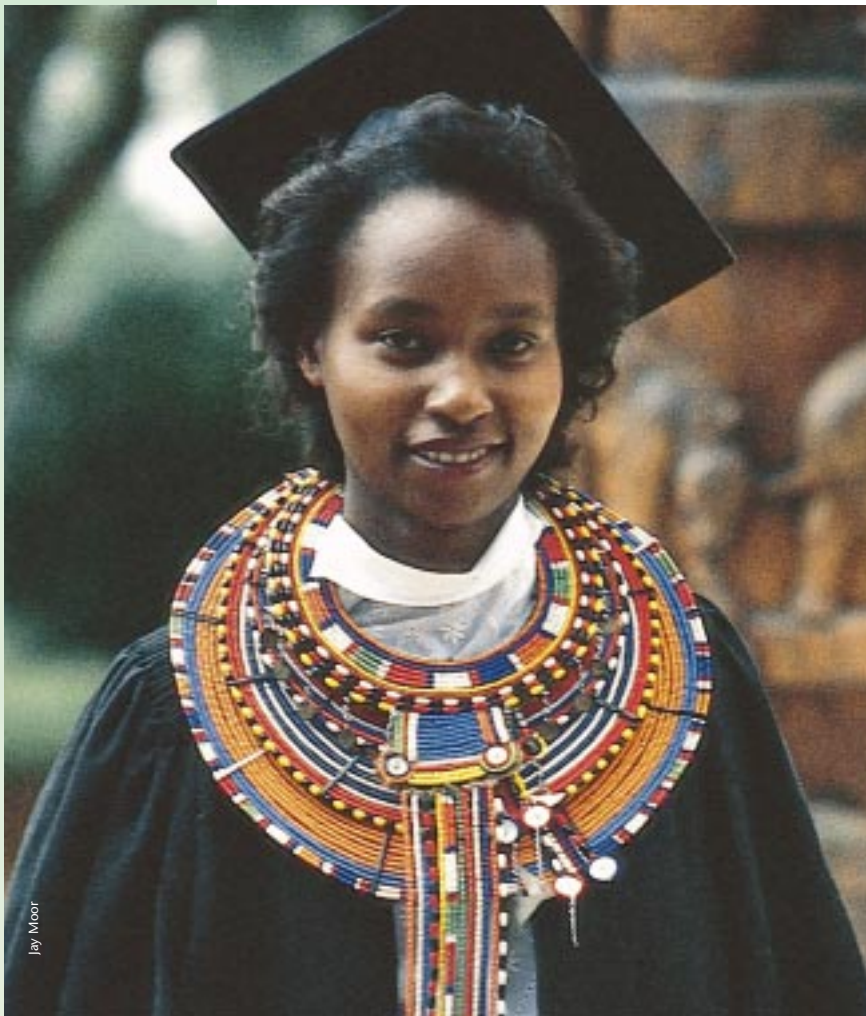


URBAN ECONOMY

URBAN-RURAL LINKAGES

Did you know that 70 percent of the world's cities are engaged in city-to-city international cooperation?



Urban *versus* Rural *versus* Urban *plus* Rural

A number of trends regarding rural-urban linkages have been observed in the last decade. Firstly, the implementation of structural adjustment policies, especially in Africa, has forced many urban households to seek additional sources of food and income, including urban agriculture (UA). Increasingly, high and middle-income households are also engaging in UA to supplement declining incomes. Secondly, retrenchment and deepening of urban poverty occasioned by structural adjustment has triggered a process of 'return migration', with households returning to their rural homes in order to survive. Thirdly, urban-to-rural household remittances are declining, while the ability of poorer urban households to import food for their own consumption from their rural relatives is increasingly difficult due to spiralling costs of transport. Fourthly, in a number of countries, large numbers of temporary agricultural workers employed by commercial farms, especially during the harvest season, are urban-based, giving rise to a diversification of income sources among

poor urban households. This, together with UA, is putting to test traditional definitions of 'urban' and 'rural', as both their physical and occupational boundaries are becoming increasingly blurred. Fifthly, globalization is creating new forms of linkages for small towns and rural areas, often called the 'metropolization of the world economy'. A web of horizontal and vertical networks among settlements is emerging, fuelled by recent technological advances in information and communication technologies.

