

Aim for cities of all sizes to give everyone a fair go

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We live in an [urban world](#). By 2030, 66% of the world's population will live in cities, concentrated in only 3% of the planet's land area. But city sizes vary greatly, so what can city size tell us about their residents' quality of life?



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Our [new research](#) shows that city size and population distribution matter when the priorities are access to amenities and equality of opportunities and outcomes – and not just economic growth. Larger cities are associated with greater inequality in both Australia and the United States. This is because a concentration of high incomes and wealth in the biggest cities flows on to spatial justice issues such as high housing costs and poor access to amenities for lower-income residents.

This suggests planning must focus on the development of cities of all sizes, not just the largest ones.

Further, development and growth should be measured not only in aggregative ways, such as the [gross domestic product \(GDP\)](#), but in ways that show how well this is distributed – such as distributions of income, housing stock and access to services. A massive global city, with a rising share of the nation's GDP, but with segregation between rich and poor, and unaffordable housing and long commuting hours for most, should fare very poorly on such measures.

Why the focus on larger cities?

The development of ever-larger cities is a global phenomenon. In Australia, both Sydney and Melbourne are [projected to have populations of 8 million](#) by mid-century.

Large cities are often said to be innovation drivers, wealth producers, the economic engines of the country. The focus on large cities' wealth generation and agglomeration economies – the benefits when firms and people come together in cities – means the distributive aspects are neglected. In our [previous research](#), we found [larger cities have more unequal income distribution](#).

The largest cities have disproportionate numbers of high-income earners. It's not just a matter of large income gaps between rich and poor. High-income earners also push out or displace low-income earners.

[Empirical evidence](#) indicates that traditional metrics fail to capture the reality of these displacements and [expulsions](#).

So how do Australian and US cities compare?

In our [new research](#), we analysed all cities across Australia and the United States. Across both countries, larger cities were much more likely to have disproportionately high concentrations of high-income earners and disproportionately high housing costs.

We tested this finding by the geography of concentration. Using a measure called the [location quotient](#) (LQ), we compared the local city-wide proportion of people in each income or housing cost category to the same proportion nationally. A higher LQ implies greater local concentrations of a particular category in comparison to the national average proportion: note the starkly different signatures for the largest and smallest cities below. Sydney, specifically, is a very poor performer.

Source: Author calculations from 2011 Census data. All 19 ABS 2011 rent categories are shown, lowest (\$1-\$74 per week) to highest (> \$650 per week). In the largest cities, the higher rent categories show high location quotients, meaning larger cities concentrate higher numbers of households in high rent categories. Adelaide is an exception. Melbourne is performing better than Sydney.

Source: Author calculations from 2011 Census data. All 19 ABS 2011 rent categories are shown, lowest (\$1-\$74 per week) to highest (> \$650 per week).

But isn't this a tautology? Larger cities have always had higher living costs, haven't they? Two very subtle effects, that even an established measure of inequality like the [Gini coefficient](#) would miss, exist.

First, if high-income residents push out low-income residents, then the Gini won't show this. But the fact there are no poor people left to measure is a sign of heightened inequities.

Second, large cities do not seem to be generating harmful consequences for everyone. Only lower-income earners face this disadvantage, since a low-income person in a large, high-cost city is worse off than a high-income earner in the same city and than all other earners in smaller or medium-sized cities.

However, since the largest cities have the best amenities and services, the best is available only to the richest.

What are the implications of these findings?

The research points to a need for some conceptual changes.

1. Reconceptualise inequality

Instead of the narrower term “income inequality”, inequality should be thought as the differential in individuals’ access to the resources, amenities and abilities needed for their wellbeing. Larger, more expensive cities must be disproportionately responsible for ensuring this access is affordable for all residents, not just high-income earners.

2. Recharacterise supply and demand

Large cities make the mismatch of housing supply to specific pockets of demand worse: housing as basic need clashes with housing as economic investment.

The high supply of mansions, luxury apartments and investment properties is inaccessible for living in if you don’t earn enough. It also enables wealth accumulation in a few hands. In addition, high-income earners with the ability to pay for a resource will inflate prices, further reducing affordability for low-income earners.

Thus, the (in)ability to pay for housing becomes a decisive factor in shaping wellbeing for residents of large cities.

Larger cities have a greater responsibility for correcting this mismatch between supply and demand.

3. Rethink planning and design

These developments affect the ability of communities to have a real say in the design and planning of cities. A community dominated by high-income earners is unlikely to make choices that represent the needs and wants of everyone. The absence of low-income earners in decision-making is likely to contribute to conditions such as segregation, displacement or polarisation.

When a city crosses a threshold where incomes of a few and living costs for all begin to rise disproportionately, affordability, accessibility and socio-spatial justice become important urban policy issues.

A greater spread of city sizes offer a way forward

Geoffrey West, in his book [Scale](#), writes:

“ *The great metropolises of the world facilitate human interaction, creating that indefinable buzz and soul that is the wellspring of its innovation and excitement and a major contributor to its resilience and success.* ”

However, these great metropolises are also where we see the deepest troughs of poverty and injustice. A larger number of cities of varying sizes, with a diversity-specialisation balance of economic functions, could maintain the variation needed for innovative and, more importantly, equitable growth.

In terms of absolute population numbers, cities like Tokyo, Shanghai and Delhi each house populations larger than the entire population of Australia: it’s not the total population that is of concern, but its distribution. Australia has a “missing middle” of cities: many small cities of up to half-a-million, almost no medium-sized cities (half to one million), three large cities and two very large cities. Nearly 40% of Australians live in Sydney and Melbourne.

Our findings suggest a super-concentration of the population in very few mega-urban regions is undesirable. Instead, we must plan for cities of all sizes, increasing people’s choices of where to live and work. It is critical to plan for equitable growth of cities where, regardless of income, everyone can have a decent quality of life.

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