley recommends geographically balanced growth as a way of countering the negative impact of dominant cities on national economies.

Africa is rapidly urbanising, and the UN projects that a majority of the continent's residents will live in cities within the next 20 years. Around the world, urban growth is receiving increasing interest, from governments to academia. "Never before has urbanisation mattered as much to humanity as it does today," insists Hubert Klumpner of the Swiss Institute of Technology. Images of skylines and dazzling light shows may be an inspiration to leaders of aspirational developing countries, but urbanisation can negatively impact growth if not geographically balanced.

Cities undeniably generate economic opportunities. The clustering of companies facilitates trade, exchange of ideas, and reduced infrastructure costs. The diversity accompanying urbanisation also generates lively environments, cultural hybridisation, and business innovation. However, the recent enchantment with cities often overoptimistically justifies policies that concentrate growth, while hinterland regions suffer neglect and lack of investment. In contrast, mature economies pursue geographically balanced development that has a history of supporting long-term growth.

Half of the population of Eritrea live in its capital city, Asmara. Credit: D-Stanley via Flickr (https://flic.kr/p/dHZszD)

Despite its challenges, rapid urbanisation remains the growth path of choice for Africa's developing countries. According to the UN, 15 African cities will grow by 20% or more between 2010 and 2025. Dar es Salaam, Nairobi, Kinshasa, Luanda, and Addis Ababa are all projected to grow by more than 60% during the same period. Economic opportunities are luring African workers to large cities and their informal sectors, which now account for more than half of all employment. This migration will have transformational effects on national economies, as it already has in China, where an emerging middle class signifies upward mobility. The difference, however, is that China has several major coastal megacities to absorb such growth; in African countries, there is often only one viable destination city for migrants.

Scholars use the terms "urban gigantism" and "urban primacy" to describe the dominance of a single city within its own country. In concept, primacy is a ratio of the characteristics of a country's dominant city (e.g. population, economic activity, and political influence) to the same for smaller cities. According to 2012 World Bank data, of 141 non-city state countries for which both data were available, 13% have a dominant city with over half the country's population (e.g. Asmara, Eritrea; Cairo, Egypt; Luanda, Angola; Djibouti). As this statistic alone is neither alarming nor insightful, it is more helpful to measure economic performance within the context of urban concentration. This can be called the *primacy-productivity quotient*, which is obtained by dividing the country's GDP per capita (data source: World Bank) by the percentage of its total population living in the largest city. Using primacy as the denominator favours "non-primacy" (urban dispersion), implying the higher contribution of balanced urban growth to GDP.

