

## Chapter 5

### Urbanisation Wave and ASEAN Regional Agenda

*Yap Kioe Sheng*

#### 5.1. Introduction

The world is urbanising and so is Southeast Asia. When ASEAN was formed in 1967, a large majority of the population of the region lived in the rural areas and was engaged in farming. The share of the rural population at the time ranged from 67.9% in Malaysia to 91.3% in Lao PDR (World Bank, 2016). Today, almost half of the population lives in urban areas and by 2020 it will be the majority which does so. Between 2015 and 2020, the total population of Southeast Asia is growing at an average annual rate of 1.02%, but the urban population is growing at 2.21%. Meanwhile the rural population is shrinking at -0.13% (UNPD, 2015: 206-289). The least urbanised countries—Cambodia, the Lao People's Democratic Republic (PDR), Myanmar and Viet Nam—experiencing the most rapid urban population growth (table 5.1).

ASEAN's urbanisation is occurring lock-step with its economic growth. Due to foreign direct investment and participation in global value chains, the economy has shifted from an agriculture-based to an industry-based and towards a service-based one. Its cities have acted as engines of economic growth, drawing millions of people from the countryside and lifting many of them out of poverty. Connectivity has been a major factor in this transformation, as it has enabled cities to exploit free trade, and facilitated rural-urban migration which has expanded the urban labour pool, depressed labour costs, and kept the economy competitive. As ASEAN plans to deepen economic integration, including by enhancing regional connectivity to further economic growth, it should take into account that enhanced connectivity will inevitably spur urbanisation which needs to be managed well to maximise its benefits and minimise its costs.

Official statistics paint only a partial picture of the process of urbanisation. ASEAN is more urbanised than official statistics show, as the administrative division into urban and rural areas is losing its relevance due to advances in transport and communication technology. This chapter starts with an overview of the actual urbanisation trends in ASEAN such as the emergence of mega-urban regions. The next section discusses the challenges posed by urbanisation.

**Table 5.1. Urbanisation of ASEAN Countries (%)**

Country	Level of urbanisation (2015)	Projected annual rate of change (2015-2020)	Country	Level of urbanisation (2015)	Projected annual rate of change (2015-2020)
Brunei D.	77.2	1.52	Myanmar	34.1	2.29
Cambodia	20.7	2.73	Philippines	44.4	1.57
Indonesia	53.7	2.30	Singapore	100.0	1.50
Lao PDR	38.6	4.13	Thailand	50.4	2.20
Malaysia	74.7	2.19	Viet Nam	33.6	2.59
			Southeast Asia*	47.6	2.21

Note: Southeast Asian includes Timor Leste

Source: UNPD, 2015: 206-257.

Diversity is a core characteristic of urban areas, but today's diversity is compounded by inequality and a disparity of demands, needs and the power to influence decision-making. Urban policies must reconcile the calls for a city that is, at the same time, entrepreneurial, livable, inclusive and environmentally responsible. To achieve these goals, local governments need to be strengthened with more authority to act and a capacity to manage urbanisation. The third part looks into some far-reaching consequences of urbanisation, as it transforms rural areas, affects norms and values about the family, the role of women and advances the ageing society and international labour migration.

## 5.2. Urbanisation Trends

Urbanisation refers to an increase in the share of the total population that lives in urban areas, i.e. areas that are administratively defined as urban, but the reality is far more complex. The urban population is not static, as migrants move in and out, stay for shorter or longer periods, make a single trip or return regularly. If they settle in the city, they do not always register, and this can make a significant difference. According to the Bangkok Metropolitan Administration (BMA, 2013: 5), Bangkok's population was 5.7 million in 2010, but the National Statistical Office counted 8.2 million in that year's census (NSO, 2011). A comparison of official population data and growth in building permits, employment and motorcycle registration found that the population of Ho Chi Minh City in 2007 was possibly 8.7 million rather than the official figure of 6.6 million (Dapice et al, 2010: 3, 12).

Globalisation and free trade drive ASEAN's economy and they favour coastal cities. So, economic growth and population growth have centralised in only one or two large cities ("primate cities") per country: Bangkok, Jakarta, Ho Chi Minh City, Kuala Lumpur and Manila. In 2015, ASEAN officially had two megacities with populations of over 10 million (UNPD, 2016: 80, 315): Manila (12.9 million) and Jakarta (10.3 million), but the built-up area is much larger and stretches far beyond city boundaries. Large sections of the "urban" population live outside administratively defined urban areas. Demographia (2017: 18), using "built-up area" as its criterion, estimated Jakarta's population at 31.8 million and Manila's at 24.3 million as of 2017.

Wide disparities in development between different parts of a country are socially and politically undesirable, and politicians and spatial planners often call for a more even distribution. Such calls tend to run into opposition from economists who argue that for the sake of efficiency, the market should determine where investments and labour move, even if this concentrates economic growth in one or two very large cities (World Bank, 2009: 1-32). Centralised political decision-making reinforces this trend, as businesses in Southeast Asia prefer to deal face-to-face with decision makers. Disparities may decline over time, because land and labour costs rise faster in large cities than in smaller ones and advanced transport and communication technology reduces the distance between places. In Thailand, economic development is spreading beyond Bangkok and environs, the North and the Northeast, although these are still the poorest parts of the country.

