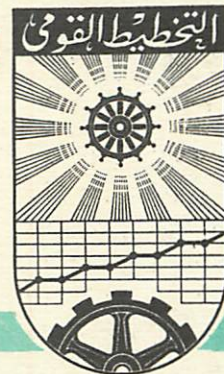


UNITED ARAB REPUBLIC

THE INSTITUTE OF NATIONAL PLANNING



Memo. No. 1041

Urbanization and Economic Development

By

Dr. Mohamed H. Fag El Nour

September 1973

reprint

May 1975

I- Introduction

The process of urbanization is now more rapid and massive than it has ever been before. This is especially true for the greater part of the developing world where urbanization is overleaping. The rural-urban migration of hundreds of millions of people in these still shiefly agrarian economies is tremendously affecting the life of humanity. The unprecedented rates of overall population growth are helping to swell the populations of individual cities in such a way that were hardly ~~conceived~~ half a century ago. (1)

It would be erroneous to concentrate our analysis of urbanization on the metropolitan and urban areas. The strongest increase of population in urban areas, in the developing countries, is caused not by natural increase but rather by migration from rural areas. Hence, we should stop thinking of urbanization in terms of rural-urban dichotomy and start its analysis as both affecting and affected by the whole process of development.

Many economists and sociologists agree on the benefits of urbanization to the process of development. This general agreement is based on studying the experience of the presently advanced western countries. This, however is at present being viewed with apprehension because of the apparent dissociation between the process of urbanization and the increase in industrial employment in the developing countries.

Three major aspects should be tackled in studying urbanization in the developing countries. These aspects are:

- 1- Primacy
- 2- Concentration of migration
- 3- Over-urbanization.

- (1) Primacy exists where one city (or perhaps two cities), usually the capital city (and a major part) dominates the rest of the national territorial space. This situation should be contrasted with that of the advanced countries where the national territorial space is composed of a relatively balanced system of cities.
- (2) Concentration of population migration can be clearly documented in the developing countries where people migrate to one or perhaps to a very limited number of urban centers. Thus no regularity can be found in the rank-size of cities in the developing countries as may be found in the advanced ones.
- (3) Over-urbanization is a phenomenon that is more related to the framework of economic status and stage of development in any one country rather than being related to the urban structure per se.

Thus urbanization should not be viewed as a sufficient condition for economic development. Rather, it should be viewed as a stimulating factor to economic development, under certain conditions and up to a certain level.

II- Urbanization in Historical Perspective

The natural inclination of mankind towards survival helped in his fast grasping and exploitation of the great discovery of planting seeds that were storable, especially grains. His natural inclination towards security made him establish the first permanent village around the year 5000 B. C. Such villages used to consist of some small simple houses with some facilities for storage of grains and water supplies. This had made life more secure and made the permanent settlements possible.

The subsequent improvement of agriculture and the resulting availability of dependable food surplus gave rise to the development of the first relatively small urban center. It differed from the rural village in that, while the rural village has probably developed, in large part, in response to the needs for security and for working together, the town had an added function, and that is- trade.⁽²⁾ Food supply, water and the even present diseases made the relatively crowded urban living more dangerous than living in small rural villages. Lastly, while towns could offer more security from outside attacks, the rivalry that often developed among them and the subsequent frictions prevented their evolution into cities.

Historically, the emergence of urban agglomerations and the development of cities can be attributed to several factors:⁽³⁾

1. The size of the total population.
2. The control of natural environment.
3. Technological developments.
4. Developments in the social organization.

Population size is naturally an important factor affecting urban development. A minimum number must exist to allow the grouping of population into human agglomerations. In addition, a minimal amount of control over the natural environment should exist to arrive at acceptable requirements of aggregative living. Thus, while the earliest urban agglomerations were to be found in river valleys and alluvial plains, relatively simple technology permitted the use of a wide variety of natural environment, for urban development, through provision of necessities for survival i.e. food, shelter, clothing and water supplies. However, the evolution of relatively large population concentration centers required, more than just simple technology. Increasingly sophisticated technology was required to meet the increasing and diversifying needs of the large urban centres. More complex social organizational forms were also needed. This included improved channels of communications and socio-political mechanisms of exchange between the different strata of the population. Chief among these mechanisms and forms of exchange were those, allowing for, and improving the exchange between the urban centers and their hinterlands.

The eighteenth century witnessed the formation of such technological advances and social mechanisms that permitted the evolution of the relatively large urban centers. Increased agricultural productivity achieved, especially through more intensive utilization of non-human energy, allowed the agricultural hinterland to meet the increased requirements of the enlarging urban centers.

The evolution of strong central governments and the relative peace brought about by this process, enhanced the development of local, regional, and national markets through increasing specialization and division of labor.

