

## **In Search of a Spatial Equilibrium in the Developing World**

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### ***Abstract***

In most developing countries, there is a large gap in income per head between urban and rural areas. One interpretation of this gap is a spatial equilibrium, in which the higher incomes of urban areas are offset by lower non-monetary amenities. In this paper, we draw on new high-resolution evidence to document how amenities vary across space within twenty developing countries. We focus on measures of health, housing quality, crime and pollution. These vary substantially across space, and they can be carefully measured with highly comparable data. We find that in almost all countries, and for almost all measures, amenities are constant or increasing in population density. In addition, in most countries, the evidence is clear that net internal migration flows are directed toward denser areas. These findings are hard to reconcile with a spatial equilibrium. Instead, they suggest that developing countries are undergoing a reallocation of workers to densely populated areas, where living standards are on average higher.