

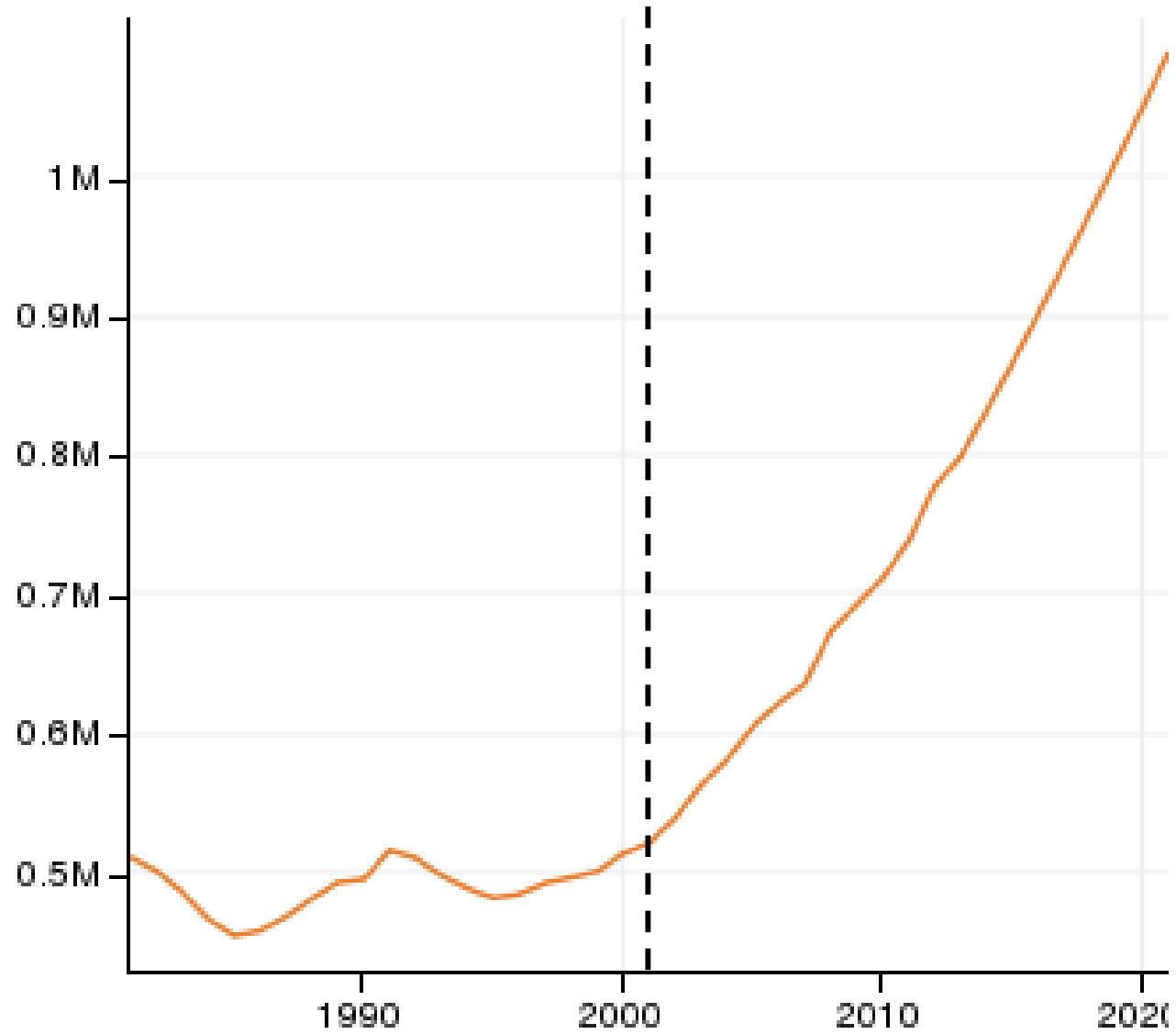
Discussion of  
“Rural-Urban Linkages, Public  
Investment and Transport Costs”

