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Comments on Mohamed Naciri's Essay

HOLLIS B. CHENERY: Discussions of the urban problem have gone through various stages: sometimes they are very theoretical; at others they are very empirical. Ten years ago the World Bank surveyed the needs for research in various fields, and the urban problem came out near the top of its list. The bank has now published what we call a new look at development research; rapid urbanization is again near the top of the list of problems.

I would ask first, how do you know when urbanization is too rapid. Most people seem to think that the problem arises from having a too rapid growth of cities. The way economists go about their analysis, the sort of semi-modern way, is to think of an urban economy with one kind of technology linked to a rural economy by trade and migration. All this presupposes the existence of markets. How well do these markets work? If the markets work well, if people, goods, and capital move in response to interglobal price mechanisms, then the system is thought to be working. If the system does not work well, or if improvements are thought to be necessary, you have to identify where the markets are failing.

For example, I would refer to two studies on Colombia financed by the World Bank, which has become one of the leaders of research in this area. The bank searched the world for a representative country and picked Colombia; it spent a couple of million dollars in its inquiry. I find the case interesting because, though this is one of the best studies in the field, most of the guesses made about overurbanization have been misleading. Instead of finding great bottlenecks, as the Arthur Lewis hypothesis about surplus labor in the countryside might have suggested with large differences in wages and so forth, Bogotá, in fact, was not growing too fast. It may still not be growing too fast, given its infrastructure. In fact, if anything, the growth may be too slow.

A more recent study of the Colombian economy, concentrating on the urban areas, looked at the labor markets. If labor markets have been working well, it is difficult to know why the government would wish to intervene. The Colombian study suggests that the case for intervention was much less strong than the urban experts had been prepared to maintain.

There is also a similar study of India, using the same sort of methodology, which tends again to support the idea that less intervention is necessary for the economy to work well. The only reason I bring this up is that such study provides a framework for asking questions. If you are interested not only in gross income but in income distribution, you may be surprised that the differences in wages and incomes are not as large as they were expected to be. Yet the economists' approach is not always welcome. The argument, for example, that you do not need to intervene in all urban transport, as governments usually do where private transport works, is not always welcome. Edmar Bacha can tell us whether the private transport system works or does not, and the questions need to be put in those terms.

In other aspects of the urban setting, where decisions have to be made on how to spend money, as in the housing sector, government intervention is typically unsuccessful and expensive. It may be part of the political strategy of governments to sponsor public housing projects, but such housing is rarely part of an efficient program of economic interventions.

MIGUEL URRUTIA: One of the interesting things about Colombia is that the absence of capital-city overurbanization may be explained by the political system. Given the structure of political parties in Colombia, the periphery has tremendous political power. By the time Hollis and his employment experts got there, there had been ten or fifteen years during which the central government had made no subsidy transfers to support investment in infrastructure in Bogotá or any of the other major cities. The national budget, therefore, did not create incentives for urban centralization.

This particular political configuration is very different, for example, in Mexico. There we find tremendous subsidies and substantial central intervention in favor of the people in Mexico City. The structure of political power may have something to do with some of the results you find; perhaps Colombia is not as difficult to explain once the political situation is taken into account.

CLIFFORD GEERTZ: I would like to say something about the generalization problem, and about the comment that Cambodia and the shah's Iran are not typical cases. They are not. The Cambodian case is extreme by anybody's measure, but the shah's case I am not sure is so extreme. At least one of the principal sources of the shah's policy was his American advisers. Undercutting the traditional structures upon which one needs to rely, so that when difficulties arise one has no power structure to call upon, is not exactly an ungeneralizable case. It is unique in its particulars, but it is the sort of thing that the ruler wants to avoid by keeping political rural structures in place, so that when the cities become rebellious, he has something to offset them with. The tendency to think that there cannot be too much overurbanization, that there cannot be too much emptying of the villages, is politically dangerous advice to the health of rulers. The other thing I would say is that whether urbanization is too fast or not fast enough is not really the whole question. Urbanization *is* very fast, and that raises very serious internal problems. In the town I study in Morocco, over half the population has been there fewer than ten years, and there are cultural differences as well. So you have an internal structural problem that is extraordinary. It is not just a question of going too fast or too slow; the town is growing very fast, and combined with other kinds of convulsion, that does put urban policy and structural policy right at the center of the political map. But it does not seem to me that either slowing down or speeding up urbanization really states the issue properly.

NANCY BIRDSALL: Hollis is saying that markets are working, that it is difficult to conclude that there is overurbanization. But I think that much of the research to which Hollis has referred shows only that labor markets are working. People are acting rationally, given the circumstances, when they move from rural areas to urban areas. It does not make sense to intervene

with all kinds of planned interventions to try to stop that flow. But the problem with the argument, which I know Hollis is aware of, though he chose not to focus on it, is that other markets are not working properly. Foreign exchange regimes favor the industrial areas, with all kinds of subsidies given to capital to favor urban areas. So, even though you do not want government to step in to reduce people's freedom to move or do other foolish things that would cost money and be ineffective, in preventing people from moving, you might wish to change the distortions in the other markets that are contributing to what may be—depending on the extent of those distortions—overurbanization.

I think an issue that economists have not looked at, which I suspect geographers are investigating, is the issue of scale. This comes out when you start looking at the problem—so-called—of cities from a population point of view. What you see is that in ten or twenty years, many cities in developing countries will be even larger than Mexico City is now, which means that they will be larger than the size cities ever attained in industrial countries. Twice as big, three times as big, four times as big. By 2020, the ten biggest cities in the developing countries will probably be the ten biggest cities in the world. They will all have more than 20 million people, or even 25 million people. I do not believe that development communities, let alone urban planners, know how to cope with such numbers. How to organize transportation, housing, working space, and the like when you have these numbers is something that we have not even begun to consider.