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NOTES AND COMMENTARY

On Slowing Metropolitan City Growth

In an article published in the March 1979 *Population and Development Review*, Alan Simmons reviewed four policy approaches for slowing metropolitan growth in Asia.¹ Noting that redistribution policies to date have shown modest or no impact, Simmons concluded that “each of the policies can be successful” but only provided that a number of specified conditions are fulfilled. In the June 1979 issue of the *Review*, Samuel Preston also discussed the desirability of reducing rates of urban growth and rural-to-urban migration and suggested policies and “palatable means” of reducing urban growth.² In yet another recent article Paul Shaw proposed a strategy to control new housing construction as an effective means of influencing the direction of migration flows away from “problem urban centers.”³ In a recent meeting held under the joint sponsorship of the United Nations Population Division and the United Nations Fund for Population Activities,⁴ papers were read advancing the cause and reviewing the results of specific interventionist policies directed at constraining or redirecting migration. Participants from a number of developing countries expressed, in writing and orally, a desire to see their governments pursue an effective, vigorous “population redistribution policy”—the new code name for stemming the “drift of rural migrants into the large urban centers.” Governments of most developing countries have themselves expressed great anxiety over the “present spatial distribution of their populations,” implying, chiefly, the unacceptability of current rates of rural-to-urban migration.⁵

Thus, there seems to be a rare convergence of real-world concern, professional interest, and research activity. The scene appears set for the experts to settle their quibbles and to advance, as quickly as possible, an agreed-upon prescription that the action-prone, impatient governments can eagerly and swiftly adopt.

Yet, a major issue that confounds dispassionate observers is whether governments really want to stem the “tide of migrants to the cities.” As the subsequent

discussion makes clear, this question reflects uncertainty as to whether governments *can* intervene and has nothing to do with the related yet clearly separate concern of whether governments *should* intervene.

One indication of the ambivalence of governments' interventionist position is the weak correlation between their perceptions of the overall acceptability of the spatial distribution of their populations and their policies with respect to the basic trend in spatial redistribution from nonmetropolitan to metropolitan regions and from rural to urban centers.⁶ Another possible symptom of the same ambivalence is the frequent ineffectiveness or, at best, very limited success of government policies aimed at substantially reducing rural-to-urban migration.⁷ A third indication that governments do not really want to contain migration is the frequent (and increasing) incidence of accommodationist policies that "aspire to improve the lot of the migrants."⁸ Such policies (e.g., sites and services projects, reception centers for new migrants) run counter to declared perceptions since, virtually by definition, they increase the attractiveness of the urban destination, often not so much by increasing expected income as by decreasing uncertainty (income variance). Accommodationist policies are thus conducive to rural-to-urban migration rather than being an added constraint upon it.

One possible explanation of why governments fail to intervene, or intervene ineffectively, is that they are wary of acting decisively until ongoing research has produced an agreed-upon optimal strategy. However, for researchers to believe such an explanation is at best self-serving and at worst pure naiveté. Another possible explanation is that governments' poor performance in pursuing interventionist policies is due to the half-hearted application of measures; if intensively applied, success would have been more apparent. Yet, clearly, this explanation merely begs the question as to why full-fledged policy statements are applied half-heartedly.

In the following analysis, an alternative explanation is presented by way of an economic hypothesis that needs to be fully tested.⁹

An Economic Argument for Increased Rural-to-Urban Migration

Assume the following production relation:

$$Q = f(K, L) \quad , \quad (1)$$

where Q is the value of urban output produced with capital input K and labor input L . It is possible to express Q as

$$Q = \pi + wL \quad (2)$$

—that is, the sum of profits (π) and the wage bill (wL), where w is the wage paid per employee and L the number of employees. Hence,

$$\pi = Q - wL \quad . \quad (2')$$

Assume, initially, that only short-run, current-period considerations matter. To gauge first the immediate impact, assume that Q is given. Then, from (2'), prior to any adjustment, $\frac{\partial \pi}{\partial w} < 0$; that is, profits are higher when wages are lower. Q will be adjusted beyond the immediate impact, but it is simple to show that the consequent change in profits will be positive; assuming that profit-earners are profit-maximizers

and given that the immediate impact of lower wages is higher profits, pursuit of an adjustment must imply that it further increases profits.¹⁰ Thus, other things being equal, profit-earners benefit from paying lower wages and can generally be assumed to favor them.

