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URBANIZATION, A STAYING TREND?

Caroline Harvey
Introduction
In the future most people will live in cities, at least according to today’s trend. In 2050 it is expected that 66% of the world’s population will live in cities, which is a great increase from the 54.5% in 2016 according to the United Nation (United Nations, 2016). More and more people move away from the rural areas in hope to find better luck and happiness in the more populated areas. Since 2007 the amount of people living in the cities is greater than the people living outside the urban areas of the planet (Collyer, 2015). The movement almost reminds of the European emigration to America back in the 19th century where people took all they had and left for a new start far away. The opportunities offered by the urban areas are uncountable, although there are as well some negative aspects of the city life. Numerous job opportunities, a large selection of stores and facilities, education and good transport communications have as well some negative aspects as pollution, poor water quality, diseases and an expensive living costs. The question is, does urbanization really increases the living standard for people or does it have the opposite effect? Will we ever reach a point where the entire population lives in cities or will the trend switch at some point?

Reasons for urbanization
Labor opportunities and scale economics
One of the main reasons for urbanization is the availability of labor in big cities. A lot of companies and industries are located in urban areas providing citizens many job opportunities. The many job opportunities are as well a result of all the people living in the area, increasing the demand of products and services as for example restaurants, bars, healthcare, stores, banks, cleaning service, public transport, hairdressers etc. The facilities offered attract more people to move towards the city who in their part will continue to request more services and keep the city growing. A constant growing society need many services which makes the market almost never satisfied. It is a bit of a domino effect. Cities do not only offer more different companies to work for but the chance to develop a successful career also increases. The ability to build an interesting career is limited in a small town with a limited amount of companies, usually small sized. Companies’ head offices with more important positions tend to be located in bigger cities which is helpful for a successful career.

Companies are going through a similar urbanization process as the population is. Back in the old days, firms were small local businesses with one single location. Small family businesses were the most common type of business. Today, small businesses get run over by big companies using scale economic advantages. Small local businesses are now replaced by big companies with head offices in big cities, distributing their products all over the country. An example of this is Coca cola. No matter how far away from civilization you are, you will almost for sure be able to buy a coca cola at your closest shop. Local small soft drink companies have no chance against Coca cola. Big firms as Coca Cola have with their resources built up a brand offering not just a product, but as well a lifestyle and feeling around the product which is hard for small companies to compete with. Today we buy products in search for a feeling more than for the usage of the product itself. To create this feeling a large marketing budget is required.
In order for scale economics to work, agglomerations of people and businesses are needed as cooperation and a high demand of products are needed in order to form these conditions. Not only are big firms taking over market shares and outcompeting small firms providing similar products, the big global businesses have also the opportunity and advantage to be able to offer foreign merchandise which is more and more requested by society. Today, we expect grocery stores to sell supplies from all over the world no matter season or geographic location. These luxury goods wouldn’t be possible to have in the stores without scale economics as it would not be profitable to run such a business.

**Education**
Cities often offer a higher standard of education for all ages in schools and universities than the rural areas due to more generous resources. This is a natural effect in an area with a higher demand for education. With a lot of students, more schools need to open which will increase the competition on the market. For universities it is also easier for to have a closer cooperation with industries and companies on the labor market making it easier for students to find a job in the future. Larger schools also have better opportunities to have partnerships with other schools abroad and therefore be able to offer their students to go abroad for a semester. All these opportunities will be hard to find in small schools on the countryside.

**Healthcare**
Another reason we tend to move closer to the cities is to find better healthcare for ourselves and our families. Big hospitals, new techniques and a bigger variety of medical facilities gives people a better opportunity to get the healthcare they wish for. In countries with big inequality in-between social classes the difference between healthcare in urban and rural areas can be crucial for people’s lives. In poor areas on the country side the healthcare and hygiene standards can be really low and inadequate. If the ability to get to a proper hospital in case of an emergency is low, it may lead to major consequences of people’s health and lives.

