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RESHAPING ECONOMIC GEOGRAPHY

Places do well when they promote transformations along the dimensions of economic geography: higher densities as cities grow; shorter distances as workers and businesses migrate closer to density; and fewer divisions as nations lower their economic borders and enter world markets to take advantage of scale and trade in specialized products. *World Development Report 2009* concludes that the transformations along these three dimensions—density, distance, and division—are essential for development and should be encouraged.

The conclusion is controversial. Slum-dwellers now number a billion, but the rush to cities continues. A billion people live in lagging areas of developing nations, remote from globalization's many benefits. And poverty and high mortality persist among the world's "bottom billion," trapped without access to global markets, even as others grow more prosperous and live ever longer lives. Concern for these three intersecting billions often comes with the prescription that growth must be spatially balanced.

This report has a different message: economic growth will be unbalanced. To try to spread it out is to discourage it—to fight prosperity, not poverty. But development can still be inclusive, even for people who start their lives distant from dense economic activity. For growth to be rapid and shared, governments must promote economic integration, the pivotal concept, as this report argues, in the policy debates on urbanization, territorial development, and regional integration. Instead, all three debates overemphasize place-based interventions.

Reshaping Economic Geography reframes these debates to include all the instruments of integration—spatially blind institutions, spatially connective infrastructure, and spatially targeted interventions. By calibrating the blend of these instruments, today's developers can reshape their economic geography. If they do this well, their growth will still be unbalanced, but their development will be inclusive.

