THE RISE OF CITIES:
ANALYSIS OF URBANIZATION IN SOUTHEAST ASIA

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Abstract
In the second part of the twentieth century Southeast Asia experienced rapid urbanization with an unequal spatial distribution pattern. At least one city per country grew in terms of population disproportionally compared to other urban areas. Its major cities not only expanded, but also became mega-urban regions: urban areas of consolidated political, economic and social power frequently stronger than the wider administrative regions to which they belong to. This study explores urbanization patterns in Southeast Asia in the 1960s-1990s and how they were shaped by the factors of economic globalization, in particular foreign direct investments and exports of goods and services. By projecting world-system theory on empirical analysis, the study suggests that urbanization and especially the rise of mega-urban regions in Southeast Asia were facilitated by the incorporation of national economies into the global economic system.

Keywords: globalization, urbanization, Southeast Asia, foreign direct investments, exports of goods and services
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>EPZ</td>
<td>Export Processing Zone</td>
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<td>FDI</td>
<td>Foreign Direct Investments</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>MUR</td>
<td>Mega-Urban Region</td>
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<td>NIDL</td>
<td>New International Division of Labour</td>
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1. Introduction

In the nineteenth and early twentieth century, the territories of Southeast Asia were largely described as abundant in wild and untouched nature:

“One of the characteristics of Southeast Asia before 1970, in contrast to adjacent India and China, was low population density. Most of the region was still covered by jungle as late as 1800, so that attacks by tigers were not uncommon even on the outskirts of substantial population centres.”

Reid 1992 cited in Hirschman and Bonaparte 2012, 1

Most of the Southeast Asian region is no longer covered by tropical forest (FAO 2012), but is rather characterized by mega-urban regions and densely populated areas, making it difficult to imagine tigers as a threat to suburb-dwellers (Hirschman and Bonaparte 2012).

Since the second half of the twentieth century, the number of cities, especially in Southeast Asia (SEA)¹, has rapidly increased (UN 2011). Sprawling metropolitan areas have formed even larger agglomerations, and some mega-urban regions with populations around tens of millions have emerged. Recent research in urbanization in SEA focuses on a number of questions (Beall et al 2012), namely: What factors define the urbanization process? Why did rapid urbanization emerge? In what way does globalization affect this phenomenon? This paper centres on the latter question and attempts to analyse patterns of Southeast Asian urbanization by deriving urbanization trends and analysing the rise of major Southeast Asian cities. It attempts to connect these trends to larger patterns of economic globalization, which characterized the second half of the twentieth century.

The Southeast Asian region provides an excellent field to study the complexity of urbanization processes (Beall et al 2012). The region is characterized by rapid economic growth, the accumulation of power in the global political arena and relatively new urbanization trends.

¹ In this work term SEA is referred to Malaysia, Singapore, Indonesia, Thailand and the Philippines. The selection of countries and use of the term is discussed in detail in methodology.
During the eighteenth and nineteenth centuries, Southeast Asia had intensively de-urbanized. The major cities of the region were in decline; some had almost entirely disappeared (Reid 1993). With the majority of the population living in the countryside and practicing agriculture, the major Southeast Asian urban centres had populations of about 100,000 to 200,000 at their peak (Huff and Angeles 2011). However, at the turn of the twentieth century the rural-urban population dynamics changed and region experienced urbanization. The distinctive characteristic of urbanization at that time was its unequal distribution - the emergence of at least one city per country that stood out from others in terms of population growth and economic activities. These cities were Rangoon in Burma, Singapore in Malaysia, Bangkok in Thailand, and Manila in the Philippines (Huff and Angeles 2011). All of mentioned cities were dominant for their countries and the biggest cities in the region (Reid 1993). In Indochina and Indonesia there were two major cities per country. In Indochina, Saigon was the largest city with respect to population and economic growth, but Hanoi remained relatively large, about half the size of Saigon, mainly because of its role as the French colonial capital. In Indonesia, Jakarta and Surabaya experienced relatively comparable economic and population growth because of their almost equal role as major Indonesian ports.

It has been argued that the urbanization of Southeast Asian countries as well as its specific pattern in the nineteenth and beginning of twentieth centuries can be explained by industrialization and globalization of economic activities (McGee 1967, McGee 1998, Mahadevia 2008). Increased production in world cores brought by industrialization required an ever-growing input of materials. Transnational free trade, enforced if needed by colonial rulers, and the rapid fall in transport costs provided opportunities to fuel cores with required materials. As a result, strongly export-oriented economies emerged and urbanization could be seen as an accompanying consequence of world market penetration to the region. The exports were mainly shipped from the SEA region, which led to the excessive growth of port cities, disproportional compared to other urban areas. The seven biggest cities of this period discussed above - Rangoon, Singapore, Bangkok, Manila, Saigon, Jakarta and Surabaya – all contained major ports in their countries. In order to serve as major transport nodes, global trade required SEA’s major cities to be situated in optimum or near optimum locations for the collection or onward shipment of primary exports or commodities (Huff and Angeles 2011). In fact, physical features and location are fundamental in understanding why particular urban areas sprawled compared to others. Therefore, at the turn of the twentieth century, the major SEA cities grew as commodity exporters and became part of the expanded world economy.
In the following period these outlined trends continued and deepened. An ongoing increase occurred in the proportion of the population living in urban areas. Between 1960 and 2000, urbanization levels had increased from 18% to 36% (UN 2011). McGee (1998) pointed out that the SEA accelerated urbanization in the second part of the twentieth century was shaped by the rapid incorporation of countries into the global economic system, and thereby structural transformations of their economies. The incorporation of some countries into the global economy not only brought about increased urbanization, but also contributed to the rise of large mega-urban regions (MURs) that “dominated the urban hierarchies of most of these countries” (McGee 1998, 59). This is an interesting statement to investigate, especially as it relates to the second part of the twentieth century, given the complexity of world system and variety of other potential drivers for urbanization during this period.

Therefore, the main research question of this study is presented as follows:

**To what extent can the urbanization patterns in selected Southeast Asian countries in the second part of the twentieth century be explained by factors of economic globalization, in particular foreign direct investments and export activities?**

The study is aimed to explore how the globalization of the world economy, through export of goods and services and foreign direct investments (FDI), contributed to urbanization in Malaysia, Singapore, Thailand, Indonesia and the Philippines. The study is designed as a macro analysis. The objectives of the work are: (1) to examine population and economic growth in the region; (2) to explore urban dynamics, (3) to examine correlations between urban population growth, and especially population growth in the major cities in the region, and factors of economic globalization (export activities and FDI). Although the main part of this study is focused on the trends in urbanization patterns, the potential consequences of this rural-to-urban transition will be outlined in the final stage of the work.

The work consists of six sections including this first introductory section. In the following section I discuss theoretical background of the study provided by the world-system theory. In the third section I briefly discusses the originality and relevance of study. The fourth section elaborates on methodology. The fifth section presents an overview of SEA population growth,

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2 In his overview McGee refers to Thailand, Malaysia, Singapore, Indonesia, Brunei and Philippines. McGee compares these countries to countries with mixed economies only partially open to integration with the world market, namely Myanmar, Laos, Cambodia and Viet Nam. He argues that the latter countries had slower rates of structural changes and therefore retained slower rates of urbanization.
economic growth and contours of SEA urbanization as well analysis and inference from the data, guided by a theoretical framework. In the sixth section discussion is presented. In the concluding section I contemplate the trends of rural-to-urban change in SEA and the rise of mega-urban regions.

2.  *Theoretical framework*

The essential need for this study is to define economic globalization, justify its measurable criteria and outline an explanatory scheme for relations between economic globalization and urbanization. To this end, world-system theory is applied as the theoretical framework. This theory suggests that the processes of economic change, urbanization and transformation of development geographies can be explained by the way the world-system is historically developed and structured.

Economic globalization can be defined as the increasing interdependence of country economies across regions as a result of the growing cross-border flows of goods and services, capital, people, information and spread of technologies (Held and McGrew 2000). One of the major challenges in studying economic globalization is considering the scale of phenomena. Theorists of scale ground the research on the inquiry how changes in one territorial unit is affected by changes on other geographical scales (Sheppard 2002). The existence of vertical hierarchy of scales, from households to global scale, is taken for granted and certain types of activities tend to be affiliated to particular scales (*ibid*). However, it can be argued that scales are socially constituted in relation to one another and activities at a particular scale are shaped by their relationships with different scales. Economic globalization can be seen not exclusively as global in scale, but rather through the interconnections between local, regional, national and global scales (Swyngedouw 1997, Faulconbridge and Beaverstock 2009). For example, transnational corporations have global scale of operations, but they do not lose their bonds to national identities or attachment to localities (Faulconbridge and Beaverstock 2009). Instead, their operations can be seen as strategy of global localization: their global competitiveness and success depends on the relationships with particular localities, in particular location of their head-quarters and branches, production sites and demand nodes (*ibid*). Governments are also active actors in the arena of transnational activities through participation in transnational organizations and agreements while promoting their own
economies. Thus, process of economic globalization is both global and local, as pointed by Swyngedouw (1997).