### **5.3. Urban Impacts of Enhanced Connectivity**

The ASEAN Master Plan on Connectivity 2025 proposes the development of transnational transport corridors to facilitate the movement of goods and (skilled) labour in the region. The ASEAN Highway Network (AHN) and the transport corridors in the Greater Mekong Sub-region, promoted by the Asian Development Bank, aim at linking all ASEAN Member States and neighbouring countries (ASEAN, 2016a: 19). As part of the AHN, Thailand has considered linking Bangkok to the Indian Ocean through Dawei in Myanmar. The road extending westwards from Da Nang could support the development of the South of the Lao PDR and the Northeast of Thailand (Pholsena and Banomyong, 2006: 120). Some corridors could connect landlocked parts of ASEAN, Southern China and Northeastern India with the Indian Ocean through Myanmar. Enhanced connectivity will spur economic growth and the expansion of primate cities, the creation of mega-urban regions, the development of smaller cities and towns and the rapid growth of border towns.

### **1) Expanding Primate Cities**

To be economically efficient, corridors will primarily connect cities that are already engines of economic growth (Srivastava, 2011: 11-12). Those cities will attract more investment and more labour. If managed well, their economies will expand, but so will the urban population and the urbanised area that has to house the growing population and economy. Despite calls by environmentalists to build compact cities for the sake of energy efficiency, cities in the region are spreading outwards due to push and pull factors with possible negative consequences for the environment and society. Rising land values change land uses in the city core from residential to commercial, while improved transport and communication allow households and firms to move outside the administratively defined urban area into administratively defined rural areas and small towns. The result is an even greater primacy of already very large cities. Plans to redistribute economic growth and urban populations often fail, because the selection of the cities to be developed is often made on political grounds, rather than their economic potential. Instead, investments continue to concentrate in primate cities which expand further to become mega-urban regions.

### **2) Creating Mega-urban Regions**

Economic growth expands the middle class which moves to the urban fringe in search of spacious housing in a more pleasant environment. In the urban fringe, private developers convert agricultural land to build gated communities for the middle class. In addition, the urban poor are evicted from centrally located informal settlements to make way for new infrastructure and modern buildings. High land values, environmental regulations and the need for better access to sea- and airports also result in industrial relocation. Companies disperse their activities, moving production to places with low land and labour costs and less regulations, keeping headquarters near government offices and support services, and locating research facilities at universities. Transport corridors facilitate the creation of mega-urban regions. Their key characteristics are their reach beyond the administrative boundaries of the city and their mixture of rural and urban features (Jones and Douglass, 2008: 5-8). A mega-urban region typically consists of one or more city as well as towns, villages and agricultural and industrial areas, functionally inter-connected through networks of roads, railways, telecommunication lines and transport services.

### **3) Developing Smaller Cities and Towns**

Public attention focuses on megacities, but a majority of the urban population actually lives in the numerous smaller cities and town (table 5.2) which can play a critical role in agricultural and rural development (ASEAN, 2015a: 25). While high-speed trains and

airlines connect only large cities, conventional railway lines and highways can benefit smaller cities and towns by linking them to production centres, consumer markets and transport hubs. Better connectivity reduces the cost of trading and inter-regional price gaps, and increases trade volumes and agricultural income (Donaldson, 2012: 32). However, it will not generate urban economic development on its own; it will amplify the potential of cities for development (Srivastava, 2011: 3-4). If governments want to narrow development gaps through enhanced connectivity, they must focus on cities with economic potential, and develop the planning and management capacity of their local governments to exploit the new economic opportunities created by improved connectivity. They must develop local infrastructure and upgrade the local workforce to attract private investments, but also protect vulnerable populations and safeguard the natural environment (ASEAN, 2016a: 35, 43-44).

**Table 5.2 Urban Population by Size of Urban Settlement in the ASEAN Region (2015)**

Urban settlement size	No. of urban settlements	Population ('000)	Share of urban population (%)	Share of total population (%)
>10 million	2	23,269	7.7	3.7
1-10 million	23	63,944	21.2	10.1
0.3-1.0 million	59	30,948	10.3	4.9
<0.3 million	-	183,033	60.8	29.0
Total urban	-	301,194	100.0	47.7
Total rural	-	330,664	-	52.3
Total population	-	631,858	-	100.0

Source: UNPD, 2015: F17.