**Entertainment**
The city life also offers many activities and entertainment to spend your leisure time on. Examples of activities cities have to offer to their inhabitants and visitors are museums and other cultural heritage, bars, clubs, a rich nightlife, movie theaters, shopping malls, SPA, fitness centers etc. There are plenty of things to do for different types of people and moods. If you are hungry, cities offer a large variety of different kinds of food from all parts of the world at different price ranges.

**Infrastructure**
Yet another advantage of urban areas is the infrastructure which usually becomes more and more complex the more people who live in the area. Public transportation also increases in high populated areas which makes it much easier for people to get places and being independent. On the countryside many kilometers need to be driven to get wherever you want to go. If you do not have access to a car, for example as a minor, transportation in rural areas could become a problem. Distances are many times to long in order to go by bike or walk and
the public transports are not very frequent. From a global prospective, bigger cities are all also the links between the country and the rest of the world thanks to international airports.

**Downsides of urbanization**

**Housing and living cost**

Even though there are many reasons for people to move in to the densely populated areas in hope of finding happiness and a better life quality, urbanization has its downsides. The cities are growing at a speed which is much higher than they can handle. The lack of housing is increasing and a lot of people are forced to live on a much smaller surface than they wish for. As more and more people move in to the same area the demand of housing increases which has the consequence that the price also goes up, at least in a competitive market. Building new houses takes time and has numerous barriers that need to be overcome before starting building.

The city of Hong Kong is a great example of this problem. With the least affordable housing market in the world for the seventh year in row, the housing prices in Hong Kong were 18.1 times the global median in 2016 according to the Annual Demographia International Housing Affordability survey (Hartwich, 2016). Most local people in Hong Kong do not all live in big apartments in skyscrapers near Central. Many people have no choice but living in tiny apartments shared with many others or in the worst scenario rent a cage house. Rents for the few bigger apartments available are for many more expensive their average monthly income. Many people can simply not afford to buy or rent a proper house even though they have both education and a fulltime job. The easy solution of “just built more housing” is not as easy as it appears to be. Building new housing costs money, needs recourses such as labor, building materials, land space and material assets. Then there are several regulations from the government that need to be considered. For many people the lack of housing is a problem and as well a downgrading of their living standard.

Apart from the housing market being more expensive there are a lot of other living expenses in cities that are high. The final products and services are more expensive as businesses are paying more rent for locations and the average wages for employees are higher. A service such as a haircut will therefore be more expensive downtown New York city than in a tiny society by a desert road in Texas.

**Health facilities**

Some negative aspects of high densely populated areas are the effects of the environment. The quality of the air in big cities is rather poor compare to what it is on the countryside. The pollution comes from cars, aircrafts, industries, households etc. As there are many sources of pollution compressed in a small area the pollution becomes very concentrated and start to have an impact on people’s health. According to WHO, World Health Organization pollution may cause different types of cancer, strokes, heart diseases and respiration diseases in the long run. The longer you are exposed to polluted air the worse it is for your health. A premature death due by poor air conditions is a tragic consequence that most people do not
think about until it is too late. Unfortunately, it is extremely difficult to protect oneself as an individual from the pollution when you live in a polluted area. We cannot decide which air we want to breathe in nor can we stay indoor the whole life to avoid the bad air. People breathe in the air on their way to work, school or whenever they are outside. (WHO, 2016)

The air is not the only thing being polluted in a city. The water quality is also affected by the presence of humans. How well functioning and developed the sewage systems are varies a lot among different cities. Soiled water from industries and households needs to be taken care of in a proper way to prevent negative consequences for nature, animals and people. Depurate systems are crucial in order to have a clean environment and healthy people. Water is an essential element for humans, and it needs to be clean enough to not spread life threatening diseases. Contaminated water is specially an issue for the less wealthy part of the population. The alternative to the filthy water is to buy bottled water instead. Although a single bottle does not cost a fortune, it becomes a big cost in the long run that some people are not be able to afford. Polluted water is not necessarily directly correlated with the amount of people but it tends to be more frequent the more people there are around to pollute it. (Wong, 2016)

The spread of diseases caused by water combined with the fact that the air quality is lower in urban areas are two main reasons for people’s health to be lower in cites. Another reason for people to have more health issues in cities is stress. Life in more densely populated areas tends to be more hectic and implies more pressure. The intensive pace lead to increased stress which can have severe impacts on our bodies in the course of time. Too much stress may lead to sleeping problems, headache, depression, irritation and stomach upset.