Remi Jedwab (GWU)

# General Comments

- Great paper
- **Key insights:**
  - Financing matters (main type of financing in Tanzania?)
  - Sectoral / spatial targeting has unexpected sectoral / spatial consequences. How to reduce poverty? Should we develop places? Or people (if migrate)?
- **I have a few general comments** (for another paper?):
  - Better describe where the parameters come from. Your results depend on X (= ?) parameters.
  - Effect for 2001? Sluggish economy. External validity?
  - More specific comments in the next slides

## REAL GDP PER CAPITA - TANZANIA



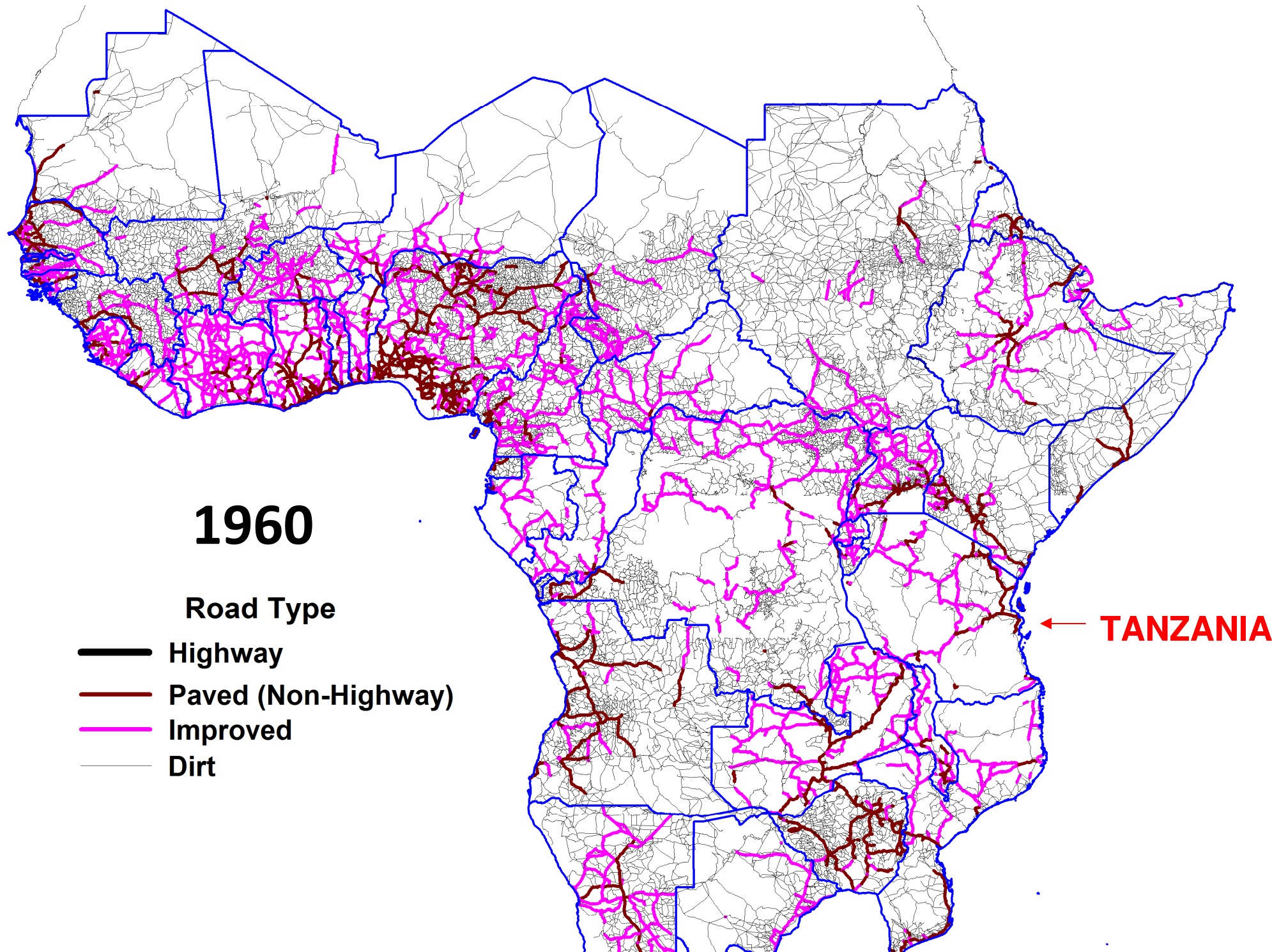
Source: Internet

# Transport Costs

- Table 2: **trade costs in TNZ** = rents (51%) + melt (31%) + fuel (18%). Where do these numbers come from?
- Different transport cost wedges across locations. But what if Mwanza is an **intermediary sector** between “Rural” and “Dar” (i.e., add space to the model)?