#### 4) Booming Border Towns

Transnational transport corridors can boost border town economies, when companies tap the differences in land and labour costs and in regulations between two countries. The government of Thailand has designated some border areas as special economic zones to allow companies to locate factories on the Thai side of the border. Workers from Myanmar cross the border on a daily basis or live (often unregistered) in factory dormitories on the Thai side of the border (Pearson and Kusakabe, 2013: 5). On a larger scale, Malaysia is developing Iskandar Malaysia, a planned mega-urban region around the city of Johor Bahru. Besides being an economic zone in its own right, it can absorb population and economic spill-over from Singapore due to its proximity and lower operating costs (IRDA, 2015). Local economic growth is desirable, but the rapid increase in economic activity and population can be challenging for local governments of small towns. Moreover, benefits and costs of cross-border economic development are often

not distributed evenly between the two sides and this can become a source of tensions.

#### **5.4. Managing Urbanisation**

The various forms of urbanisation described above hold relevance for policy-makers, as they shape the demand for housing, infrastructure and services and the need for institutional development. In mega-urban regions, many people work (and, for most of the day, live) in one municipal area, but sleep (and own property) in another, or in a rural area without a municipal authority. This has consequences for the delivery of services, for public expenditures and for tax revenues. Booming border towns will need to deal with the influx of temporary migrants and rapid industrialisation, as living and working conditions of the labourers may not meet legal standards and the status of the workers and of their housing and employment is unclear. If a rural village adopts urban features like an increase in solid waste, it will need environmental regulations and urban services such as solid waste management to deal with the new situation. This, in turn, requires its reclassification as an urban area with a municipal authority and with additional human and financial resources and the capacity to regulate and deliver urban services.

Mega-urban regions such the Bangkok Metropolitan Region, Jabodetabek (the mega-urban region of Jakarta) and Metro Manila face many transboundary challenges such as water supply, wastewater and solid waste disposal, transport, and environmental protection. At their root, these challenges are not technical, but rather a political issue, as an overarching political-administrative authority for the mega-urban region is lacking and responsibilities are instead split between several local, provincial and national agencies that compete for power and resources. Neither central nor local government is keen on surrendering powers to an intermediate level of government for the mega-urban region. In Indonesia, coordination among local governments became more difficult after decentralisation (Rakodi and Firman, 2009). In Thailand, the absence of coordination mechanisms in the Bangkok Metropolitan Region contributed to the disastrous 2011 floods. Coordination is even more difficult, if the mega-urban region crosses national borders.

Challenges for local governments are compounded by the growing income inequality, as absolute poverty and immense wealth coexist in the same city. Globally connected, fabulously wealthy elites live next to a "nouveau rich" middle class and a smaller or larger section of the population that, for various reasons, has not benefitted from the new economic opportunities. Kuala Lumpur, Manila, Bangkok and Ho Chi Min City are some of the most unequal cities in the world (ASEAN, 2015b: 34). It forces local governments to reconcile widely diverging and often conflicting demands, and also to ensure that the interests of those without a voice are not overlooked. Although the configuration

will differ from city to city, governments must, broadly speaking, take account of the demands and needs of four sets of urban stakeholders in their decision-making:

- The business community demands physical and institutional conditions that attract and support investments for *an entrepreneurial globalising city*.
- The expanding middle class demands a comfortable life and safe environment in *a livable consumer-oriented city*.
- The urban poor need access to affordable housing, services and economic opportunities in *an open inclusive city*.
- Future generations will face the consequences of today's decisions and need *an environmentally responsible city*.

### **1) An Entrepreneurial, Globalising City**

Cities compete for investments and visitors by highlighting their low costs and ease of doing business, the size and skills of their workforce, the quality of their infrastructure, services and natural environment, their proximity to transport hubs, and the depth of their consumer market. To meet investor demands, governments adjust regulations, improve business-oriented services, offer tax incentives and develop industrial zones. Cities also compete for tourists, hospital patients, high-income retirees, airline travelers and meeting, event and conference participants. Many cities in the region have been successful in some or all these respects. Singapore is a major commercial and financial centre, the location of regional company headquarters and a prime shopping destination. FDI has made Bangkok into a global centre for the production of commercial vehicles, a tourist destination and a transport hub. Filipino cities are global centres for business process outsourcing.

As development and rising wages tend to make production and services more expensive and other cities emerge as alternative investment and travel destinations, cities can never be complacent. Cities that rely heavily on exports are vulnerable to trade restrictions and economic downturns elsewhere; cities that rely on labour-intensive manufacturing must dread automation that could result in the loss of millions of jobs, particularly for women as they tend to work in labour-intensive sectors. As a workforce with solid levels of basic education, literacy and numeracy is no longer sufficient to compete in the global economy (ASEAN, 2015b: 37), cities must promote long-term investment in education and research to attract companies that produce higher value-added and technologically advanced goods and services.

Developing human capital takes time and cities without the local expertise for such sectors must create conditions that attract expatriates such as quality housing and schools, competent, reliable support services, excellent connectivity and security. Singapore is attracting highly skilled professionals by offering a stimulating working environment and a good quality of life (Kuptsch and Pang, 2006: 5). The arrival of many highly-paid expatriates can, however, upset local professionals who feel treated unfairly because of the benefits and advantages offered to expatriate professionals. It may also lead to increases in the cost of living in a city and take house prices beyond what the local population can afford (Bloomberg, 23 September 2013). By aiming to develop a globalized city, local government risks losing sight of their responsibility to protect the wider public interests, and the middle class and the urban poor may feel that their needs and priorities are ignored.