The technological advancement in industry and the establishment of better means of communications, especially after the discovery of the Steam Engine, permitted the exchange of goods and services between urban and rural areas. This easier exchange facilitated the agglomeration of industries and population in places that came to be known as the industrial cities in Europe and, later on, in the United States.

The twentieth century witnessed the evolution of metropolitan areas. This can be attributed largely to the extensive application of science to industry, especially the diffusion of electric power and to the advent of the automobile. These factors have permitted virtually all the necessary requirements for easy living to exist within the boundaries of the metropolitan areas.

Thus, while the steam engine had set centripital forces into motion, creating dense population around factory plants, the combination of electric power, the automobile and the telephone set centrifugal forces into motion, thus causing both industry and population to be diffused over a wide area of the landscape and hence permitting larger agglomerations of both.⁽⁴⁾

At present, the available techniques for urban planning and provision of social services offer limited solutions for the problems created by this process. Still on the main lines of policies, especially among the developing countries, little progress can be reported for the application of planning to national population distribution or even towards the formulation of consistent national decisions concerning population.⁽⁵⁾ In formulating public policies, economic planners and physical planners continue to go their separate ways, even on the most crucial issues. While economic planners continue their discussions concerning the relative advantages of concentrating or diffusing investments for development and/or for giving incentives for population redistribution, these discussions continue to be at a high level of abstraction and generalization. They fail in integrating their economic analysis with the socio-political implications of the present trends and their practical alternatives. On the other hand, and because of the Eutopian schemes set forward by city planners, earlier aspirations to plan the growth of various capital cities seem to have been tactly abandoned in the developing countries.⁽⁶⁾

III- Urbanization and Economic Development

On the process of economic development, many economists and sociologists agree as to the benefits derived through urbanization. As was suggested, this agreement is generally based on studying the experience of the presently developed western countries. In this respect, urbanization studies is usually handled within the framework of economies of agglomeration and the change in the population attitudes towards the will for productive employment and economic development.

Although there are many similarities, with respect to urbanization, between the advanced nations and the presently developing countries, but still there exist many important differences. In effect, these differences demonstrate that it would be hazardous to assume that all the patterns and benefits of urbanization will materialize in the future as they took place in the past.

Four major differences can be visualized between present and past urbanization trends:

- A. Differences in the world political situation.
- B. Differences in the forces making for urbanization.
- C. Differences in the available technology.
- D. Differences in population rates of growth.

A. Differences in the world political situation:

The establishment of the United Nations with its specialized agencies constitute the first political difference in the present situation vis-a-vis the past situation. Together with the polarization of world politics, this have stimulated technical assistance to stimulate economic growth and urbanization. This statement can be verified when we observe the obsession of the developing countries with industrialization within the past twenty years. Thus it seems reasonable to assume that the present rates of urbanization in the developing countries will keep accelerating than it has ever been experienced in the past. Further, it should be added that the heavily populated countries in Europe had at their disposal the vast unexploited and relatively uninhabited continents of the Americas and Australia. These continents had certainly relieved the rural-urban migration in these western countries. This possibility does not exist for the developing countries today.

B. Differences in the forces making for urbanization:

The second major group of differences between the urbanization process in the presently developing countries and the advanced ones lies in their urbanization initiating forces. While economic development, industrialization and urbanization were largely the product of market forces in the presently advanced nations, the same statement

does not hold true for the developing countries. It may be argued that as a result of developing through planning, especially central planning, developing countries will be able to avoid, or at least to minimize, many of the problems encountered in the western urbanization. It should be noted, though, that a full understanding of the forces making for urbanization is still needed in the developing countries to provide for sound policies and coherent action programs. This is especially the case when we examine the experience of the centrally planned countries in urbanization and realize that it was by no means free of serious problems.

In addition, the start of urbanization in the developing countries, as a group, can be generally attributed to their colonial heritage. Thus, the start of urbanization can be considered as caused by exogenous forces and far from being caused by the endogenous economic development. As was suggested before, most of the developing countries have only one major city. The growth of such primate cities, which is often five times larger than the next largest, were also the result of their function as a melting pot between the colony and the imperial country. Thus, their growth can be attributed to their role in the imperial system rather than to their role in the national system. With independence, many such primate cities, especially in Africa, have lost their basic economic functions. Some more, were heavily affected by the disruption of the empires with which their countries were previously associated. As these urban centers

must now wait for further national economic growth to support- and to justify- their present size, over-urbanization appeared in their countries.

C. Differences in the available technology:

The available twentieth century technology is exerting its impact and influencing urban growth rates and patterns in the presently developing countries. The centripital and centrifugal forces of urbanization is now being experienced simultaneously in the developing countries rather than sequentially as was the past experience in the western countries. Coupled with the improved strains of seeds and other foodstuffs, this aided the process of exchange between the urban centers and their hinterlands and allowed these hinterlands to meet the increasing demands of the enlargening urban centers. Through this increased agricultural productivity income levels in the agricultural areas were affected, thus widening potential markets for the urban centers.

