

**UC Berkeley**  
**IURD Working Paper Series**

**Title**

THE QUESTION OF CITY SIZE AND NATIONAL POLICY

**Permalink**

<https://escholarship.org/uc/item/6nk5k9v4>

**Author**

Alonso, William

**Publication Date**

1970-06-01

**THE QUESTION OF CITY SIZE AND NATIONAL POLICY**

**William Alonso  
Professor of Regional Planning  
University of California, Berkeley**

**Working Paper No. 125**

**This paper is based on a talk delivered to the National Growth Policy Conference sponsored by the U.S. Department of Commerce on April 17, 1970 in Washington, D.C.**

**Supported by a grant from the Economic Development Administration.**

**June 1970**

## THE QUESTION OF CITY SIZE AND NATIONAL POLICY

by William Alonso

### Are Big Cities Too Big?

A great many countries, both developed and developing, believe that their biggest cities are too big, but there is no solid base for this conclusion, either in fact or theory. While, as is frequently thought, the largest American urban areas may be too large, we do not know that this is the case and much of the evidence runs counter.

Most American studies and a scatter of foreign ones have addressed this question by studying how per capita public costs vary with urban size. The most common finding is that these reach a low point in the range of 50,000 to 250,000 population. However, these findings are not firm: more sophisticated multi-variate analyses show no correlation of these costs to population size. Further, these studies have not been able to measure the levels of public services produced, and it is of relatively little use to know how expenditures vary if we do not know what they buy. A more fundamental difficulty is that, for the purposes of public policy, we should be interested in economic costs rather than money costs. We do not only lack figures in economic costs, we lack indeed a good theoretical basis for approaching them. For instance, in many cases it is unclear whether land costs should be

counted as a cost or as a benefit, or whether differences in salary levels for schoolteachers or policemen are true costs or transfer payments.

But, in any case, it would seem that the minimizing of costs is a poor objective for public policy, even within a narrow focus of economic efficiency. There is a strong evidence that at least in cross section, output per capita increases strongly with urban size, so that economic efficiency would be better served by maximizing the difference between input and output. We lack in this country figures for the gross regional product of metropolitan areas, but German and Japanese figures show it rising much more rapidly than public costs. In this country, using per capita income as an index, we find the same pattern: income rises sharply with urban size. An objective of economic efficiency would thus be best served not by minimizing costs but by maximizing the difference between income and costs. However, since these figures are in money terms, one might question whether interurban differences in costs and prices to private consumers and producers eliminate the effect of rising money incomes. No U.S. figures are available for producers costs, but the Bureau of Labor Statistics data on comparative costs of living in metropolitan areas bear only a weak and slight association with urban size, so that the rise in incomes is real. Interestingly, a recent Gallup Poll indicates that people feel they need more money in bigger cities, suggesting that it is risen expectations rather than objective facts that make large urban areas seem more expensive.

Examining the data on per capita income of metropolitan areas in certain ways (but not in others) suggests that there may be some decline in per capita income after a population of about three million. One cannot conclude from this, however, the diminishing returns set in after this size. In the first place, the Standard Metropolitan Statistical Area of the Census definition misses considerable exurban high-income population in the largest urban areas, so that the decline may be more apparent than real. Secondly, these few very large urban areas perform certain functions for the national system of cities which may lower their own per capita income while serving the national interest as a whole. They are principal ports of entry and acculturators of immigrants from rural areas and from abroad, and they are seedbeds of new economic activities which, not being capital intensive in their early stages, pay relatively lower wages. Considerable evidence shows that when the activities mature (and become more capital intensive) they move to smaller urban areas.

Why should productivity increase with urban size? In brief, because urban size is a measure of the opportunities to which an inhabitant or enterprise has access. Interestingly, per capita income is also strongly correlated to population potential, which is a mathematical measure of the accessibility available to residents of the city to the population of the rest of the country. Thus, a small metropolis in an area of high population potential will usually have as high a per capita income as a larger but more remote metropolis. This phenomenon may account for the emerging megalopolitan pattern, which consists of constellations of metropolises. The nineteenth century city,

which had a single dominant center of activity, has given way to the much larger metropolis, whose structure is a complex counterpoint of multiple nuclei which permit the advantages of concentration and specialization while keeping functional distances relatively small. The megalopolis, for all the negative associations this term has gathered in journalistic usage, seems to be a further adaptation permitting specialization and high connectivity among urban areas, while avoiding some of the penalties of excessive size.

