



Development Policy 2019

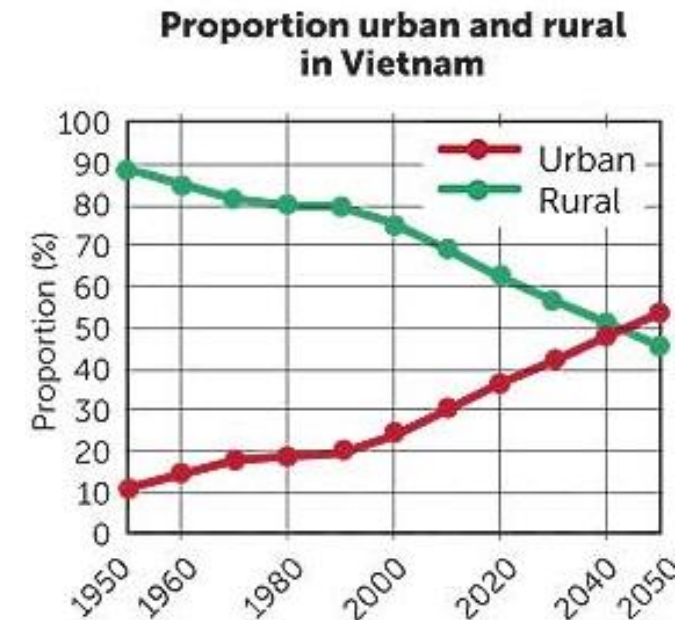
Session (9): Urbanization and Its Consequences

Schedule

- Urban areas are now basic pattern of human settlement. Why does urbanization matter? What have been consequences of urbanization on development?
- What are urban problems the developed world facing?
- What are implications for developing countries?

Historic City Functions

- In 1950s, 1/3 of world population lived in urban areas, but today, more than 50% of population live in urban areas (and increasing) – Basic human settlement
- Commercial centers: (e.g.) New York, Venice (Italy), Fresno
- Industrial Cities: Manchester, Los Angeles, Detroit
- Primary Sources: Minas Gerais (Brazil), Nevada City
- Resort cities: Santa Barbara, Las Vegas, Marseille (France)
- Government/Religious Centers: Washington DC, Brasilia, Sejong (Kor)



Modern World Cities

- A high percentage of world's business is transacted and political power is concentrated in these cities.
 - Headquarters of large businesses
 - Media control centers
 - Access to political power
- London, New York, Tokyo (Saskia Sassen, “Global Cities”)
 - Chicago, Los Angeles, Washington D.C., Brussels, Frankfurt, Paris, etc.