D. Differences in population rates of growth :

The fourth major aspect in which developing countries differ from the already advanced countries - at the time of their starting in the urbanization process - is that involving population rates of growth. The unprecedented rates of population growth in the developing countries today, whether it be a result of the high birth rates, or the decreasing death rates, or both is causing an increasing population

Pressure on the available resources in the developing world. This aspect can be looked at in proper perspective when we realize that the man/land ratio in the majority of the developing countries is higher than that which prevailed at the time of early industrialization and urbanization in the west. This ratio is still rising in many developing countries especially those in Latin America, the Middle East and Asia. This is a direct result of the high birth rates and the rapidly declining death rates. As a consequence, a large share of urban growth in the developing countries is attributed to the rural-urban migration resulting from the already overpopulated rural areas. In this context, two forces exist and their simultaneous play result in accelerating rates of urbanization. First, there is the "Pull Power" of the already existing urban centers, and second, there is the "Push Power" of the rural areas.

The pull power of the urban areas can be best exemplified by the characteristics of the capital cities of the developing countries. Government agencies, ministries and major business concerns have their head quarters located there. Important decisions and almost all the political issues are usually settled there. Major port cities share with the capital cities the relative abundance of modern facilities, possibilities of cultural exchange and the other amenities in general. Coupled with the relative abundance of educational institutions, especially higher education and training

facilities, this add tremendously to the pull power of the already existing urban centers. The relatively disadvantaged rural areas in terms of its lacking gainful employment opportunities and most of the amenities existing in urban areas, can do nothing but push the relatively active and young population out to the urban centers. This leaves behind, the less dynamic and older part of the population. In addition, savings start to flow to the urban regions. This process materializes as opportunities for profit making and/or expansion exist mostly in the urban areas as a direct consequence to the exploitation of external economies (especially the economies of agglomeration). Furthermore, public funds tend, through bias, to enhance basic facilities and infrastructure in the urban centers. This is either done under the political pressure of the "outspoken" urban population or through the auspices of spectacular spending to create a "show-piece", usually for the outside world. This, of course, adds to both the pull power of these urban centers and to the push power of the rural areas.

The obsession of the developing countries with industrialization while disregarding the absorptive capacity of the country, and often at the expense of agriculture, is well documented. This is usually the result of the rather narrow interpretation to the fact that economic development, by definition, means a change in the national economy in both structure and performance. Thus, to exploit the economies of geographic concentration and other external economies, large scale

industrialization, especially that of the leading motor industries takes place in the urban centers. Profit opportunities materialize in these few urban agglomerations, at least in part, as a consequence to the available infrastructure. This, in itself, induces further rural-urban migration as the rural migrants seek in the urban centers a refuge from unemployment, disguised or otherwise, that prevails in their blighted regions.

It should be also noted that existing levels of living in the developing countries are much lower than were prevailing in the advanced countries at the time of their development take-off.⁽⁷⁾ This may further point to the effect of the push power of the rural areas on urbanization trends and it may also explain the relatively low levels of living conditions existing in the urban centers of the developing countries at present.

All the preceding discussions lead to some significant factors that should be considered with a great deal of awareness when analyzing urbanization in the developing countries. While urbanization is usually defined in terms of the proportion of a nation's population residing in urban places, it should be clear enough that it involves, as a dynamic process, either the multiplication of points of population agglomeration or the increase in the size of the existing agglomerations or both. In the developing countries, urbanization is rather

oriented towards the increase in the size of the already existing cities, especially the large ones. The colonial heritage of most of these cities causes the outlook of their urban elite to differ from that of the common people, despite the fact that most of them is now thoroughly national. It can be realized that as the educated persons are still in the minority in the developing countries, the attitudes of the urban elite play a leading role in setting the cultural framework of their societies. The urban elite of the large cities are mostly westernized and are rather apart from the style of life of the peasants and population masses. This cultural or behavioral gap is narrower in the case of the small town's elite and in many instances it may be completely absent. To overcome this gap for the new migrants, is proving very difficult, so much so that it often requires more than a generation.⁽⁸⁾ Consequently, several strata of population differing in their attitudes, values and behavioral patterns can be found coexisting in the large urban centers of the developing countries. A group of these urbanized people can be actually considered as villagers having their village outlook, for they do not really follow the expected patterns of urban living, as may be generalized from the western experience. As these villagers (now urbanized) live in a separate style from the rest of the urban population, one may safely state that they do not increase the urban economic agglomeration, rather they just increase the urban agglutination. Hence, the role of such urbanization trends in transforming values, nature of attitudes and cultural patterns, through increased specialization and division of

labor, as has been the case with the western experience, should not be taken at its face value.