An undisputed consequence of a continuous rural-to-urban migration is the downward pressure it exerts upon urban wages. Therefore, if government actions are influenced by profit-earners' interests, governments are unlikely to actively pursue antimigratory policies.¹¹

Assume that the interests of profit-earners are coincident with those of the government but that output growth is the relevant consideration. Equation (2) can then be rewritten as

$$Q = c_2\pi + (1 - c_2)\pi + c_1wL + (1 - c_1)wL \quad , \quad (3)$$

where c_2 , c_1 are the proportions consumed out of profits and wages respectively and, therefore, the complementary proportions are of the corresponding saving shares. Keynesian problems of translating savings into investment notwithstanding, future output directly depends on current savings. Since $c_2 \neq c_1$, the contribution of a unit of wage income to savings will differ from that of a unit of profit income; drawing on the well-documented finding that $c_2 < c_1$ (profit-earners are richer and better able to invest), a unit of profit income is, in terms of growth, more valuable than a unit of wage income. This can be demonstrated as follows. Assuming that the share of savings or investment in national output is suboptimal, a marginal unit of investment should be awarded a premium, reflecting its higher social value vis-à-vis consumption. One way of expressing the differential weighting is to multiply each extra unit of investment by $\alpha > 1$, thus magnifying it compared with consumption. (As is well known, taking $\alpha > 1$ amounts to arguing that the investment rate of discount is higher than the consumption rate of discount. Consequently, the marginal social value of investment is higher than its marginal social cost, which, in turn, is the consumption forgone in undertaking the investment.) The total social value of the components of Q listed in (3) is thus

$$V = c_2\pi + \alpha(1 - c_2)\pi + c_1wL + \alpha(1 - c_1)wL \quad . \quad (4)$$

Whereas a unit of profit income produces $(1 - c_2)$ investment units with a value of $\alpha(1 - c_2)$, a unit of wage income produces $(1 - c_1)$ investment units with a value of only $\alpha(1 - c_1) < \alpha(1 - c_2)$.

As already shown, rural-to-urban migration, with its consequent dampening of urban wages, increases profits. Hence it leads to higher savings, investment, and output growth.¹² Either because of pure self-interests [a situation illustrated by equation (2)] or because of self-interests that may tally with a broader goal [as illustrated by equation (4)], profit-earners favor continuous migration, which, through its downward pressure on wages, increases their share of output.

The Convergence of Economic Advantage and Government Policy

Three closely related points have an obvious bearing on the foregoing argument. They are (1) the mechanism by which rural-to-urban migration depresses urban

wages, (2) the mechanism by which the interests of profit-earners are transformed into government policy, and (3) the extent to which such interests override interests that may favor an antimigratory policy.

Under normal conditions, an increased supply of labor, unless outpaced by increased demand, will tend to depress wages or mitigate their rise. In the urban sector or in its capital-intensive subsector, however, it is unrealistic to refer to a single and a fully variable wage. Nevertheless, the argument holds. It may be pointed out that precisely in those establishments owned by large profit-earners, wages are rigid downward due, for example, to the power of unions. But even in situations such as this, increased supply of migration-fed urban labor will tend to constrain the bargaining power of unionized labor and modify its wage claims because of (a) the threat of competition from abundant nonunionized labor; (b) the cheapness of urban manufactured goods and services produced with nonunionized labor in the urban “informal subsector”—goods and services that are heavily purchased by unionized labor; (c) the fear of an increased practice by the large profit-earners of subcontracting to informal sector workshops and small-scale enterprises where wages are competitively determined. If large profit-earners are legally required to pay high wages, rather than being pressed to do so by unions’ bargaining power, subcontracting becomes an excellent means around the legal constraint. An increased supply of rural-to-urban migrants thus renders wages lower than they otherwise would be.

