

Thailand's Sustainable Urbanization

Bhanupong

Lecture 30

“All happy families resemble one another, but each unhappy family is unhappy in its own way” *Anna Karenina* by Leo Tolstoy.

Outline

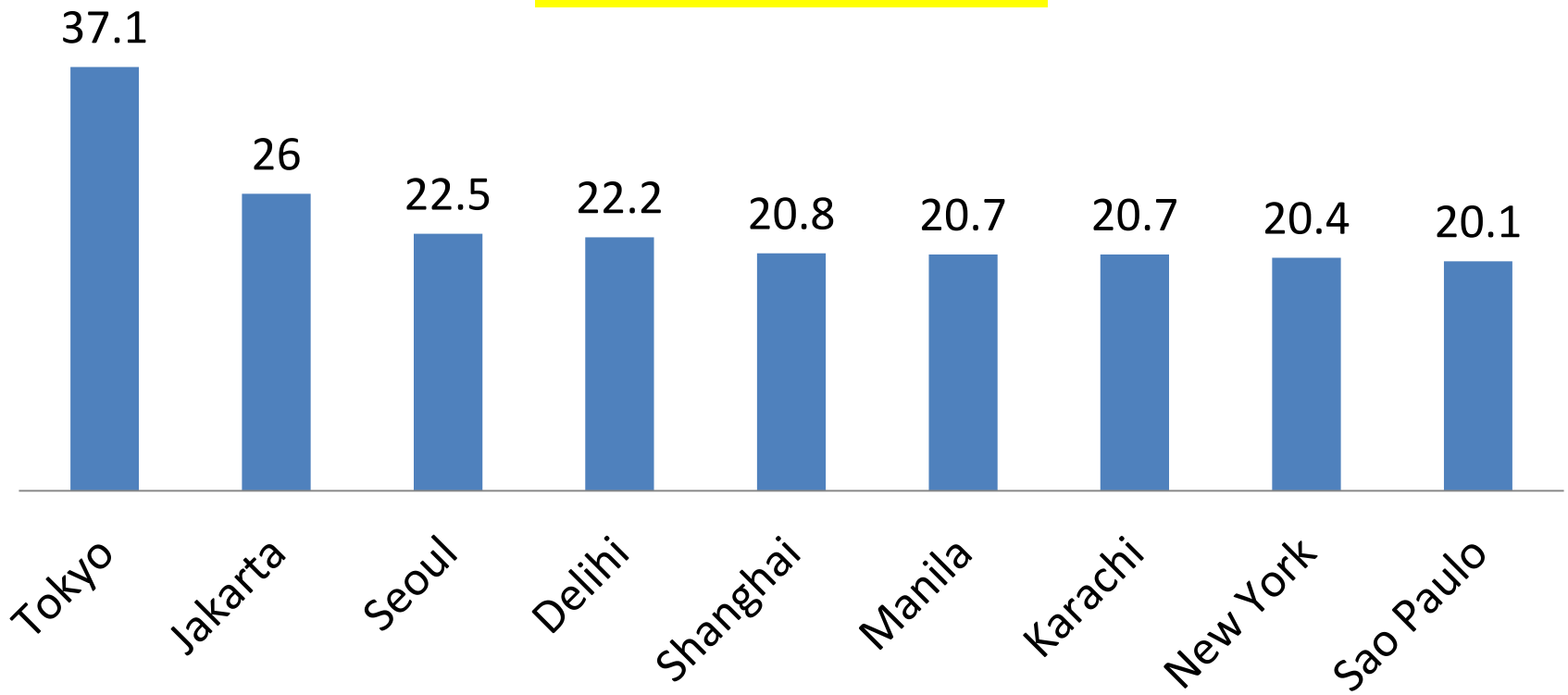
- Urbanization around the world
- Urbanization and poverty reduction
- Declining Bangkok primacy
- Sustainability of Bangkok

Back in 1950

- Less than one-in-three people lived in urban areas.
- The world had just **two** so-called "megacities" with populations in excess of 10 million: New York and Tokyo.

