

Small number of large cities drive half the world's growth

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A small selection of big cities has been the driving force behind more than half of the global economic growth this century, data show.

A McKinsey Global Institute analysis of more than 178 countries showed half of the rise in global output over the first two decades of the millennium was generated by regions making up less than 1 per cent of the world's landmass.

While cities have always played an outsized role in driving development, the data highlight the degree to which growth was concentrated in places such as Shenzhen and Guangzhou in China, Delhi and Bangalore in India, and Los Angeles and Dallas in the US.

John Bluedorn, deputy division chief at the IMF, said the increasing dominance of urban areas in driving growth reflected "the economic benefits from increased specialisation and agglomeration". Clustering activity in turn made trade and exchange "more efficient".

The research showed growth was geographically dispersed, with the top contributors across 130 countries in every continent, with the most prosperous regions in poorer countries often having

more in common with cities in advanced economies than their neighbours. Porto in Portugal and Mapusa in India had similar gross domestic product per capita in 2019, despite Portugal being more than five times richer than India.

About 700mn from poorer countries lived in high-growth regions. Places driving global growth were as diverse as São Paulo in Brazil, Lagos and Ibadan in Nigeria, Bucharest in Romania, and Bogor in Indonesia.

Lamia Kamal-Chaoui, director of the OECD Centre for Entrepreneurship, SMEs, Regions and Cities, said the Paris-based body found the most productive regions in a country, typically large cities, were on average twice as productive as the least productive regions. "Inequalities between places have grown over the last two decades," she added.

About 2bn, or 27 per cent of the global population in 2019, lived in the regions that drove half of global growth.

McKinsey also found that from 2000 to 2019 about 1.1bn in China and nearly 1bn in 75 other countries, including Egypt, Brazil, Colombia and India, reached a high standard of living, defined as when life expectancy exceeds 72.5 years and annual real GDP per capita income is greater than \$8,300.