

Challenges, and Promises of Urbanization in the World

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Abstract: This paper examines the trends of global urbanisation and the magnificent scale and rapid pace of urbanisation in developing countries, and the different characteristics of urbanisation trends in developing and developed countries. It presents the economic powers and opportunities of urbanisation. On the other hands, rapid urbanisation is triggering huge problems and challenges, such as urban sprawl, urban poverty, higher urban unemployment rates, higher urban costs, housing affordability issues, lack of urban investment, weak urban financial and governance capacities, rising inequality and urban crimes, environmental degradation and etc. It argues that policies and strategies should aim to optimise both the urbanisation process and urban functions and infrastructure. Policy responses should link to local conditions, and choose different tools and instruments such as regulatory tools, market- based tools, and spatial tools to achieve sustainable urbanisation and maximise the benefits of agglomeration economies and minimise the negative externalities.

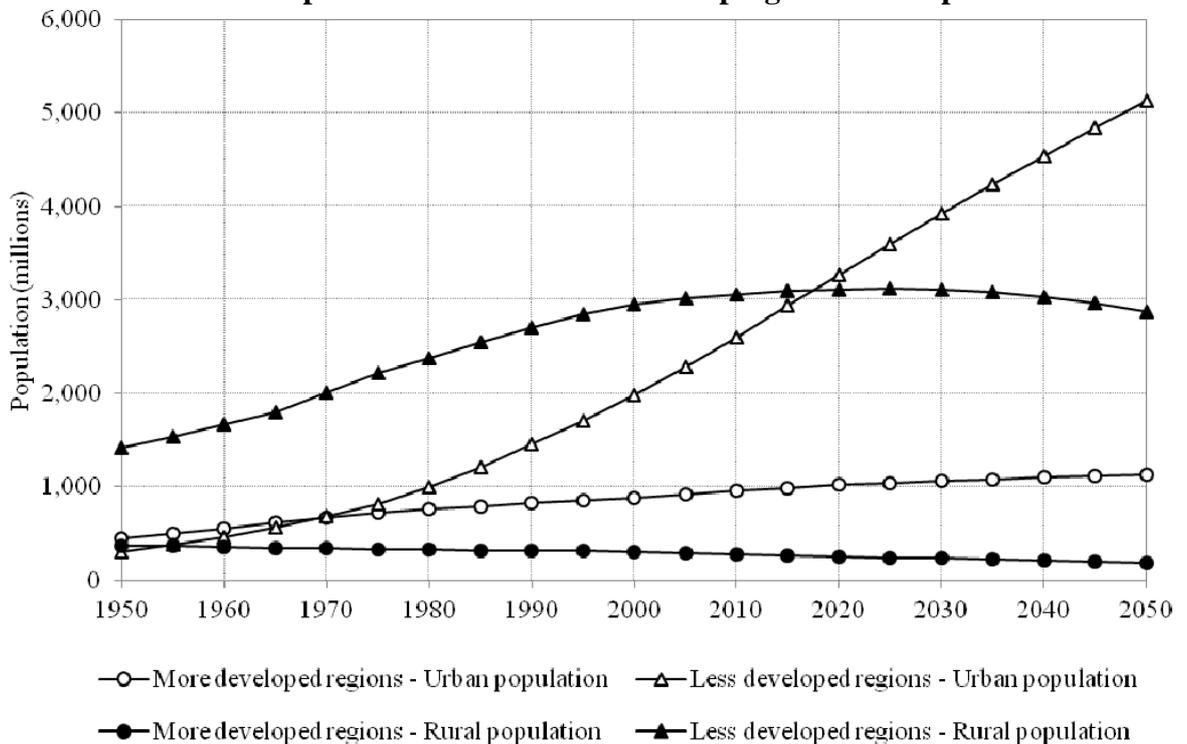
Key words: urbanisation trends and characteristics, urban problems and challenges, housing, agglomeration economies; urban sprawl and density

Introduction: Urbanisation of the planet is the most concrete phenomenon of the changes in global human settlements patterns. The increase of migration flows in the time of globalisation in the 20th and 21st century helps us to understand the dynamics of urbanisation. Each day thousands of migrants arrive in cities around the world to look for opportunities for a better life. The movement of people from rural areas to cities is so widespread and having tremendous impacts on the way we live and work. United Nations Department of Economic and Social Affairs and United Nations Population Fund's recent reports consider urbanisation as the defining aspect of our timeⁱ. Rapid urbanisation is happening in many parts of the world. In 1800, only 2 percent of the world's population lived in urban areas. In 1900 just 15 percent of the world's population lived in towns and cities. The 20th century transformed this process, as the pace of urban population growth accelerated very rapidly from 1950s. In 1950, more than two thirds (70 percent) of people worldwide lived in rural settlements. In 2007, for the first time in history, more than half of the world's population was urban. In 2014, 54 percent of the world's population lived in urban areas. It is expected to increase by 72 percent by 2050, from 3.6 billion to 6.3 billion in 2050ⁱⁱ. The world is transforming itself quickly not only in the percentage of population living in urban areas but also in the growth of cities. There are currently 34 cities with a population of 10 million or moreⁱⁱⁱ. 50 years ago only New York's population reached that level. However, within a 50 year period, the number of cities with a population greater than 1 million has increased from 80 to 533^{iv}. Large young population and high growth rates indicate that most of urban population will come from within cities^v. Rapid global urbanisation has tremendous economic, social and environmental impacts. This paper examines the trends, benefits and challenges of global urbanisation.

Global Urbanisation Trends:

Urbanisation Virtually Coming to an End in the Developed World:- Prior to 1950, the majority of urbanisation occurred in developed countries. The rapid urbanisation process in the developed world mainly happens as a result of industrialisation in Europe and North America in the 19th and 20th centuries. For example, in the United States, about 5% of the population lived in cities in 1800, and about 50% of the population lived in cities by 1920. Throughout the 19th and the first half of 20th centuries, the U.S.A. was urbanising. The same was true for most European countries during the 19th century and the first half of 20th centuries^{vi}. Since 1950, urbanisation has slowed down in most of the developed countries. Some large cities in the developed countries began to lose population as people moved away from the cities to rural areas, The urbanisation process in the developed world has almost come to an end^{vii} (see Figure 1).

Figure 1 Urban and Rural Population Growth in the Developing and Developed Worlds