In 2012

Megacities
population in million

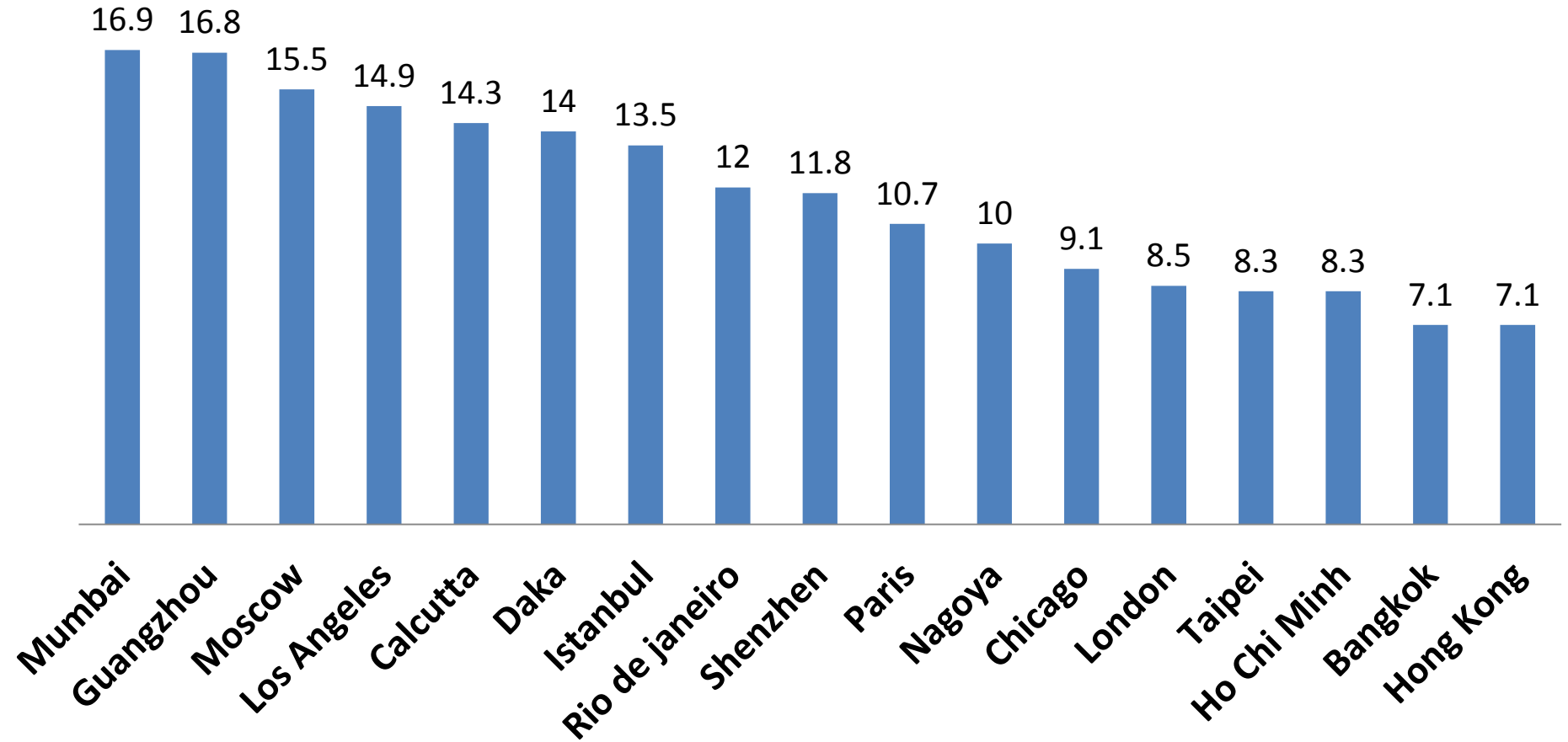


Stylized fact

- The world is fast approaching the point where the *majority* of the human population will be found in urban areas.
- The United Nations estimates that about 180,000 people are being added to the urban population every day.
- The world's **urban infrastructure** has to absorb the equivalent of the population of two Toykos each year.