In order to understand relations between economic globalization and urbanization this work applies world-system theory as the theoretical framework. Wallerstein (1974, 347) defines the world-system as a "multicultural territorial division of labour in which the production and exchange of basic goods and raw materials is necessary for the everyday life of its inhabitants." Based on the work of Wallerstein (1974), a number of further studies have connected accelerated urbanization and rural-urban migration in developing countries to the structure of the world economic system that has evolved and extended since the sixteenth century (Massey 1989; Portes and Walton 1981; Castells 1989; Sassen 1988; Morawska 1990). The basic argument rests on the idea that penetration of capitalist economic relations in peripheral (and frequently non-capitalistic) societies destructs traditional livelihoods and settled socio-economic relations. This in turn creates mobile population prone to migrate in search for a better life (Messina and Lahav 2006). The major migration routes are directed to the same location where the concentration of production and accumulation of financial capital takes place, leading to population growth in urban areas and the creation of mega-urban regions (ibid).

The world-system can be explained in terms of global economic system, where countries are primarily integrated through the market due to political or socio-cultural necessity (Chase – Dunn and Grimes 1995). Regions are seen as interdependent with respect to necessities, and independently competing with respect to power domination (ibid). It is assumed that there are world cores, semi-periphery and periphery countries. The countries interconnect within the global market and exchange flows of labour and capital. In core countries, economic entities with the help of states control the most profitable activities. Core countries focus on high-skill and capital intensive production and possess major capital worldwide. Other countries mainly focus on low-skilled and labour-intense production as well as extraction of natural resources. The world-system can be seen as a combination of mechanisms that allow for the redistribution of surplus value from the periphery to the core countries.

The distinguishing characteristics of the modern world-system are its capitalist nature and its global character. Wallerstien’s approach suggests that the market is a mechanism by which the core countries receive benefit. Driven by the aim to decrease production costs and gain higher profits, capitalist core countries enter periphery countries in search of benefits. A
number of important areas where core countries can benefit are: access to a large quantity of raw material, access to cheap labour, profits from direct capital investments and access to export markets. Core countries receive the major share of surplus whereas the rest receive relatively less. Positions of countries in the world economic system and the way countries interact result in the unequal distribution of surplus and uneven development.

The second crucial element of the world-system is the global scale of activities. World-systems theory argues that capitalism as an economic system was formed in core countries and later expanded geographically and intensified economically. The international transport connections, communications and common market made the distribution of labour and capital between nations possible. Nowadays, countries are not seen as isolated economies, but rather as integrated parts of the world-economy. In the previous time periods, penetrations of certain economies into others were associated with colonial regimes that suppressed regions for the economic benefit of colonizing societies. In recent times, penetrations are done through neocolonial governments, international organizations and multinational firms. From a historical perspective, core countries manage to reproduce their dominant status (Chase-Dunn and Grimes 1995). Countries such as Great Britain, Japan, and the United States became world cores through their continuous financial and power capabilities to invest into peripheral and semi-peripheral countries and use their resources. However, according to the theory, the system is dynamic, and the dominance of core countries is not strictly permanent, meaning that countries’ status can change over time.

The question that arises next is how economic globalization can be connected to urbanization, since “cities exist as points of economic articulation on the landscape and their raison d’être can only be understood in terms of economic system they grew up to serve” (Mabogunje 1965 in McGee 1998, 61). According to world-system theory, urbanization is a natural consequence of disruptions and dislocations that necessarily occur through globalization of capitalist development. As capitalism has expanded from its roots in Western Europe, North America and Japan, an ever-growing number of societies have been incorporated into the world market economy. With respect to urbanization, world system theory can provide answers from two perspectives. First, as capitalist firms enter new markets, they require financial, transportation and administrative nodes. As a rule, these nodes are placed in urban areas that have the necessary infrastructural and institutional setting for effective functioning. The inflow of foreign finance contributes positively to the economic growth of urban areas.
and infrastructure development, acting as pull factors for migration to urban areas. Second, as capitalist relations penetrate peripheral and semi-peripheral economies, a wide restructuring of the labour market takes place, especially concerning rural and urban employment. Massey notes that: “As land, raw materials and labour from the peripheral regions come under the influence and control of the markets, migration flows have inevitably generated” (cited in Messina and Lahav 2006, 42). Migration inflows, domestic and international, target urban areas as their final or temporal destination, which in turn results in the urban population growth and high urbanization levels.

Harvey (2003, 2006) also points the role of cities within the capitalist world-system from other perspective. He sees cities as investment locations at first place. Harvey argues that capitalist development is periodically characterized by over accumulation. Therefore, temporal and special displacement of capital should take place to avoid crises. Temporal displacement takes place through increase of turnover time or movement of resources for future needs. Spatial displacement takes place when capital and labour are absorbed by geographical expansion, in particular investments in built environment and absolute growth of urban areas. The inflow of capital catalyzes pull factors that attract population to cities. Harvey argues that spatial displacement is necessary element for the capitalist development. Therefore movements of capital, regional and transnational, and urbanization are embedded in capitalist world-system.

World-system theory also gives special attention to the concept of “global cities”. According to theory, international flow of capital and labour are directed to certain “global cities” through which the global economy is managed. In Sassen’s words:

> The technological transformation of the work process, the shift of manufacturing and routing office work to less developed areas domestically and abroad,…, and the ascendance of the financial sector in management generally with decline of production focused management, have all contributed to consolidation of a new kind of economic centres, global cities, from which the world economy is managed and serviced”.

Sassen 1990, 19

Global cities can be defined as metropolitan areas of 1 million or more people with at least 100,000 foreign-born residents (Beaverstock et. al 1999; Banton-Short et al 2004). These
metropolitan areas should also be sites for the accumulation of capital; concentration of headquarters of corporations; important hubs of global transportation and communication, destinations for domestic and international migrants and, most importantly, command points in the world economy and cores of control capability (ibid). Today’s, global cities include London, New York, Tokyo, Paris, Chicago, Hong Kong, Los Angeles, Milan, Beijing, Dubai, Sydney, Mexico City, Buenos Aires and many others around the globe (Beaverstock et. al 1999).

Based on the works of Emmanuel Wallerstein (1974), Manuel Castels (1983), David Harvey (2003), and Saskia Sassen (1991) global cities can be seen as command points of the world capitalist economy. The global dispersion of finance and production activities contributed to the rise of certain levels of centralization in the global power control (Sassen 1991). The production of control capability is a basic mechanism that allows governments and multinational corporations to operate within a dispersed production and financial systems. The practice of global power control requires nodal points of communication, transportation and management, which is made through the global cities.

Finally, urbanization is not only the social phenomena that records the higher percent of population living in the urban areas and expansion of build environment, but Urbanization also implies the physical transformation of landscapes and changes in the use of natural resource. Because of this dual nature and extent of effect, urbanization can be referred as far as on one of the most powerful environmental threats (Grimm et al 2008). Considering potential pressure of urban expansion and population growth in cities on ecosystems, the penetration of core capitalist countries that results in increased urbanization, can be seen as obtaining benefit at the expense of higher pressure on environment in the periphery or semi-periphery areas.

To summarize, selected theoretical framework argues that the organization of the expanding global market reshapes geographies of regions, like SEA, by fostering urbanization and creating global cities. This standpoint can be deconstructed through several distinct hypotheses:

- The penetration of global economy into SEA countries restructures socio-economic systems and catalyses capitalist-defined economic growth by overseas investments and international flows of goods and capital.
Since international connections are especially likely to occur between former colonial powers and their colonies because of existing cultural, administrative, communication and transportation links, tighter economic connections could form between SEA countries and their former colonisers.

Capitalist market formation in the periphery or in the semi-peripheral economies is associated with restructuring of economic activities and changes within the labour market, which results in migratory movements. The restructuring of the domestic labour market in periphery and semi-periphery countries creates a mobile population that is prone to migrate permanently or temporally to the locations of concentrated production. Because production sites are mainly located in urban areas, or close to them, urbanization is expected to accompany increases in production.

Therefore, world-system theory provides a macro-sociological approach. Although the theory is constructed on complex and generic ideas and concepts, it can be used to understand trends in SEA urbanization. The most obvious hypothesis is that labour and capital are infiltrating the same localities, which are or become urban areas. Observations of the inflow of international capital into SEA, intensity of trade between the region and the world economies thus can contribute to understanding of urbanization patterns. The model for urbanization in SEA as presented in world-system theory can also include indicators such as prior colonial relationships, movements of goods and capital, cultural ties, communication and transportation connections, and relative frequency of contacts and travel between countries and regions.