## 2) A Livable, Consumer-oriented City

One of the most visible outcomes of the region's economic growth is the expansion of the "consuming" middle class (ASEAN, 2016a: 29). Based on per capita daily income or consumption, Huynh and Kapsos (2013: 2) distinguished four classes of workers: the extreme poor (below US\$1.25), the moderate poor (US\$1.25-2.00), the near-poor (US\$2.00-4.00) and the middle class (US\$4.00 and above). The share of the poor in the region is declining rapidly and that of the middle class is growing (table 5.3), although some shock can easily push the near-poor (back) into poverty. Middle-class workers tend to have a regular income and employment which allow them to spend more than is required for basic necessities. They can consume, invest in health care and education, be more productive and live a comfortable life. In ASEAN, some 81 million households belong to this class and its size may double over the next 15 years (ASEAN, 2016a: 29). At a time when free trade is under threat, local middle-class demand may also have to compensate for any loss of overseas demand.

**Table 5.3 Economic Class in Southeast Asia and the Pacific 1991-2015 (%)**

Economic class	1991	2000	2010	2015E
Extreme poor	47.0	33.7	13.5	8.6
Moderate poor	24.1	27.5	22.2	18.0
Near poor	16.6	22.9	34.3	33.9
Middle class	12.4	15.9	29.9	39.4
Total	100.1	100.0	99.9	99.9

*Note:* Southeast Asia and the Pacific includes ten ASEAN countries, Timor Leste and the developing Pacific Island States; income/consumption at 2005 PPP.

*Source:* Huynh and Kapsos, 2013:27.

The middle class is transforming the urban landscape with its consumerist lifestyle and its aspiration in owning a home and a car. Real estate developers respond by supplying affordable housing for middle-income households, while commercial banks extend mortgage loans to homebuyers and project financing to developers. The latter build centrally located condominiums with apartments for small households, and detached houses in gated communities in the urban periphery. Large developers operate in other ASEAN countries, transferring knowledge and skills to the local real estate sector. As the urban cost of living is high relative to income, a single job may be insufficient to maintain a middle-class lifestyle, and many people have multiple jobs or do excessive overtime work. They leave home early in the morning to avoid peak traffic and buy breakfast from street vendors. In the evening, they stay and eat near their work to avoid the evening traffic-peak, sacrificing family life to make ends meet in a city that has to stay competitive in the global economy.

Many people who live in the suburbs commute for 2-3 hours one-way to work in the city. Given the deficiencies of public transport and the status of car ownership, those who can afford it use private cars despite massive traffic congestion (table 5.4), as the cities cannot cope with the growing traffic volume. Most authorities see a mass rapid transit system as the best solution, despite its cost of construction and operation which make its use prohibitive for the poor. Singapore, Bangkok, Kuala Lumpur, Hanoi, Ho Chi Minh City, Jakarta and Manila have mass transit systems in operation or under construction. They are often built and operated through public-private partnerships, but are profitable only in the medium term (if ever). Their benefits are considerable, but it does not seem to sway middle-class households to abandon their private car, because the alternative is usually less convenient and comfortable. As the most vocal section of the population, the middle class is a key urban stakeholder, but politicians must weigh their demands against the environmental impacts of their lifestyle.

**Table 5.4 Traffic Congestion in Selected Cities (2016)**

	<b>Overall congestion level</b>	<b>Morning peak level</b>	<b>Evening peak level</b>
Bangkok	61%	91%	118%
Jakarta	58%	63%	95%
Kuala Lumpur	34%	56%	80%
Singapore	34%	53%	60%

*Note:* Congestion level: total average percentage increase in travel time over free-flow time.

*Source:* [www.tomtom.com/en\\_gb/trafficindex](http://www.tomtom.com/en_gb/trafficindex)

### 3) An Open and Inclusive City

The free flow of capital and labour supports economic growth, but governments are not keen on the migration of unskilled labour and dependents who need housing and services without contributing much to the economy. Many unskilled workers turn to the informal sector (table 5.5) for jobs, attracted by its ease of entry, but they often have to endure low wages and poor working conditions (ILO and ADB, 2014: 8). Informality was predicted to decline with development, but informal employment in the formal economy is actually rising (ASEAN, 2015b: 35). Work for hourly wages with few if any benefits or piece-rate jobs without benefits is replacing standard employment, as firms subcontract the production of goods and services to informal units and out-workers to reduce costs (Chen, 2012: 3).

While informal employment is often tolerated, authorities dislike the street-based informal sector which does not fit the image of a globalising city, but keeps the cost of living down for low- and middle-income workers. It poses a dilemma for policy-making: eliminating the informal sector is not an option, but imposing bureaucratic regulations will choke it. Creating pathways to intermediate forms of formality through micro-credit, training and incremental regulation may be the better way to maximise the benefits while limiting the downsides of the informal sector (ASEAN, 2015a: 31).