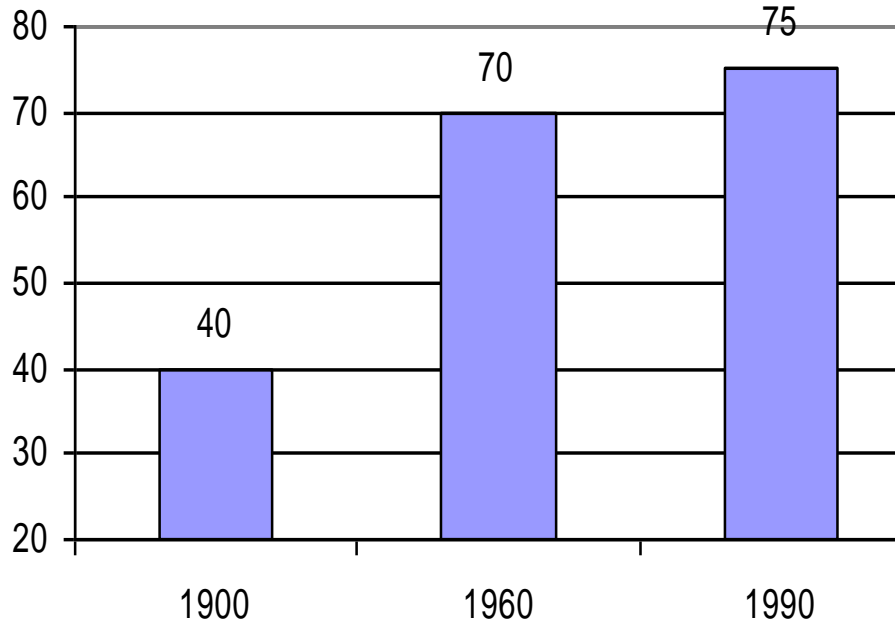
Population in large cities: 2012

■ population in million

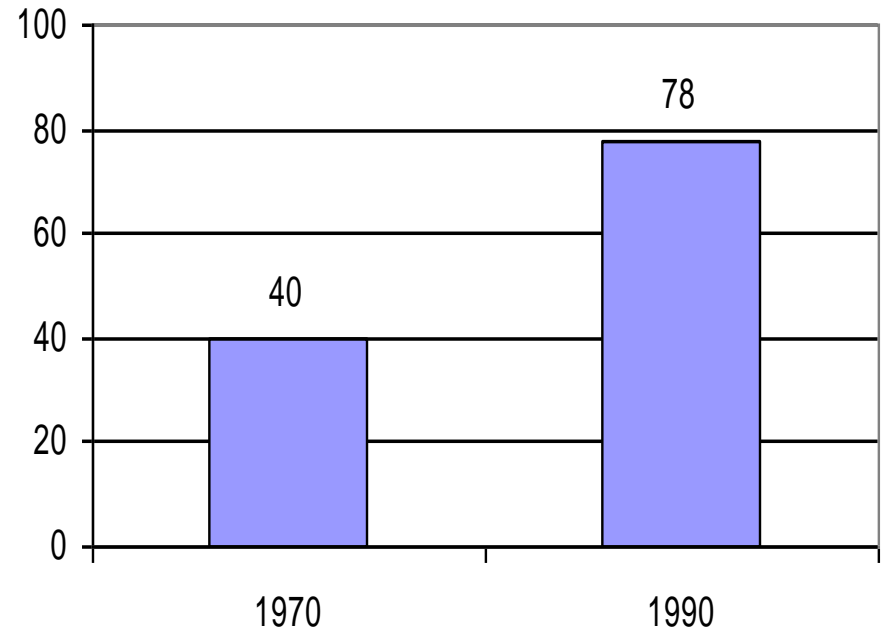


What took the US 90 years to accomplish took Brazil for 30 years, Korea for 20 years

Urbanization in USA



Urbanization in South Korea



Urbanization in rich countries

- In the ***traditional model*** of urbanization, which North America and Europe experienced during the Victorian era, people were pushed away from the countryside by the ***mechanization of agriculture***, and pulled towards urban areas by the offer of jobs and wages.
- North America and Europe's urban areas already account for about 70-80% of the regions' populations, and these are expected to ***stabilize*** at these levels.

Urbanization in poor countries

- Sub-Saharan Africa, which has the world's **highest rate of urban migration**, is **not** following the traditional pattern.
- Developing nations are struggling to cope with the huge influx of people into urban areas.
- Some cities' populations are 40 times larger than what they were in 1950.

Slow vs. rapid urbanization

- The gradual pace, combined with relatively high GDP and education per capita, **allowed** time for the development of political and economic institutions and market instruments essential for an efficient form of urbanization and a reasonable quality of urban life.
- Rapidly urbanizing developing countries require **adaptation** of rural institutions and governance to **urban society**.
- They have little room for timely experimentation and adjustment. (no time to put electrical and phone lines underground: trees must be trimmed regularly to protect electrical lines)

The rural-urban divide

- **Megacities** and large cities are the richest and have far better access to basic public services;
- **Smaller towns**, secondary cities, and areas on the perimeter of urban centers are less rich.
- **Rural areas** are the poorest, but this does not mean unfettered urbanization is a cure-all – the urban poor in many places urgently need better services as well as infrastructure that will keep them connected to schools, jobs and decent health care.