Most Populous Cities Today



Tokyo, Japan – 38,140,000

Delhi, India – 26,454,000

Shanghai, China – 24,484,000

Mumbai, India – 21,357,000

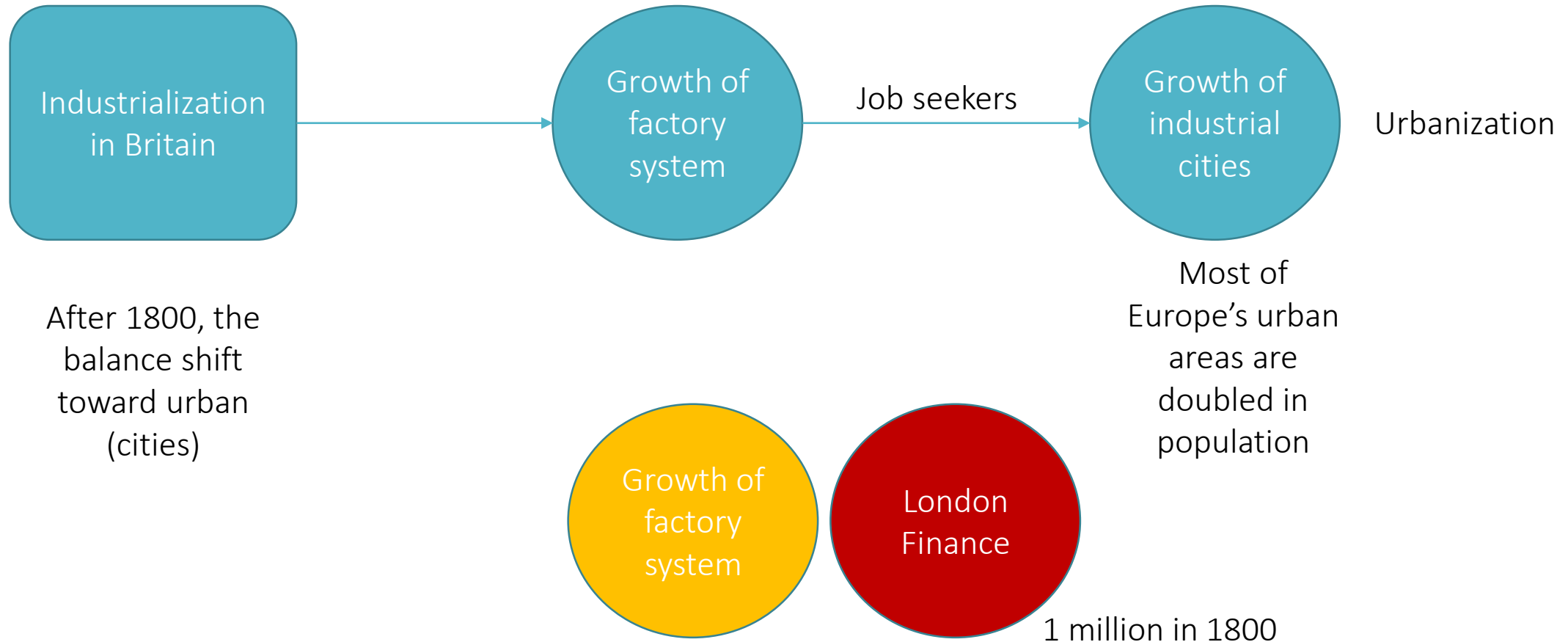
Sao Paulo, Brazil – 21,297,000

Beijing, China – 21,240,000

Osaka, Japan, 20,337,000

Mexico City, Mexico – 21,157,000

Metropolitan Explosion



Changes in Western Urban Area

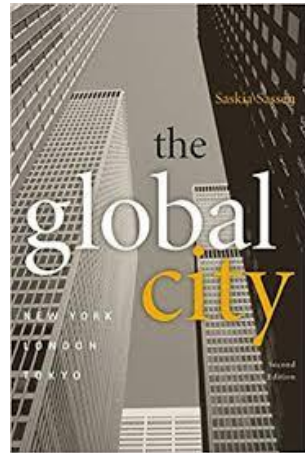
- Bad living and working conditions during industrialization period – but not everyone in the new industrial cities lived miserably.
- Industrial revolution – created new class (factory owners, shippers, merchants)
- These wealthy people made up a growing urban ‘middle class’***
- Urbanization: “redistribution from the countryside to the city”
 $(\text{urban} / \text{total population}) * 100$

What cause urbanization?

