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# **Cities in the Rural Transformation**

Julio A. Berdegúe and Felicity J. Proctor

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**Authors:**

Julio A. Berdegúe, principal researcher in Rimisp – Latin American Center for Rural Development, Santiago, Chile.

Felicity J. Proctor, independent consultant, United Kingdom.

Rimisp in Latin America ([www.rimisp.org](http://www.rimisp.org))

Chile: Huelén 10, Piso 6, Providencia, Santiago, Región Metropolitana  
| Tel. +(56-2)2 236 45 57 / Fax +(56-2) 2236 45 58

Ecuador: Av. Shyris N32-218 y Av. Eloy Alfaro, Edificio Parque Central, Oficina 610, Quito | Tel.+(593 2)  
3823916 / 3823882

México: Yosemite 13 Colonia Nápoles Delegación Benito Juárez, México, Distrito Federal | Tel/Fax +(52)  
55 5096 6592

# Cities in the Rural Transformation<sup>1</sup>

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The rural transformation is a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations (Berdegué, Bebbington and Rosada, 2014).

This is not a marginal issue; about 3.4 billion people are classified as living in rural areas, or 46% of our planet's inhabitants. An additional 1.7 billion people, or half of the world's urban population reside in towns and small and medium cities of up to 300,000 inhabitants, the majority of which are actually towns with as little as 2,000 inhabitants; this is about 23% of the world's total population<sup>2</sup>.

The rural transformation shares many central characteristics across countries, despite significant regional, national, and subnational idiosyncrasies. One of them is the *urbanization of rural regions*. This is part of the overall process of urbanization that itself is an integral component of the structural transformation of countries as a whole. The urbanization of rural regions refers to a series of different trends. Economically, rural households diversify their employment and income participating in manufacturing and services activities that used to be part of the urban identity. Demographically, many households can now be described as multi-locational, in that their members live and/or work across the urban-rural divide. Rural culture is also changing, for better or for worse (or elements of both), aided by easier access to towns and cities and the spread of radio, television, and more recently mobile phones and the Internet. Rural and urban used to be different worlds, but the distinctions are blurring. This process of rural urbanization takes place with the strongest intensity in the (growingly porous) interface of the former rural – urban divide. Towns and small cities are on the urban side of this veritable zone of change.

The three large developing regions, Africa, Asia and Latin America, are experiencing a rapid decline in what each country officially defines as rural populations, at a rate of between 1% and 2% per year over the period 1985-2015. Latin America already has less than 20% of its people living in what are officially described as rural areas, and in less than 20 years from now Asia and Africa will have crossed the 50% threshold. But, where is the rest of the population? It is often assumed that they have all moved to large cities, populating the vast slums of places like Mexico City, Mumbai, or Lagos. Less remarked upon is that numerous towns and small and medium urban centers are growing vigorously in Africa, Asia and Latin America, at a pace that is as fast as, or faster than, the rate of population growth of large urban agglomerations and mega-cities.

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<sup>1</sup> This article draws in part on a review of rural-urban linkages led by the authors for The Ford Foundation. Berdegué is also grateful to the support of Canada's International Development Research Center to several programs on territorial development of Rimisp-Latin American Center for Rural Development, from which many of the ideas in this article emerge. The authors acknowledge and thank the Ford Foundation and IDRC for their support, although the article is exclusively our responsibility.

<sup>2</sup> Data in this paragraph are from the 2014 revision of the World Urbanization Prospects (United Nations, 2014).

In Latin America the share of the total population living in towns and small and medium cities is already 40%. In contrast, in this developing region - as happened before in the USA, Europe and Australia and New Zealand - we already observe a stabilization and, in several countries, a decline in the share of the total population that resides in large cities, at a level around or below 50%, while provincial small and medium urban centers continue to expand quite rapidly. This pattern is consistent with Williamson's (1965) hypothesis of an  $\cap$ -shaped curve between growth in per capita income and urban agglomeration: in the early stages of development, agglomeration economies drive a cumulative process that favors greater urban concentration. As cities grow, agglomeration diseconomies and congestion costs begin to accumulate and favor dispersion of economic activity among more but smaller urban locations.

