

Urban Economics No. 7

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**URBANIZATION IN
DEVELOPING
COUNTRIES AND
DEVELOPED
COUNTRIES**

Introduction

For a lot of countries,

↪ moderate population growth reflects

A healthy economy

+

A functional society

But, for other nations (particularly less developed),

↪ a growing population brings an entirely new set of challenges.

Since, more people means a high demand for:

Resources

+

Infrastructure

+

Jobs

+

Housing



As, the global population continues to **grow**,

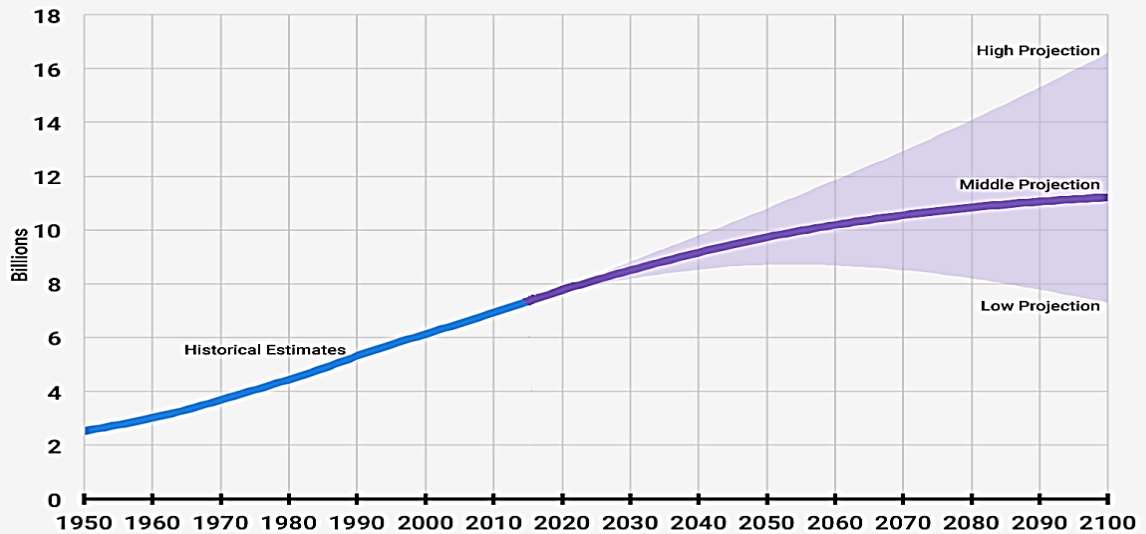
- The economic and social problems will only become **larger** in regions that are **ill-equipped** to handle them.

Experts say that the **global population** will reach **10 billion** by 2060.

Population growth in countries like China and the US

- has **decreased** over the last few decades.

PROJECTED WORLD POPULATION



SOURCE: United Nations, "World Population Prospects: 2015 Revision"

BUSINESS INSIDER

Main Trends

- Developing countries have dramatically **urbanized** over the past **60 years**.
- While their urbanization process **shares** many **similarities** with the urbanization process of **developed countries** in the 19th century,
 - the two processes also **differ** in several dimensions.

1. Urban growth has been faster in today's developing world.

The Industrial Revolution led to a dramatic acceleration of urbanization. Europe's urbanization rate increased from about 15% in 1800 to 40% in 1910.

In 1950, Africa and Asia were made up of predominantly low-income, rural countries (urbanization rate around 15%).

In 2010, their urbanization rate was around 40%. African and Asian countries have thus experienced the same growth in urbanization as Europe, in half the time.

2. **While income growth remains the main driver of urbanization, the world is becoming more and more urbanized at a constant income level.**

In 1960, the 35 countries whose income per capita was less than \$2 a day had an average urbanization rate of 15%. In 2010, those countries with similar incomes had an average rate of 30%.

The cities of today's developing world are also much larger.

