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The Political Economy of Slums: Theory and Evidence from Sub-Saharan Africa

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Summary. — Over 800 million people in Africa, Asia, and Latin America live in slums. Why? I argue that slums are a result of "disjointed modernization" and show that 70% of cross-country variation in slum incidence is explained by demographic, economic, and institutional factors. I trace the origins of disjointed modernization in sub-Saharan Africa back to the colonial period and show that colonial era investments and institutions are reflected in contemporary variation in slum incidence. I argue that status quo interests and the rise of an anti-urbanization bias in development discourse have inhibited investment and reform in the postcolonial era.

Key words — slums, informal settlements, Africa, colonialism, urban development

1. INTRODUCTION

According to UN-Habitat. (2008) over 800 million people in Africa, Asia, and Latin America live in slums—i.e., urban areas characterized by some combination of tenuous dwelling structures, overcrowding and lack of access to adequate water and sanitation facilities. Improving the lives of slum dwellers is one of the most pressing development challenges of the 21st century. United Nations projections suggest that all of the world's population growth in the next 50 years will be absorbed by towns and cities in developing regions and World Bank research has shown that urban poverty is growing even as rural poverty has begun to decline (Ravallion, Chen, & Sangraula, 2007; United Nations., 2012). Despite these trends, surprisingly little systematic comparative research has been devoted to understanding the dynamics of urban poverty and development in recent decades.

The "challenge of slums" is particularly acute in sub-Saharan Africa. Although the region contains just 13% of the urban population of developing regions it hosts 25% of the slum population of developing regions (UN-Habitat, 2008). Over 60% of sub-Saharan Africa's urban population lives in slum conditions; the highest level of "slum incidence" of any major world region and significantly higher than the developing region average of 32.7% (UN-Habitat, 2008). However, conditions in urban areas vary considerably across countries within the region (see Table 1).

This article provides a systematic analysis of the slum phenomenon, drawing together a range of qualitative and quantitative evidence to account for the emergence and persistence of slums. In contrast to much of the literature on the topic, which portrays slums as either a symptom of modernization or a consequence of market failure, I highlight the historical and political dynamics that have resulted in differential urban development trajectories across countries within Africa and the developing world more generally.

I begin by constructing an empirical model of slum incidence to test the "disjointed modernization" hypothesis implied by the existing literature. Using ordinary least squares regression analysis I show that about 70% of contemporary cross-country variation in slum incidence is accounted for by variations in urban population growth rates, economic conditions, and institutional quality, as predicted by this hypothesis. However, I argue that identifying the contemporary correlates of slum incidence does not amount to a convincing causal explanation for the scale and diversity of the phenomenon. For that we must identify the origins of divergence in urban economic and institutional development across countries.

To that end, I trace the roots of contemporary variation in slum incidence in sub-Saharan Africa back to the colonial era, which represents a critical juncture in the history of urban development in the region. Generally speaking, colonial investments in urban infrastructure, housing, and economic diversification were limited, and the systems of urban governance that were established were highly centralized and ad hoc. Towns and cities were essentially designed to facilitate the extraction of primary commodities and protect the interests and lifestyles of a European minority. However, urban investment and institutional development varied across Africa depending upon the depth of political and economic interests at play. I show that this variation in colonial investment and institutional development is correlated with contemporary variation in slum incidence.

Finally, I turn my attention to the mechanisms of path dependency that have served to perpetuate colonial era patterns of urban development. The proliferation of slum settlements in Africa is de facto evidence of persistent government failure to invest in urban development and cultivate effective institutions for urban management. Understanding this failure is the key to developing a genuinely causal explanation of the slum phenomenon in Africa.

I argue that the ad hoc governance arrangements and infrastructure deficiencies bequeathed by colonial administrations created opportunities for postcolonial political and economic entrepreneurs to cultivate instrumental patron–client networks and exploit rent-seeking opportunities. As a result, a constellation of "status-quo" interest groups have emerged in the region. Put simply, urban underdevelopment has proven politically and economically beneficial to a wide range of actors in

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Table 1. *Slum incidence by region and for selected African countries*