**Table 5.5 Employment in the Informal Economy in Non-agricultural Activities**

Country	Year		Informal employment
Indonesia	2009	Persons	3,157,000
		% of non-agricultural employment	72.5
Philippines	2008	Persons	15,150,000
		% of non-agricultural employment	70.1
Thailand	2010	Persons	9,642,000
		% of non-agricultural employment	42.3
Viet Nam	2009	Persons	17,172,000
		% of non-agricultural employment	68.2

Source: ILO, 2012: 4-5.

The supply of housing for the poor is one of the biggest challenges for governments. Neither the public nor the private sector has been able to supply affordable housing at a scale that meets the needs of the urban poor. Singapore is the rare exception, but this is the result of its unique circumstances: the city is small and without a rural hinterland; its economy has expanded rapidly; much of the land is publicly owned after

large acquisitions in the early years; and the government is committed to adequately house the entire population. Elsewhere, many urban poor live in under-serviced informal housing or “slums” (table 5.6). To be near income-generating opportunities, the poor tend to use inner-city land that is disaster-prone, unsuitable for development or waiting to be commercially developed. In some countries, e.g. Indonesia’s Kampung Improvement Programmes, government has upgraded selected informal settlements, but such an approach is often opposed by landowners and developers, who see it as “wasting” commercially attractive land and have been allowed to demolish and replace some upgraded settlements with commercial real estate. High land prices impede the formation of new informal settlements, leaving the poor without affordable housing. It forces them to move to the urban fringe away from income-generating opportunities, or into overcrowded, low-quality, low-rent apartments.

**Table 5.6 Urban Population Living in Slums 2014**

Country	Slum population	% of urban population	Country	Slum population	% of urban population
Cambodia	1,740,000	55.1	Philippines	17,055,000	38.3
Indonesia	29,212,000	21.8	Thailand	8,264,000	25.0
Lao PDR	813,000	31.4	Viet Nam	8,295,000	27.2
Myanmar	7,389,000	41.0	Total	62,768,000	26.2

*Note:* Population living in household that lack either improved water, improved sanitation, sufficient living area or durable housing.

*Source:* UN-Habitat, 2016: Table B3

Notable efforts to address this problem are seen in programmes like Thailand’s Baan Mankong and the Community Mortgage Programme in the Philippines. They help the urban poor establish community organisations and saving-and-loan schemes that empower them to negotiate with landowners, and buy land at a discounted rate. The property is initially owned collectively by the community, so as to prevent gentrification. The approach is effective where development pressure is low or the landowner is a public entity, but less feasible where land values are rising. Some authorities question the approach, as they believe that improving informal settlements merely draws more rural poor to the city. They forget that people come to the city to work, and that their productivity depends not only on their education, but also their health which is affected by the quality of their housing and services. They should not see informal settlements as “slums of despair” but as “slums of hope” whose population is eager to escape poverty. Urban policies should support rather than impede their efforts.

#### **4) An Environmentally Responsible City**

Unplanned and unregulated urbanisation can have serious and possibly irreversible consequences for the environment. The volume of solid waste and waste water that is produced in cities and towns is growing rapidly and is polluting soil and water. It is increasingly difficult to find space for solid waste disposal and very few cities and towns have comprehensive wastewater treatment systems. As cities expand into their rural hinterland, developers often indiscriminately fill peri-urban wetlands such as lakes, streams and swamps, thereby reducing nature's ability to treat wastewater and retain floodwater. Houses must have septic tanks and factories must have treatment plants, but they are often not built, unused or inadequate. Polluting factories may be found next to housing estates and rice fields. Many industrial and housing estates outside the municipal area are not connected to a piped water supply network and pump up groundwater, causing land subsidence in cities such as Bangkok, Manila and Jakarta. Jakarta's subsidence along the coast ranges from 9.5 to 21.5 cm annually; parts of Medan, Bandung and Semarang face subsidence of over 6 cm annually (Chaussard et al, 2013: 153, 158).

Many cities in Southeast Asia are located in low-elevation coastal areas and flood plains. They are vulnerable to the impacts of climate change: rising sea levels, more frequent floods and more powerful typhoons (ASEAN, 2015b: 39-40). Where land subsidence combines with sea level rise, flooding will worsen and seawater will intrude into a city's freshwater sources. Higher climatic variability will weaken agriculture productivity, jeopardise urban food security, and increase rural-urban migration of eco-refugees. Critical infrastructure (power plants, sea- and airports) is often situated in coastal areas and a local disaster can affect the national and global economy, if supply chains are interrupted. The 2011 Bangkok floods raised the price of desktop computer hard-disks globally by 80-190% (Haraguchi and Lall, 2013: 14). As economies become more integrated, the frequency of such problems will increase and their impact must not be underestimated. Climate change will affect particularly the urban poor who build their informal settlements in disaster-prone areas and tend to be more vulnerable than the better-off population.