This discussion has concentrated on urban areas as engines of production, but other things must be considered for the purposes of public policy and human welfare. Recent studies by Ornati and by Burns find that, in general, incomes are more evenly distributed in larger than smaller metropolises. The contrary popular impression may be attributable to the sheer mass of the concentration of poverty in the larger areas. In general, all indicators of status, such as education, skill levels, and the proportion of the population above the poverty level, rise with urban size. Indicators of pathological conditions point in different ways. Levels of air pollution rise; some forms of morbidity and mortality rise, but others decline. Most indices of crime are too unreliable for comparison, and there are no systematic studies of mental health variations. In brief, there is very little information on these issues, although there is a great deal of opinion and anecdote. It would seem that research in these topics would be of great value.

Current Approaches to Policy

The emergence of public concern on a national policy with respect to city size is quite recent, becoming explicit with President Nixon's 1969 State of the Union Message, in which he called for a national growth policy. At this early stage, most of the debate seems to focus on three approaches, which will be discussed briefly below, but as might be expected of first efforts in a complex area, these approaches are gross over-simplifications.

The three most commonly cited approaches may be summarized as follows:

- I. a reversal of migratory flows back to the countryside and the development of economic opportunities there;
- II. the development of hundreds of new towns as containers for most further urban growth; and
- III. the encouragement of growth in alternate urban centers.

I. Development of the Countryside

This policy has received considerable publicity and has been advocated by some of the U.S. Departments, most notably that of Agriculture, usually under the name of "Urban-Rural Balance." But it appears highly questionable on the grounds of its feasibility, its impact, and its consequences.

First, can the migration from the country to the cities be halted, let alone reversed? It seems extremely doubtful. It is a world-wide phenomenon that arises as much from the continued development

of agriculture and other primary industries, as from industrial development. It is a response to fundamental economic and social processes and any effort to stop or reverse it must be enormous and radical. To illustrate, only two countries appear to have adopted such a policy with any effectiveness in recent years: Communist China, in some of its communes and Great Leap experiments, and North Vietnam, under the pressure of American air bombardment. In other words, a commitment to such a policy bespeaks the utmost degree of national reorientation, which is only likely under extreme crisis.

Second, should the countryside retain its population, would the impact be significant? Not very, from the point of view of the metropolitan areas. Their growth currently consists of 4/5ths natural increase, 3/20ths migration which has crossed national borders, and only 1/20th net migration from non-metropolitan areas. Even the reversal of migratory flows would not have a large numerical impact. These considerations would apply similarly to the black population, which is already far more urbanized than the white. The consequences of the success of such a policy would not, then, be very large for metropolitan America. The main impact would be felt in the rural areas and small towns, where, because the population base is smaller, these flows have a much larger relative magnitude.

Steering manufacturing to the countryside would improve local economic health, but there would be some mixture of blessings. Most of the plants would probably be branch plants, and thus the small local economies would be in a position of colonial dependence to some distant corporate headquarters. Moreover, in part because manufacturing plants



are larger in smaller places (largely because they must internalize many functions not otherwise available), there would be a great many one-industry towns, subject to their well-known vulnerability to cyclical downturns and to technological or demand obsolescence. From the point of view of workers in the towns or dispersed agro-industrial communities, there would be the limitations of career choices and advancement opportunities and the dangers of unemployment which characterize such small economies. From the social point of view, one must suppose that in many cases there would be the rigid social hierarchy that has characterized such places. From the point of view of the nation, for the reason suggested earlier in this paper, there would be some loss in the rate of economic growth.