E.g.,

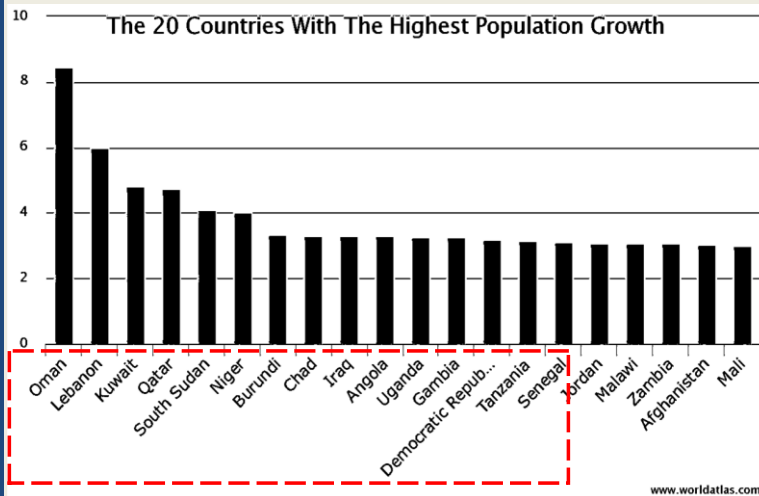
Mumbai, Lagos and Jakarta have the same population as New York, Paris and London respectively, at a much lower income level.

Dhaka, Kinshasa and Manila are urban super-giants located in very poor countries.

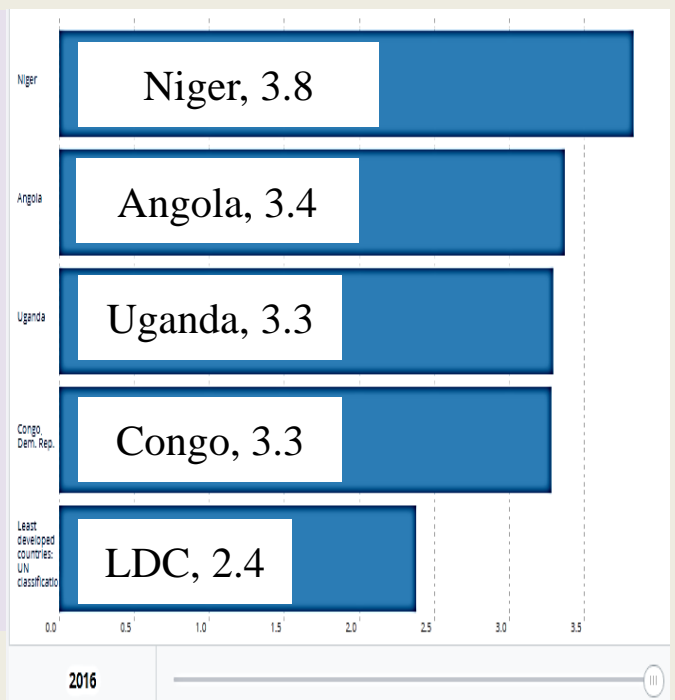


Which countries actually have the fastest growing population?

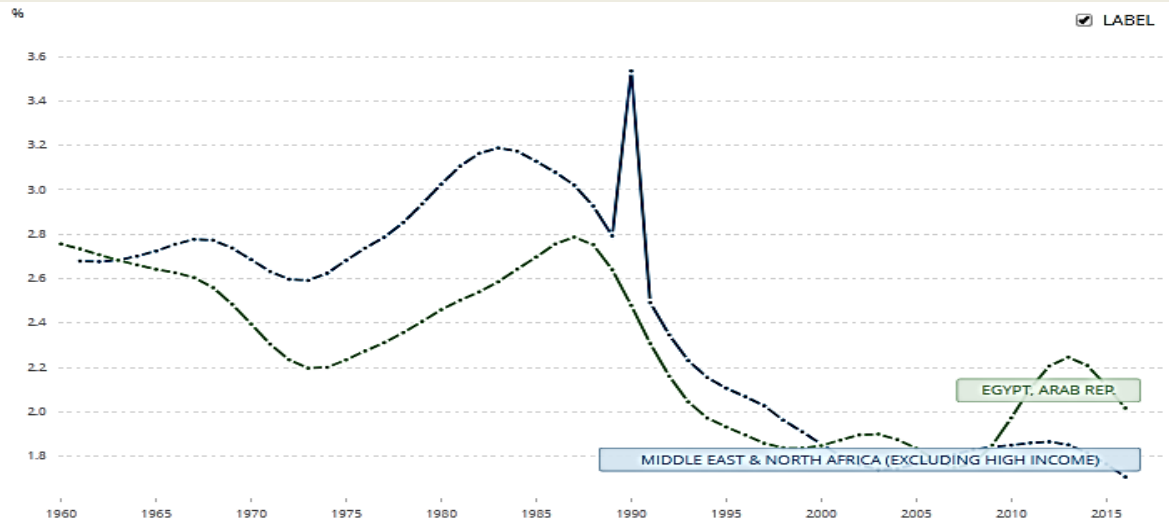
Population in impoverished countries tend to grow faster than their developed counterparts.