Cities role in the economy
Cities play an important role in the global economy. The gathering of people contributes to different factors developing both the society as well as the economy. One of the main contributors of this is the competition created as multiple similar businesses are acting within the same market share. In order to be successful among competitors there is a need to be creative and innovative. Improvement of the products and services is the result of competition. In a monopoly there is no need to improve the product sold, the customers have no choice but to buy it anyways, in other words the bargaining power of customers is low as Porter would explain with his model of competitive forces. The developments contribute to both evolution of society as well as growth of the economy.

A large market also creates opportunities for specialization. When many people live in the same area many more specialized businesses can be formed and be able to focus on a specific product. If one need a different product, other suppliers will have them. The complete opposite scenario is a society with no cooperation at all among individuals. This society would result in every person repetitively struggling to find daily food and shelter for the night. This behavior would leave no possibility for development. Humans are flock animals born to corporate with others for a reason. This could be exemplified as following: By forming a small group of individuals, tasks can be divided and more can be achieved. For instance, in a group of five people, one person can be in charge of finding food for the group, one person can build a place to live, a third can look for water and then there will be two more people who can do something else but still get their basic needs fulfilled by their fellow group members. Those two left over individuals are the ones who can start developing a trading
business or a new innovation. The cooperation in-between the group implies that the different individuals also can learn from each other’s mistakes and successes and therefore avoid to repeat them and improve quicker together. Although this is an extremely primitive example, the same concept is still valid in today’s cities with millions inhabitants. The more different individuals, the more different specializations can be developed. The increased possibility for specializations in society is also due to the larger consumption and demand.

As well as the big cities creates scale economics it also goes the other way around. Scale advantages in businesses also creates and develop society. The factories and businesses creates job opportunities making more people wanting to move closer to labor supply. All these people moving to an area requesting different services and facilities contribute to possibility for more businesses to open.

**Life quality in cities**

Many people are seeking for a better lifestyle by moving closer to the cities, but is it always better? Urbanization increases at a high speed, meanwhile city people are buying summer cottages on the country side to enjoy the nature and calmness of the nature. The grass is always greener on the other side. Obviously there is not an easy answer to the question where the best place to live is. We are all different and come from different backgrounds preferring different lifestyles. Life in urban areas has a lot of advantages but requires some effort as you share your living area with many others.

A study made in the UK by the Office of National Statistics (ONS) shows that people living on the country side are in general happier individuals than those living in big cities. Inferior loads of stress at work and lower mortgages makes life more peaceful in rural areas according to the study. ONS suggest that being close to the nature is as well a contributing fact to the more relaxing living experienced outside the cities. With these facts been taken into consideration you would expect a movement of people move out from the cities instead of the opposite. Although, the masses of people are moving towards the cities leaving the happy and relaxed living behind. The numerous different job opportunities and activities offered by cities are apparently too good to leave behind. (Swinford, 2013)

The definition of a happy life is extremely individual but it is important to remember that searching for a perfect life is like looking for a perfect equilibrium in an economy, it is impossible to find no matter how close you are. Therefore, no life decisions should and can be made simply according to a statistic study.

The higher average of wages in cities may seem tempting, although living expenses in urban areas are as well higher. In the end the net income may not be higher than if the person would live on the country side with a lower wage for an equivalent job. On the other hand, the opportunities to advance in one’s career are bigger in urban areas which will usually raise the salary even more in the long run. For many people the career is an important achievement in life, and perhaps it could be worth giving up some other qualities in life in order to reach one’s goals. The advantages from having everything a city offers nearby could be seen as a luxury paid by the higher living cost. Most things are not free in society.

The expensive living in the cities increases the social gaps in society. The demand for housing increases faster than cities can handle resulting in prices aiming for the skies. When there are not enough facilities, land and supplies to comfort everyone more competition will naturally be formed raising prices. Only wealthy people will afford the houses in certain areas splitting
people up. Inequalities in society always have a cost that needs to be paid. Areas with lower average income will lose reputation and not attract the best teachers for education making the neighborhood indirectly a place with lower motivation and higher criminality among young people.