Source: United Nations Department of Economic and Social Affairs

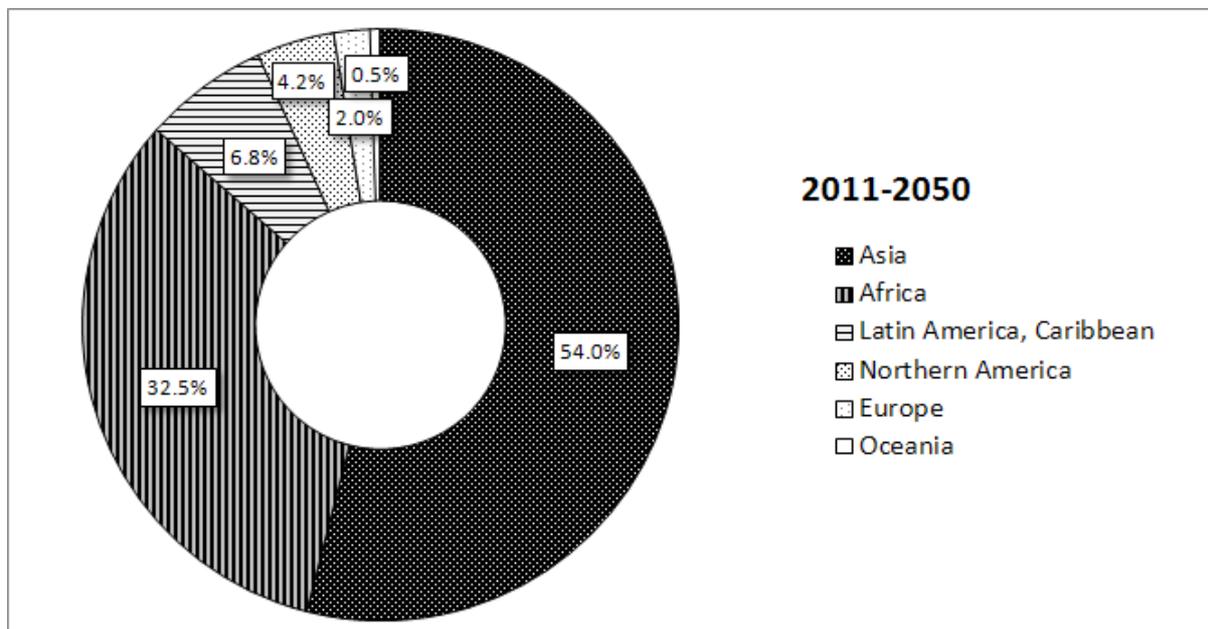
Suburbanization: Suburbanisation refers to the spreading of urban population and employment from the central cities to low density suburban areas. This movement results in an increased dispersion of urban population and employment over a land area^{viii}. The suburbanisation process began on a significant scale in the 1920s and accelerated after the Second World War, especially in North America. The suburban expansion was driven by the following factors: (1) Suburbs meet both the cost of new housing and the associated transport costs regarding the rapid growth of the urban population and rising disposable incomes; (2) Widespread diffusion of the automobile enhanced individual mobility; (3) Suburbs provide the particular living environments which the inhabitants desired and could pay for, escaping from crowded and increasingly dangerous inner cities; (4) Huge demand for affordable housing at the end of World War II; (5) Rising unemployment at the core cities and forced people move away from cities to search for employment elsewhere, for example, between 1951 and 1981, 11 UK major cities lost 31 percent

of their population^{ix}; (6) Loan programmes encouraged the development of single-family, detached houses in the suburbs; (7) The guaranteed fixed-interest mortgage made it cheaper in many cases to buy a house than to rent an apartment; (8) The goals were promoted by public policies that favoured highway construction over mass transit^x; (9) rising problems such as crimes made well off families to escape inner cities.

Rapid Urbanisation in the Developing World: Now the challenges of rapid urbanisation mainly lie in the developing countries. At mid-20th century only 17.8% of the population of the developing world lived in cities, but in 50 years since 1950 that percent has increased to over 40%. By the year 2030, almost 60% of the developing world populations will live in cities^{xi}.

It is estimated that 93 percent of the future urban population growth will occur in the developing world. Most of the urban population growth will be in Asia, Africa and Latin America, which respectively accounts for 54 percent, 32.5 percent and 6.8 percent of the total urban population growth (Figure 2).

Figure 2 Urban Population Growth in Different Regions 2011-2050 (per cent of total urban population growth)



Source: United Nations Department of Economic and Social Affairs

Different Urban Growth Patterns in the Developing and Developed Worlds: While the urban population in the developing world is close to those in the developed world in 1970s (see Figure 1), the pattern and size of urban agglomerations are diverging from the developed world. During the last few decades, the urban systems in the developed world have become increasingly balanced, witnessing the falling of the share of population living in the largest cities and increasing in the small and medium-sized cities. The urban growth in the developing world has instead been

absorbed by their largest cities^{xii}. A 2007 UN survey showed that 88 percent of respondents from the developing world reported that the spatial distribution of urban population is unsatisfactory. The number of countries with policies seeking to reducing migration to cities grew from 44 percent to 74 percent^{xiii}.

The Promise of Urbanisation:

Urbanisation Driving Economic Development: Urbanisation is one of the most important forces to drive the global economy. World Bank data shows that urbanisation is a very strong indicator of all aspects of productivity growth over the long run. It demonstrates the co-relationship between urbanisation and economic development level. The higher the urbanisation level in a country is, the higher the GDP per capita. This trend is more obvious for countries with GDP per capita below USD10,000. Very few countries have reached income levels of USD10,000 before reaching about 60 percent urbanisation level (see Figure 3). Countries with a degree of urbanisation above 60 percent are expected to achieve 50 percent more MDGs than those with a degree of urbanisation of 40 percent or less. No countries have moved to a high-income status without urbanizing, and urbanisation rates above 70 percent are typically found in high income countries^{xiv}.

The Advantages of Cities in Promoting Economic Development: Since 2008, the population in cities exceeds those living in rural areas. This concentration of the world's population in cities is accelerating. The Earth is now becoming a planet of cities. The reasons for driving this concentration are mainly due to the positive effects of cities, particularly on economic development. The main reasons for the positive effects of cities on economic development can contribute to the following factors: (1) cities as locations of concentrated economic activities offer large and diversified labour pools and are in closer proximity to customers and suppliers; (2) cities offer increased opportunities for division of labour and make intra-industry specialisation more likely; (3) firms may not only profit from horizontal and vertical spillovers, but are also able to respond to market demand changes more effectively; (4) relatively cheaper transport combines with the proximity to customers and supplier to reduce the costs of trade; Cities facilitate trade and commerce by providing super market places. Cities serve as production and services centres because the production of many goods and services is more efficient in a high-density urban environment. Cities provide consumers with more choices of goods and services. (5) by aggregating educated and creative people in one place, cities incubate new ideas and technologies and may lead to efficient growth by potentiating the full social returns to increased human capital^{xv}. Cities are the centres of knowledge, innovation and specialisation of production and services. Cities facilitate creative thinking and innovation. High concentration of people in cities generates more opportunities for interaction and communication, promotes creative thinking, creates knowledge spillovers and develops new ideas and technologies. Cities provide more opportunities for learning and sharing. Cities are the agents of social, cultural, economic, technologic and political changes and advancement^{xvi}.

The Challenges of Urbanisation:

Urban Sprawl: The rate of urbanisation which is increasing every year has required more development of new areas for housing, social amenities, commercial and other urban land uses. However, the lack of clear urban limits has led to the creation of urban sprawl encroaching upon environmentally sensitive areas, major agricultural areas and areas which are not suitable for

development. Besides, the high demand of land use at strategic areas also has led to land use conflicts. These situations have contributed to various urbanisation issues such as environmental pollution, traffic congestion, depletion of green areas and degradation in the quality of urban living^{xxiii}.

Urban sprawl in the developed countries began in the 1950s as a result of rapid urbanisation. Well-off people wanted to live outside of large city centres to avoid traffic, noise, crime and other big city problems, and to have more spacious homes and to enjoy better living environments in suburbs and while maintaining good access to amenities in the city centres. As suburban areas developed, more and more rural lands were transformed into developed areas, cities expanded in geographic size faster than they grew in population. This growth pattern has produced large metropolitan areas with low population densities, where most suburban residents lived in single-family homes and commute to work, school, and other activities by vehicles^{xxiv}.

This process ironically is sometimes accelerated by planning decision-making. London's greenbelt, which banned the extension of housing into the near periphery of the city, has resulted in further greater sprawl to far outside the principal urban area. All of metropolitan London's growth has been in suburban areas for the past 100 years, with a loss of 1.8 million in central London, while suburban areas grew by 10.5 million^{xxv}.

In many regions, urbanized areas have expanded dramatically. Urbanized land area in the United States has quadrupled since 1954. From 1992 to 1997, the national rate of development more than doubled to 3 million acres per year. In most large metropolitan areas, urban land area rose more than twice as fast as population did between 1950 and 1990. The reasons for these dramatic changes in urban form are numerous, including income increases, living style preferences, and public policy on transportation investment, housing, and taxes that have facilitated these trends^{xxvi}. However, urban sprawl is a universal problem. It is not limited to the developed countries. According to a study of the 23 largest metropolitan cities, large cities in developing countries face even more serious problems of urban sprawl.

Urban Sprawl of Megacities in terms of Population:

URBAN AREA CORRESPONDING METROPOLITAN REGION

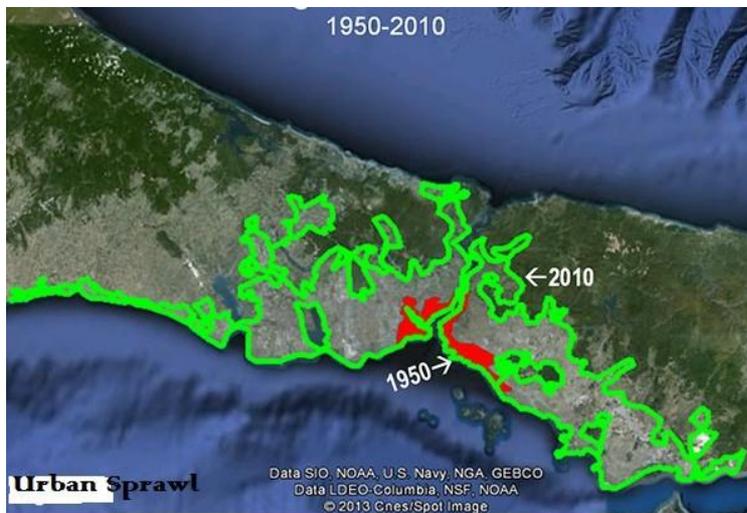
Bangkok	10 Years: 55% of growth outside core municipality
Beijing	10 Years: 99% of growth outside core districts
Buenos Aires	60 Years: 100%+ of growth outside core municipality
Cairo	16 Years: 2/3 of growth outside core governate
Delhi	10 Years: 90% of growth outside core districts
Dhaka	10 Years: 50% of growth outside core municipalities
Guangzhou-Foshan	10 Years: 75%+ of growth outside core districts
Istanbul	25 Years: 100%+ growth outside core districts
Jakarta	20 Years: 85% of growth outside core jurisdiction
Kolkata	20 Years: 95% of growth outside core municipality
Los Angeles	60 Years: 85% growth outside core

municipality Manila 60 Years: 95% growth outside core
 municipality Mexico City 60 Years: 100%+ of growth outside
 core districts Moscow 8 Years: 95% of growth outside core
 districts Mumbai 50 Years: 98% of growth outside core
 districts New York 60 Years: 95% growth outside core
 municipality
 Osaka-Kobe-Kyoto 50 Years: 95% of growth outside core
 municipalities Rio de Janeiro 10 Years: 95% of growth outside core
 districts
 Sao Paulo 20 Years: 2/3 of growth outside core
 municipality Seoul 20 Years: 115%+ of growth outside core
 municipality Shanghai 10 Years: 99% of growth outside core
 districts Shenzhen 10 Years: 70%+ of growth outside core districts
 Tokyo 50 Years: 95% of growth outside core
 municipalities

Source: <http://www.newgeography.com/content/003468-dispersion-worlds-largest-urban-areas>

Urban Sprawl in Istanbul 1950-2010

Source: <http://www.newgeography.com/content/003468-dispersion-worlds-largest-urban-areas>



Urban sprawl has a range of negative impacts. Urban sprawl increases the distance between homes, businesses, services and jobs, which increases the cost of providing infrastructure and public services from 10 percent to 40 percent. In USA, sprawled cities spend an average of USD750 on infrastructure per person per year, which is 50 percent more than those cities which are less sprawled. Urban sprawl cost USD

3 trillion more in urban infrastructure development globally over the next 15 years. Apart from the cost for infrastructure development, urban sprawl has negative impacts on economic growth. For example, it costs USA's economy more than USD 1 trillion a year^{xxvii}.

Urbanisation of Poverty: *The global shift of the distribution of the world's population towards urban areas leads to the increase of poverty in towns and cities. With the rapid urbanisation in developing countries, urban poverty concentrates. In some countries, urban poverty is more significant than in rural areas. The estimated urban share of the poor living in less than USD1 a day increased from 19 percent in 1993 to 25 percent in 2002^{xxviii}. This phenomenon is often described as the urbanisation of poverty. If a country has faster urbanisation than its economic*

growth, the urbanisation of poverty can be more obvious.