Because of the city's intense climate—it is one of the hottest big cities in the world—Bangkok malls and their massive air conditioning systems consume immense amounts of electricity.

*The huge Siam Paragon mall consumes nearly **twice as much** power annually as all of Thailand's underdeveloped Mae Hong Son province, home to about 250,000 people.*

Urbanization reduces poverty

- With a fifth of the world's population, 600 urban centers account for some 60% of worldwide GDP.
- By 2025, McKinsey expects the mix of these top cities to radically change.
- All the new entrants will be from emerging markets, a shift that will have profound social consequences.
- Richard Dobbs, director of the McKinsey Global Institute:
- "This urbanization is **lifting** more people **out of poverty** than any movement in history."

Characteristics of Unsustainable Urbanization

- *Increasing* population density in the primal cities
- *Rising* urban poverty
- *Worsening* income inequality
- *Deteriorating* quality of environment
- *Bangkok does not fit this pattern*

Urban Primacy

- The rapid urbanization in developing countries is also reflected in urban primacy—the share of population in ***the largest city*** in national urban population.
- A degree of concentration is reflected in the share of large population of metropolitan areas in total urban population.

Primate city

- Geographer Mark Jefferson (1939) developed the law of the primate city to explain the phenomenon of huge cities that capture such a large proportion of a country's population as well as its economic activity.
- These primate cities are often, but not always, the capital cities of a country.
- An excellent example of a primate city is Paris, which truly represents and serves as the focus of France.

Urban Primacy: The largest city in a country

- **urban primacy** indicates the largest city in a country. Such a city is called a primate city.
- Urban primacy can be defined as the central place in an urban or city network that has acquired or obtained a great **level of dominance**.
- The level of dominance is measured by population density and the number of functions offered.
- Higher functions and population will result in higher dominance.
- “People outside Bangkok elect the government, while Bangkok people topple it down.”

Examples of primate cities

- Paris (9.6 million) is definitely the focus of France while Marseilles has a population of 1.3 million.
- The United Kingdom has London as its primate city (7 million) while the second largest city, Birmingham, is home to a mere one million people.
- Mexico City, Mexico (8.6 million) outshines Guadalajara (1.6 million).
- A huge dichotomy exists between Bangkok (7.5 million) and Thailand's second city, Nakorn rachsrima (where almost all Thai billionaires have houses in Kao Yai)

The law of primate city

- They dominate the country in influence and are the national focal-point.
- Their sheer size and activity becomes a strong pull factor, bringing additional residents to the city and causing the primate city to become even larger and more disproportional to smaller cities in the country.