Finally, I would like to reflect upon the choice of world-system theory as a theoretical framework for this study. Processes of urbanization connected to demographic growth, migration, economic development, social and environmental transformations can be studied from different perspectives and through diverse theories. The various theoretical approaches for understanding urbanization are not necessarily contradictory, but rather are heavily dependent on the research question and scale of analysis (Messina and Lahav 2006). For example, the individual case studies of urban-rural migration could be examined through cost-benefit analysis on the level of individuals or households by neoclassical economics or new economic theories. The same process could be studied through world-system, network, institutional theories that look at socioeconomic contexts and structural forces at national and international levels. From this perspective, world-system theory is chosen due to its
explanatory power to link the global scale of the world-system with structural transformations on the level of countries and cities.

3. **Originality and relevance of study**

Globalization provides a reach area for research. The way economic globalization shapes uneven geographies of development is particularly relevant for the current explorations in fields of human geography, human ecology, environmental, political and economic studies. Following world-system theory, this research elaborates on an analysis to test the linkages between economic globalization and urbanization patterns.

In terms of methodology, this work applies historical exploratory approach and quantitative macro analysis to define correlations between globalization of economic activities and urbanization in selected SEA countries based on similarities in their development in the middle of the twenty-first century. Urbanization in SEA has been largely studied as part of macro level data analyses between countries and regions, quantitative studies on the level of individual countries or a number of qualitative case studies. Only recently has special attention been given to region-specific research, limited to certain countries based on their similarities in the historical development and current involvement in global community.

This is particularly relevant to the SEA region, which is considered to be extremely culturally, linguistically and religiously diverse. There is an ongoing discussion concerning the challenges of perceiving SEA as “one geographical region”. Furnivall (1944 in McGee 1998) argued that SEA could be better understood as pluralistic society in which diverse cultures interact in a way that counteracts the unity of the region. Undoubtedly, the unified representation of the region is problematic (McGee 1998, 2009). However, the challenge of finding common elements of culturally-related diversity of SEA countries should not prevent researchers from attempting to find common elements in urbanization patterns (*ibid*). On contrary, the existence of such unified grounds in urbanization around the region underlines potential tremendous influence globalization of economic activities imposes on the involved countries.

Finally, the study explores trends in urbanization with a particular focus on the phenomenon of mega urban regions (MURs). The world economy has shaped the life of cities for centuries.
However, from the middle of twenty-first century the pronounced transformations in economy produced a complex duality: specially dispersed and at the same time globally integrated organization of economic activity (Sassen 1991). This created a new strategic role for major cities as command points on the global economic arena. The contribution of this work lies in the elaboration of trends in the transformations of particular urban centres into MURs in SEA.

4. **Methodology**

The paper applies exploratory historical overview of urbanization trends, population growth and economic growth of Southeast Asian countries as well as quantitative analysis of secondary data from publicly available national and international databases and publications. This work aims to survey general urbanization trends and how they were shaped by FDI and exports of goods and services as factors of economic globalization from 1960 to 1995.

**4.1 Study design**

This paper is focused on the urbanization in five SEA countries, namely Thailand, Malaysia, Singapore, Indonesia and the Philippines, based on their similarities in decolonization time and openness to global economic activities. Therefore, the term SEA is used to refer to these particular countries. SEA as a term came into use after the Second World War and defined a variety of newly emerged sovereign states and usually captures a larger number of countries (Rimmer and Dick 2009). It is usually referred to Thailand, Malaysia, Singapore, Indonesia, the Philippines, Laos, Cambodia, Burma (Myanmar), Vietnam, Brunei and East Timor. East Timor was part of Indonesia during the period under scrutiny in this paper and is therefore excluded from the analysis as a separate economy. This study also excludes Brunei due to its small scale and considerable lack of information for the years 1960-1984 concerning FDI and exports (Brunei gained independence in 1984), which imposed constraints for the inclusion of the country in this analysis. The four mainland countries of Burma, Laos, Cambodia and Vietnam, which retained mixed economies with the varying degree open to global processes, are not analysed within this work. This exclusion is dictated by the research question and chosen theoretical framework, which implies that the countries should adopt capitalist development in the post-colonial period. At the same time, McGee (1998) suggests that
Myanmar, Laos, Cambodia and Vietnam are likely to follow the path of the other SEA countries in the first part of the twenty first century. Therefore, the presented analysis can potentially be seen as an applicable prediction of urbanization patterns for these countries.

The period between 1960 and 1995 was chosen because of the relative stability of economic performance in analysed countries. After decolonisation, starting from 1960s, countries have been acting as individual economies on the global arena without serious downshifts until the Asian financial crises in 1997.

This study focuses on FDI and export of goods and services as measures of economic globalization. Generally, the criteria for measurement of economic globalization are extensive and could include: the compression of space and time, the coordination of production on the global scale, increase in technological and information flows, “intensification of consciousness of the world as a whole”, and an increase of “cross-border flows of goods, services, money, people, and information, and culture” (Held and McGrew 2000). The latter criteria are some of the most widely used (ibid). Due to time and resource limitations, transnational flows of people and information are not analysed in detail. This study is focused on FDI in US dollars at current rates as measurements of inflows and exports of goods and services in US dollars at current rate as measurement of outflows that connect Southeast Asian countries to the global economic system.

The analysis is structured in three parts: first, the analysis of population growth in selected countries, followed by an analysis of economic growth with special attention to the role of FDI and exports of goods and services, and finally an analysis of urbanization trends.

4.2 Data and sources

The main statistics used in this study refer to population growth in individual countries, urbanization ratios, inward FDI and exports of goods and services.

Data on total population in each country is taken from the World Bank Databank (2013) to ensure consistency. However, data from other sources on population and population growth rates is also used for cross-examination: Thai population based on population censuses of 1911, 1919, 1929, 1937, 1947, 1960, 1970, 1980, 1990 (National Statistics Office 1990),
population of the Philippines from the Population Institute (1977), and population census counts for of Southeast Asian countries compiled by Hirschman (1994) and Williams and Guest (2012).

Data on population, especially in urban areas for the period 1960-1995 with a five-year interval is taken from the censuses of individual countries and from the 2011 revision of Urban Population Prospects (UN UPP), which is the authoritative compendium of international demographic data published by the United Nation Population Division (Hirschman and Bonaparte 2012), or academic publications in separate cases. Urban population is defined as population living in areas classified as urban by the criteria used in each country as long as the major data is based on the country-wise census, which is the same basis used by UN UPP. Where applicable, urban areas are defined as unbroken concentrations of at least 10,000 inhabitants. These definitions follow the studies of pre-war Southeast Asia and correspond to UN benchmarks for the region (UN 2012). In Southeast Asia, urban areas with over 100,000 inhabitants are considered to be large cities (Huff and Angeles 2011). Urbanization in this work is defined as a process that leads to a higher proportion of population in urban areas than in rural areas.

4.3 Data analysis

The exploratory overview of the previous research allowed deriving historical trends in urbanization of individual countries and outlining potential relationships between urbanization and factors of economic globalization.

The quantitative analyses are based on univariatite and multivariate analyses. Univariate analysis is presented as general trend descriptions, graphs and tables. Multivariate regression analyses are based on the method developed by Alberter Ades and Edward Glaeser (1995) and adapted by Gregg Huff and Luis Angeles (2011). The multivariate regression analysis allows deriving correlations between factors of economic globalization as independent variables and urbanization-related parameters as dependent variables. The specification for multivariate regression analysis is:

\[ \text{Pop}_{it} = \alpha + \beta G_{it} + \sum \gamma_j X_{it} + u_{it} + \epsilon_{it} \]  (1)

Where \( \text{Pop}_{it} \)– population of the city \( i \) at the time \( t \);
\(G_{it}−\) is the measure of factor of economic globalization;
\(X_{jt, it}−\) variables that comprise possible internal determinants of city size,
\(u_{it} + \varepsilon_{it}\) is a composite error term, \(u_{it}\) being between-entity error.

Data for population is each of the Southeast Asian main cities of Singapore, Kuala Lumpur, Jakarta, Bangkok and Manila, as well as number of secondary cities for the period 1960-1995 are taken with maximum of eight observations per city. Different measures of economic globalization (FDI and export of goods and services) are examined separately. The explanatory variables that present measures of economic globalization are taken as five-year averages. Along with the measures of economic globalization, internal determinants of city size are tested: total country population, city status (main vs secondary city) and governmental expenditures as control variable. All variables are used in the log form.

The study applies the random-effects model with the underlying assumption that entity-specific effects are not correlated with the explanatory variables and therefore placed in the error term. This is confirmed by the Hausman test. The random effects model also allows time-invariant variables to play the role of explanatory variables. One time-invariant variable, city status, is included in the analysis. It gets a value of 1 for secondary cities, and 0 for main cities in each country and allows distinguishing in the largest cities in each country as compared to others.