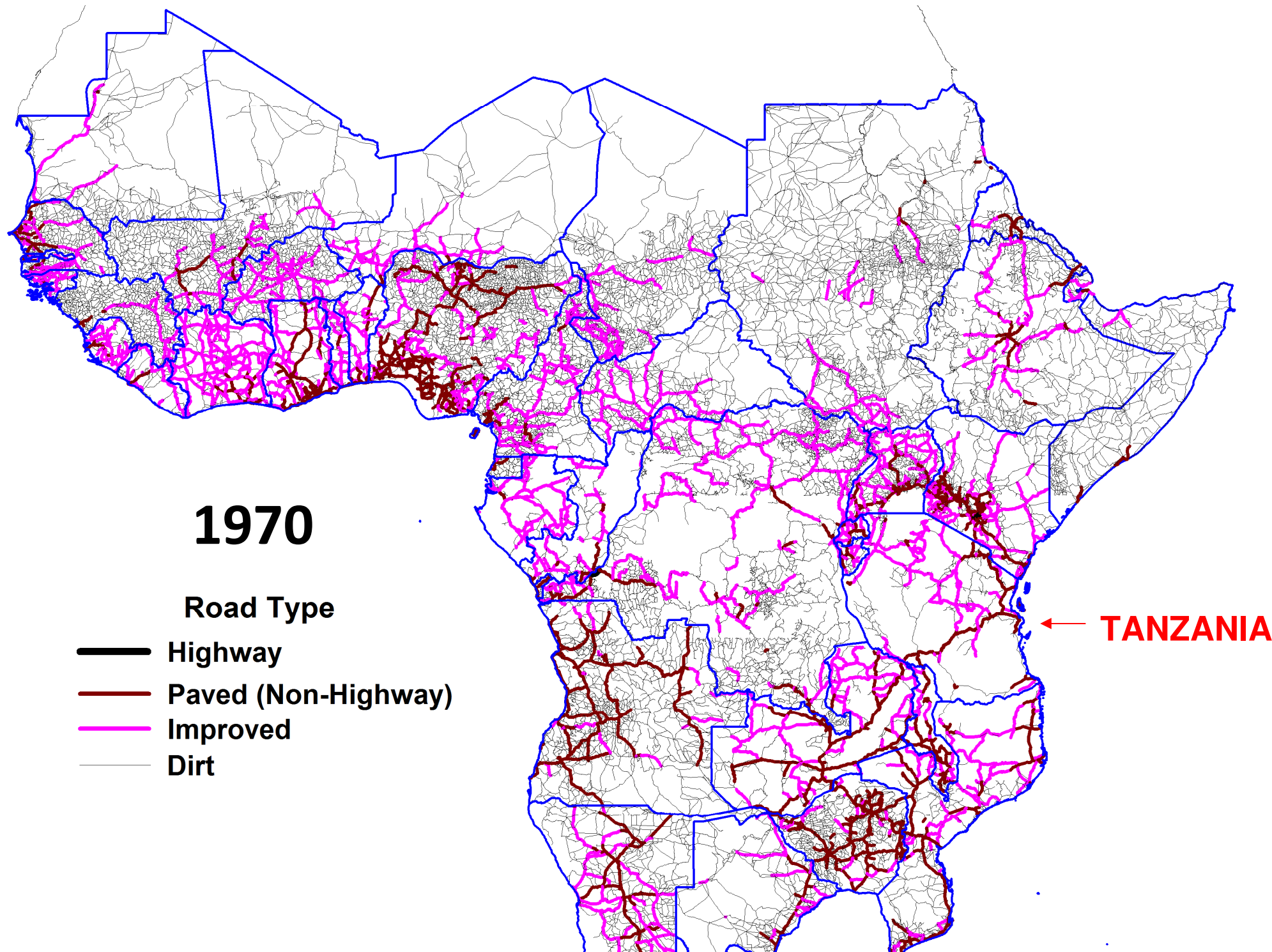


- Lower trade costs => urbanization (increased pop shares of Mwanza & Dar). But Mwanza vs. Dar (urban primacy)? Centralization initially, then decentralization eventually, as trade costs keep decreasing?