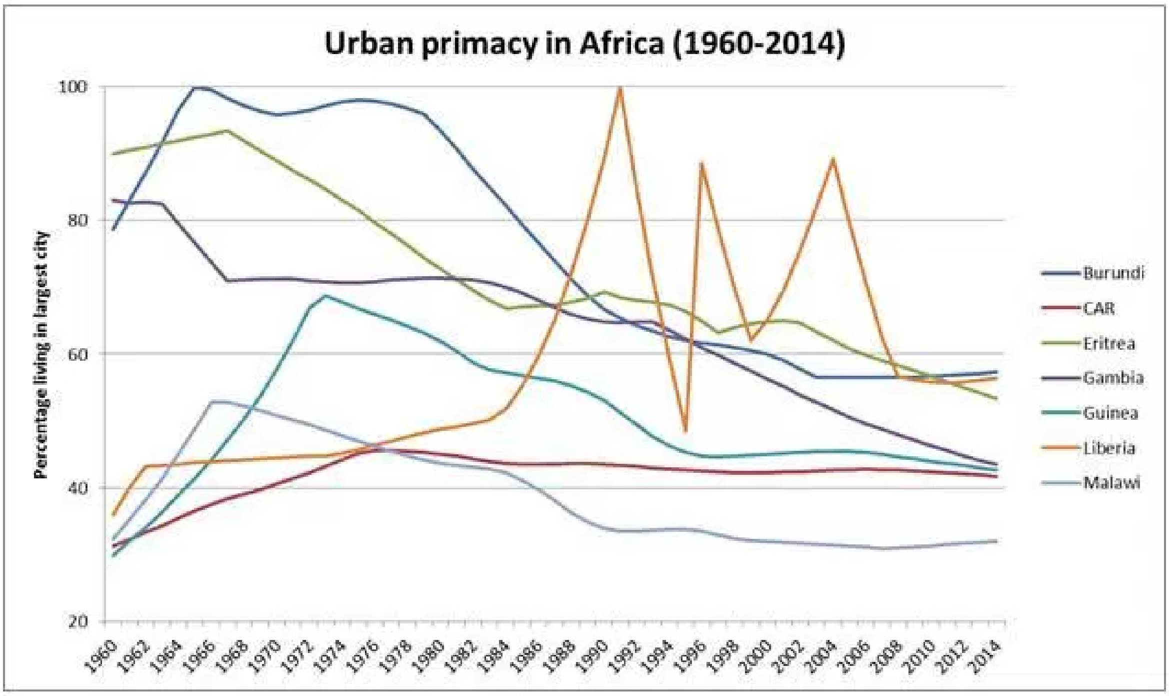
Figure 1

Country	Primacy-productivity rank	Primacy (%)	GPD per capita	Country	Primacy-productivity rank	Primacy (%)	GPD per capita	Country	Primacy-productivity rank	Primacy (%)	GPD per capita
Germany	1	6	46,251	Ukraine	48	9	3,900	Egypt	95	51	3,314
United States	2	7	53,042	Puerto Rico	49	72	28,529	Mongolia	96	63	4,056
Netherlands	3	7	50,793	Chile	50	41	15,732	Armenia	97	56	3,505
Norway	4	23	100,898	Argentina	51	39	14,715	Papua NG	98	35	2,105
Switzerland	5	21	84,748	Malaysia	52	29	10,538	Cameroon	99	23	1,329
Italy	6	9	35,686	Bulgaria	53	23	7,499	Pakistan	100	22	1,275
Sweden	7	17	60,381	Latvia	54	47	15,381	Zambia	101	34	1,845
Qatar	8	30	93,714	Iran	55	15	4,763	Congo	102	61	3,167
Australia	9	22	67,463	Costa Rica	56	32	10,185	Moldova	103	43	2,240
Canada	10	20	51,964	Uruguay	57	52	16,351	Benin	104	16	805
Belgium	11	18	46,930	Colombia	58	25	7,831	Lao PDR	105	36	1,661
Denmark	12	25	59,819	Turkmenistan	59	28	7,987	Sudan	106	38	1,753
China	13	3	6,807	Belarus	60	26	7,575	Yemen	107	32	1,473
United Kingdom	14	19	41,781	South Africa	61	26	6,886	Mozambique	108	15	605
France	15	21	42,560	India	62	6	1,498	Kenya	109	33	1,246
Finland	16	25	49,151	Iraq	63	27	6,862	Cote d'Ivoire	110	43	1,529
Poland	17	7	13,654	Gabon	64	47	11,571	Nepal	111	22	694
Spain	18	16	29,882	Jordan	65	22	5,213	Bangladesh	112	32	958
UAE	19	26	43,049	Ecuador	66	26	6,003	Tanzania	113	31	913
Austria	20	31	50,511	Serbia	67	29	6,354	Kyrgyz Rep.	114	43	1,263
Venezuela	21	11	14,415	Bosnia and Herz.	68	22	4,662	Tajikistan	115	36	1,037
Russia	22	11	14,612	Thailand	69	28	5,779	Zimbabwe	116	33	953
Slovak Republic	23	14	18,049	Nigeria	70	15	3,006	Ethiopia	117	18	505
Ireland	24	39	50,478	Lebanon	71	54	9,928	Mauritania	118	40	1,069
New Zealand	25	34	41,824	Azerbaijan	72	44	7,812	Chad	119	41	1,054
Japan	26	32	38,634	Panama	73	63	11,037	Djibouti	120	76	1,668
Czech Republic	27	17	19,858	Sri Lanka	74	19	3,280	Uganda	121	31	657
South Korea	28	24	25,977	Morocco	75	18	3,093	Haiti	122	40	820
Saudi Arabia	29	24	25,962	Dominican Rep.	76	35	5,879	Senegal	123	54	1,047
Brazil	30	12	11,208	Namibia	77	34	5,693	Cambodia	124	53	1,007
Bahrain	31	29	24,689	Peru	78	40	6,662	Mali	125	38	715
Kazakhstan	32	16	13,612	Tunisia	79	27	4,317	Togo	126	34	636
Israel	33	47	36,051	El Salvador	80	27	3,826	Sierra Leone	127	40	679
Oman	34	30	21,929	Jamaica	81	40	5,290	Rwanda	128	38	639
Kuwait	35	74	52,197	Macedonia	82	41	4,838	Burkina Faso	129	49	761
Greece	36	36	21,966	Ghana	83	17	1,858	Madagascar	130	30	463
Lithuania	37	26	15,530	Bolivia	84	26	2,868	Niger	131	32	415
Algeria	38	9	5,361	Angola	85	56	5,783	Congo, DR	132	38	484
Romania	39	17	9,491	Philippines	86	28	2,765	Afghanistan	133	53	665
Hungary	40	25	13,485	Guatemala	87	36	3,478	Guinea	134	43	523
Libya	41	23	11,965	Honduras	88	25	2,291	Gambia	135	45	489
Portugal	42	44	21,738	Uzbekistan	89	21	1,878	Guinea-Bissau	136	56	564
Croatia	43	28	13,598	Vietnam	90	24	1,911	Eritrea	137	55	544
Mexico	44	22	10,307	Paraguay	91	55	4,265	Liberia	138	56	454
Indonesia	45	8	3,475	Georgia	92	48	3,597	CAR	139	42	333
Turkey	46	25	10,972	South Sudan	93	14	1,045	Malawi	140	32	226
Estonia	47	44	18,877	Nicaragua	94	27	1,851	Burundi	141	57	267