This does not mean that urbanization is all evil for developing countries, it was rather intended to set the matter in its proper perspective. In fact, it is getting to be more understood that urban population concentrations may be considered as a problem in a limited sense and that this problem is susceptible to direct measures of control. Thus, urbanization can be analysed in a wider sense as a simultaneous process of population concentration in cities, of transformation and/or modernization of the already existing urban patterns and of diffusion of urban living to the rest of the national population. The diffusion function of the cities are of great importance to the developing countries. Until recently the primate cities (and port cities) have modernized themselves. However, further diffusion was rather weak and the rural areas together with small town societies preserved a certain pattern of stagnation. Recently, however, Brazil, Colombia, Mexico, Peru and Venezuela have witnessed higher rates of growth for the smaller urban centers than for the larger ones.⁽⁹⁾ This may be a trend towards the formation of national systems of cities of differing size and functions in these countries.

It is to be added that urbanization constitutes an important aspect of the process of economic development. Capital formation, Industrialization and urbanization are the three correlated vehicles to achieve successively higher standards of living. To achieve such high standards, the developing countries with their widespread under

employment, low productivity and rapidly growing population should secure a large rise in production. To secure such a large rise, more capital per worker is needed to raise his productivity. More and better equipment, better sources of power and energy and better transportation facilities, are only some of the needed forms of capital application. It is of course imperative to introduce also better agricultural practices and organizations which involve additional capital outlays and/or more intensive and rational use of the existing capital. The point we are trying to raise here is that progress depends to a large extent on the willingness of the population to divert an adequate portion of their present flow of income from consumption into future flow of incomes i.e. from consumption to capital formation. In a sense the ability of government to secure the necessary savings for purposes of investments, whether these savings are free or forced, is much more prevalent in urban areas than in the rural areas. This is especially true if we accept the hypothesis of rural overpopulation and relatively lower percapita incomes.

It should be also added, that economic development requires a certain environment so that it may thrive. The urban population contributes more towards change than the rural population. This by itself is a feature of economic development as differentiated from economic growth. The higher contribution to change in the urban areas is largely

due to reasons of environment and opportunity. The urban population usually takes lead and is more interested in the advancement of trade, manufactures, and in enhancing and accepting innovations. In addition, the urban environment is more favourable to the attitudes and beliefs which favour growth. The fact that large numbers of people exist together in towns in comparative struggle for existence, weakens kinship ties and excessive respect for status. This encourages impersonal economic relations⁽¹⁰⁾ and results in greater social flexibility and mobility.

In the developing countries, urban centers are further, usually more advantageous for industrialization especially at the early stages of development. Whether industrialization is looked at from the point of view of government or private entrepreneurs, the skilled workers are more apt to be available in the urban areas than elsewhere. In addition, the existing infrastructure and social services in the urban centers allow for the exploitation of external economies. In short, the urban center is the place where relatively large numbers of non-agricultural workers reside and in this sense will be less subjected to the traditional habits and taboos and hence are more fit for the requirements of industrialization.

Thus the developing countries should start directing their urbanization trends toward the more fruitful aspects of serving economic development through the initiation and encouragement of urban-industrial agglomerations, chosen at nodal points, to act as growth poles. In doing so, a great

deal of the frustrations, instabilities and social disorganization will be avoided or minimized and urbanization will tend to lead a major **role** towards achieving higher standards of living.

To achieve such an end, several factors have to be taken into consideration:

1. Joining planning to effective power for implementation.⁽¹¹⁾
2. Political commitment to a sound urbanization policy through establishing new growth poles and destroying primacy must be sustained.
3. A concerted use of urban-regional planning tools and policies should exist for a long period of time.
4. A national balance of interregional development must be achieved and maintained.

References

- (1) Turner, Roy : India's Urban Future (Berkeley: University of California Press, 1962) p. v.
- (2) Christensen, David : Urban Development (New York: Holt, Rinehart and Winston, Inc., 1964) pp. 7-8.
- (3) Hauser, Philip and Leo F. Schnore: The Study of Urbanization (New York: John Wiley & Sons, Inc., 1967) p. 1.
- (4) Ibid., p. 4.
- (5) United Nations Economic Commission for Latin America: Social Change and Social Development Policy in Latin America, (New York: U. N. 1970) p. 95.
- (6) Ibid., p. 96.
- (7) Kuznets, Simon.: Six Lectures on Economic Growth (Glencoe, Illinois: Free Press, 1959) pp. 23-28.
- (8) Turner, Roy: Op. Cit., pp. 171-172.
- (9) U.N. E. C. L. A. Loc. Cit.
- (10) Lewis, W. Arthur: The Theory of Economic Growth, (Homewood, Illinois: Richard Irwin, Inc., 1955) pp. 150-151.
- (11) Friedmann, John: Regional Planning. The Case of ~~Ch...~~
(Unpublished report).