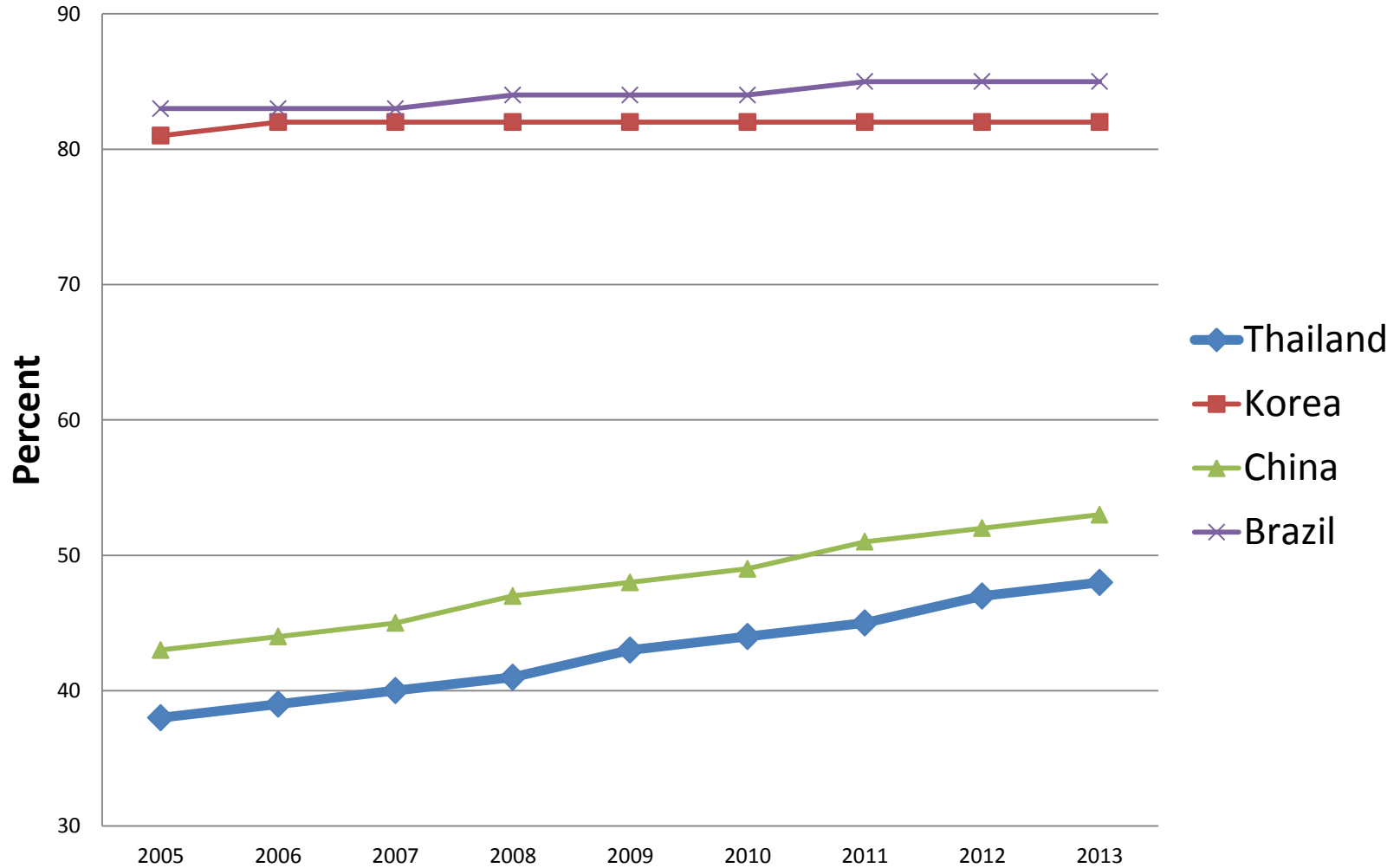
Bangkok: The primate city

- Primate city dominates the country in influence and are the national focal-point.
- Its sheer size and activity becomes a strong pull factor, bringing additional residents to the city and causing the primate city to become even larger and more disproportional to smaller cities in the country.

Urbanization in Thailand

- In 2000, the population density in Bangkok was **4,060** persons per square kilometer.
- The **Bangkok primacy** was clearly demonstrated by its size of population which was **60 times** the density of population in the Northern region, where **67** persons lived per square kilometer.
- *What does the share of Bangkok population tell us?*

Urban population (% total)



The first stage of decentralization

Declining population

- The population density in Bangkok has been on the declining trend.
- Between 2000 and 2002, the urban population of the whole kingdom **increased by 3.1 %**, implying increased urbanization for the whole country.
- But the density of population in Bangkok actually **declined by 9 %** to 3,694 persons.

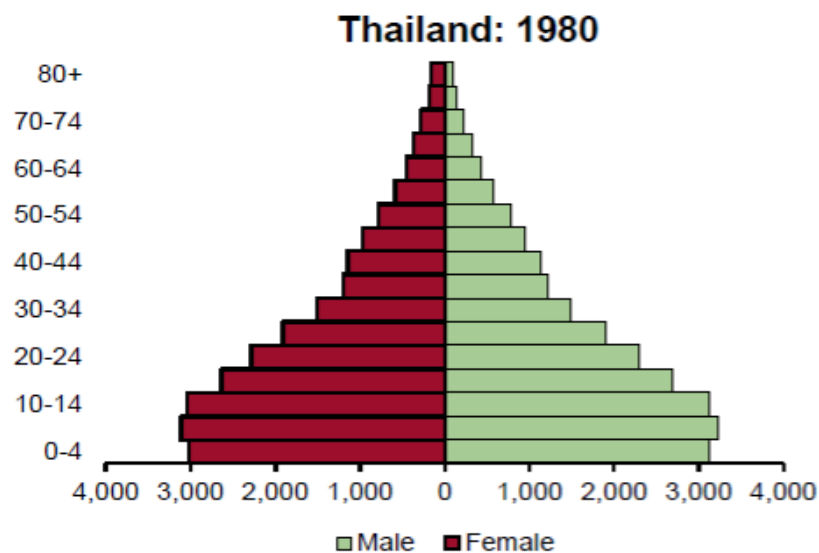
Turning into a grey society

- The average age for men to get married increased from 24.7 in 1970 to 28.7 in 2010, For women from 22 to 24.9 years old.
- 2014: male population, 31.5 mill
female, 33.3 million
- Elderly (60+) 9.9 million
- Children 11.9m
- Labor force (15-59) 42.9m