The negative and positive aspects of the urban living when it comes to healthcare are a complex issue. At the end, the benefits of a better healthcare in cities are weighted up by the increased amount of stress consequences and diseases caused by pollution. Even though the healthcare in urban areas may be better once you get sick, being sick never has a positive impact on the living standard of a person.

The future
It is a shame that we now have a majority of the world’s population living in urban areas that makes us less happy but at the same time have the best conditions to raise the economy. In a perfect world the cities would not only develop successful scale economics and the societies in the world, but also offer opportunities to improve our living standard no regards of our background. People would then hopefully contribute even more to society and the economic.

So what is the future? Even bigger cities or people realizing that the country life is more peaceful and relaxing than living in rural areas?

As many people continuously move away from the country side towards the cities the driving force to make cities comfortable places to live in has been relatively low over the years. So far there has been no need to invest time and money on trying to attract people to move in to a city as people have moved there voluntarily. It is a rather new concept to try to make cities attractive and see them as more than just an agglomeration of businesses and people living.

One of the effects of globalization is that the world is shrinking. Other cities that before seemed like an unknown world far away are now just a few hours away with the plane or train. The movement towards the cities does not longer imply that you move towards the closest city as the world’s infrastructure improves. This puts cities on a competitive market. On a competitive market it becomes important to stand out and offer something unique.

More and more people are climbing towards the higher stages of Maslow’s pyramid of needs implying that they want something more of life than just eat, sleep and work. These wishes need to be taken into consideration while designing the future cities. In a world where people seek for creativity, self-esteem, achievement etc the living environment needs to offer possibilities to do so. Making cities more attractive to live in will result in even more people moving there. The range of skills and experience among workers will then increase which
will give firms and businesses the opportunity to be pickier in their hiring process. The result will be better achievements and greater success. Businesses going well will then contribute to the growth of the city’s economy by attracting workers and their families and raising the demand of housing.

Cities on a competitive market could potentially decrease some of the negative aspects with the city life. Many cities today are struggling to keep the air and water clean. This will become an enormous disadvantage in a world where cities need to compete with each other to attract the best people to continue growing with successful businesses. New methods to reduce pollution need to be found to make big cities pleasant and convenient to live in. Not only for the pleasure to be able to breath clean air but also for health. New solutions to keep the smog down in big cities need to be found as soon as possible. Beijing is an example of a city facing severe problems with their level of smog. Many people are experiencing problems with their lungs after many years exposed to the polluted air. A possible solution is for example to change to electric vehicles used for short distances. The disadvantage is that electric vehicles are so quiet that they become dangerous for the traffic as they cause a lot of accidents. In order to continue to use the electric scooters and cars, perhaps specific lanes on roads need to be introduced in order for the vehicles to run safely. (BBC, 2016)

To reduce the usage of coal and fossil fuel to extract energy, an effective way would be to install solar panels on all roofs to diminish the pollution. More use of renewable energy sources like wind, waves, water and solar energy reduces the emissions which saves the environment as well as people’s lives and costs related to the consequences of polluted air.

Bad consequences on health and security will both discourage people to live there and also become a huge cost for society. People with inferior ability to work in addition to their need of medical care cost society a lot, usually taxpayers end up paying these externalities. Sewage and water pollution spreading diseases was a problem already in the Middle Ages. Although a lot has happened since then, more needs to be improved. Dirty water is just a start of a long chain of consequences for the environment, economy and living standard. If it is not possible to drink tap water, naturally more people will buy bottled water. The production of bottles uses chemicals and requires a lot of energy. Then the water bottles need to be transported to the stores and later to the consumer’s house. Unfortunately, many bottles will then not be properly recycled but instead end up in the nature polluting the water even more. It is not sustainable both for the environment but also economically. As water is needed for almost all human activities, polluted water needs to be cleaned sooner or later in order to be used by people at all, even if not for drinking. The conclusion of this is that destroying the nature will at the end become a cost for ourselves.