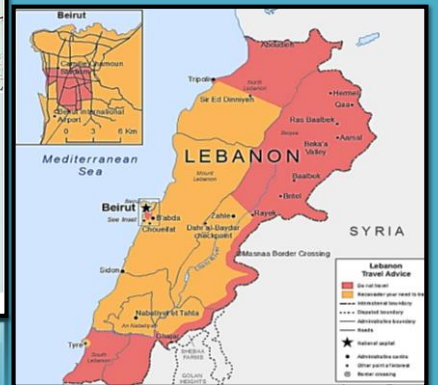
■ In fact, most of the fastest growing countries are in Africa (**Niger**, **Angola**, **Uganda**, **Congo**, which has an overall population that is expected to double over the next 40 years.



Population Growth in Egypt and MENA (excluding High income)



Case Studies



Case Study_1: South Sudan

- Since 2000, the country's population has grown by more than 4% percent every year.
 compared to a global growth rate 1.2% a year

Why?

1. One explanation for that **high growth rate** is partially reflects South Sudan's **effort** to **rebuild** their **population** after more than 50 years of conflict with the North.
2. Another explanation is the **high fertility** rate of more than **5** births per woman, compared to the global average of almost **2.5**.
3. Lack of use of **methods** of **contraception**, due to lack of access and **cultural norms** that discourage birth control.

Case Study_2: Oman

- One of the fastest growing population in the Middle East.
- The country's population has nearly doubled in the last 25 years, and grown by nearly more than 8% every year since 2011.
- However, these numbers don't reflect high fertility rates

3 child per woman (Oman Rate) compared to 2.5 child per woman (the world rate).

- ✓ Oman's growth rate is largely a result of **immigration**.



Out of a population of four million, nearly half are immigrants (coming from India, Pakistan, and Bangladesh).

Case Study_3: Lebanon

- Similar to Oman, Lebanon is one of the fastest growing population in the Middle East.
- Since 2011, it showed a population growth rate above 5.5%.

1.7 child per woman (Lebanon Rate) compared to 2.5 child per woman (the world rate).

- Considering the country's extremely low fertility rate, Lebanon's sudden growth can almost entirely be attributed to:



The increasing number of refugees from neighboring Syria, Palestine, and Iraq.

- Refugees account for about 30% of Lebanon's population in 2014
- This has placed a huge burden on Lebanon's relatively weak economy and unstable infrastructure.

This raises several questions.

- Where do these cities come from?
- Did they grow as a result of migration?
- Did they grow too fast?

In models of urbanization,



there is rural-to-urban migration



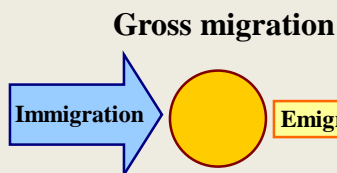
as long as the expected **urban real wage** is higher than the **rural real wage**.



This **wage gap** could be the result of a **rural push** or an **urban pull**.

Migration and Urbanization

Types of Migration



■ Gross migration

- Total number of people coming in and out of an area.
- Level of population turnover.

■ Net Migration

- Difference between immigration (in-migration) and emigration (out-migration).

- Positive value:

- More people coming in.

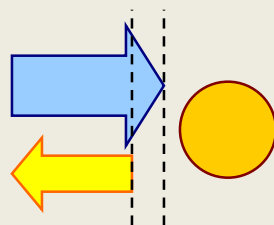
- Population growth.

- 44% of North America and 88% of Europe.

- Negative value:

- More people coming out.

- Population decline.



Net migration

Thank you