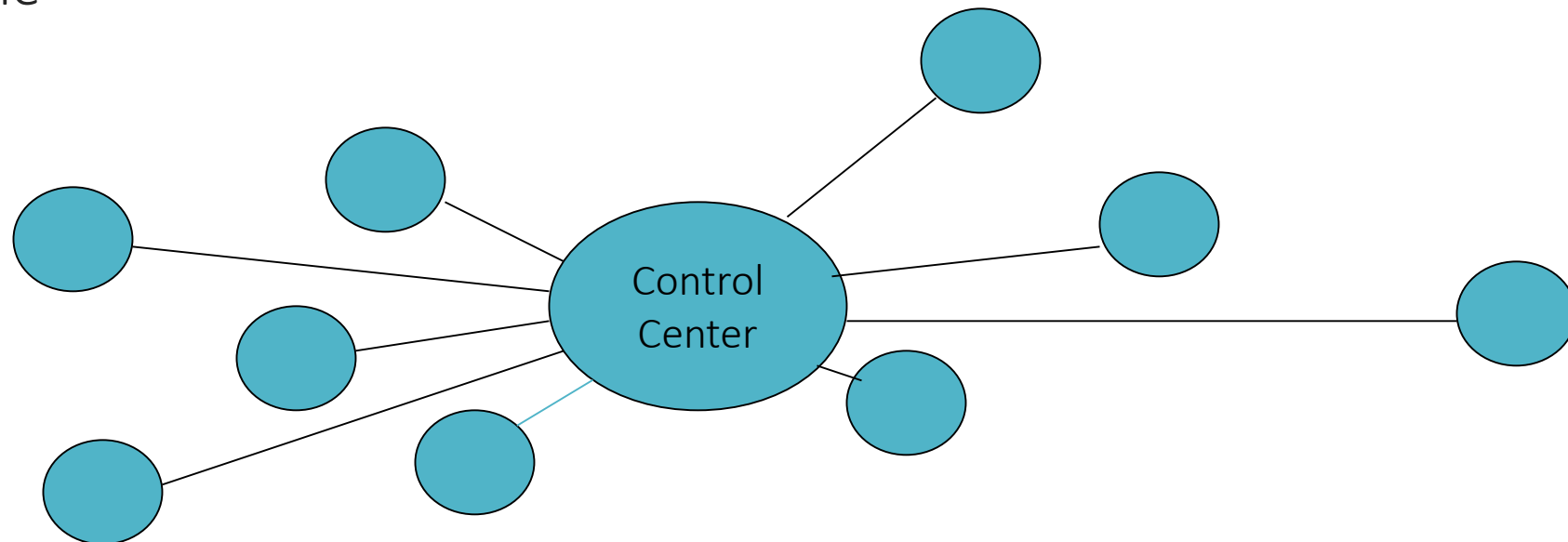
Higher wages
Economics of scale
More social mobility

Congestion
Violent crime
Pollution
Poverty (slum)

Rise of Global Cities (1)

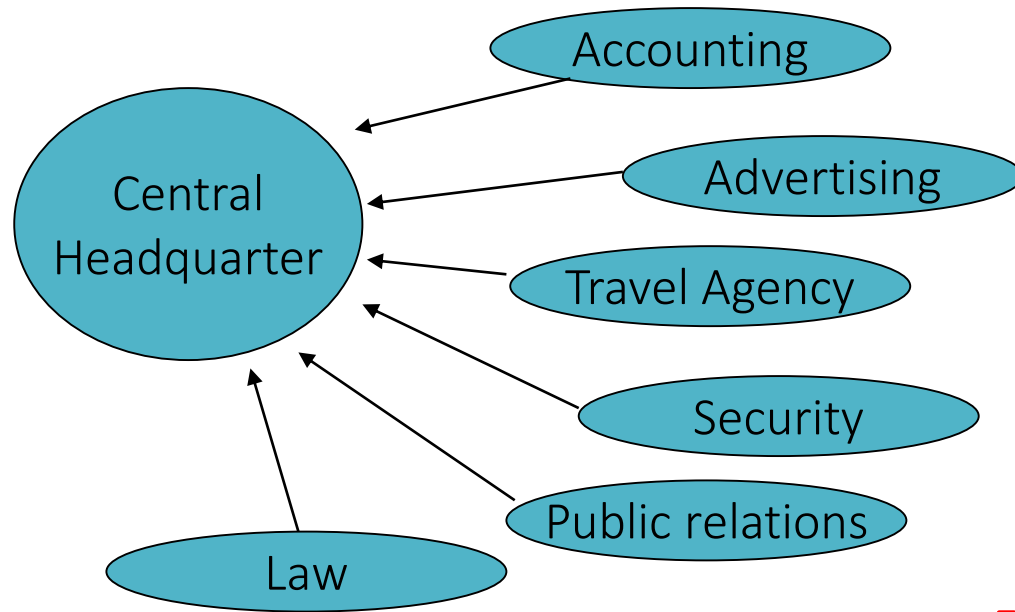


- Saskia Sassen's argument – the rise of global cities (sites for the production and marketing of specialized service sector goods (supporting services)).
- **Spatial concentration** – IT & transportation revolution. Spatial distribution & control center possible