Thailand's Population Pyramid

Figure 7: Population pyramid of Thailand, 1980

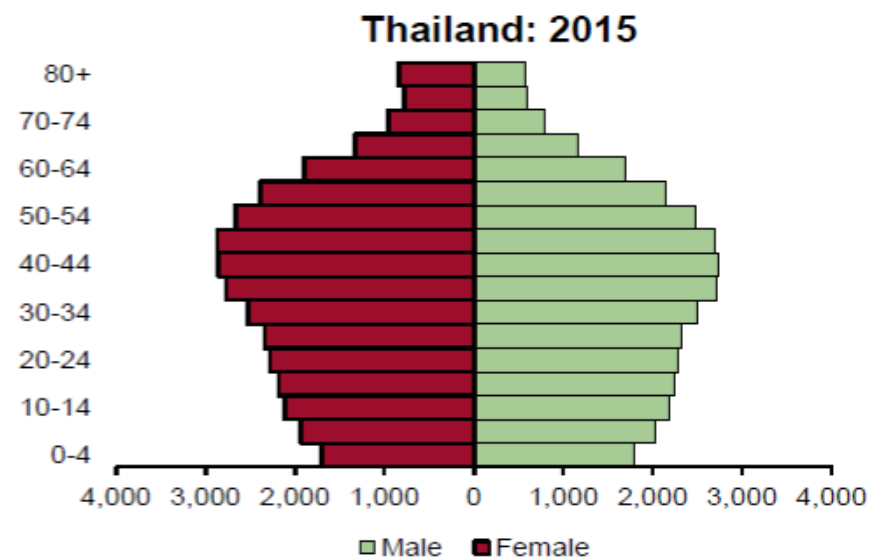
In thousands



Source: UN, Credit Suisse

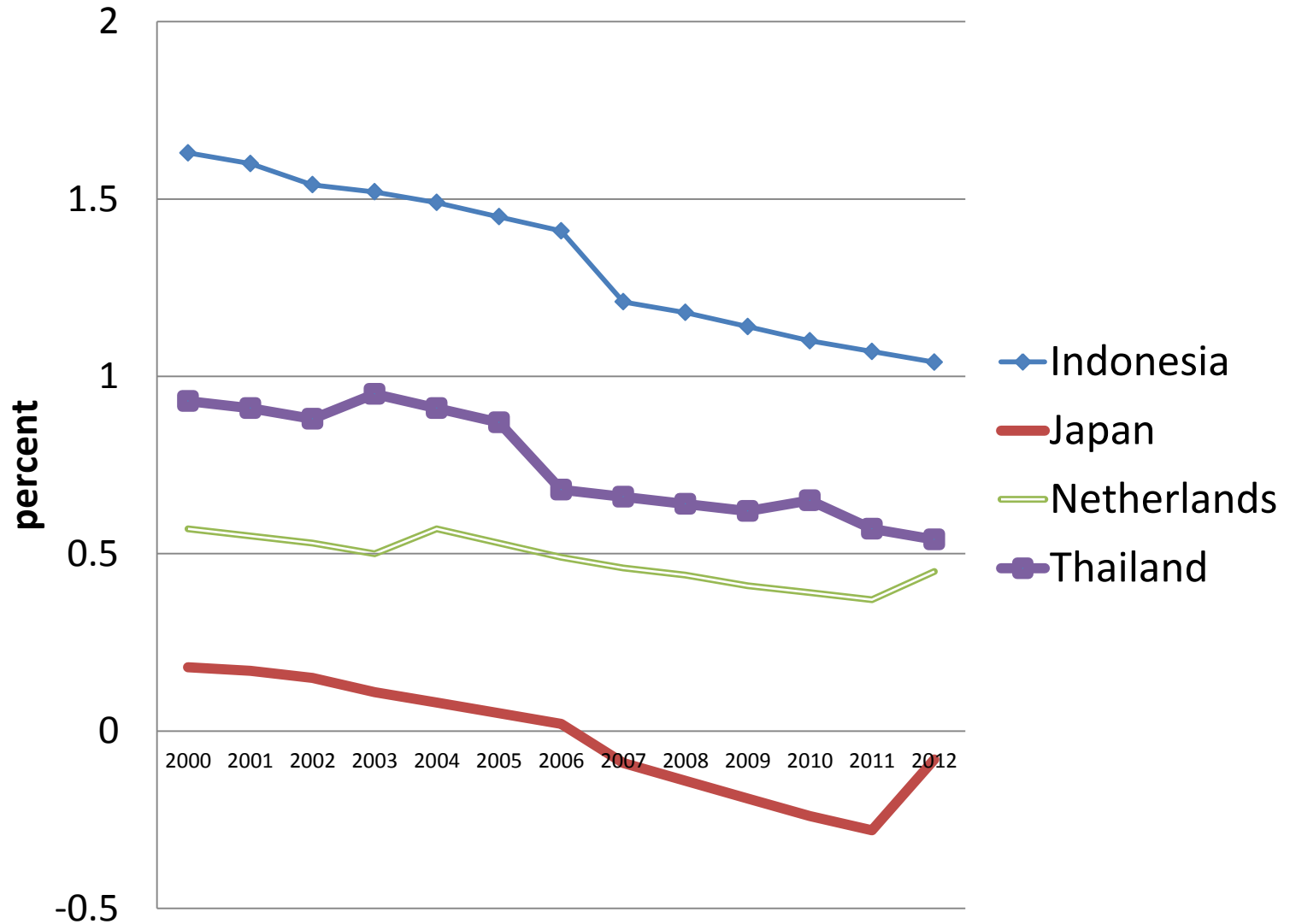
Figure 8: Population pyramid of Thailand, 2015