Other studies that investigate the effects of economic globalization on various factors of development point to the problem of reverse causation between factors of economic globalization and the variables of development. This study is particularly focused on the interaction effects between economic globalization and urbanization. Therefore, the causal effects of this empirical analysis should be considered with some caution. However, it is important to investigate the relationship between economic globalization and urbanization, because it gives an indication of degree and direction of correlation. At the same time, the results of the analyses can give an indication of potential causal relationships and point out directions for further research.
4.4 Limitations

As discussed earlier, economic globalization can be assessed by the variety of approaches. Within the selected criteria of measurements, this study applies cross-border movements of capital, goods and services, but excludes communication, movements of information and people from the analysis. This exclusion is dictated by the necessity to narrow down the research scope. Flows of FDI and exports are acknowledged to be the most significant with regard to their direct effect on economic development of individual countries (Yeung 1998). However, the importance of other factors should be also acknowledged.

Economic globalization would have been impossible without the advancements in communication technologies and transport. There is ever-growing increase in container traffic, flights, passenger flows, international calls and other types of transnational communication that serve for the economic development. The role of transnational communication and transportation is briefly addressed in this work as essential component for the movement of capital, goods and services. At the same time, an in-depth analysis of communication and transportation can bring new insights in understanding of particular urbanization patterns in the region.

People flows may refer to the movement of labour migrants, refugees, international students, business travellers, and tourists across international borders. Flow of people is inevitable in creating a global economy. Interplay among immigration, capital and trade is important for the understanding how globalization affects economies within the world-system (Messina and Lahav 2006). However, the analysis of movement of people brings the whole range of additional inquires and debates, especially concerning the role of nation-state and border enforcement in the globalized world, movements of associated financial flows (for example remittances of labour migrants or revenues from tourist sector). These issues require separate detailed examination and discussion that go beyond the scope of this study.

Generally speaking, world-system in the second part of the twentieth century is characterized by extremely complex and interconnected processes. Certain level of simplification unavoidably occurs in an attempt to address specific research question. By investigating in detail connections between particular factors of economic globalization and process of urbanization, this study attempts to contribute to the understanding of particular dimension of world-system functionality.
5. Exploring urbanization in Southeast Asia

Analysing of urbanization in Southeast Asian countries reveals several main trends that emerged during the second part of the twentieth century. First, SEA experienced accelerated population growth. Second, Thailand, Malaysia, Singapore, Indonesia and the Philippines rapidly incorporated in the global economic system, which produced further transformations in their economies. Third, the proportion of urban population in these countries was continuously increasing during that time. The connections between the trends suggest that incorporation in the global economy combined with population growth could be one of the major factors that shaped the urbanization patterns in the countries of SEA.

The beginning of this section overviews population and economic growth trends in the SEA countries. Next, data on urbanization and rise of mega-urban regions (MURs) is presented. Connections between total population growth, economic growth and observed urbanization patterns are also highlighted. Further I empirically test the correlations between measures of economic globalization, total population growth and population growth in cities to explore how globalization of economic activities contributed to urbanization. Finally, several crucial issues derived from the analyses are outlined in the discussion.

5.1 Population growth

The development of SEA in the twentieth century was characterized by the extraordinary population growth (Williams and Guest 2012). During the first half of the twentieth century, the population of the entire SEA region grew from an estimated 85 million to 173 million inhabitants, a growth rate of approximately 1.7% \(\text{(ibid)}\). This is considered to be tremendous growth compared to other countries. In the second part of the twentieth century, SEA grew even faster, 2% annually. This growth rate was maintained until the 1990s. Annual growth rates of 2% over decades led to considerable changes in population size. The population of 173 million in 1950 was increased by 46 million in 1950s, 66 million in the 1960s, 74 million in the 1970s, 86 million in the 1980s, and 79 million in the 1990s \(\text{(ibid)}\). It was only in the 1990s when the growth rates fell below 2% (Hirschman 1994). However, Southeast Asian growth did not dramatically change the proportion of the Southeast Asian population in the
world total. In the 1950s, SEA accounted for 7% of the world’s total population, which increased to 8.6% at the end of the 1990s (McGee 1998; Hirschman and Bonaparte 2012).

The population dynamics in SEA can be explained by the demographic transitions – the process of change in the mortality and fertility rates in the region (Hirschman and Bonaparte 2012). During the twentieth century, SEA experienced significant increase in life expectancy and declines in morbidity and mortality rates. At the same time, in the first part of the twentieth century the fertility rates remained high which resulted in continuous population growth in the region. In the 1960s, predictions were made that population growth would threaten the capacity of SEA countries to satisfy demand in food and suppress economic growth of the region (Fogel 2004). However in the 1970s and 1980s the dramatic fall of fertility rate, or fertility transition, began in most countries. This fertility transition, together with advancements in agricultural sector, made the pessimistic predictions concerning overpopulation invalid. But if to consider period between the 1960s and 1990s, the population growth was significant. The population dynamics in SEA with closely interconnects with economic, environmental and cultural factors locally and globally. These complex relations require separate detailed examination that goes beyond the scope of this work. For the outline of the discussion of the issues surrounding demographic transition in SEA, readers can referrer to the work of Hirschman and Bonaparte (2012, pp. 18-33).

Even though the general trend in the region was continuous rapid population growth, there were slight variations in growth rates between countries. Indonesia is geographically and demographically the largest country in the region. At the time of decolonization, the Indonesian population was estimated to be 75 million, which made the country the most populated in the world at that time (Williams and Guest 2012). In the first part of twentieth century population growth was approximately 1% per year, increased beyond 2% in the 1950’s, then it fell below 2% in the 1950s (due to economic decline during the Japanese occupation and war for independence), and rose above 2% after 1950s (ibid). By the end of the 1990s, Indonesia had 213 million inhabitants (ibid).

The Philippines and Thailand were medium-sized geographically, but retained some of the largest in the world in terms of population by the end of the twentieth century. The rapid population growth in the Philippines is considered to be an anomaly (Williams and Guest 2012). At the beginning of the twentieth century, the country had population of 7.6 million (ibid). A population growth rate of more than 3% annually in 1950s and 1960s made the
Philippines second most populous country in the region (ibid). By the end of the 1990s the Philippine population was roughly more than 77 million (ibid). Thailand experienced a similar population growth pattern. In 1911, Thailand had 8.3 million people (ibid). With a growth rates moderately lower than that of the Philippines, Thailand reached population of 63 million in the end of the 1990s (ibid).

Malaysia and Singapore were part of British Malaysia in the colonial times. The population of Malaysia was 2.4 million at the beginning of the twentieth century (Williams and Guest 2012). At that time British Malaysia experienced large-scale migration from China, India and the Indonesian archipelago to fuel resource extraction and production with cheap labour. The migrant movements boosted population growth, which reached approximately 8.2 million by the beginning of the 1960s (ibid). In 1965 Singapore formed an independent city-state. At that time Singapore’s population was approximately 2 million and increased to 3.9 million by the end of the 1990s (Jones 2013). The first Malaysian census counted for 11 million people in 1970 (Williams and Guest 2012). With 2.4% to 3% growth rates in the second part of twentieth century, the Malaysian population reached approximately 23 million by the end of the 1990s (ibid).

To summarize, the region experienced rapid population growth which, from the perspective of economic development, means availability of labour force and necessity to provide living conditions, food, working place, social securities for a growing number of inhabitants.

5.2 Southeast Asian economic growth

The pattern of Southeast Asian economic growth in the second part of twentieth century was rooted in developments of the previous period. Therefore, in the beginning of this subsection a brief overview Southeast Asian economic development from the end of nineteenth till the middle of the twentieth century is given. Further the study proceeds with a detailed analysis of economic development during the 1960s-1990s.

At the turn of nineteenth century economic growth in the Southeast Asian region was largely determined by colonialism and technological advancements of the period (Huff and Angeles 2011). Colonialism, which quickly spread in Southeast Asian countries at the end of the nineteenth century, changed traditional political organizations of countries. Different
centralized administrative and legal systems managed by the overseas rule were established in Southeast Asian states (McGee 1998). By the beginning of the twentieth century, Burma and Malaysia were governed by Britain, Indonesia by the Netherlands, the Philippines by the United States and Indochina was colony of France. Even though Thailand was independent, the country had quasi-colonial agreements and a British financial advisor (Reid 1992; Huff ad Angeles 2011). The colonizers established property rights and enforced free trade that served as determinants for Southeast Asian involvement in transnational trade (*ibid*). At the same time, advancements in transportation and falling transport costs in addition to the favourable geographical location of Southeast Asian countries made SEA a marine transport hub linking East and West. The development of steamships, opening of the Suez Canal in 1869, and the start of the Panama Canal in 1914 diminished physical distances and fostered economic bonds between SEA and the importer countries (Reid 1992).