Some further questions are posed by recent findings by Lowry, Lansing, and others. It is well-known that the out-migrants are the young, and that the more educated they are, the likelier they are to leave. The surprise is that their rate of departure seems to have little to do with local prosperity, and that the young leave big and prosperous places at about the same rate as small and depressed ones, but they tend to go to big and prosperous places. Thus, a population maintenance policy might, in fact, result in bringing new people to these distressed areas rather than in keeping there the young of the original population. A further irony is that improvement of local conditions, by improving the education and marketable skills of the young, may, in fact, accelerate their out-migration.

## II. Development of New Towns

Insofar as new towns are thought of as small independent places, much of the proceeding argument applies to them. The small places are less productive, less adaptable, and thus more vulnerable than larger ones, and they offer residents fewer choices and opportunities. One important difference from the previous case is that, because the free market cannot produce housing for the poor, or even for most of the working class, a national emphasis on new town development would be regressive and accentuate the separation and polarization of our society. The poor could only be accommodated in new towns through massive housing subsidies which would then not be available to existing urban centers, which are where most of the poor live. Nor is there much hope that new towns will be cheaper to build than comparable extensions of cities: the tremendous cost of carrying a very large initial investment appears to wipe out possible savings from pre-planning and control. Moreover, even if such savings were realizable, they would be insignificant compared to the lower productivity of smaller urban places. The per capita income in 1960 of urban areas of a population of 100,000 to 200,000 was \$427.00 or 20% lower than in urban areas of more than one million.

It would appear, on the other hand, that a new towns approach would have a rather modest impact on America's urban pattern. The most ambitious responsible proposal, that of the Advisory Commission for Intergovernmental Relations, would have us build 100 new towns of 100,000 population and 10 completely new cities of one million by the year 2000. Even this staggering undertaking, should it prove feasible, would have

80% of the urban population increase, and 93% of urban construction, occurring in existing urban areas until the end of the century; and by the year 2000 only 7% of the population would be living in these new towns and cities. Thus, a major new towns program, while clearly of importance for those who would live in them and to their neighboring districts, would have only a marginal impact on overall patterns of population distribution.

One great difficulty in speaking of new towns is that the idea is so fashionable that the term is applied to almost any development of more than two houses. Not only are suburban developments called new towns, but also central city redevelopment becomes a "new town in town". In this sense, rather conventional extension or rebuilding of existing urban areas come under the umbrella of new towns. A national policy of new towns that included these would be basically indistinguishable from current modes of urbanization.

### III. Alternative Urban Centers

A more plausible alternative to a strategy of directing population growth to new towns or back to the countryside is to promote growth in middle-sized urban areas which manifest a propensity for growth. In other words, rather than a policy of putting them where they ain't, the policy would put them where they want to be, other than in the largest cities. Granting, for the sake of argument, the desirability of steering growth away from the larger urban areas, a policy of concentrating on smaller existing centers makes excellent sense. In 1965, there were nearly 200 Standard Metropolitan Statistical Areas below one million population. Clearly, in an arithmetic sense, if each grew by half a

million, they could absorb the projected (probably high) 100 million population increase by the year 2000 with none of them ending larger than one and a half million, and with an eventual average size well below one million. America's population has urbanized largely in this way, although not in such a spread fashion. Of 26 SMSAs of more than one million population in 1965, nine had less than one-fourth million population in 1900, and these nine absorbed 1/6 of the population growth of all 212 metropolitan areas during those 65 years. In recent years the smallest metropolitan areas (below 200,000), have as a group grown more slowly than larger areas, but 1/3 of them have attracted migrants at twice the rate per inhabitant of all metropolitan areas, while only 1/5 of those above one million have grown as rapidly. In fact, the proportion of these small metropolitan areas which is growing fast (by attracting twice their share of migrants) is 2-1/2 times higher today than it was in 1900. However, the largest proportion of fast growing metropolises is found among those between 750,000 and one million, and the fastest growing class is that between one million and two million. The difference between the average growth rates for the group of metropolises of a given size and the number of high performers in that group derives from the large number of smaller metropolitan areas which are growing slowly.