In thousands



Source: UN, Credit Suisse

Population Growth Rate



The second stage of decentralization

- It has already begun as *industries* are gradually moving away from Bangkok Metropolitan Region, because of higher production and transactions costs in BMR.
- Bangkok has encountered diseconomies of agglomeration.
- If the trend continues, a more balanced process of urbanization will emerge with less concentration of industries in large cities.
- The degree of urbanization in Thailand has been slowing down in all regions.

Declining Bangkok Primacy

- As the impact of diseconomies of scale became apparent, Bangkok started to lose its comparative advantage in production.
- ***Both*** shares of output and population in Bangkok has been declining.

Declining Bangkok Primacy

- Output share of BMR declined from 53 percent in 1993 to 47.4 percent in 2000—confirming the second stage of deconcentration in suburban areas of Bangkok.
- This encouraging trend implies that urbanization process in Thailand is sustainable, because large cities of BMR would not be expanding without limit.

Gradual Urbanization

- The major factor behind the slow urbanization process is the ***sharp drop*** in the population growth rate, reflecting the successful family planning programs.
- The relative size of economic activity in BMR has been declining gradually.

Declining Urban Poverty

- The strength of the economy between 1988 and 1996 had cut the urban poverty from 12.6 percent in 1988 to a mere 3.1 percent in just 8 years.
- When the Thai economy was hit by the financial crisis, the **rise** in poverty incident in 1999 went up to only 3.8 percent.
- The rural people had to bear the brunt of the economic meltdown ***more than*** the city people who created the economic crisis.

Desirable Urbanization

- If the urban sector can provide better job opportunities with more stable income, urbanization is **not** a disaster and therefore should be **welcome**.
- The important question is **how** to prepare labors from rural areas to make them suitable for working in the urban sector.

Attracted by urban service sector

- Some agricultural labors are absorbed by some industries in rural areas, but a large part is attracted into the service sector in urban areas
- Since the shares of employment in all sectors except services are declining, **only the urban service sector** can take care of migrating workers from the rural sector.