Continued...(Service economy, 2)

- Centralized command and control corporates functions have become very complicated – need new service economy



Firms that provide service to the central headquarter (global city) -- requirements of the globalized manufacturing companies

Fast growth in producer service employment is in CITIES

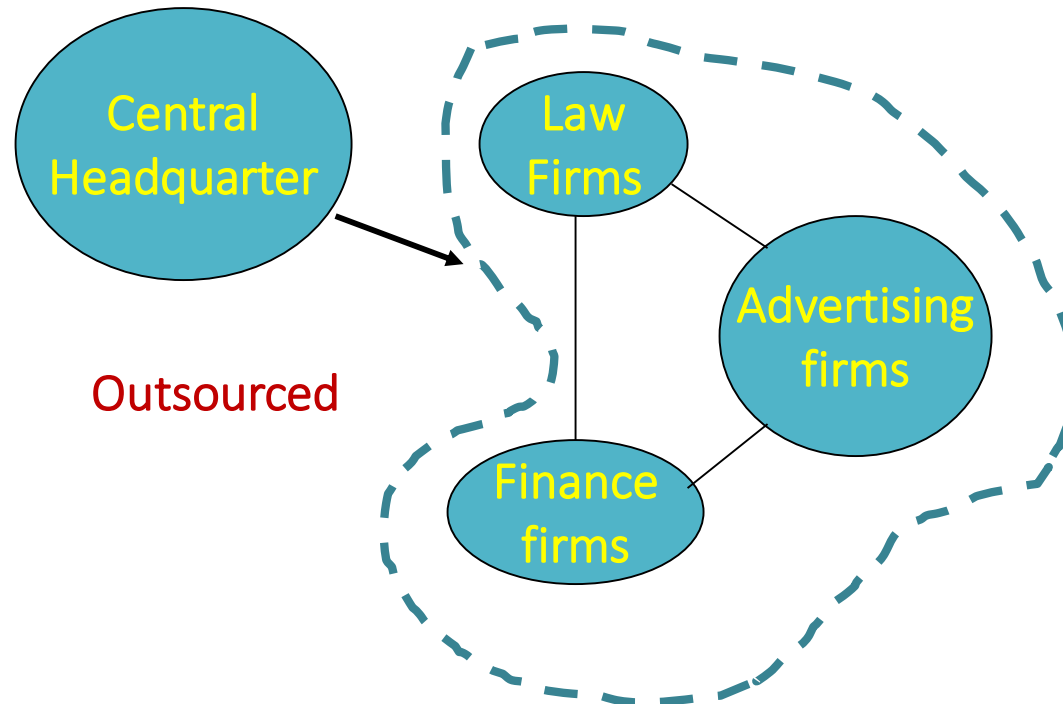
(e.g.) Case of New York

New York Employment Changes by Industry, <u>1977-85</u>	
% Change	
Legal services	62%
Business services	42%
Banking	23%
Retail	17%
Wholesale	14%
Real Estate	6%
Transportation	- 20%
Manufacturing	- 22%
Construction	- 30%

Then,
manufacturing
is dead in global
cities?