NW: 1971, NE: 1970, CS: 1970

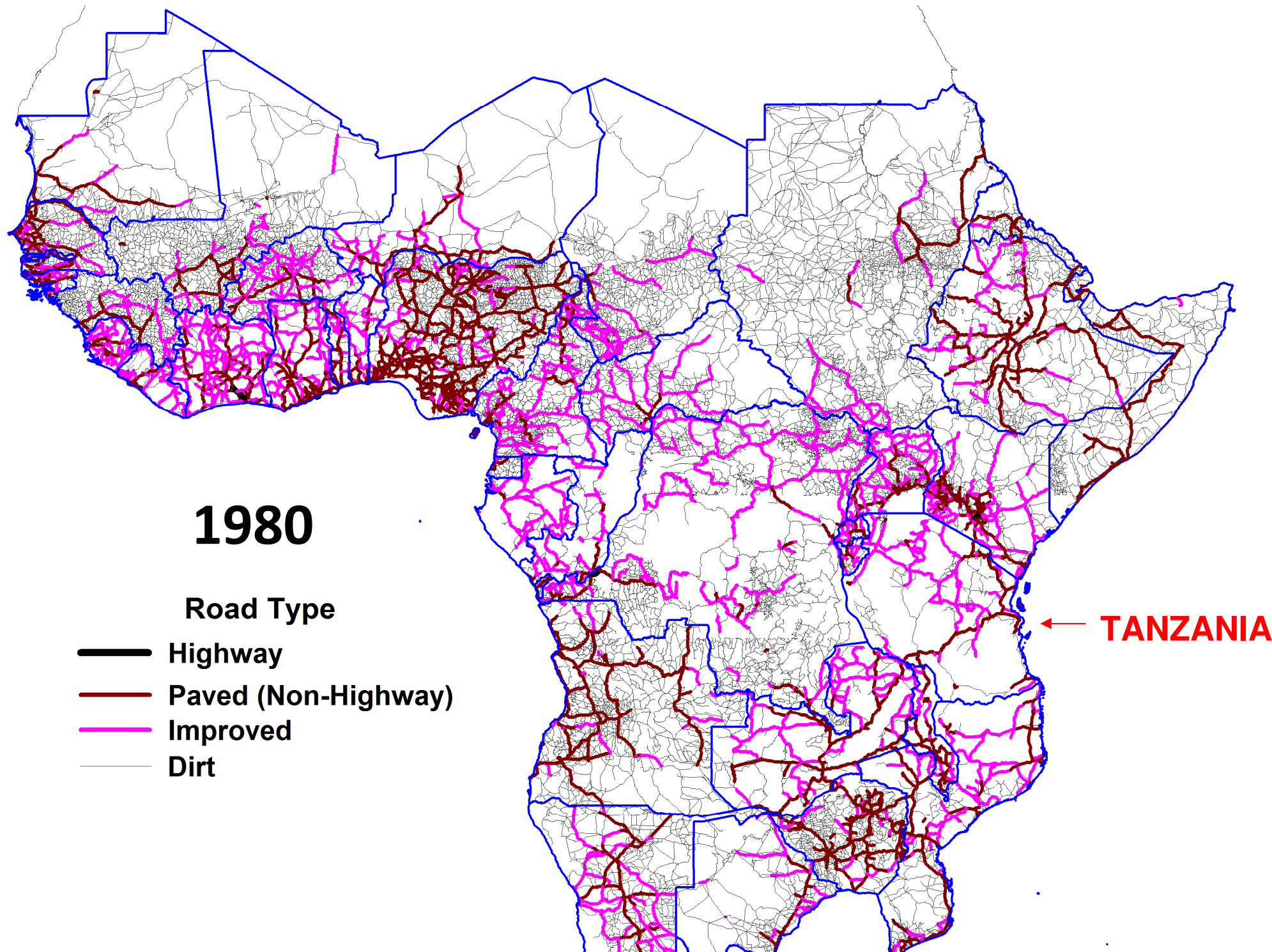
**Source: Jedwab & Storeygard 2015**



NW: 1965, NE: 1966, CS: 1961