The outlined processes of decreased shipping time and costs as well as the enforcement of free trade allowed SEA to feed the demand of Western markets that experienced industrialization during that period. Southeast Asian exports were predominantly country-specialized and consisted of rice (exported from Burma, Thailand, Indochina), tin (Malaysia), sugar (Indonesia and the Philippines), rubber (Malaysia and Indonesia), tea and petroleum (Indonesia) (Reid 1992). SEA exports grew in correspondence with production in the world cores by 3.5% - 4% annually (in 1920s SEA growth rates were even larger due to the increase in rubber exports) (McGee 1998). Moreover, an inter-regional trade of rice grew in response to the restructuring of economies: Malaysia, Indonesia and Philippines were involved in the production of non-food export commodities and required import of rice for the working force; a rice demand that was satisfied by Burma, Thailand and Indochina (*ibid*).

SEA economic growth in the first part of nineteenth century was mainly extensive (Reid 1992, McGee 1998). Export-oriented production was based on increased land inputs and the employment of labour forces. As Huff and Angeles (2011, 22) noticed, free “*[v*ent-for-surplus” trade, …, mobilized resources that, in the absence of export opportunities, would have no domestic use”.

A number of events during the 1940s and 1950s set the background for the political economy for the reminder of the century. These were World War II, the recovery of Western Europe, the outbreak of the Cold War, the victory of communist civil war in China and the economic default of Japan (Reid 1992, McGee 1998). For SEA countries the period of decolonization
started. Newly independent governments emerged throughout the region, each aimed towards economic development (Fogel 2004). After decolonization there were positive developments of Southeast Asian economies, however not universally (McGee 1998). The beginning of the 1950s saw Indonesian and Malaysian economies stagnate, but improve in the 1960s.

During this period power the political forces strengthened the ties between countries to form an interdependent community (Yeung 1998). Globally, these forces were embedded in by end of the cold war, collapse of the Soviet Union, significant appreciation of the Japanese yen against US dollar and German mark. Within Pacific Asia, these forces were embedded in the open policy of China, gradual return to the relatively stable conditions of Indo-Chinese countries and the creation of ASEAN (McGee 1998, Yeung 1998, Reid 1992). Closer ties between countries were pronounced in the regional development pattern in which one country after another applied industrialization and benefited from access to the capital and technology of the others. This development pattern allowed countries within region to grow rapidly and catch up and establish horizontal relationships (Dunn 1997). In the 1960s, economic development in SEA was led by Japan, in the 1970s – by Asian newly industrialized economies (Hong Kong, Singapore, South Korea and Taiwan), followed by ASEAN countries and China (Reid 1992, McGee 1998).

By the end of 1960s, SEA economies were at different GDP levels. Indonesia had GDP per capita of approximately 200 US dollars (calculated at 2000 level), Thailand 500 US dollars, the Philippines and Malaysia between 800 and 1000 US dollars, and Singapore had GDP per capita of 2800 US dollars (WB 2013). However by the end of 1960s these disparities did not prevent countries to grow in a similarly rapid way almost throughout the entire second half of the twentieth century (Reid 1992, McGee 1998).

Starting from the 1960s, SEA started to grow faster than any other region in the world. The Philippines grew at roughly two percent annually. The average growth rates of Indonesia, Malaysia and Thailand ranged between three to five percent, while Singapore experienced growth at not less than 6 percent (World Bank 2013) (Annex A). By 1995, GDP per capita grew in Singapore and Thailand approximately 4 times, in Malaysia and Indonesia 3 times and in the Philippines 1.5 times (ibid).

GDP growth in SEA was associated with growth in transnational trade and investment flows (McGee 1998, Yeung 1998, Reid 1992, Dunn 1997). Figures 1 and 2 present inward FDI, and
export dynamics from 1960 to 1995. Both inflows of capital, and outflows of goods and services that linked Southeast Asian countries to the global economic system tremendously increased.

Together with China, economies of Southeast Asia constituted an important and fast growing market. With the general worldwide increase in trade, the share of transnational trade with Southeast Asian countries expanded even more quickly. The SEA economies became one the major suppliers of equipment and manufactured goods to other parts of the globe (Yeung 1998). Service exports from the region were also increasing (World Bank 2013). By the end of the twentieth century, exports as percent of GDP in Malaysia were around 100% and in Singapore almost 200%. In Thailand, exports of goods and services were around 41% of GDP in 1995 (compared to 17% in 1960). The rate in the Philippines was 36% (19% in 1960). Only in Indonesia exports as shares of GDP was 30% (5% in 1960) (World Bank 2013).

The growth in GDP and proportion of exports of Southeast Asian economies also implied high investment rates, especially concerning FDI (Dunn 1997). ASEAN countries (with the exception of the Philippines) received an increasing share of world FDI during the second part of the twentieth century. As Athukorala and Menon (1996, 77-80) claim “[w]hile Singapore has historically been the major destination of FDI flows to ASEAN, the main recipients these days were Indonesia, Thailand, and Malaysia. The volume of FDI flowing to the Philippines continues to be low reflecting the relatively unattractive incentive structure and its lack-lustre economic performance.”

In the 1960s and 1970s, the majority of FDI in SEA was provided by Western industrialized countries, like the United States and Great Britain (Athukorala and Menon 1996, McGee 1998, Yeung 1998). A decrease in share of capital inflows from these countries followed in the 1980s. American FDI in ASEAN did not exceed 15% of total investment in the region for that period, and by the beginning of the 1990s accounted for 4.8% of the total (1.2 billion US dollars, year 2000 adjusted). Conversely, in the 1980s, FDI inflows from Japan and Southeast Asian newly industrialized economies of Hong Kong, Singapore, South Korea and Taiwan increased rapidly (ibid). Regionally, Japan, as well as South Korea and Taiwan relocated their industries to the other countries in order to secure competitive positions on the international market, which increased movements of capital around Pacific Asia (Yeung 1998). The peak of Japanese inflows was recorded in 1990, with 5.5 billion dollars (year 2000 adjusted) that represented 22.6% of all FDI in ASEAN countries. Compared to Japanese investment, in
1990, NIEs of SEA accounted for 45.3% of all FDI into ASEAN countries, which equalled 12.9 billion US dollars (year 2000 adjusted) (WB 2013; Yeung 1998). Fouquin (1994) points out that emergence of FDI exporters within the region became crucial as they contributed to the rise of another generation of NIEs within Asia, namely Thailand, Malaysia and Indonesia.

Figure 1. Export of goods and services from selected Southeast Asian economies in 1960-1995.

Source: author’s representation base on annual data on exports of goods and services from WB Database 2013.
Movements of goods, and services and FDI are not entirely separate transnational flows and should be understood better in terms of interrelatedness. SEA is a region abundant in natural as well as human resources. As it was shown in the previous section, the availability and accumulation of labour were not in question between the 1960s and 1990s. This labour have been employed for export production. Moreover, SEA had the necessary infrastructure and transport base in addition to a convenient geographical location (Reid 1992). Countries were also involved in transnational trade during colonial times and benefitted from necessary connections, trade management routines, extraction and production bases. At the same time, SEA export production opportunities attracted foreign investors, because a “major element of globalization, capital flows are directed to where economic development has the best factors of production for their utilization” (Yeung 1998, 420). Countries like Thailand, Malaysia and Singapore became preferred sites for multinational corporations which generated most new exports (Krugman and Obstfeld 2000 cited in Holligsworth 2007). In fact, transnational trade, especially considering countries like Japan and the United States, could be seen as an important condition for the inflow of FDI to the SEA region. At the same time, FDI inflows contributed to growing exports.
There is no doubt that the growth of Southeast Asian region was partially due to the increased inputs of both capital and labour. At the same time, increased productivity should not be completely neglected. Technological change, which defined the limits of structural change in SEA, had arrived by the 1980s (McGee 1998). To avoid being left on the periphery, SEA countries had to change production systems and redefine their roles in the global production network. During colonial times, economic growth was entirely built on increased inputs of labour force and land use. In the second part of the twentieth century, automation became more commonplace (Holligsworth 2007).

Referring back to the theoretical framework of this paper, the economic development of Southeast Asian economies put them in the semi-periphery of the world-system. While the majority of FDI was streamed from Western industrialized countries and Japan, export flows were also directed to developed countries. At the same time, shares of inter-regional FDI and export trade were continuously increasing. Some economies, like Singapore, were increasingly oriented towards capital-intense production and stronger service sectors, importing materials and exporting goods within the global economic system.