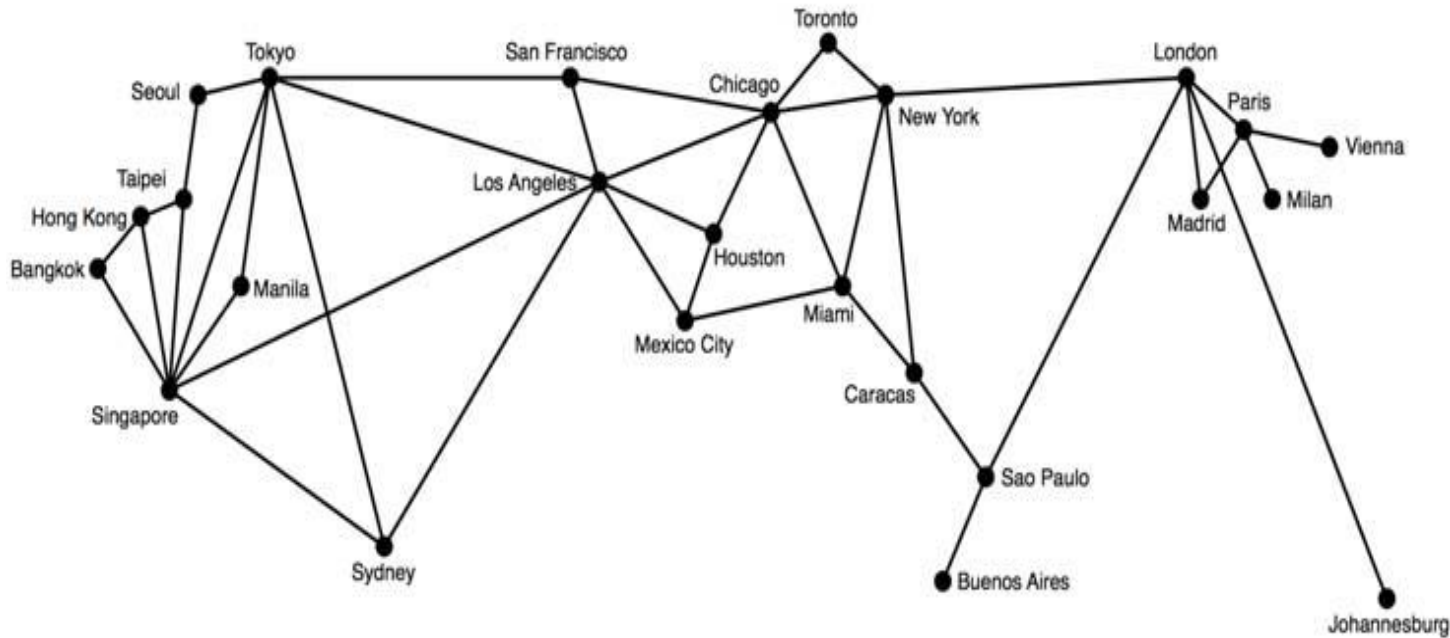
Agglomeration economies (3)

- Specialized service firms are subjected to agglomeration economies – Located in major world cities (little choice)



*A dense and intense
Information loop is required
To manage the complex,
Uncertain, and pace of
Corporate decisions that
Need to be made in a
Global economy*

Networks (4)



- Modern global cities are also closely networked with other cities
- Transnational urban system where cities are economically and technologically linked, socially and politically tied.

Urban Problems in Developed World

Uneven Growth and Inequality (1)

1

Uneven Metropolitan Growth

Metropolitan
Growth

Large Cities and urban distress – serious social
Economic, fiscal, and environmental conditions
Concentration – induce further problems
Out-migration and Jobs

2

Increased Income Inequality among Metropolitan Areas

Inequality
Income

Changes in employment structure, technology,
and international trade --- have widened income
Inequality among individuals / regions

Migration and Suburbanization (2)

3

Effects of International Migration

Immigrants

Immigrations (13 mi. in U.S. from 1981 – 1996)
Benefit national economy
Immigrants cluster
Language barrier, inequality, crime, etc.