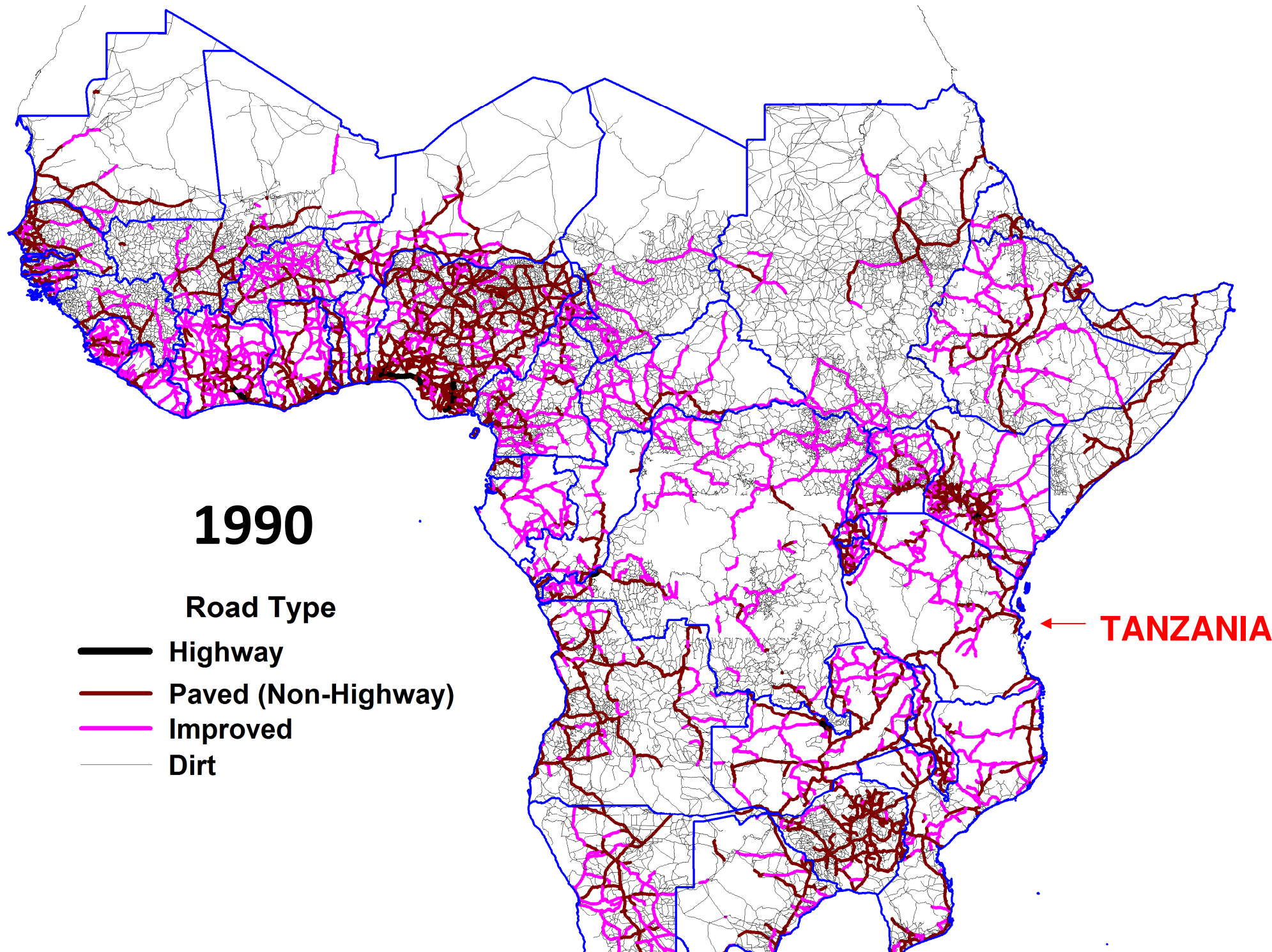
**Source: Jedwab & Storeygard 2015**





NW: 1983, NE: 1982, CS: 1981

**Source: Jedwab & Storeygard 2015**



**1990**

**Road Type**

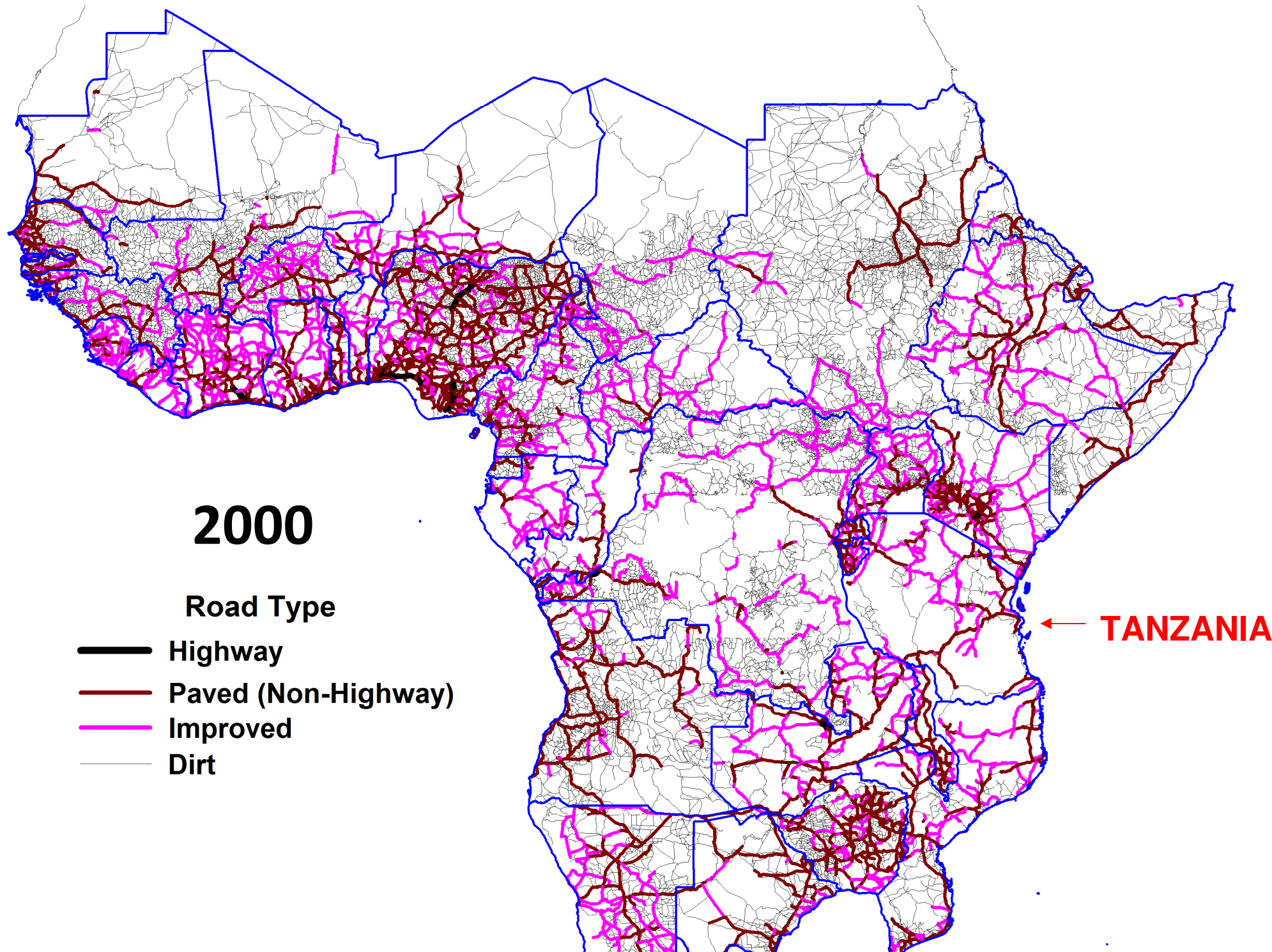
-  Highway
-  Paved (Non-Highway)
-  Improved
-  Dirt