The top 10 countries in economic performance and urban dispersion (Figure 1), as measured by the primacy-productivity quotient, include advanced economies (Germany, United States, Australia, etc.) and one "resource economy" (Qatar at #9). None of the top 10 has more than 30% of residents living in the largest city (primacy), and five have fewer than 20%. By contrast, nine of the ten lowest ranking countries are in Africa. Each has above 30% primacy, and eight above 40%. Of the bottom 50, 34 are in Africa and have an average primacy of 40%.

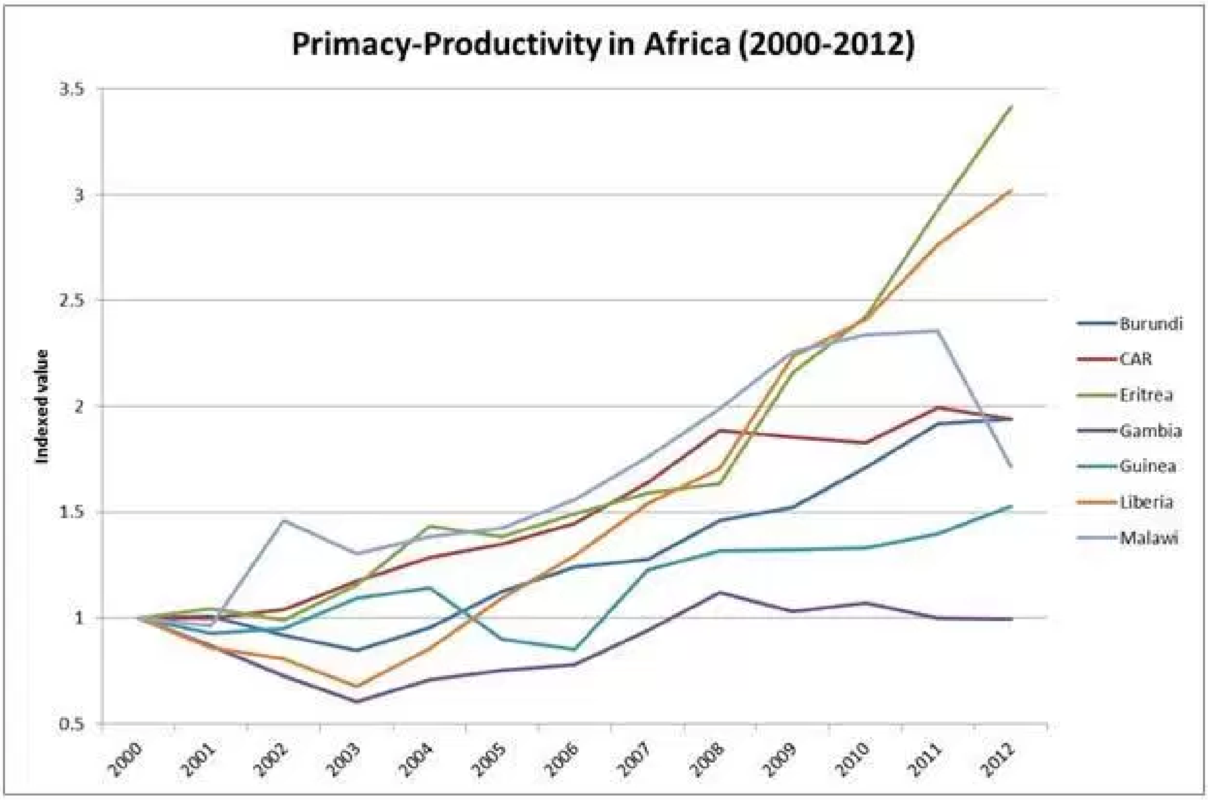
The primacy-productivity quotient would seem to favour large countries having dispersed populations. However, the top 10 is a relative balance (six above 10 million inhabitants and four below); the bottom 10 is likewise balanced (four above 10 million and six below). For the 19 countries with primacy above 50%, the average primacy-productivity rank is a lowly #100. By contrast, of the 30 countries with primacy below 20%, the average primacy productivity rank is #41. These data indicate that a geographically-balanced population is potentially associated with economic growth.