Ambivalent attitudes

Pro-rural and pro-urban arguments have had a strong influence on development strategies. Among international development agencies, for example, investments in rural and urban areas have sometimes been seen as mutually exclusive and competing. Investments in rural areas have often aimed at reducing rural-to-urban migration, while urban investments are often interpreted as urban bias. Some support policies aimed at reducing rates of rural-to-urban migration, while others regard such policies as futile, accepting rapid urbanization as inevitable, even if not desirable.

Evidence supports the latter point of view. There is no historical precedent of successful policies to inhibit rural to urban migration.

Urbanization is inevitable, and national policy must learn to recognize its implications, cushion its impacts and harness its benefits. The paradox of rural development policies aimed at slowing migration is that they usually achieve the reverse. Increased productivity results in rural labour redundancy, as well as a better educated rural work-force - which now has the means and ambition to seek employment in the city.

Think of Systems

A number of policy lessons have been learnt over the last few decades:

- (a) Rather than treating rural and urban as different and competing development spaces, they should be seen as a whole - and linkages should be strengthened. The most important rural-urban flows are economic and demographic, and policy responses which centre on the provision of infrastructure have often been inadequate to solve the structural problems of either, while policy responses designed to facilitate these flows have focused upon the provision of infrastructure and hierarchical networks to small towns and rural service centres;

Culturally Appropriate Economic Development - Alberta - Canada

The Metis Settlements are home to the 'forgotten' Canadian aboriginals. The fundamental challenge was to balance traditional, cultural, community and environmental values with economic development in the face of growing social problems. A partnership between Gift Lake Metis Settlement and EcoPlan International was established and resulted in a model promoting such a balance. This involved economic activities that incorporate culture and modern enterprise; a 'green accounting' model for governance and negotiations with resource companies; culturally appropriate environmental monitoring; development of a resource centre; and a website and Internet access for all settlements.

- (b) Economically, rural and urban areas are linked by the reciprocal exchange of unprocessed and processed products, with both areas acting as mutually reinforcing markets. Strengthening this linkage requires, in many countries, the decentralization of urbanization through the promotion of medium-sized cities. These can increase the accessibility of agricultural inputs for rural producers, while at the same time providing the necessary marketing infrastructure; especially bulk collection points. Small towns also provide the basic infrastructure for increasing rural farm and off-farm production;
- (c) However, regional policies alone will neither succeed in transforming the lives of the poor nor eradicate rural-urban inequalities. Regional, economic and spatial policies need to be part of general national development programmes to reduce poverty through different sectoral strategies, such as land redistribution, improved access to credit, health and education, amongst others. In order to reduce poverty and inequality, sectoral policies need to address the main reasons underlying poverty, including: (i) urban and rural landlessness and insecurity of tenure; (ii) unfair terms of trade between urban and rural areas; and (iii) insecurity of income, largely a result of unemployment and underemployment in urban and rural areas and partly resulting from lack of diversification of income sources;
- (d) More emphasis should be placed on addressing urbanization-related problems such as high urban unemployment rates, pressure on urban infrastructure and services, and labour shortages within rural areas. However, rural-to-urban migration often has positive impacts, since towns and cities take on an important role in absorbing excess population from overpopulated and ecologically fragile regions. This is precisely the role that towns and cities played during the industrial revolution in Europe, enabling the consolidation and enclosure of previously fragmented and economically unviable units of agricultural land;
- (e) Further, urbanization is not simply the growth of populations living within legal-administrative boundaries of towns and cities. It also transforms both urban and rural lifestyles. By the 20th century, technological improvements, initially in transport but more recently in information and telecommunication, have allowed people in rural villages to become urbanized without necessarily migrating to towns and cities. As their access to modern infrastructure and services normally associated with urban areas increases, they become less dependent on towns and cities for meeting their economic and social needs;

- (f) It is increasingly apparent that strengthening rural-urban linkages requires the coordinated efforts of both public and private sector, whilst enabling all actors to participate in the development process. This entails fundamental changes on the part of the state, including broadening of the range of actors involved in infrastructure improvement, through the formation of partnerships with community-based organizations, NGOs and the private sector; increasing participation through the decentralization of government and the empowerment of local communities; and more effective coordination of the actors involved.