Thus, transnational movements of capital, goods and services became important components in the growth engine of Southeast Asian economies (Holligsworth 2007). These movements, of capital and of goods and services compose one of the major factors of economic globalization. Transnational movement of capital, however, is less subject to space constraints (McGee 1998). On the other hand, transnational movements of goods involve time-distance relationships, even though developments in transportation have significantly decreased transport time (ibid). As both of these movements pass transnational distance and connect Southeast Asian economies to the rest of the world, they were streamed through Southeast Asian cities, the growth of which is analyzed in the next section.
5.3 Contours of Southeast Asian urbanization

5.3.1 Urbanization patterns

In the second part of the twentieth century, Southeast Asian development was characterized by the accelerated urbanization and the emergence of at least one mega-urban region with its own population ranging from one million and a half to nine million in each country. This section analyzes the principal aspects of urbanization, and elaborates on connections between population growth, economic development and increasing proportion of population in urban areas.

At the beginning of the twentieth century in all countries except Malaysia, only 3% to 10% of the population lived in cities (Williams and Guest 2012). However, in the second part of the twentieth century, the shares of urban population in five countries rapidly increased (table 1). The Philippines saw around 30% its population living in cities in the 1960s, and by the end of the 1990s this total 50% (WB 2013). Malaysia had comparable levels of urbanization (ibid). At the beginning of the 1960s Malaysia had almost 30% of its population living in cities and by the end of the 1990s, the proportion of urban dwellers reached 60% (ibid). In Indonesia, the urban population doubled over 40 years. At the beginning of the 1960s, around 15% of Indonesian lived in cities, and by the end of the 1990s that number increased to 35% (ibid). In Thailand, around 20% of the population lived in cities in the 1960s, and in 40 years this number increased to 30% (ibid). Compared to other countries, Thailand had a relatively smaller increase in urban populaiton because it retained a significant share of agriculture in its economy.

If we consider annual urban population inrease, all countries (with the exception of Singapore) experienced positive growth between the 1960s and 1990s (Annex B). In Malaysia, Indonesia and the Philippines, the annual increase in urban population was between 4% and 6% (WB 2013). In Thailand, the annual increase was 3% - 5% until the 1980s, but steadily declined to almost 1% to the end of the 1990s (ibid). Singapore saw variations in annual urban population growth from 6% to almost 0% between the 1960s and 1990s (ibid).
Table 1. Populations and urbanization ratios in selected SEA countries*, 1960-1995

(a) Population, thousands

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<tr>
<td>Thailand</td>
<td>27312</td>
<td>31793</td>
<td>36915</td>
<td>42399</td>
<td>47483</td>
<td>52329</td>
<td>57072</td>
<td>59650</td>
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<tr>
<td>Malaysia</td>
<td>8160</td>
<td>9569</td>
<td>10909</td>
<td>12313</td>
<td>13833</td>
<td>15763</td>
<td>18209</td>
<td>20721</td>
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<tr>
<td>Singapore</td>
<td>1646</td>
<td>1887</td>
<td>2075</td>
<td>2263</td>
<td>2414</td>
<td>2736</td>
<td>3047</td>
<td>3525</td>
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<tr>
<td>Indonesia</td>
<td>91947</td>
<td>104147</td>
<td>118362</td>
<td>134106</td>
<td>150820</td>
<td>168119</td>
<td>184346</td>
<td>199400</td>
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<tr>
<td>Philippines</td>
<td>26010</td>
<td>30606</td>
<td>35451</td>
<td>40893</td>
<td>47064</td>
<td>54053</td>
<td>61629</td>
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(b) Percent of population in cities of 10000 and over

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<tr>
<td>Thailand</td>
<td>19.7</td>
<td>20.2</td>
<td>20.9</td>
<td>23.8</td>
<td>26.8</td>
<td>28.1</td>
<td>29.4</td>
<td>30.3</td>
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<tr>
<td>Malaysia</td>
<td>26.6</td>
<td>29.9</td>
<td>33.5</td>
<td>37.7</td>
<td>42.0</td>
<td>45.9</td>
<td>49.8</td>
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<tr>
<td>Indonesia</td>
<td>14.6</td>
<td>15.8</td>
<td>17.1</td>
<td>19.3</td>
<td>22.1</td>
<td>26.1</td>
<td>30.6</td>
<td>35.6</td>
</tr>
<tr>
<td>Philippines</td>
<td>30.3</td>
<td>31.6</td>
<td>33.0</td>
<td>35.6</td>
<td>37.5</td>
<td>43.0</td>
<td>48.6</td>
<td>48.3</td>
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Source: compiled based on WB Databank 2013.
Notes: *Singapore as a city-state is essentially totally urban.

The crucial element in the analysis of Southeast Asian urbanization is defining the processes that shaped accelerated urbanization trends. Contingently, urbanization can be separated into mobility and demographic phases (Huff and Angeles 2011). During the mobility phase, increases in the urban population are mainly based on rural to urban migration. During the demographic phase, urban population growth relies on natural population increase, although migration rates can also remain high. In the beginning of the twentieth century, urbanization in Southeast Asian countries remained in the mobility phase (ibid). The major population inflow was from India and China, which were abundant in cheap labour (ibid). In the second part of the twentieth century, SEA urbanization began to enter the demographic phase and the urban population grew partially due to natural population growth in cities and partially due to rural-urban mobility (Reid 1992). However, the influence of each factor on actual urban population growth was not homogeneous and varied between countries and decades.

In the 1950s, rapid population growth, slow economic growth and limited employment opportunities in the agricultural sector together with political instability pushed residents of SEA into the cities (McGee 1998). Technological improvements in agriculture limited employment opportunities in the agricultural sector. Improvements in medicine, public health, nutrition, sanitation, education and reduction in warfare in the twentieth century contributed
to population growth. Changes in the geopolitical arena, the end of colonial regimes, and establishment of independent economies contributed to political instability in SEA countries as well as to the associated economic decline of rural regions. Therefore, these push factors combined with the effect of economic globalization should not be underestimated, even though the major part of this work is focused on pull factors within urban areas during the following time periods.

In the 1950s, urban economic structures were not adapted to population inflows. McGee (1998) called this period “pseudo-urbanization”, referring to the growing population in urban areas on one hand and unchanged economic foundation of the cities on the other. Migrant inflows were largely composed of rural low-income classes engaged in the informal sector. Economic activities of cities along with production processes and exports were mainly inherited from the colonial period. National ruling powers were focused on political life and establishing new post-colonial regimes, and economic recovery of the cities were less the subject of agendas (the Philippines being an exception) (ibid).

The situation changed in 1960 when some of the SEA countries began to experience dramatic economic growth. The general trend of urban population growth continued. At the same time, urbanization patterns started to diverge as they reflected the respective economic, political and social development of individual countries (McGee 1967, 1998). In Malaysia, urban population growth was the result of both natural population increase and rural-urban migration (ibid). Singapore experienced a decline in birth rates and migration inflows compared to the previous period (ibid), so its population increased only for approximate 4 million people during the 1960s (WB 2013). Indonesia and Thailand continued the path of the 1950s with insignificant economic development in urban areas (McGee 1967, 1998). Indonesia experienced high levels of natural population increase and high rural-urban migration. Thailand expressed patterns of steady natural population growth in the countryside, with declines of natural population growth in large cities and high rural-urban migration. The population of its largest city, Bangkok, increased by 1.9 times mainly due to rural-urban migration (from 1.6 million in 1960 to 2.9 million in 1969) (WB 2013).

This break in the development paths might be explained by the political polarization of the region (McGee 1967, 1998). More specifically, a schism occurred between socialist states, in particular between Vietnam and the rest of the countries (with the exception of Burma that retained neutral) (ibid). The analyzed countries remained in the same non-socialist group
which retained tight bonds with the developed capitalist societies. However the degree to which bonds differed among the analyzed countries led to group heterogeneity. These relations had important consequences for population growth in urban areas, especially concerning transnational trade and FDI in materials and industries (Athukorala and Manon 1996; Yeung 1998; McGee 1998). In addition, there was an increase in tourism which fostered developments in urban infrastructure and in the service sector (McGee 1998). At the beginning of the 1960s most large SEA cities received approximately 100,000 tourists per year (McGee 2009). By the end of the 1980’s number of tourists in each country exceeded one million (ibid). Finally, during the 1960s the prolonged Indo-China war made cities refugee sites and recipients of military-related finances (McGee 1998).

During the 1970s-1990s, divergences in urbanization patterns continued. Global changes in the production process, growth of communications, transportations, trade and increases in the regional capital flows, brought the integration of some SEA countries into the world-system more than others (McGee 1998). Singapore rose as a regional economic centre. The government of Singapore chose to turn Singapore into a post-industrial city-state and rapidly restructured and relocated its labour-intensive industries to Indonesia and Malaysia (McGee 1998). Malaysia adopted new industrial development; industrial production was largely located in urban areas and attracted rural-urban migrants. In the Philippines and Thailand industrial growth was slower, but pronounced rural-urban inequalities pushed rural inhabitants into the cities (McGee 1998, 2009). In Indonesia, rural population was characterized by a high population density and circular rural-urban migration. Rural-urban labour migrants returned to their homes on a monthly basis and used income earned in the city to support households in the hinterlands (McGee 2009).