A part from the effects directly on the single individual, urbanization contributes to a growth of the economy and development of a society that at the end will affect all inhabitant, mostly in a positive way. As earlier mentioned, the urbanization plays a big role in the economies.
Will urbanization be a staying trend or not?

There is only a limited number of people on earth, potentially the whole population could live in urban areas if the increasing trend of moving towards the cities continues. Although it is very unlikely that 100% of the population will choose to live big cities in the future, the majority will probably continue to do so. In order for society to continue developing, for people to take advantages of globalization and the complex world we have built up, people will have to continue living close together. Unless new technology makes it possible to access to the benefits of the city life from further away.

The definition of a “big city” is relative to many other factors as for instance population size of the relevant country. As the cities are currently growing probably the view of a big city will change along the way. Today (2017) the most populated city on the planet is Tokyo with almost 38 million inhabitants, in 1910 the largest city on Earth was London with a population of 7 million people. Today London is ranked as 34th on the list of largest cities in the world. Hence, in a hundred years the size of the largest city has increased with 660%. (Wendell, 2017)

Researchers believe that there is an urbanization curve with different stages as shown in the graph, which also can be explained by the growing size of cities shown above. With the industrialization people started to move in to the cities at an accelerating speed, and we are now currently in the acceleration stage. If the estimations made in the graph are correct then sooner or later, we will reach a terminal stage were urbanization will cease. Partly this could be due to the fact that major parts of the population will live in urban areas already.

Technology development could as well become a reason for the urbanization movement to slower down. New more effective and faster transport vehicles could eventually together with better infrastructure make it possible to transport people much faster which would make the advantages of cities accessible from much further away. Communication technology as computers, mobile phones etc. along with the internet are creating opportunities to interact with people who are not physically present. VR technology makes it possible to emerge ourselves in a different environment from far away, perhaps this is how future work meetings are going to be held. This would as well save firms a lot of transport costs.
Another explanation could be that the movement of people in and out of cities reaches an equilibrium sooner or later. Three points are marked in the net wage curve shown; A, B and C. The equilibrium is found in point C, here there will be incitement for new people to move in towards the city as the wages are often higher than on the country side, but at the same time the wages will decrease as more people move in. When as many people move in as people move out the equilibrium is found. The optimal point B were the wages are at their highest will not last. At that point wages are so high that people will not move out from the city. Point B is not realistic to keep as the city is too attractive and new people will move in making wages fall. (Duranton, 2008)

The most important thing now is to start constructing dynamic and modern cities to handle the crowds of people moving towards them in a sustainable way, both environmentally, economically and from a humanitarian perspective. One city going through the process of reconstructing the city to meet the needs and desires of people is Gothenburg in Sweden.

**Example: The Rivercity Gothenburg**

Gothenburg city in Sweden is currently working on the biggest urban development project in Scandinavia in order to make the city a suitable and attractive place to live for all kind of humans no matter their stage in life (Rivercity, 2017). The city is an old harbor city founded in 1621 by the river Göta Älv on the Swedish west coast (Goteborg, 2017). Today the city has 570 000 inhabitants (2017) and is the second largest city in Sweden. Gothenburg has been constructed over the years to suit the commerce at sea as a center for trade, shipbuilding and industry. Not much focus has been laid on customizing the city for a well working human society. Now that the port activity is considerably reduced and the purpose of the city has switched, changes has to be done. The urban area is about to be transformed into a dynamic and green city for the many people. (Rivercity, 2017)

Until now, the absence of suitable neighborhoods favorable for families with kids to live in has resulted in a city mainly consisting of young or retired people. In the long run this has become a problem as the inhabitants in the city of Gothenburg are mainly costing a lot of money to society at first while studying and then move away as soon as they reach the age of settle down and start working. Later in life many people move back to the city, but by this time the majority of their working days has passed by. Although the workplaces offered by the city are many, lots of people work in the city but live with their families in municipalities around Gothenburg. And this is where the problem is found, the fact that people do not live in the city implies they pay of their taxes in their home municipal instead of Gothenburg. The concept of a welfare society like Sweden is based on the fact that people are paying by taxes.
A city that need to provide free education, healthcare and public services to students and retired people also need to be funded in some way.