From Hierarchies to Networks

Rural-urban linkages need to be understood and addressed in the context of increasing global urbanization. The strength of these linkages will, to a large extent, determine the living conditions of people in both urban and rural areas. Towns, cities and villages are all experiencing significant socio-economic and spatial transformations that are likely to intensify during the first few decades of the new millennium.

The impact of globalization on small towns and villages is an issue that needs to be analyzed - and appropriate policy responses formulated. It is already clear that policies encouraging both horizontal and vertical linkages with settlements at the regional (sub-national), national and international levels will be necessary to improve the competitiveness of small towns and rural regions. It is no longer a question of how they integrate into the national economy, but how they do so in the global economy as well.



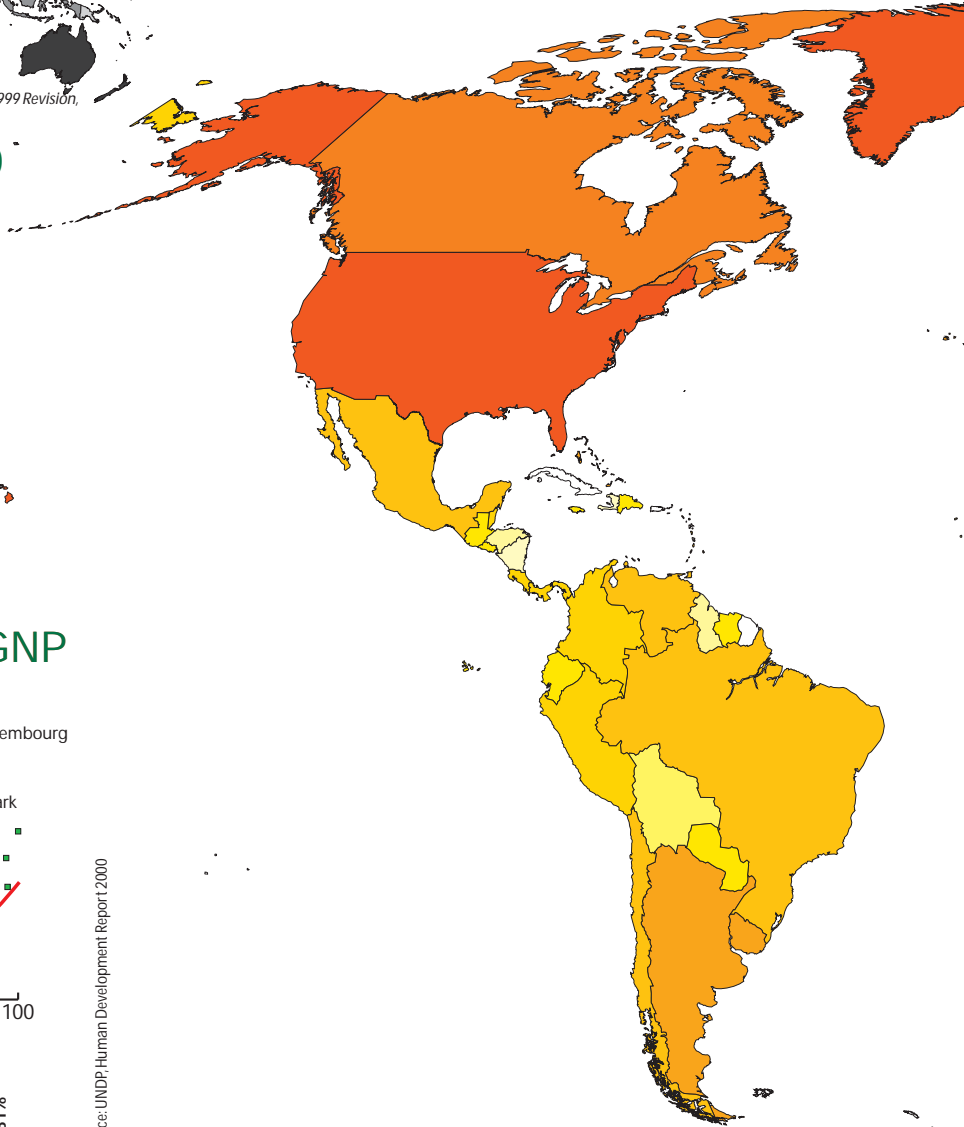
Bernd Decker

URBAN ECONOMY

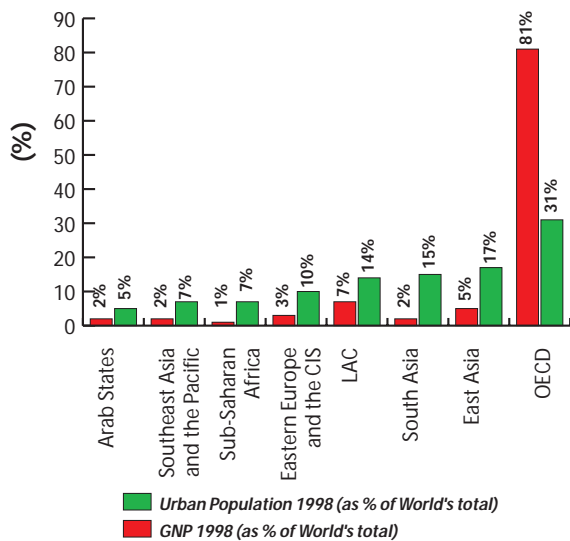
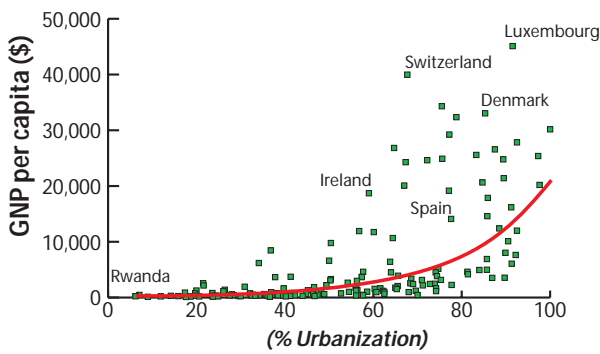
MAPS



Urbanization Rates, 2000

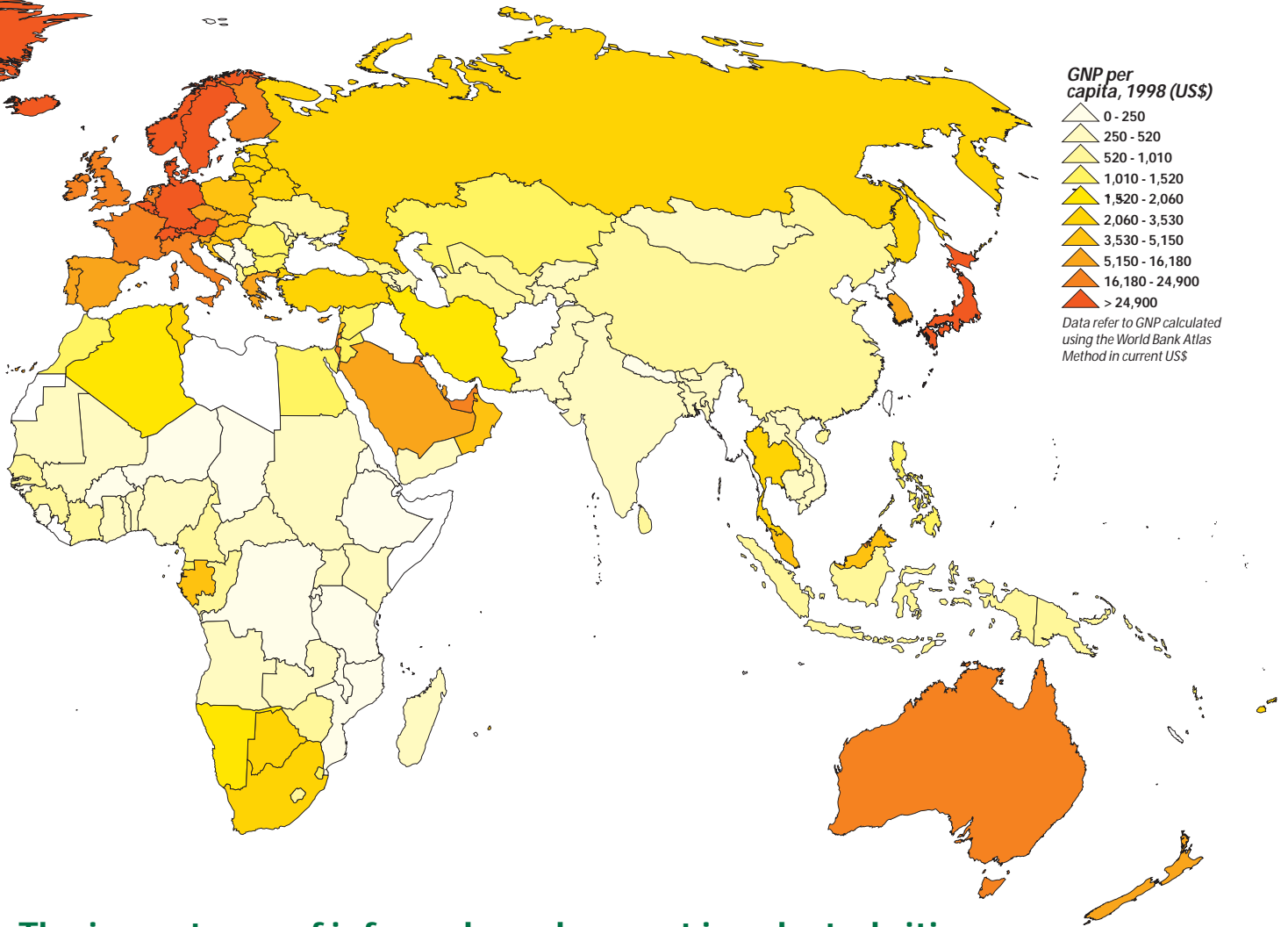


URBANISATION VERSUS GNP

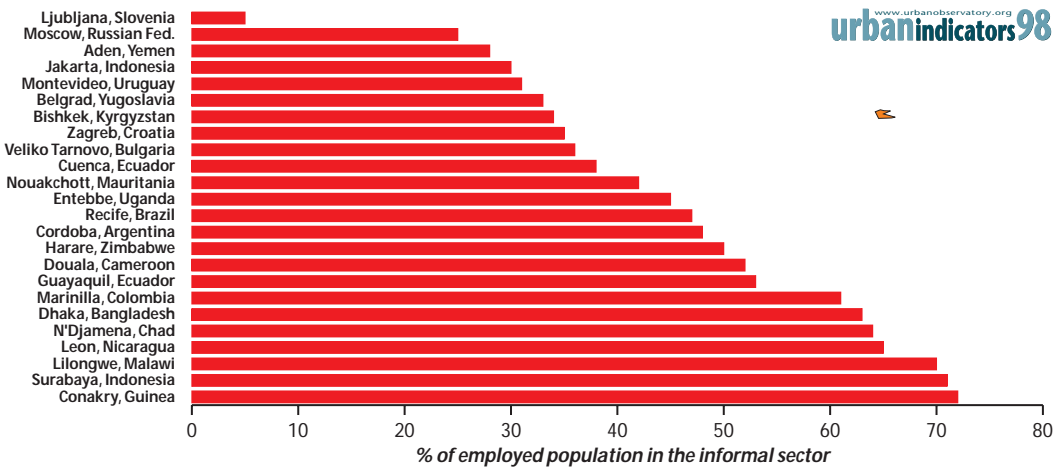


GNP PER CAPITA BY COUNTRY, 1998

Source: World Bank, World Development Indicators, 2000



The importance of informal employment in selected cities



The informal sector is playing an important role in rapidly growing cities in developing and transition countries. This role is a consequence of growth in the labour force without a matching response in the level of formal employment opportunities. The informal sector has great freedom of action, being by definition free of government interference, and will tend to deliver labour resources to productive areas of the economy.