Urban population growth and increasing proportion of population living in urban areas in SEA were therefore strongly connected to economic development patterns. Large populations meant higher availability of labour force prone to migrate to places with more employment opportunities. The majority of employment took place in the production and growing service sectors that were concentrated in urban areas. The development of these sectors was shaped in turn by factors of economic globalization, in particular inflows of foreign capital and export-oriented production.

More specifically, contributions of foreign capital inflows and export outflow in the market economies of SEA are three-fold. First, capital was invested into the manufacturing, which
Restructured labour markets and attracted migrants to cities where production was occurring. For example, in Malaysia, there was a rapid growth in investments in electronics, labour-intense manufacturing, natural gas extraction and other business developments (Reid 1993). Share of Malaysians involved in industrial activities rose from 12 to 20 per cent between 1960s and 1980s (ibid). In Indonesia, the majority of investments were in mining and processing industries. Industrial employment increased from around 5% in the 1960s to almost 14% in the beginning of 1990s, and to around 18% in 1995 (Irawan et al 2000). In Thailand, the majority of FDI went to electrical appliances, chemical, metal and non-metal production industries, mining and construction (Sit 2001). Respectively, employment in industry grew from 5% in the 1970s to 12% in the 1980s (ibid). In Singapore, most of FDI went to manufacturing, mainly pharmaceuticals, electronics and petroleum industries (the other major recipients of FDI were the financial and insurance sectors) (ibid). During the 1970s – 1980s employment in manufacturing in Singapore increased from around 20% to over 30%. The Philippines received a relatively small amount of FDI compared to other countries and employment in industrial production remained stable at around 11%-12% (ibid).

Second, increased production and ever-growing population in cities created the basis for developing service enterprises, financial institutions and other related organizations. For example, the number of international trading banks in the region increased from 60 in 1970 to 100 in the beginning of 1980s (McGee 1998). The employment share of service sector between the 1980s and 1990s increased to around 10% in all SEA countries (Park and Shin 2012).

Third, there was inflow of capital in the built environment and construction, industry which contributed to the development of urban areas. Rapid economic growth and state policies stimulated investment in property development. During the 1970s every major city in SEA experienced growth in offices, hotels, residential buildings, and infrastructure (McGee 1998). As a result, the intensified integration of Southeast Asian countries in the world economic system has significantly transformed the pattern of Southeast Asian urbanization by contributing to the ever-growing expansion of urban areas.
5.3.2 Southeast Asian cities and main city primacy

The proclivity towards economic growth was also characterized by the primacy of urban systems, which emerged during the colonial times. During the second part of the twentieth century this tendency was strongly emphasized and the largest cities in countries became large mega-urban regions that grew disproportionally compared to other urban areas, as it is shown in the further analysis.

During colonial epoch largest cities in each country gained power (Huff and Angeles 2011). The largest cities were “invariably exhibiting a dominance of the political, economic and urban cultural life of their respective countries” (McGee 1998, 61). The dominant form of urban areas was large multi-functional cities: Bangkok in Thailand, Jakarta and Surabaya in Indonesia, Singapore in British Malaya, and Manila in the Philippines (Huff and Angeles 2011). These large cities, with populations often exceeding one million inhabitants, were developed as trade nodes and combined administrative and defence functions. They were at the pinnacle of urban hierarchy and represented what is considered to be an urban primacy. Huff and Angeles (2011) developed an argument that this urban primacy, as new configurations in the geographies of SEA, emerged in response to changes in the intensity of transnational trade and communications.

In the second part of the twentieth century, population in these largest cities grew further. The tendency towards urban primacy continued and, just as during the colonial period, development of the world economic system contributed to the changing geographies of SAE. Figure 3 presents the major cities of Southeast Asia and their population in 1995. It can be seen that every country was dominated (in terms of population) by one urban region with a population of more than one million. Table 2 presents population growth in major Southeast Asian cities between 1960 and 1995, not limited to the selected countries. It allows us to understand the rate and dynamics of changes that cities underwent over thirty-five years, when populations of Bangkok, Kuala Lumpur, Singapore, Manila and Jakarta were more than doubled. Jakarta and Manila had populations more than 9 million by 1995, population of Bangkok was around 6 million, Singapore and Kuala Lumpur were with 3.5 and 1.2 million, respectively. Once belonging to British Malaysia, Singapore and Kuala Lumpur were developed as part of one economy with Singapore having a stronger economic basis. After separation, Kuala Lumpur started to gain power as the Malaysian capital while Malaysia tried to reach the level of economic development of other Southeast Asian countries. It also worth mentioning that
some analyses of the population dynamics in these mega-urban regions suggest that the numbers of populations can be substantially under-estimated and real numbers are even bigger (McGee 2009).

Figure 3. Populations in Southeast Asian major cities in 1960 and 1995.

Source: author’s representation, software ArcGIS 9.3.
Table 2. Population in major urban centres of SEA, 1960-1995

<table>
<thead>
<tr>
<th></th>
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<td>1760</td>
<td>1946</td>
<td>2151</td>
<td>2378</td>
<td>2628</td>
<td>2897</td>
<td>3233</td>
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<tr>
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<td>2528</td>
<td>3110</td>
<td>3842</td>
<td>4723</td>
<td>5279</td>
<td>5888</td>
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<td>1400</td>
<td>1765</td>
<td>2227</td>
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<td></td>
<td>Medan</td>
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<td>1471</td>
<td>1719</td>
<td>1887</td>
<td>2061</td>
<td>2252</td>
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<tr>
<td></td>
<td>Palembang</td>
<td>446</td>
<td>486</td>
<td>501</td>
<td>597</td>
<td>476</td>
<td>880</td>
<td>1032</td>
<td>1212</td>
</tr>
</tbody>
</table>


Table 3. Indexes of primacy for the selected SEA countries, 1960-1995

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio of the first to second largest city</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>1,5</td>
</tr>
<tr>
<td>Thailand</td>
<td>12,0</td>
</tr>
<tr>
<td>Philippines</td>
<td>5,7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,8</td>
</tr>
</tbody>
</table>

Source: author’s calculations, primary data on population in the largest cities of all countries is from UN Urban Population Prospectus (2011); data on the second-largest cities in Indonesia and the Philippines is from UN Urban Population Prospectus (2011); data on the second largest city in Malaysia is from the work of Swee-Hock (2007, 29); data on the second largest city in Thailand is from Fuchs (1994, 93).
The dominance of large cities is associated with the phenomenon of urban primacy. One of the distinctive features of Southeast Asian urbanization was also that populations of all of the largest cities (Bangkok, Manila, Jakarta and Kuala Lumpur) were several times bigger than population in the second largest city of each country (table 3). This high ratio of first to second largest cities, which for some countries like Thailand went up to 12, is indicative of the urban primacy phenomenon.

Urban primacy was firstly studied by Jefferson, who described how “a country’s leading city is always disproportionally large and exceptionally expressive of national capacity and feeling” (Jefferson 1939, 231). However, of all of the Southeast Asian countries, only the Philippines where present in his analysis. Jefferson showed that the population ration between Manila, Cebu and third largest city, Iloio, was 100:31:21 (ibid). It was Fryer (1953) and Ginsberg (1955), and later by McGee (1967) who elaborated the idea of the dominance of “primate cities” and centralization of urban systems in SEA. Donald Fryer drew attention to the post-war development of five cities in SEA with one million population: Jakarta, Saigon-Cholon, Manila, Bangkok and Singapore. Ginsberg, Koppel and McGee (1991), further developed the argument that primacy as a phenomenon is especially representative within the Southeast Asian region (McGee 1967, Rimmer and Dick 2009).

Another distinctive characteristic of the region is that all primate cities are not simply big cities, but large mega-urban regions with populations frequently exceeding 3 million inhabitants, and in some cases (Indonesia and the Philippines) more than 9 million inhabitants. The simplest definition mega-urban region (MUR) is one responsible for the major proportion of a country’s GDP and urban population (McGee 2009). A more elaborated definition is based upon the existence of condensed functional integration within one site that includes transport flows, economic linkages (industry, service and agriculture), labor markets and population movements that comprise the “transactional space” of the MUR (ibid). Some of mega-urban regions are also referred to as “global cities” and compose a distinct research field in urbanization studies. The major SEA cities of the twentieth century, namely Rangoon, Bangkok, Saigon, Singapore, Jakarta, Surabaya and Manila are MURs. However, viewpoints differ whether all of these cities can be considered as global cities (GWCN 2012) or not (Rimmer and Dick 2009). Rimmer and Dick (2009) argue that based on the number of population, development of transportation networks and intensity of communication, involvement in transnational trade and finance activities, Singapore and
Bangkok can be classified as global cities, while Kuala Lumpur, Jakarta and Manila are national capitals. These national capitals, as suggested by Rimmer and Dick (2009), failed to mobilize resources necessary to install the public infrastructure networks of a modern city as well as create necessary financial and institutional environment to evolve into global cities. At the same time, economic development has increased weight of these national capitals in the Southeast Asian regional networks (*ibid*), so that they could potentially become global cities.