CO<sub>2</sub> emissions per capita are still relatively low in cities of the region, but are increasing with economic growth (ASEAN, 2015b: 26). High-income urban households may well be responsible for as much CO<sub>2</sub> emission as households in developed countries. A significant part of the emissions is generated in rural areas for the sake of the urban population. Another significant part is the result of the production of goods that are consumed in developed countries which outsource not only manufacturing of goods, but also the generation of CO<sub>2</sub> emissions and other pollution. Cities of the region have a responsibility to contribute to the mitigation of climate change and must adapt to its

inevitable impacts, but adaptation is often piecemeal as financial resources are scarce, economic growth is the first priority and uncertainty surrounds local climate change projections. Yet, it raises the question if it would not be wise to consider investing in alternative, more inland located cities.

### 5.5. Impacts Beyond the City

Urban areas and rural areas cannot be considered in isolation; they are closely connected in many respects. Because many cities are engines of economic growth, inequality in income, wealth and political power between those cities and the rest of the country is high. The Gini Coefficient of some ASEAN countries is estimated to range between 0.356 and 0.462 (ILO and ADB, 2014: 6). This is significant and helps explain why people move to the city, even if they must live in informal housing and work in informal employment. The city offers opportunities for socio-economic mobility that the countryside simply cannot offer (Glaeser, 2011: 70). Hard-working migrants with education, skills and an entrepreneurial mindset can escape poverty and join the middle class. Others may remain poor (table 5.7), but hope that their children escape poverty and support them in future. Policies to control migration have proven to be ineffective and counter-productive, as they may lead to labour shortages.

**Table 5.7 Urban Poverty (Headcount Ratio, using national poverty line)**

Country	Urban poverty ratio	Year	Country	Urban poverty ratio	Year
Cambodia	6.4	2012	Philippines	13.0	2012
Indonesia	8.3	2014	Thailand	7.7	2013
Lao PDR	10.0	2012	Viet Nam	3.8	2014
Malaysia	0.3	2014			

Source: UN-Habitat, 2016: Table C3.

Rural-urban migration assists, rather than hinders, rural development, as it reduces pressure on rural labour markets and agricultural land. The high cost of urban living relative to income forces many migrants to leave non-working family members behind, but they remit a part of their income to those relatives, and thereby contribute to rural poverty reduction. ATMs facilitate money transfers; smartphones facilitate contacts; better transport facilitates family visits. Households become multi-local as members live and work in different places both within and outside the country, while sharing a common budget. Household heads may still claim to be farmers, but income from urban sources forms a growing part of rural household income (Rigg, 2006). Remittances by migrants in urban areas and abroad, higher household incomes, the purchase and use of a private motorcycle or car, and shopping at the supermarket of a nearby city change

the lifestyle in small towns or villages. Modern houses, higher densities and the need for urban services lead to “in-situ urbanisation.”

A city is in many respects an anonymous market place. It features a high degree of individualism and mobility, and it changes the position of women and the family. The free flow of ideas through education, the media and narratives of returning migrants spreads urban norms across the country, affecting local lifestyles. Thompson (2007: 5) noted that rural Malaysia is urban in many respects and the same can be said about other “rural” parts of ASEAN. Access to education, a desire to have a career and the high cost of living prompt women to delay marriage and join the labour force. Access to family planning and low child and infant mortality rates motivate couples to limit the number of children. Starting in cities, but spreading to rural areas, fertility rates are declining across the region (table 5.8). Low birthrates and increasing longevity result eventually in an ageing population.

Traditionally, the family looks after the elderly, and children are the main source of support for ageing parents. However, high labour force participation, fewer children, increased mobility, longevity and high costs of housing and medical care make this ever more difficult. Some countries risk growing old before growing rich enough to develop national pension schemes. Unless they find ways to combine the best of family tradition and state responsibility, the elderly risk becoming the new poor (CNA, 2017). Ageing also raise dependency ratios and can cause labour shortages.

**Table 5.8 Urban Total Fertility Rate (TFR) 2004-2014**

Country	TFR (urban)	Country	TFR (urban)
Cambodia	2.1	Philippines	2.6
Indonesia	2.4	Singapore**	1.24
Lao PDR	2.2	Thailand	1.5
Myanmar*	1.8	Viet Nam	1.6

Source: PRB, 2015: 15-18; \* DoP, 2015: 35; \*\* DoS, 2016: 29.

Unless an ageing economy increases productivity, it will have to rely on international labour migration to cover the shortfall. Regional migration, with or without documents, is an age-old phenomenon in Southeast Asia, but the sharp differences in economic development within ASEAN are intensifying international labour migration, facilitated by enhanced regional connectivity (Pholsena and Banomyong, 2006: 137). Some 1.5 million unregistered migrants from Cambodia, the Lao PDR and Myanmar lived in Thailand in 2009-2010, compared with 79,000 regular entrants (ILO and ADB, 2014: 85). Many foreign labour migrants are unskilled and tend to work in agriculture, domestic service and construction. Some come to save or remit as much as they can, before returning

home; others stay on and move to better paid positions with or without a work permit, and compete directly with the local population. This can lead to social tensions over employment, housing and conflicting lifestyles. While the economy will likely benefit, international labour migration to the city will be one of the immense new challenges that government and society face.

