



## POLICY NOTE OF WORKING PAPER 3.5

### INTERNATIONAL MIGRATIONS AS DETERMINANT OF THE URBANISATION RATE

January 2013

#### OBJECTIVE

The urbanisation process is related with the process of economic development, as assumed by a large academic literature (Lewis, 1954; Ranis and Fei, 1961; Harris and Todaro, 1970; Todaro, 1976). In some of these models migration occurs between lagged rural areas and developed urban areas. As the World Development Report (World Bank, 2009) stresses, “an important insights of the agglomeration literature – that human capital earns higher returns where it is plentiful – has been ignored by the literature of labour migration” (WDR, 2009, p. 158), and that novel understandings come from considering agglomeration economies and labour migration. Despite the largest flows of people are between places in the same country, international migration is particularly important in developed countries (around 12% of population in OECD countries), which are the more urbanised ones. Today, the number of persons who live outside their country of birth is about 200 million people, three per cent of the world population.

Using a wide data base of 197 countries over the 1960-2010 period, I analyse the relationship between international migration and urbanisation rates, and analyse the migration patterns between EU27 and ENC countries and Russia, with a detailed analysis for large and small and medium cities.

#### SCIENTIFIC METHODS

The main objective of this paper is to analyse the relationship between urbanisation and international migration by looking at the World Bank Bilateral Migration Database 1960-2000 and the World Bank Bilateral Migration Matrix 2010 (197 countries for the years 1960, 1970, 1980, 1990, 2000 and 2010) together with the urbanisation figures belonging to the World Bank World Development Indicators.

The research method consists on the description of global trends in the last 50 years both in World regions and in the ENC countries + Russia. Our findings using panel estimations point out that immigration is associated with increasing urbanisation, while emigration is only negatively associated with urbanisation in less developed

countries. Small and median cities are more influenced by international migrations than larger cities, and the process has been more pronounced in recent decades.

ENC countries and Russia are a particular case all over the world: ENC-East experienced a population decline together with strong emigration rates and increasing urbanisation. ENC-South countries have a huge population growth associated to increasing urbanisation particularly in smaller cities. In these countries international emigration has competed with smaller cities in attracting migrants.

Overall, international migration and urbanisation are obviously linked. The analysis performed here show that these migration flows are particularly associated with the current increase of smaller and median cities all over the world.

### **POLICY VALUE-ADDED**

Our results are in line with recent OECD results, stressing that median and small agglomerations enjoy strong levels of development. The OECD 2009 Report highlights the idea that growth opportunities are both significant in big urban areas as well as in smaller more peripheral agglomerations. In this line, some authors have recently highlighted that economic growth does not need to depend exclusively on increasing urban concentration: “mega-urban regions are not the only possible growth pattern... context and institutions do matter when we consider economic geography” (Barca et al. 2012).

ENC countries have experienced a large increase in the urbanisation rate of small and median cities. Nevertheless, it would have been even larger if international emigration would have not been as large as it is. Consequently, there exists an important space for structural change in these countries by the enlargement of a more balanced urban structure, what will happen for sure as the push factors in these countries, underdevelopment compared to their neighbours, vanishes over time.

## REFERENCES

- Barca, F., McCann, P., & Rodríguez-Pose, A. (2012). The case for regional development intervention: Place-based versus place-neutral approaches. *Journal of Regional Science* 52(1), 134-152.
- Harris, J. R., and Todaro, M. P. (1970). "Migration, unemployment and development: a two-sector analysis," *American Economic Review*, 60, 126-142.
- Lewis, W. A. (1954) "Economic Development with Unlimited Supplies of Labour" *Manchester School of Economic and Social Studies*, 22, 139–191.
- OECD (2009a). *How Regions Grow*, Paris. Organisation for Economic Cooperation and Development.
- OECD (2009b). *Regions Matter: Economic Recovery, Innovation and Sustainable Development*. Paris. Organisation for Economic Cooperation and Development.
- OECD (2009c). *Regions at a Glance*. Paris. Organisation for Economic Cooperation and Development.
- Ranis, G. and Fei, J.C.H. (1961), "A Theory of Economic Development," *American Economic Review*, 51, 533-565.
- Todaro, M.P. (1976) *Internal Migration in Developing Countries*. Geneva. International Labour Organization.
- World Bank. (2009). *World Development Report 2009: Reshaping economic geography*. Washington D.C: World Bank.