We do not know for sure if or when Africa and Asia (where large cities are still growing in their share of total population) will follow this same pattern in which the population share of large cities stabilizes, 'deep rural' areas continue to decline, and small and medium urban centers grow in relative importance. In each of these two regions the share of population in provincial towns and small and medium cities is already above 20%, and is now growing at a pace that resembles that of Latin America in the 1950s to 1970s.

The relative importance of these towns and small and medium urban centers depends on the degree of urban concentration, that is, the degree to which the urban population locates in a very small number of very large cities.<sup>3</sup> Over one third of the population of Angola live in the largest three cities, compared with 19% or 13% of Brazilians and Pakistanis, respectively. Different African countries show quite distinct levels of urban concentration, even for similar levels of urbanization (e.g., Tanzania, Mozambique and the Democratic Republic of Congo have similar levels of urbanization with 26%, 31% and 34% urban population, respectively, but their cities with 1 million people or more house 29%, 16% and 51% of all urban dwellers). If the country-wide urbanization process follows a pattern of urban concentration, the result is a very different kind of rural transformation than when the overall urbanization process is distributed among a larger number of small, medium and large cities. Christiaensen and Todo (2014) argue that the latter type will lead to more socially inclusive growth, compared to highly concentrated urbanization, and that in large part this is probably due to the linkages between those smaller urban centers and the rural hinterlands, where the majority of the poor live.

Most of the five billion people we talked about earlier in the article, seven out of ten of all of us on Earth, live lives in places that despite administrative classifications of urban or rural, are in fact deeply interdependent. These relations determine constraints and opportunities in their employment and incomes, in the services and infrastructure they have access to, in the goods that they can buy and sell and in the markets in which they conduct these transactions, in the quality of the environment in which they live, in the diversity of their proximate societies and the nature of the social networks of which they are part, and in the reconfigurations of the spaces in which they conduct all of these

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<sup>3</sup> While urbanization and urban concentration tend to be confused, they are quite different processes (Henderson 2003).

social exchanges, that is, the places in which they actually live regardless of the administrative tags attached to them.

People like the authors who are rural development specialists, focus on these interactions from the perspective of rural people, aware of the real potential for the urban element parasitizing the rural part of this system, but also of the positive ways in which towns and small and medium cities serve the rural populations, as gatekeepers or loci of the social interactions that influence or determine access to markets beyond the vicinity, to services, to expanded social and political networks, to new cultural influences and ideas, to social diversity and to the wider world beyond the traditional boundaries of agrarian societies. If this has been a generally positive exchange from the point of view of rural people, has been a matter of theoretical, intellectual and policy debate at least since Arthur Lewis (1954) articulated his theory of the dual sector model. In those days, building linkages between rural and urban was a matter of policy choice (in Lewis' case, to support urbanization and industrialization at the expense of rural societies and agriculture). Today, rural-urban linkages are a matter of fact around the world, although the debate still remains valid about what to do about it: build bridges or build protective walls.

And yet, population census and national household surveys measure individuals or households living in single places, some of them 'rural' and others 'urban': a village, or a town or city. While at any one time a person does have his or her residence in a single location, this does not imply that he or she conducts her life within the administrative boundaries of that space. As Douglass (1996:3) has said, "for a rural household, however, the landscape for daily life includes both rural and urban elements." We can hypothesize that only a tiny minority of the five billion officially rural and urban residents we are talking about conduct their social life within the boundaries of the location in which they reside.