## 5.6. Conclusions

Governments used to discourage urbanisation out of fear that the urban economy would be unable to absorb a rapidly growing urban population. Over the past years, views on urbanisation have changed. Prime-Minister Li Keqiang declared in 2015 that “China is pushing forward the largest urbanization process in the history of mankind.” Prime-Minister Modi of India declared in 2016: “If anything has the potential to mitigate poverty, it is our cities. That is why people from poor places migrate to cities, as they find opportunities there.” The World Bank (2009: 24) noted that no country develops economically without urbanisation, without vibrant cities. The rush to the city seems chaotic, but is necessary. ASEAN does not yet have an explicit urbanisation policy or plan, but its Socio-Cultural Community Blueprint 2025 (ASEAN, 2016b) calls for more effective policies to manage the impact of rural-urban migration and urban population growth in order to achieve environmentally sustainable urbanisation. It calls for participatory and integrated urban planning and management, strategies and programmes to build livable cities, continuous efforts to eradicate poverty and a strengthening of economic, social and environmental linkages between urban, peri-urban and rural areas.

Urbanisation is primarily a national and local issue that requires a national and local policy response. ASEAN’s regional plans, and particularly its plan to enhance regional connectivity, have, however, urban consequences for which the costs and benefits will not be evenly distributed between the concerned countries, cities and towns. Examples include the border towns with its labour force on one side and factories on the other side of the border, and roads and railway lines linking a seaport in one country with a less developed, landlocked part of another country. Faced with such situations, Member States should act as a community rather than as independent countries responsible for only their own national interests.

The ASEAN Socio-Cultural Community Blueprint 2025 (2016b: 5) suggests that local and provincial governments should participate in collaborative programmes to develop human resources and build capacity to manage urbanisation; this can be arranged efficiently and effectively at the regional level. ASEAN is a diverse region with cities at different stages of development. This offers unique opportunities to learn from each other’s experiences and best practices, but urban policies, programmes and practices cannot be cloned. They must be analysed to identify the critical components that

should be replicated. A regional depository of good urban practices would benefit the cities of ASEAN and the rest of the world. Issues to be considered for mutual learning include urban planning in a free-market economy, the management of national and transnational mega-urban regions, local economic development of small cities and towns, and the mitigation of and the adaptation to climate change.

In order to make sound investment decisions, monitor the livability of a city, identify needs for urban employment, housing and services, and assess environmental trends and conditions, the government, the private sector and civil society must have accurate and up-to-date urban data, but statistical information is currently available only for the country as a whole rather than disaggregated for specific areas. If data are presented in a disaggregated manner, they tend to follow administrative rather than functional divisions. Globally, efforts are now being made to improve urban data collection and analysis in order to monitor the achievements of the Sustainable Development Goals of the United Nations (Citiscope, 2017). In order to monitor urbanisation trends in the region and formulate evidence-based urban policies, ASEAN could assist Member States in developing their statistical capacity to collect and analyse urban data and thereby contribute to global efforts to monitor the Sustainable Development Goals.

## References

ASEAN – Association of Southeast Asian Nations (2015a) *ASEAN Economic Community Blueprint 2025*, Jakarta: ASEAN Secretariat.

ASEAN – Association of Southeast Asian Nations (2015b) *Report of the ASEAN Regional Assessment of MDG Achievement and Post-2015 Development Priorities*, Jakarta: ASEAN Secretariat.

ASEAN – Association of Southeast Asian Nations (2016a) *Master Plan on ASEAN Connectivity 2015*, Jakarta: ASEAN Secretariat.

ASEAN – Association of Southeast Asian Nations (2016b) *ASEAN Socio-Cultural Community Blueprint 2015*, Jakarta: ASEAN Secretariat.

BMA – Bangkok Metropolitan Administration (2013) *Statistical Profile of Bangkok 2013*, Bangkok: Bangkok Metropolitan Administration.

Bosworth, Brendon (2017) Explainer: The Challenges of Measuring Cities' Progress on the Sustainable Development Goals, *Citiscope*, 7 March 2017, available at: <http://citiscope.org/story/2017/explainer-challenges-measuring-cities-progress-sustainable-development-goals> (accessed 7 May 2017).

Chaussard, Estelle, Falk Amelung, Hasanudin Abidin and Sang-Hoon Hong (2013) Sinking Cities in Indonesia: ALOS PALSAR Detects Rapid Subsidence due to Groundwater and Gas Extraction, *Remote Sensing of Environment*, No. 128, pp. 150–161.

Chen, Sharon (2013) “Singapore Foreign Curbs Target Professionals: Southeast Asia”, *Bloomberg News*, 23 September 2013.

Chen, Martha Alter (2012) *The Informal Economy: Definitions, Theories and Policies*, *WIEGO Working Papers*, No. 1, Manchester: Women in Informal Employment: Globalizing and Organizing (WIEGO).

CNA – Channel News Asia (2017) Vietnam’s Ticking Time-Bomb of Elderly Poverty, *Channel News Asia*, 12 March 2017.

Dapice, David, Jose A. Gomez-Ibanez and Nguyen Xuan Thanh (2010) Ho Chi Minh City: The Challenges of Growth, *Policy Dialogue Paper* Number 2, Ho Chi Minh City: Harvard Kennedy School and United Nations Development Programme.

Demographia (2017) *Demographia World Urban Areas, 13th Annual Edition*, Belleville: Demographia.

Donaldson, Dave (2012) *Railroads of the Raj: Estimating the Impact of Transportation Infrastructure*, Unpublished paper.

DoP – Department of Population (2015) *The 2014 Myanmar Population and Housing Census, Census Report, Vol. 2*, Nay Pyi Taw: The Republic of the Union of Myanmar.

DoS – Department of Statistics (2016) *Population Trends 2016*, Singapore: Department of Statistics.

Glaeser, Edward (2011) *Triumph of the City*, London: MacMillan.

Haraguchi, Masahiko, and Upmanu Lall (2013) “Flood Risks and Impacts: Future Research Questions and Implication to Private Investment Decision-Making for Supply Chain Networks”, *Background Paper prepared for the Global Assessment Report on Disaster Risk Reduction*, Geneva: United Nations Office for Disaster Risk Reduction.

Huynh, Phu, and Steven Kapsos (2013) *Economic Class and Labour Market Inclusion: Poor and Middle Class Workers in Developing Asia and the Pacific*, *ILO Asia-Pacific Working Paper Series*, Bangkok: International Labour Organization.

ILO – International Labour Organization (2012) *Statistical Update on Employment in the Informal Economy*, Geneva: International Labour Organization.

ILO and ADB – International Labour Organization and Asian Development Bank (2014) *ASEAN Community 2015: Managing Integration for Better Jobs and Shared Prosperity*, Geneva: International Labour Organization.

IRDA – Iskandar Regional Development Authority (2015) *Comprehensive Development Plan ii 2014-2025*, Johor Bahru: Iskandar Regional Development Authority.

Jones, Gavin, and Mike Douglass (2008) Introduction, in: Gavin W. Jones and Mike Douglass (eds), *Mega-Urban Regions in Pacific Asia: Urban Dynamics in a Global Era*, Singapore: NUS Press.

Kuption, Christiane, and Pang Eng Fong (2006), "Introduction," in: Christiane Kuption and Pang Eng Fong (eds), *Competing for Global Talent*, Geneva: International Labour Organization.

McGee, T.G. (1991) "The Emergence of Desakota Regions in Asia: Expanding a Hypothesis," in: Norton Ginsburg, Bruce Koppel and T.G. McGee (eds), *The Extended Metropolis: Settlement Transition in Asia*, Honolulu: University of Hawaii Press.

NSO – National Statistical Office (2011) *The 2010 Population and Housing Census – Preliminary Report*, Bangkok: National Statistical Office.

Pearson, Ruth, and Kyoko Kusakabe (2013) *Thailand's Hidden Workforce: Burmese Migrant Women Factory Workers*, Chiang Mai: Silkworm Books.

Pholsena, Vattana, and Ruth Banomyong (2006) *Laos: From Buffer State to Cross Roads?* Chiang Mai: Mekong Press.

PRB – Population Reference Bureau (2015) *The Rural-Urban Divide in Health and Development: Data Sheet*, Washington DC: Population Reference Bureau.

Rakodi, Carole, and Tommy Firman (2009) Planning for an Extended Metropolitan Region in Asia: Jakarta, Indonesia, A Case Study Prepared for *Revisiting Urban Planning: Global Report on Human Settlements 2009*, Nairobi: United Nations Human Settlements Programme.

Rigg, Jonathan (2006) Land, Farming, Livelihoods, and Poverty: Rethinking the Links in the Global South, *World Development*, Vol. 34, No. 1, pp. 180-202.

Srivastava, Pradeep (2011) Regional Corridors Development for Regional Cooperation, *ADB Economics Working Papers Series*, No. 258, Manila: Asian Development Bank.

Thompson, Eric C. (2007) *Unsettling Absences: Urbanism in Rural Malaysia*, Singapore: NUS Press.

TomTom (2016) *TomTom Traffic Index: Measuring Traffic Congestion Worldwide*, available at [http://www.tomtom.com/en\\_gb/trafficindex/list](http://www.tomtom.com/en_gb/trafficindex/list) (accessed 25 February 2017).

UN-Habitat (2016) *World Cities Report 2016: Urbanization and Development: Emerging Futures*, Nairobi: United Nations Human Settlements Programme.

UNPD – United Nations Population Division (2015) *World Urbanization Prospects – The 2014 Revision*, New York: United Nations.

World Bank (2009) *Reshaping Economic Geography, World Bank Report 2009*, Washington: World Bank.

World Bank (2016) *World Development Indicators*, available at <http://data.worldbank.org/data-catalog/world-development-indicators> (accessed 17 November 2016).