Figure 2



This primacy-productivity study identifies several cases for closer investigation. Figure 2 shows primacy trends between 1960 and 2014 for seven African countries in the worldwide bottom-10 for primacy-productivity. Each effected a more nationally-dispersed population over the past four decades, with Liberia experiencing primacy volatility due to political and military unrest. Figure 3 shows the primacy-productivity performance of the same countries between 2000 and 2012. Each maintained or improved performance, with the highest gains realised by Eritrea and Liberia. Both economies are driven by the natural resources sector, which creates jobs in hinterland mining sites and in cities that provide related professional services. Nevertheless, resource extraction may be fool's gold for countries and their "boomtowns," particularly as sustainable economic growth moves beyond commodities.

Figure 3



Monrovia, Dakar, and Bangui are examples – among many – of Africa's domestically dominant cities; they monopolise economic and population growth within their respective countries. The situation is not significantly different in parts of Asia. According to Kolomiiets (2013), the capitals of many Southeast Asian countries (e.g. Jakarta and Phnom Penh) represent urban primacy. Cities in both regions are beset with the usual problems of hyper-urbanisation, including congestion, infrastructure deficits, and population displacement. Some countries are pursuing economic dispersion, and this provides possible models for Africa. For example, in response to Bangkok's congestion, the Thai government recently committed US$ 3 million for infrastructure development in the country's eastern seaboard, supporting a decades-long initiative to balance national development. Further, some countries have relocated their government capitals to remote regions to balance development (e.g. Kazakhstan, Turkey, and Brazil). In some cases, de-concentration even comes naturally, as itinerant companies abandon crowded and expensive megacities for secondary cities with lower labour costs, alluring investment incentives, and even a better quality of life.

The negative impacts of urban primacy, like dominant cities themselves, are the "elephant in the room." The challenges of unmanageable urbanisation and hinterland neglect are obvious but few wish to confront them, particularly when GDPs and skyscrapers are rising. However, geographically-dispersed growth does not always imply settling for agricultural development; secondary cities can bolster a country's competitiveness in urban-based industries (e.g. manufacturing, services, and knowledge). African leaders should therefore beware the false promise of primacy-based national development, lest economic potential be sacrificed at the altar of hyper-urbanisation and its illusion of progress.

Kris Hartley *is a visiting researcher at the Center for Government Competitiveness at Seoul National University, and a PhD Candidate at the National University of Singapore, Lee Kuan Yew School of Public Policy.*

June 15th, 2015 | Featured, Urbanisation | 4 Comments