Previously the development of the different parts of the city have been very independent from one another. The big river dividing the area in two and the lack of a future plan for the city have contributed to a divided city. As a constant growing society a change was needed and with the 400 years anniversary of the city coming up 2021 a new plan was created. In the planning process of the future city the inhabitants got the chance to get involved as well as students at different universities with ideas and opinions. After many meetings, planning workshops and collecting of different offers the city council of Gothenburg presented the urbanization project with the following vision:

"RiverCity Gothenburg is open – inwards towards Gothenburg and West Sweden – and outwards to the world. It is a meeting point for old and new; the known and the unknown. In the city, people feel a strong sense of community and there is always scope for new initiatives. The area is vibrant and inviting as well as unique and individual.

In RiverCity Gothenburg, there is a warm atmosphere alongside an ethos of involvement and participation. The area is growing in line with our needs and wishes. RiverCity Gothenburg is inclusive. A meeting place for everyone, regardless of age and background. Children, young people and adults meet, play and learn from each other. While a long-term sustainable city is being planned, there is scope for more short-term solutions between buildings that promote diversity and flexibility. Some are here for just a short while; others will remain in the long term.

RiverCity Gothenburg is close to the water. The waterfront and quays are buzzing with activity. Ships, ferries, and leisure craft make their way up and down the river, mooring at the quayside from time to time. RiverCity Gothenburg is green. Superior access to renewable energy, effective public transport and interconnected paths for pedestrians and cyclists make it easier to live sustainably. The quays protect against flooding while also bringing us closer to the water.

RiverCity Gothenburg is dense, offering a wide variety of meeting places and activities. RiverCity Gothenburg is dynamic, with culture and industry developing side by side, inspiring each other. The industrial side of the city brings out the best of a knowledge-intensive Gothenburg filled with new innovations. New forms of collaboration offer added impetus to the development of the regional center, attracting entrepreneurs and investors from all over the world. RiverCity Gothenburg has an international reputation.” (Rivercity, 2017)

This vision of the city is a rather good description of an ideal modern urban area where people can live in a convenient and sustainable way. It meets people’s needs, both basics and the needs in life found higher up in Maslow’s pyramid of needs. It also and mentions the importance of being a city for everyone, no matter age and background. If the realization of this vision will be successful it will attract more than just some specific groups in society.
Affordable houses and apartments will be built with an easy access to schools, food supplies and green areas in order for more families to move in to the city.

The vision also mentions the importance of connecting the city, to have a well working public transport system and infrastructure. Hong Kong is a remarkable example of this. The MTR is fast, clean, reliable and affordable. It rarely takes more than 40 minutes to get somewhere in the city, no matter where you are at. Gothenburg’s public transport on the other hand consist of trams and busses running on the above ground instead of underneath which is not very efficient. The public transports are affected by traffic and physical barriers making the system slow and unreliable. The good connections in Hong makes the city’s benefits accessible for everyone no matter the neighborhood where you live. This also allows the city to grow. An expansion of the city area would be much harder if it would implicate a very long distance timewise.

What the vision really picture is a modern hub for people to connect, interact and contribute to the scale economics and globalized society. The project has three strategies in order to reach the goal of a dynamic and green city. The three strategies are connecting the city, embrace the water and reinforce the center. The importance of being part of the global community is as well emphasized in the vision. In the very first sentence of the vision the importance of being an open city towards the world is mentioned which is important in today’s modern society. As earlier mentioned agglomeration of people is important for scale economics to function. Our society relies on the cooperation among people and cities are the key points for this to happen.

Conclusion
Urbanization will remain a trend and as a whole it increases our living standard, especially in the long run. Cities develop societies and create many opportunities for people to work together and form the future. The corporations and interactions between humans have never been so complex as they are now and historically societies development does not go backwards. In the future, attractive and economically successful cities will be those offering a sustainable living both environmentally and from a humanitarian prospective.
References


Pictures:
