SMALL TOWNS AND URBAN–RURAL LINKAGES

FACULTY OF ECONOMICS, THAMMASAT UNIVERSITY

MODULE 13

RURAL TRANSITION

Rural Transition in developing countries

- Most population are agriculture-based, live in rural areas with low labor productivity and low incomes
- Opportunities arise for non-farm work; farming becomes less attractive for rural residents
- There is a gradual shift from farm to non-farm activities

Improved transportation

- Improved transportation has increased mobility of people across space
- Increased access to rural and remote areas
- Increased commute and rural-urban migration
- Creates employment opportunities in the transport sector

Creation of non-farm jobs

- Creates employment opportunities in the transport, trade, handicraft and other non-farm activities
- Rural diversification and increased agriculture production generates economic opportunities

Social change

- Advancements in transportation, communication and improved education and health
- Raising expectation for improvement, particularly among the youth
- Social norms and values begin to change

Changes in land use

- Increased rural diversification causes previously agricultural land to be converted to other uses
- The rural landscape begins to change: more built up areas, more networks, services
- Increased demand for land leads to higher land prices
- Rural and urban areas become more integrated

Summary: process of rural transition

Phase 1

Shift from farm to non-farm work

Low productivity in agriculture and external opportunities

Phase 2

Improved transportation

Increased mobility and rural-urban migration

Phase 3

Social change among youth

Advancements in communication and education

Phase 4

Rapid rural diversification

Increased non-farm activities and sources of income

Phase 5

Accelerated urbanization

Intensified rural-urban linkages

URBAN-RURAL LINKAGES

Urban–Rural Linkages

- Rural transitions have led to the strengthening of linkages between urban and rural areas
- Rural areas utilize land and labor as factors of production; urban areas provide capital and serve as markets
- The process is initiated by agricultural surplus in rural areas, whereby farmers produce and surplus is sold to the urban market

Initial phase of urban-rural linkage

- Poor rural farmers cannot break away from the poverty cycle until they are able to move from subsistence to surplus production
- By generating surplus, farmers are able to sell their produce to the market (cities and towns)
- Increased production, improved roads, access to agricultural inputs, and access to markets creates linkages between rural and urban areas

Diversification and expanding production

- Farmers earnings are used to buy agriculture inputs; with more and better agriculture inputs, production is expanded
- Additional income is further invested, resulting in creation of non-farm employment; rural economy becomes more diversified

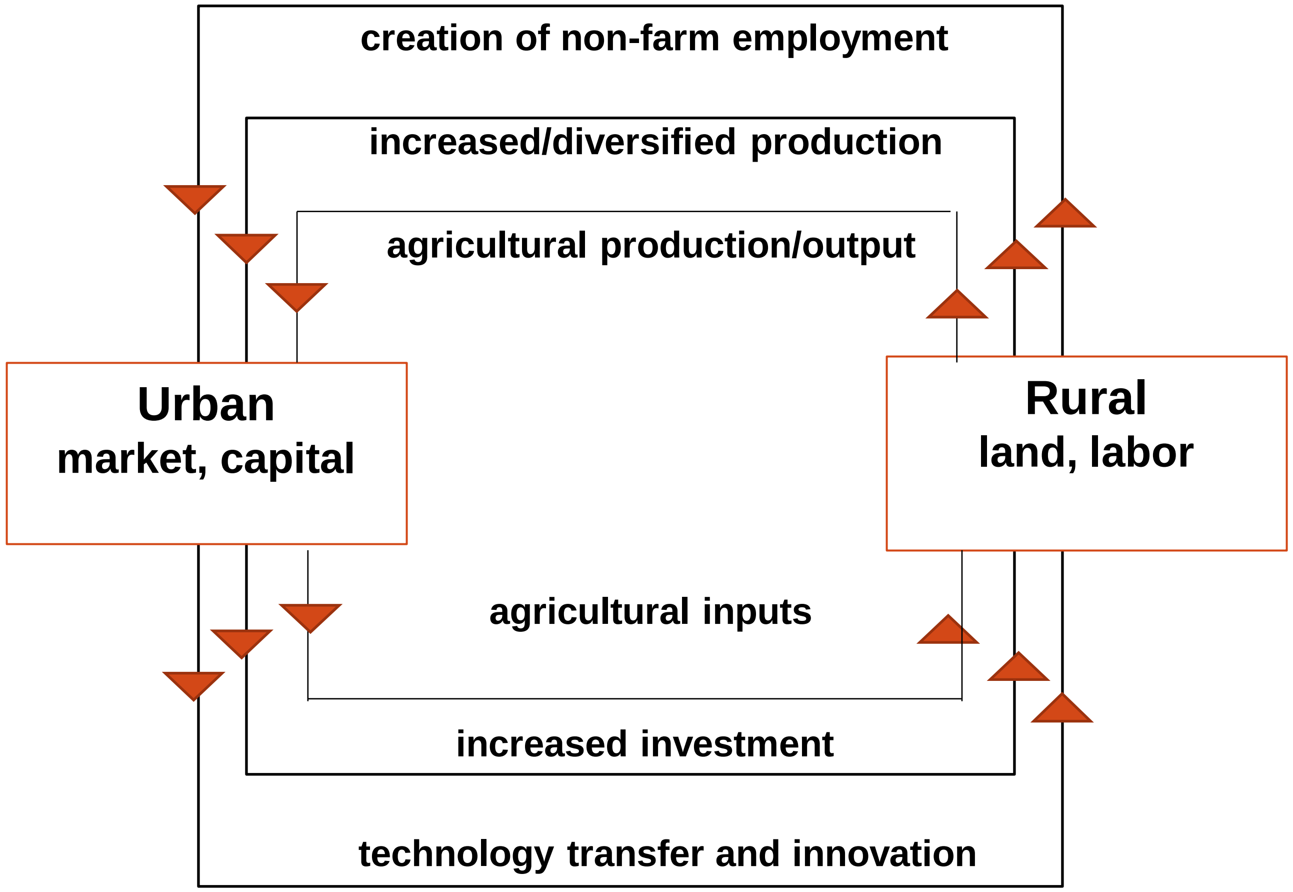
Demand for technology and innovation

- This creates demand for technology and innovation, which are based in urban areas
- Technology and innovation flows to rural areas