4

Decentralization (de-concentration)

Decentralization

Metropolitan population increased
But, central city dwellers decreased (slums)
Suburbanization

Social Polarization & Housing (3)

5

Income inequality and social polarization within cities

Inequality

Central cities – racially ethnically diverse
Suburban cities – wealthy, upper class
Segregation of the poor

6

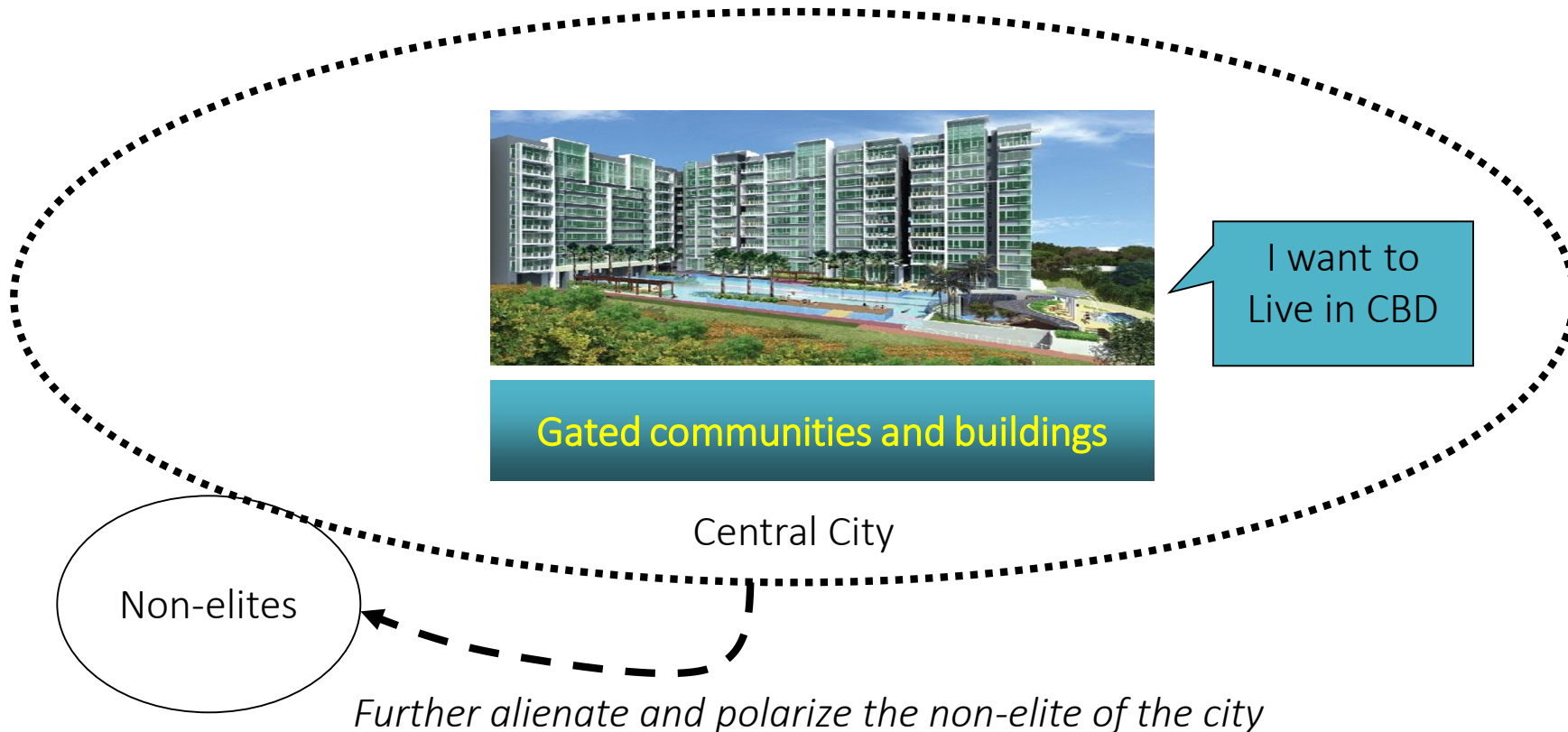
Social Problems, Housing Problems

Social Security

Deterioration of neighborhoods
Urban crime, poverty, poor education, health
Affordable housing crisis

Spatial Polarization

- Driving working class and unemployed to more peripheral areas (new form of ghettoization)



Implication for Vietnam

- Do developing countries have similar urban problems?
- If different, what are common urban problems in developing countries?