← **TANZANIA**

NW: 1990, NE: 1990, CS: 1990

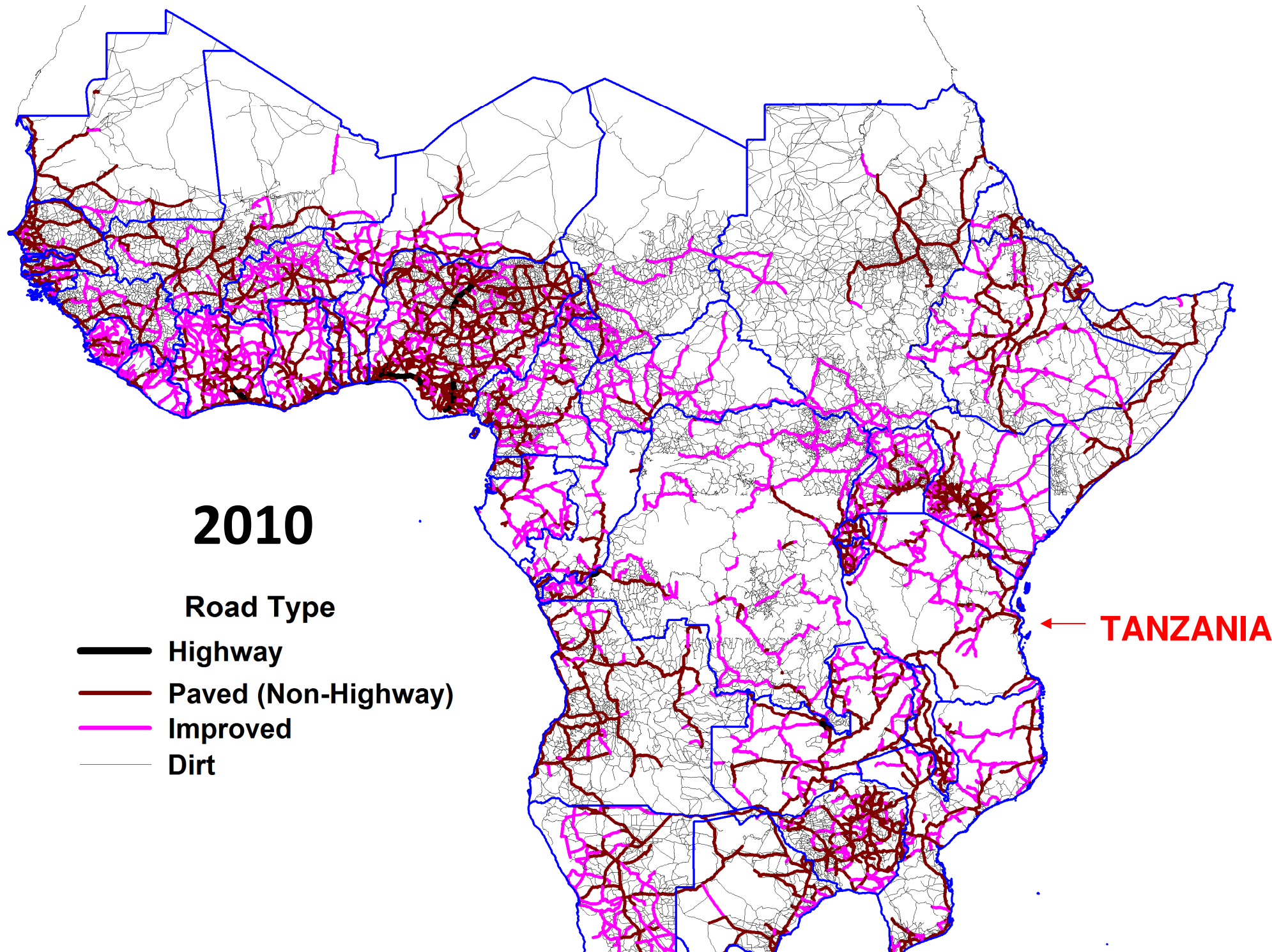
**Source: Jedwab & Storeygard 2015**





NW: 1998, NE: 2000, CS: 2000

**Source: Jedwab & Storeygard 2015**



**2010**

**Road Type**

-  Highway
-  Paved (Non-Highway)
-  Improved
-  Dirt

 **TANZANIA**

NW: 1965, NE: 1966, CS: 1961

**Source: Jedwab & Storeygard 2015**

- *“Our model omits a number of features that merit further research. [...] agglomeration effects [...] factor mobility [...] growth in factors of production.”*

Thanks for making my task easier!

- How to reduce poverty? The poor disproportionately live in the countryside, but if strong **dynamic agglomeration effects**, growth comes from the cities. Is China developing because it has high ag productivity? Or high non-ag productivity? Good villages and/or good cities?
- **Heterogeneous migration costs**: easier to move from villages => Mwanza => Dar, but from cities => villages?
- **Growth in factors of production**: Tanzania's population will double by 2050 (50 more million people!).

# Minor Comments

- Title: “Rural-Urban Linkages” first? Something more catchy? “The Unintended Spatial Consequences of...”?
- P.7: “Roads to nowhere”. You could cite my paper “The Value of Democracy: Evidence from Roads in Kenya”.
- P.8: My paper (Jedwab & Moradi 2011) is forthcoming at REStat. I also have my paper on railroads in Kenya (Jedwab, Kerby & Moradi 2015, forthcoming in The Economic Journal)
- P.9: “we can fully identify and account for causation”. Ok. But your approach also has issues, since the analysis based on many theoretical and parametric assumptions.
- What is the definition of “urban” that you use?
- Discuss the literature on urban-biased policies
- You strongly argue that standards of living are much higher in the cities than in the countryside. But if you compare “rural” and “slums” (where rural-to-urban migrants will first enter the city)? Also depends on amenities, housing space consumed, rents, unobservable skills.



# Minor comments

- Compare your results with the existing empirical literature.
- Table 1:  $(\text{Max} - \text{Min})/\text{Average}$ . Instead of showing columns (1)-(3), only show column (4) and another column with  $(\text{Max5} - \text{Min5})/\text{Average}$  for the top 5 and bottom 5 prices. You don't want the wedges to be driven by outliers.
- Table 1: Perishability can contribute to the transport wedge, and location-specific quality too. "Men's trousers" are probably heterogeneous in quality across locations.
- Table 2: Why is the mark-up higher in Mwanza? Not clear.
- Table 3: Why output shares differs so much from consumption shares? Remittances? Commuting?
- Tables 4 & 5: These are great results, but you need to find a way to highlight some of them better. Otherwise, it's easy to get lost.