The poor are urbanising faster than the population as a whole. This reflects a lower-than-average pace of poverty reduction in urban areas. Between 1993 and 2002, 50 million more people joined the ranks of those living on less than \$1 a day in urban areas. However, the aggregate number of poor people fell by about 100 million, due to a decline of 150 million in the number of rural poor population. There is a somewhat slower pace of overall poverty reduction over time than in past work^{xxix}.

Higher Unemployment Rates in Cities: Urban residents are depending on cash incomes to satisfy their needs. However, the unemployment rates are often higher in cities than in rural areas. In African countries, about 70 percent of urban populations live in slums and informal settlements. Most people living in slums are unemployed or only have casual employment in the informal sector. The current global economic and financial crisis heavily hit the economic development in developed countries, which led to the rapid shrinkage of foreign investment and aids flowing from the developed world to the developing world. It caused the world-wide rise of unemployment. The global economic and financial crisis lead to the increase of unemployment by 20 million^{xxx}.

Furthermore, the large proportion of population working in the informal sector is doing unskilled or semi-skilled jobs. The wages from unskilled and semi-skilled jobs and from the informal sector are normally low, which trap the increasing number of people into poverty^{xxxi}. Rising urban unemployment and increasing poverty have forced large numbers of the urban poor into the informal sector. This leads to the erosion of the tax base and decreasing financial capability of national and local governments to support the urban poor through social securities and basic services. The removal of price controls on subsistence goods, and increased utility charges through privatisation, and the removal or reduction of subsidies have resulted in rising inequalities and increasing poverty, and increasing urban populations lived in slums and substandard housing conditions^{xxxii}.

Weak Financial Capacity of Cities: The contribution of cities to national economic growth is very significant in developing countries. The economic future of developing countries depends much more on cities than even before. Cities generate wealth much faster than their rural counterparts. However, cities are seriously under-resourced to fulfill their potential as drivers of national economic development and prosperity. Cities face many challenges, from accelerating growth, influx of massive rural migrants, deteriorating infrastructure to environmental degradation, social exclusion, violence, under-investment, lack of fiscal freedom and policy choices. Municipal governments often lack financial means to address the vast challenges facing them. For example, of the total government revenues in Canada, the federal government receives 39 percent; provincial governments receive 50 percent and municipal governments only get 11 percent^{xl}. Municipal governments in most countries have less than a quarter of total government revenue. In many countries such as Afghanistan, Armenia, Australia, Chile, Cyprus, El Salvador, Greece, Honduras, Iran, Jordan, Lesotho, Malta, Mauritius, Mongolia, Morocco and Paraguay, municipal governments are allocated less than 10 percent of the government revenues (Figure 9). International development community also ignores the need of cities. For example, the total urban assistance to developing countries from 1970 to 2000 was about US\$ 60 billion, about US\$ 20 per capita. It was less than US\$ 1 dollar per capita per year^{xli}.

Conclusion: Urbanisation is an inevitable force. The developing world is experiencing the unprecedented process of urbanisation. Cities are more productive than rural areas. Cities offer far more and diverse opportunities to realise people's dreams than those only working on farms. The market economy and pursuit for efficiency and productivity continue to reduce the demand for labour in agricultural sectors, pushing people to move from rural areas to cities. Rapid flux of rural people to cities often results in the insufficient capacities of cities to provide enough jobs, which means rising unemployment and poverty, and numerous other urban problems.

Urban development through the agglomeration and decentralisation at the same time is associated with numerous environmental damages such as air pollution, greenhouse gases, waste and degradation of land and ecosystems. The difference between well-managed urbanisation and uncontrolled urbanisation is huge for people's quality of life and for the productivity and health of cities. Good strategies and policies can make a big difference in this dynamic process that will define our future^{li}.

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