



## PRESS RELEASE OF WORKING PAPER 3.5

### INTERNATIONAL MIGRATIONS AS DETERMINANT OF THE URBANISATION RATE

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#### OBJECTIVE

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 three per cent of the world population. In 1960 one third of world's population lived in cities. By 2010 that figure is more than 50%. At that speed of growth, in 2050 around two thirds of the world population would be living in cities.

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. Thus, the main aim of this work is to analyse the relationship between international migration and urbanisation over the last 50 years all over the world and in ENC countries and Russia. Using a panel of almost 200 countries over the 1960-2010 period, I analyse the main trends in world subregions and compare them to the ENC countries performance.

#### MAIN RESULTS AND POLICY IMPLICATIONS

Since 1960 almost all regions in the world have increased their urbanisation rate by 20 points. The global urbanisation trend has a deeper source in small and median cities (below one million inhabitants), that has risen from 20% of total world population in 1960 to 32% in 2010. In two regions, Central Asia and Northern Europe, large cities lost weight, while small and median cities were responsible for the entire increase in urbanisation rates. In fact, in Europe we can see that more than 80% of the increase in urbanisation rates was due to the enlargement of small and median cities.

In ENC countries + Russia there is an increase in urbanisation rates in all countries, but the distribution between large and small and median cities is heterogeneous. In Armenia, Israel, Lebanon and Syria more than one third of total population live in

large cities, while in Azerbaijan, Algeria and Jordan large cities have lost weight since 1960. As in other parts of the world, the increase in urban rates was mainly driven by small and median cities, while the weight of larger cities over total urban population in ENC countries and Russia has just slightly increased (28% to 29% over the period), but strong differences are found between ENC-South countries (-9%), ENC-East countries (+2%) and Russia (-1%).

Population growth has slowed down over the last 40 years, although several World regions still have in 2010 annual growth rates over 2%, mainly in Africa and Western Asia and Melanesia. On the contrary, ENC-East countries and Russia display a demographic decline in the last two decades. In fact, Eastern Europe is the only subregion in the World with aggregate population losses. On the contrary, ENC-South countries show high population growth rates, that caused that the population in these countries has tripled from 1960 (65 million) to 2010 (203 million).

Immigration is particularly important in more developed areas, such as Europe, North America, and Oceania, while emigration affects developed countries (Europe) and regions close to developed countries (Caribbean, Central America, Central Asia, Europe, Micronesia and Polynesia). The emigration rates are particularly large in ENC-East countries (15% all over the years, a very large figure compared to other world regions), while the immigration rate, being large as well, is much below and is decreasing over the years. In ENC-South we see as well higher emigration than immigration rates. Finally, Russia has reversed the sign of these rates, as since 2000 immigrants are more than emigrants.

Looking at correlation between migration and population and urbanisation, we find that population growth is positively correlated with immigration rates and negatively correlated with emigration rates, being the observed correlation a country-effect issue: countries with higher population growth are the ones with less emigration and more immigration. Similarly, urbanisation rates are positively correlated with both emigration and immigration rates and again the country effect dominates, while international immigration is being directed to smaller cities than to bigger cities.

We look at multivariate correlations using panel data analysis, and we highlight the following outcomes:

- There is a global trend in urbanisation that is independent of other factors and statistically significant in small and median cities. The trend does not exist for large cities.
- Economic development matter for explaining differences in urbanisation between countries, but not over time, and faster growing population countries are the ones that experience faster increasing urbanisation rates
- Immigration rates, as expected, display a positive and significant parameter in all estimates (pooled, between and fixed effects) for the global urbanisation rate. We find that immigration is clearly linked with the increase of urbanisation rates, particularly for the one of smaller cities.
- Emigration rates, as one could expect, display a negative sign, although never significant. In other words: expelling countries do not experience smaller or decreasing levels of urbanisation.

- In several estimates, international emigration in less developed countries is done at the expense of local urbanisation, although larger cities suffer less of the competition with international migration.

There is a marked difference between the ENC countries and the full sample:

- In several estimates economic and development variables are negatively associated with urbanisation rates (particularly telephones per capita and life expectancy at birth), what calls for a dramatic structural change since 1990, and consequently several urbanisation processes would have been accompanied by temporary losses of well-being.
- The urbanisation rate in small and median cities is positively associated with immigration, as we could expect. Nevertheless, the opposite is found for larger cities. We have to remember that ENC countries are less and less a destination country (decolonization in ENC-South, and collapse of the communist Europe in ENC-East), while the emigration rate has remained roughly constant.
- In our view, international emigration has slowed the urbanisation process. This evidence would support the fact that migrants consider not only local cities as potential destinations, but also foreign countries. The result is found in smaller cities, but not in the larger ones, and consequently international migration would not be slowing down over-urbanisation in large agglomerations.

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. This result is 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, in my view 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.