	Slum population as% of urban population				
	1990	1995	2000	2005	2010
Region					
Developing Regions	46.1	42.8	39.3	35.7	32.7
Northern Africa	34.4	28.3	20.3	13.4	13.3
Sub-Saharan Africa	70.0	67.6	65.0	63.0	61.7
Latin America & the Caribbean	33.7	31.5	29.2	25.5	23.5
Eastern Asia	43.7	40.6	37.4	33.0	28.2
Southern Asia	57.2	51.6	45.8	40.0	35.0
South-eastern Asia	49.5	44.8	39.6	34.2	31.0
Western Asia	22.5	21.6	20.6	25.8	24.6
Selected African countries					
Ethiopia	95.5	95.5	88.6	81.8	
Ghana	65.5	58.8	52.1	45.4	
Nigeria	77.3	73.5	69.6	65.8	
Tanzania	77.4	73.7	70.1	66.4	
South Africa	46.2	39.7	33.2	28.7	
Zimbabwe	4.0	3.7	3.3	17.9	

Source: UN-Habitat (2008).

African cities. Moreover, I argue that the emergence of status quo interests coincided with the rise of an anti-urbanization bias in international development discourse at a time when countries in Africa were experiencing historically unprecedented rates of urban population growth. This further encouraged a *laissez-faire* approach to urban governance, resulted in a contraction of urban infrastructure investment, and the led to the adoption of misguided policies designed to restrict or discourage rural–urban migration.

The proliferation of slums across the developing world can be understood as a consequence of "disjointed modernization". However, the scale of the phenomenon should also be seen as symptomatic of government failure to proactively manage urbanization. There is little doubt that rapid urban population growth in developing regions—and Africa in particular—places enormous strain on government resources and capacities. However, more could surely be done to improve the lives of the burgeoning urban populations in developing regions, but only where the interests and ideas of politicians and planners support a proactive urban development agenda.

The remainder of this paper is organized as follows. The next section reviews the existing literature on the emergence and persistence of slums. Section 3 presents and tests an empirical model of slum incidence based on this review. Section 4 examines the influence of colonial patterns of investment and institutional development on urban development in Africa and demonstrates empirically that that these patterns are correlated with contemporary variation in slum incidence in the region. Section 5 introduces a stylized political economy model of urban development designed to elucidate the specific mechanisms of path dependency that have served to perpetuate these early patterns of urban development and draws on qualitative evidence to demonstrate their salience. Section 6 concludes with a brief discussion of the policy implications of the analysis presented.

2. THEORIZING SLUMS: MODERNIZATION AND MARKET FAILURE

The term "slum" was originally used to refer to the overcrowded, squalid inner-city tenements of industrializing cities in Europe and North America (Gilbert, 2007; Ward, 1976). More recently it has been resurrected by UN-Habitat in its global "Cities Without Slums" campaign to refer to any urban area that suffers from one or more of the following conditions: non-durable structures (e.g., shacks), insufficient living area (i.e., overcrowding), deficient access to adequate water facilities, or deficient access to adequate sanitation facilities (UN-Habitat, 2008). In developing regions today, such settlement conditions are sometimes found in inner-city tenements, but mostly in the sprawling informal settlements that run in and around the more built-up central districts of towns and cities.

Slums have traditionally been portrayed as a transitional phenomenon associated with modernization—a natural by-product of the (assumed) complementary processes of industrialization and urbanization. For example, Frankenhoff (1967) suggested that "slums necessarily belong to the process of economic growth in a developing country" by acting as "the staging area for the migrating poor" as they work to integrate themselves into the economic life of cities in expanding economies (27–28). Similarly, John Turner (1969), an influential pioneer of the study of slums and squatter settlements, argued that they are "both the product of and the vehicle for activities which are essential in the process of modernization" (509). According to this perspective, poor rural migrants initially cannot afford to build, buy, or rent decent housing and opt instead for cheap, substandard unites close to employment opportunities. As they become integrated into the urban economy and their incomes rise, these migrants eventually enter the formal housing market or invest in upgrading their existing dwellings, thereby ameliorating slum conditions. In other words, modernization theory portrays slums as a natural and temporary manifestation of a market failure arising from the dynamics of structural change in labor markets.

This teleological theory is premised on several flawed assumptions. First, it assumes that slum settlements grow to accommodate labor migrants, but the link between urban population growth and urban economic growth is tenuous, particularly in sub-Saharan Africa, which experienced two decades of "urbanization without growth" (Fay & Opal, 2000; Fox, 2012). Second, it assumes that economic growth will trickle down to those living in slums, allowing them to improve their lot. This is questionable given abundant research indicating