But the strategy based on encouraging the growth of smaller urban areas runs into the difficulty of smallness of impact. Thus, ten metropolitan areas of 200,000, each of which attracted ten times its share of migrants, would absorb together less than 3% of the national population growth. In fact, all 101 SMSAs of less than 250,000 in 1960 together account for only 1/10 of metropolitan growth. Because of the limits and

dangers of dispersion of efforts if too many centers are selected from growth, it would appear that such a strategy would have only marginal impact upon national urbanization patterns, although it would obviously have strong regional consequences. Based on the evidence of current rates of growth and consideration of the marginal contribution to population absorption, a policy of alternative centers would have to make use of larger centers, in the order of one million population, as well as of smaller centers. Whether such a policy would be desirable or enforceable is another matter.

In the current discussions of an alternative growth center policy, it is often assumed that these will be free-standing, isolated metropolises. But this is unlikely. While many of the 60 SMSAs which attracted migrants at twice the overall metropolitan rate in 1960-65 were independent, primarily in the South and West, ten were in the Atlantic megalopolis and substantial numbers in the other megalopolises. This may be understood in terms of the earlier discussion of the relation of income or productivity not only to urban size, but also to population potential as a measure of access to the national population. Smaller metropolitan areas within megalopolises draw many of the benefits of the agglomeration without many of the penalties of large size. In this respect, it might be noted that in 1960 development covered only 12.2% of the land area in the core 104 counties of the Atlantic megalopolis, so that popular images of megalopolis as a teeming anthill are in error. It would appear that a policy of alternative centers would have to find a great many of these among the smaller metropolises of the megalopolitan constellation. From the point of view of the advantages and disadvantages of urban size, these may, in a

Some General Comments on National Urban Growth Policy

It is often commented that we have a great many urban growth policies hidden in the operational consequences of government programs such as highways and welfare, and in our laws relating to such matters as the treatment of depreciation and capital gains. Indeed, it would appear that there is a great deal of explicit if piecemeal regional planning done by the legislative branch, whose members are territorial representatives and usually quite aware of the local consequences of the legislation and appropriations before them. But the early attempts we are now witnessing to formulate an explicit and coordinated national policy are doomed to triviality if they remain geometric statements searching for some vaguely intuited balance. Rather, the goals of a national urban policy must be the same as those of other national policy: economic growth, economic efficiency, distributional equity of consumption and democratic participation, private and public safety, ecological integrity, avoidance of cyclical instability, and so forth. While it is likely that, in this field as in others, no simple unified policy can be formulated, considerations of territorial policy as to city size, location of economic activity, interrelations among cities, urban and rural relations, and migratory movements must be placed in the context of the general national objectives before one can formulate useful and effective programs and operational guidelines. These programs may deal with subsidies or taxes to alleviate local distress or equate private with public costs, or with subsidies to labor or capital to affect their movement or location, or direct subsidies to mobility, or locational licensing of industry, or help in providing infrastructure, or easing the cash-flow fiscal problems of growth and

decline, or helping to integrate the economy by improving information or transportation, and so forth. But specific programs can be developed and evaluated only in the broader framework of national purposes. A national growth policy cannot be a picture on a map. The map is only a two-dimensional projection of the many dimensions of the society that lives within that territory.

I would like to conclude with a plea that in the formulation of policy and programs there be not only realism as to how the society actually works, but also realism as to how government works. Two instances will serve as illustrations. First, current suggestions that all government actions within a region be coordinated and that all regional consequences of every action be taken into account, are naive and unworkable. They recognize neither the complex operational dynamics of the polity of agencies, nor the cost in time and resources of additional coordination and planning, nor the difficulty of prediction and the uncertainty which is involved. Of course, more planning and coordination would result in better and more effective public actions, but overly ambitious and unrealistic approaches will not bring this about and may discredit and impede what advances could be made. Second, there is a particular problem in territorial programs which is seldom explicitly recognized and which has led to the erosion of many programs in this country and in others. Much territorial policy is based on a principle of concentrating efforts and resources in some few areas, and consequently excluding most other areas. Almost invariably political pressures, even in totalitarian countries, oppose and undermine the resulting exclusion. In this country, recent experience with programs

such as Model Cities and growth centers are witness to the power of this effect. It would be a pity if the emergent government leadership in a national growth policy ran aground for lack of understanding of the working of that government itself.