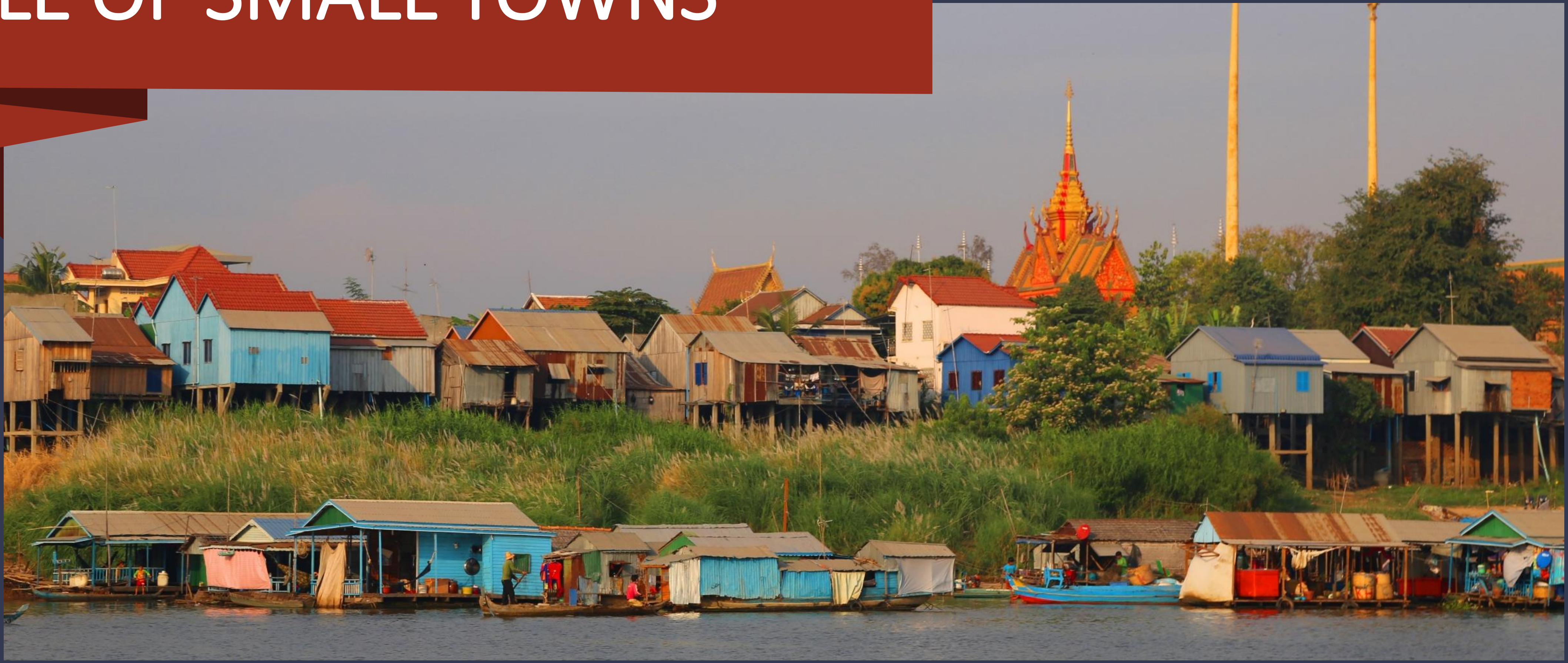
Rural-urban integration

- Intensified urban-rural linkages creates demand for roads, infrastructure, finance, technology, and other economic goods
- Urban and rural economies become more integrated

Urban–Rural Linkages



ROLE OF SMALL TOWNS



Small towns

Small towns are clusters of settlements with service facilities, infrastructure, and simple networks and systems

Role of small towns in development

- Serve as demand markets for agricultural goods; and link supply to the wider region
- Serve centers of production and distribution for their surrounding areas

Role of small towns

- Serve as centers of growth and consolidation for non-farm activities
- Attract rural migration from surrounding areas by providing non-farm employment
- Acts as a buffer to relieve pressure faced by larger cities

Small towns and rural areas

Whether small towns and rural areas can
develop depends on several factors:

- Farming systems and access to natural resources
- Transportation availability, accessibility and affordability
- Link of small towns to wider markets
- Presence of local demand
- Productivity of rural areas

Conclusion

- Agriculture in most developing countries is rural based, with low productivity; as opportunities increase for non farm work (due to technology, improved infrastructure) farming becomes less attractive
- There is a shift to non-farm work and diversification in the rural economy; the rural landscape and social norms begin to change, reflecting those urban areas

Conclusion

- Urban rural linkages are initiated by surplus production in rural areas; with surplus, incomes increase and farmers are able to buy more and better quality agriculture inputs from urban areas
- Production is expanded and diversifies, creating more output; this creates demand for technology and innovation; eventual rural and urban areas are integrated

THANK YOU!