Concerning the second point, a number of political configurations may account for the hypothesized convergence of government action and the interests of profit-earners. First, the profit-earners may themselves head the government. In Latin America and Southeast Asia, large industrialists often formally share power at various high levels of government. Second, even if they do not formally share power, profit-earners reside in cities where governments sit, decision-making is centralized, and power is concentrated. By regular and intensive contact with politicians and officials, profit-earners exercise influence and exert pressure to bias decisions in their favor. Even if the government decides to drastically curtail migration, profit-earners may wield sufficient power to neutralize policies designed to implement these decisions. Very often, the administrative function commands wide discretionary powers and considerable latitude and has a political will of its own. When such an administrative system is charged with policy implementation, profit-earners will bring pressure to bear on it to dilute actions that do not tally with their interests and to reinforce those that do. This pressure will likely succeed because the risk of falling out of favor with influential profit-earners outweighs the risk of being reprimanded for unsatisfactory performance. Finally, even if governments do not include profit-earners and are not subject to regular pressures by them to deliver benefits, they still further the interests of profit-earners, on whose tacit or manifest support they crucially depend. Governments of all forms are careful to preserve their power base and do not require reminders when considering or attempting to execute policies to stem the rural-to-urban influx of labor.

The third point concerns the extent to which the desire to maximize profit income—hence to avoid constraining rural-to-urban migration—dominates other considerations that may call for action to depress migration. That such “economic” behavior influences political behavior is taken here as axiomatic. Indeed, influencing migration policy is not the only manifestation of political power being exercised by profit-earners to increase their profit share of output; power and influence are widely used to secure subsidies for various capital-intensive, basically labor-replacing invest-

ments. In terms of equation (2) and given Q , this brings about an increase in π through the lowering of L and, hence, the wage bill.

Two possible consequences of rural-to-urban migration would be likely to encourage profit-earners to adopt an antimigratory stand: a rise in food prices and the growth of an urban revolutionary potential. Cheap food is a main concern of profit-earners. Compared with the alternative of high food prices, it ensures that urban laborers are well fed, productive, and moderate in their demands for wage increases. Rural-to-urban migration may adversely affect agricultural labor supply and production, thus pushing up food prices. The second consequence is the increase in the number of unemployed, underemployed, and low-paid urban laborers whose absolute or relative deprivation and frustration might be converted into political action threatening the very political order that is crucial for smooth production and continued profits.

If substantiated, these concerns may pull the rug from under the argument that rural-to-urban migration increases profits. When closely examined, however, they appear more imaginary than real. Rural-to-urban migration may account for a large proportion of urban population growth (though for a lower proportion than natural increase)¹³ but usually displaces only a meager proportion of the rural population. Hence, its adverse impact on agricultural labor supply is minute—even nil if an intrafamilial compensatory adjustment to labor withdrawal takes place. Moreover, by easing the surplus and risk constraints that hinder technological change in agricultural production, rural-to-urban migration of labor acts as a catalyst for such a change via its dual role in the accumulation of surplus and, through diversification of income sources, in the control of the level of risk.¹⁴ In assuming such a role, rural-to-urban migration leads, even if with some lag, to more, not less food being produced.

As to the second concern, viewing the political profile of urban migrants as “revolutionary” or “radical” appears to be an illusion. Time and again,¹⁵ migrants have been found to undergo quick political socialization, to be conservative in their political orientation, keen to ensure political stability,¹⁶ and averse to confrontation and turmoil that may hurt them first and most. Their hostility toward threats to the existing order reflects a fear of the adverse personal consequences of a radical political change that outweigh the benefits, if any. The same aversion to risk that explains production behavior may also account for political behavior and the evaluation that the expected net benefit from manipulating the existing system is greater than the expected net benefit from threatening it.