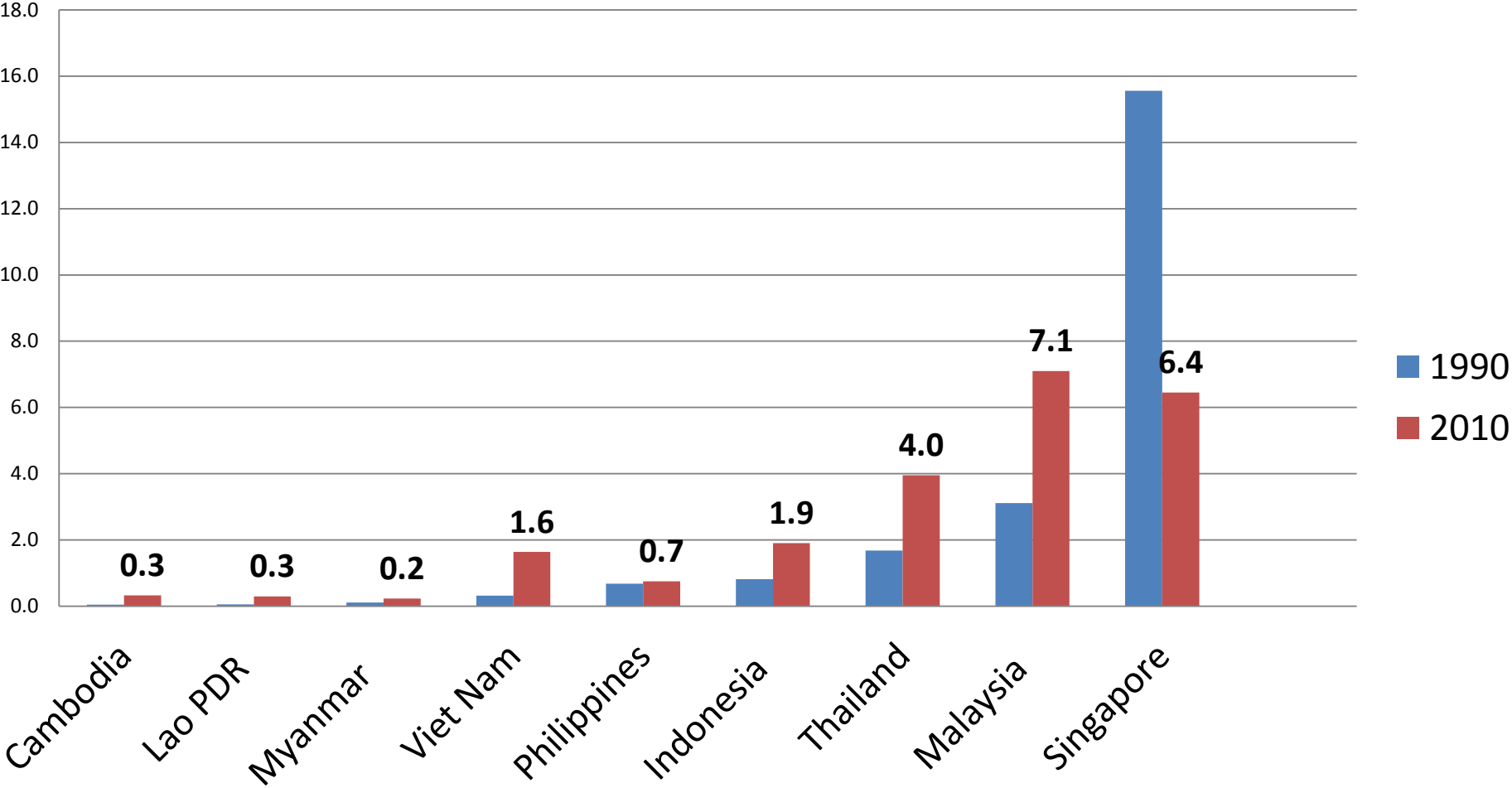
Major problems in big cities

- Health and quality of life
- International industrial competitiveness
- Management and institutional building
- Social cohesion and stability
- Lack of green areas

Green areas

- Bangkok needs more new parks to increase the green-area-per-head ratio to 2.5 square meters from the existing *one* square meter per head.
- Paris has **25** square meter of green area per head.

Carbondioxide emissions (tons per capita)



Conclusion

- There is a stylized fact of urbanization process in developed and developing countries.
- Bangkok primacy has been declining, as the second stage of de-concentration is taking place.
- In contrast to the popular view that Bangkok is facing insurmountable environmental and social problems, Bangkok and its surrounding cities are moving toward sustainable urbanization.
- But Bangkok is still a far cry from being a city offering high quality of life.

Review questions

- Compare and contrast urbanization in Thailand and Africa.
- Provide evidence indicating the sustainability of urbanization process in Thailand.
- What can the public sector do to ease the adverse consequences of urbanization?
- Why has urbanization in Thailand been **slowing down** in all regions?
- “All happy families resemble one another, but each unhappy family is unhappy in its own way” *Anna Karenina* by Leo Tolstoy. Do you think that happy families in Buri Rum and Bangkok resemble one another, but differ when they are unhappy?

Quotable quotations

- *“To those of you who received honors, awards and distinctions, I say well done. And to the C students, I say you, too, can be president of the United States”*

George W. Bush, on returning to Yale to accept an honorary degree (The Sunday Times, May 2001)

Definition of Education

- *“Education is what survives when what has been learned has been forgotten”*

B.F. Skinner (1904-1990)