These larger spaces can best be arranged not in a dichotomy of separate and fractured rural and urban, but in a gradient of conditions that goes from 'deep rural' locations, many in number but with fewer and fewer people in them, all the way to large, purely urban cities and agglomerations. In between, there is a large and rich space where the bulk of contemporary rural societies place themselves: rural-urban territories, that is, socio-spatial arrangements involving several rural villages, a few towns, and perhaps one or two or three small cities whose size varies depending to a large extent on the total population of the country (up to about 150,000 in Chile, with total population of 17 million, and several hundred thousand in China). In Mexico, for example, 7% of the population lives in 554 'deep rural' territories that lack even a small town and 43% in 399 rural-urban territories with a small to medium provincial city (population up to 250,000). This is not a pattern of highly urbanized Latin America; in West Africa, the Africapolis program (undated) reports that "The increased spread of agglomerations, going from 125 units to 1,500 in 70 years, has encouraged the filling of empty spaces, as well as the densification of already urbanized areas. Between 1950 and 2000, the average yearly expansion of the urbanized surface has been 5.1%, as opposed to 4.3% for the population. The average distance separating agglomerations has been divided by 3, going from 111Km to 33Km for the whole region."

What is critical is that these functional territories are not just a set of individual locations randomly distributed in a geographic space, but a social system, or a place with a socially constructed identity (Schejtman and Berdegué, 2004). These places, or *territories*, are bound together by flows of people, goods, services, and money (as well as by environmental services), that are frequent, repeated, and reciprocal (e.g., goods flow one way, and money flows in the opposite direction). They share a social, political and economic history, and as a result have deeply-rooted formal and informal institutions that are critical in shaping their social life, as well as the ways in which they interact with the larger forces and trends of national development and globalization.

The frequency of these interactions is such that it leads to interdependence: the social and economic life of each location –village, town, or city- within the territory depends to a large extent on the social and economic life of the rest, and on the linkages between them. People that live in the rural areas of the territory may commute to work or study in the urban center, while urban men and women may commute to work in the field daily or during peak agricultural seasons. Rural dwellers shop in the nearby town, and urban merchants rely on those consumers to keep their businesses alive. Prosperous small and medium farmers may invest part of their profits to open a small business, and members of farming households may engage in a range of full or part-time non-farm formal or informal employment in the nearby city. The city attracts and retains skilled workers, technicians, bureaucrats, managers and teachers. Local radios and provincial newspapers and technical schools are established, and non-governmental organizations open local and regional offices, providing sources of new ideas. All these changes give birth to social and political coalitions that would be unimaginable in a landscape that is purely agrarian. Urban centers connect rural societies with the outside world in ways that simply do not occur when the most populated place is a village of a few hundred or, at best, a few thousand individuals. In summary, the emergence and further development of rural-urban territories, has the effect of diffusing what once were sharp economic, social, and cultural distinctions between urban places, people and societies, and rural ones.

These functional territories cut across administrative boundaries, leading to significant governance problems: to whom does a community that lives in district A but whose children attend the health center in district B complain if services are inadequate? Should the local government of place A co-invest in the market facilities in town B where its farmers sell their products? Should a local government receive its budget transfers on the basis of its residents, or on the number of real users of its services? Societies are integrating and defragmenting, but rigid administrative boundaries lag behind. Some developing countries begin to pay attention to the problems resulting from this mismatch; Colombia has recently started a process to update the way it defines what rural and urban are, taking a territorial perspective, and thinking about systems of cities and about large numbers of people living in intermediate rural-urban areas of the country (Misión Rural, 2014).

While rural societies are transforming themselves under the influence of broader forces, the way in which we define, limit, and measure them, remain firmly rooted in outdated ideas, criteria, and, quite often, data. Because in many countries ‘rural’ officially is

simply the residual of the urban definition, the rural transformation and the urbanization of rural societies, is rendered largely invisible. This mis-definition, mis-classification and mis-measurement of 'rural' are deeply political, for they are necessary to sustain the urban bias of development strategies and policies (Lipton, 1977). Moreover, they also are at the root of the metropolitan bias (Ferré, Ferreira, and Lanjouw, 2014) of urban development policies, that leaves towns and small cities in a 'no man's land' or as a "missing middle" (Christiansen and Todo, 2014).

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