Perhaps the very rural origin of the migrants and their premigration political socialization explain, at least partly, their conservative political conduct in the urban sector. Accustomed to a low-profile government, they have modest expectations of the government's ability to solve their urban problems, and disillusionment is thus limited.¹⁷ Indeed, it is questionable whether the nature of the migrant's employment experience gives rise to a potential for politically disruptive behavior. Presumably, if the typical migrant were to secure employment for a considerable period of time and then lose it, he would become politically more nonconformist and disruptive than if he were unemployed for a time, yet anticipating future employment. Since evidence suggests that the urban migrant's typical employment experience is a relatively short spell of unemployment followed by a progressively improved employment status,¹⁸ the possibility of radical political behavior can generally be ruled out.

In addition, migrants' expectations are likely, at least during the initial years of urban residence, to be based on their *rural* experience. Thus, since a comparison of

their lot, realized or anticipated, with that of their rural counterparts—or with their own prior to migration—does not generally give rise to dissatisfaction, ensuing resentment and frustration transformed into political radicalism are unlikely. As time goes by, the impact of migrants' rural origins or aspirations will probably fade, and urban-inspired norms will increasingly influence the shaping of aspirations. It is very doubtful, however, whether such a process will give rise to increasing dissatisfaction. For this to happen, migrants' new aspirations would have to rise faster than their economic achievements. Given the typical migrant's favorable urban employment and economic record, this seems unlikely. Finally, even if some dissatisfaction and frustration should arise, there are several reasons (including those mentioned earlier) why they (a) need not be converted into political action (no use of political means) or (b) cannot be transformed into political radicalism (no use of destabilizing political means).¹⁹

Having established that the net interest of profit-earners is to further rural-to-urban migration, we conclude that the capacity of governments to effectively pursue migration policies aimed at "slowing metropolitan city growth" remains highly questionable. We suggest that this constrained capacity at least partly accounts for the discrepancy between governmental statements concerning the need to stem rural-to-urban migration and governments' low-key approach in carrying out such policies.

Is the outcome of the preceding analysis a reasoned despair regarding rapid metropolitan city growth in developing countries? Not really. We conclude by identifying a few points that have a bearing on whether and to what extent government can pursue a policy of slowing rural-to-urban migration.

1. There is an intimate relationship between the feasibility of a policy to stem rural-to-urban migration and the maintenance of the political power structure. The net interests of profit-earners must be reckoned with in devising a migration-related policy.

2. The work of the present author has led to the view that, as a general rule, the net social effect of rural-to-urban migration in developing countries is positive. This view bears on a question posed at the outset but excluded from the current analysis—namely, whether governments should pursue antimigratory policies. The argument advanced above suggests that political realism points in the same direction as economic analysis; in other words, the "cannot" tallies with the "should not."

3. If a serious attempt to stem rural-to-urban migration were to be undertaken, profit-earners would have to be bought off. The required "compensatory measures" might entail a high social cost—for example, heavy subsidization of labor-replacing, capital-intensive machinery—but they need not. Perhaps the most reasonable strategy would be to create an incentive-cum-subsidies system to encourage profit-earners to locate industry where the potential migrants are—a rural industrialization program.

ODED STARK

Notes

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1. Alan B. Simmons, "Slowing metro-

politan city growth in Asia: Policies, programs, and results," *Population and Development Review* 5, no. 1 (March 1979): 87–104.

2. Samuel H. Preston, "Urban growth

in developing countries: A demographic reappraisal," *Population and Development Review* 5, no. 2 (June 1979): 195–215.

3. Paul R. Shaw, "On modifying metropolitan migration," *Economic Development and Cultural Change* 26, no. 4 (July 1978): 677–692.

4. United Nations Population Division/United Nations Fund for Population Activities, Workshop on Population Distribution Policies in Development Planning, Bangkok, Thailand, September 1979.

5. United Nations, *World Population Trends and Policies: 1977 Monitoring Report*, Vol. 2 (New York: United Nations, 1979), especially Chapter 9.

6. United Nations, cited in note 5, pp. 75–76. Although this finding relates to governments of developed and developing countries grouped together, a breakdown into these categories reveals that the pattern described in the text is a characteristic of each.

7. See Simmons, cited in note 1, and Alan B. Simmons, "A review and evaluation of attempts to constrain migration to selected urban centers and regions," paper presented at a United Nations/UNFPA Workshop on Population Distribution Policies in Development Planning, Bangkok, September 1979.

8. Aprodicio A. Laquian, "Review and evaluation of accommodationist policies in population redistribution," paper presented at a United Nations/UNFPA Workshop on Population Distribution Policies in Development Planning, Bangkok, September 1979.

9. One caveat that has to be borne in mind is that what follows adopts the analogue of a partial, rather than a general, equilibrium approach. Not all economically categorized groups whose interests are usually politically manifested (e.g., unionized labor) are accounted for. The appeal of the hypothesized explanation may be weakened or strengthened depending on the net interest of each group and the weighted sum total of these net interests. Such complete analysis remains to be undertaken. (Interestingly, though, this might well enforce the validity of the suggested hypothesis. For example, if the net interest of unionized labor is to favor migration-stemming policies, the explanation of the observed behavior of governments as one that

reflects the net interest of profit-earners, which, in turn, is to refrain from pursuit of such policies, gains strength.)

10. Algebraically, $(\pi + \Delta\pi) - \pi = [Q + \Delta Q - (w + \Delta w)(L + \Delta L)] - (Q - wL)$; hence $\Delta\pi = \Delta Q - w\Delta L - \Delta wL - \Delta w\Delta L$. Ignoring $\Delta w\Delta L$ and using (1), which, with no change in the capital stock, gives $\Delta Q = f_L\Delta L$, $\Delta\pi = f_L\Delta L - w\Delta L - \Delta wL = (f_L - w)\Delta L - \Delta wL$. Since $f_L \geq w$, when wages are lower, that is, $\Delta w < 0$, profits are higher as $\Delta\pi > 0$.

11. Note that each increment in L results in a larger increase in profit $\Delta\pi > 0$ consequent upon a given decrease in wages $\Delta w < 0$. (This can be seen immediately by inserting higher values of L into the last equation in note 10.) In a dynamic context, this implies that from profit-earners' point of view, the favorable impact of migration leads to further migration producing a more favorable impact—an ever increasing interest in continued migration.

12. One usual concomitant of this growth is that workers in industry are progressively endowed with more and better equipment. This raises not only their marginal product—thus providing a powerful argument for wage increases—but also their bargaining power. The continued flow of migrants erodes this build-up of power.

13. Preston, cited in note 2.

14. Oded Stark, *Economic-Demographic Interactions in Agricultural Development: The Case of Rural-to-Urban Migration* (Rome: Food and Agriculture Organization of the United Nations, 1978).

15. See, for example, Joan Nelson, "The urban poor: Disruption or political integration in third world cities," *World Politics* 22, no. 3 (April 1970): 393–414; Wayne E. Cornelius, *Politics and the Migrant Poor in Mexico City* (Stanford, Calif.: Stanford University Press, 1975); Henry A. Dietz, "Becoming a Poblador: Political adjustment to the urban environment in Lima, Peru," Ph.D. dissertation, Stanford University, 1975; Janice E. Perlman, *The Myth of Marginality: Urban Poverty and Politics in Rio de Janeiro* (Berkeley, Calif.: University of California Press, 1976); Robert V. Kemper, *Migration and Adaptation: Tzintzuntzan Peasants in Mexico City* (Beverly Hills, Calif.: Sage Publications, 1977).

16. If gains were already realized, such an approach is consistent with a desire to consolidate them.

17. The nature of these urban problems may also account for the political orientation of migrants. The type of demand may explain the way it is made. Local-level, community-type demands—for example, provision of water, electricity, and public transport; putting in streets; construction of a school; a quest for regulation of lots and land titles—appear to be the primary candidates

for conversion into political demands. Pursuit of such demands can hardly lead to an active disapproval of the existing system of government and politics. It is of particular interest to note here that a common finding of virtually all studies of migrant communities is the high propensity to attempt first to self-solve communal problems rather than to impose them upon the administration.

18. Stark, cited in note 14, Chapter 3.

19. For a complementary analysis see Nelson, cited in note 15.