A single explanation of urban primacy has yet to be developed. However, a number of researchers focusing on SEA (McGee 1998, 2009, Yeung 1998, Rimmer and Dick 2009) agree that economic globalization through communication, transnational trade and FDI have profound impacts on the emergence of dominance in the hierarchy of urban systems. The majority of exports outflows, imports inflows, transnational communications and transportations, international investments are done to or through the MURs in SEA (McGee 1998). For example, over fifty percent of international investments in Malaysia during the 1970s were directed to Kuala Lumpur, which in turn generated 60 percent of manufacturing employment of the country (*ibid*). Similar patterns of industrial investments are observed in Indonesia and Thailand. In the Philippines, Manila generated 35% of total GDP, and its associated provinces of Central Luzon and Southern Tagalon, this contribution rises to over 57% (Rimmer and Dick 2009). In foreign trade Manila’s seaports and airports processed 38% of exports and around 30% of imports and if ports of Central and Southern Luzon are included, this proportion reaches almost 80% (*ibid*).

Not only did economic globalization contributed to the rise of MURs, but also created new forms of associated establishments, in particular Export Processing Zones (EPZs), economic co-operative zones and desakota zones (Yeung 1998, McGee 2009). EPZs, or foreign-trade zones, are areas where export goods are managed without the intervention of customs. EPZs are anchored around some cities, for example Bugaio and Butaan in Cebu, in the Philippines, Bayan Lepas in Penang, Malaysia, and Lat Krebang outside Bangkok (*ibid*).

Sub-regional economic cooperative zones, also called growth triangles, emerged in similar fashion to maximize varied factors of production where individual countries would not suffice (Yeung 1998; Thant *et al* 1994). For example, Singapore, Johore (Malaysia) and the Riau Islands (Indonesia) have been cooperating in the state of Johore and Batam Island, which was called SIJORI Growth Triangle. United by economic partnership based on competitive advantage in which Singapore provides capital, technology and strategic entrepreneurship,
and Malaysia and Indonesia provide land and low-cost labour, the Growth Triangle successfully competes in global economic arena.

Related to the above-mentioned process of rise and dominance of MURs is the emergence of extended metropolitan regions, or desakota zones, as new forms of SEA geographies (Ginsburg et al. 1991; McGee 2009). The process has been described by Ginsburg and his colleagues (1991) as the gradual change of land use and economic practices when MURs are spread in rural areas. They pointed out that there was:

“[T]he emergence of what appear to be new regions of extended urban activity surrounding the core cities of many countries of Asia. New and different kinds of settlements in Asia are seen as complex and compound regional systems consisting of central cities, fringe areas of those cities, exurbs, satellite towns, and extensive intervening areas of dense population and intensive traditional agricultural land uses in which wet paddy tends to dominate "

Ginsburg et al. 1991, 13

In description of desakota zones “desa” stands for rural and “kota” corresponds to the urban characteristics (McGee 2009). Desakota areas are defined as regions of the intense mixture of agricultural and non-agricultural activities that stretch along corridors between large city cores (ibid). Desakota areas have several distinguishing characteristics (Ginsburg et al. 1991). First, these areas have dense populations (approaching 1000 per square kilometre) which are engaged in smallholder agriculture mostly of wet rice with careful water management and agronomic practices. Second, desakotas are characterized by a highly developed transport infrastructure and frequent movements of people and commodities. Third, these areas are associated with large cities or cluster cities, e.g. Bangkok, that act as nodes of development for the whole region. Fourth, considerable unemployment (potential of cheap labour) tend to be present as well as relatively cheap land. Fifth, the management of desakota regions is largely focused on agricultural activity which creates “invisible” or “grey zones” of government administration. These characteristics of desakotas serve as a basis for attraction of investments, mainly FDI, and the growth of urban activities. In fact, in hinterlands around MURs the economic activities gradually switched from being mainly rural to being predominantly urban (ibid). In this way, the structural changes in the global economic system,
which lead to the shift of industries from core countries to the periphery and semi-periphery, also contribute to further spread of urban activities into rural areas.

Common elements for the growth and development of export zones, growth triangles, extended metropolitan regions, are, first, their connection to MURs and, second, their expected connection to the rapid economic development and creation of working places by export-oriented manufacturing industries and foreign capital inflows (Yeung 1998). Thus, the process of economic globalization was a powerful mechanism for the development of MURs and associated establishments in the region.

5.4 Empirical analysis

This paper has so far taken a descriptive exploratory approach. This sub-section therefore aims to present the results of multivariate regression analysis and to derive statistical correlations between growth of population in cities in SEA and factors of economic globalization in 1960-1995. As part of analysis, eight regressions were run to explore the relationship between inward FDI and exports of goods and services as measures of economic globalization, and population growth in cities. Each measure of economic globalization is examined separately. The analysis also explores relationship between urban population growth and total country population growth, city status (main vs secondary city) and government expenditures as control variable. All the results are presented in Table 4.
Table 4. Relationships between factors of economic globalization and urbanization

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
<th>(7)</th>
<th>(8)</th>
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<tr>
<td>Exports of</td>
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<td>0.134**</td>
<td>0.106**</td>
<td>0.101*</td>
<td>0.298***</td>
<td>0.129*</td>
<td>0.123*</td>
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<tr>
<td>goods and</td>
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<td>(0.065)</td>
<td>(0.051)</td>
<td>(0.022)</td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.013)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>services</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Inward FDI</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>0.298***</td>
<td>0.129*</td>
<td>0.123*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Total country</td>
<td>1.147***</td>
<td>1.13***</td>
<td>1.11***</td>
<td>0.871***</td>
<td>0.952***</td>
<td>0.819***</td>
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<tr>
<td>population</td>
<td>(0.216)</td>
<td>(0.184)</td>
<td>(0.173)</td>
<td>(0.216)</td>
<td>(0.184)</td>
<td>(0.112)</td>
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<tr>
<td>Main city</td>
<td>-1.468***</td>
<td>-1.381***</td>
<td>-1.327***</td>
<td>-1.193***</td>
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<td></td>
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<tr>
<td>dummy</td>
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<td>(0.234)</td>
<td>(0.166)</td>
<td>(0.17)</td>
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<tr>
<td>Government</td>
<td>0.046*</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditures</td>
<td>(0.031)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-1.160***</td>
<td>-5.672***</td>
<td>-2.084***</td>
<td>-3.796***</td>
<td>2.231***</td>
<td>-4.119**</td>
<td>-3.749***</td>
<td>-2.802***</td>
</tr>
<tr>
<td></td>
<td>(0.627)</td>
<td>(1.268)</td>
<td>(0.649)</td>
<td>(1.107)</td>
<td>(0.188)</td>
<td>(1.657)</td>
<td>(1.453)</td>
<td>(1.031)</td>
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<td>141</td>
<td>141</td>
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<td>65</td>
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<tr>
<td>R²</td>
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<td>0.529</td>
<td>0.53</td>
<td>0.624</td>
<td>0.428</td>
<td>0.744</td>
<td>0.753</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Note: All variables are in log form. Robust standard errors are given in parenthesis. The symbols ***, **, and * denote statistical significance at 1%, 5% and 10% respectively.

Source: author’s calculations.

The first four columns use exports of goods and services as measures of globalization. Taken alone, export activities are strongly correlated to increase in urban population (column 1). The coefficient of exports of goods and services is significant at the 1% and denotes that a 1% increase in exports of goods and services can associated with a 0.5% increase in urban population. In columns (2), (3) and (4) of the table, control variables of total country population, the main city dummy variable, and government expenditure are added. Column (2) shows relationship between urban population, export activities and total country population. The estimated coefficients of both export activities and total country population are positive and statistically significant, as was expected. Column (3) shows results when major cities and secondary cities are differentiated. Dummy variable takes value 0 for major cities in each country and 1 for the rest of the cities. The coefficient of the main city dummy is negative and statistically significant, which corresponds to the results of descriptive analysis, confirming that secondary cities are expected to be much smaller than the main cities. In fact, the regression supports results of exploratory analysis concerning the city primacy with regard to number of population. Regression (4) examines relationships between
population in cities and exports, total country population, city status (main vs secondary city) and government expenditures. The regression shows a significant correlation between numbers of total country population and growth of cities, especially main cities in each country. The correlation between export activities is not so strong; however becomes significant at 10%. Government expenditures appear to be less important in explaining population growth in cities, which is probably due to the fact that the variable is composed from the all governmental expenditures, not limited to expenditures on infrastructure development and other expenses related to urban development.

Columns (5) to (8) employ a similar procedure as in the first four columns, but now use FDI as a measure of economic globalization. For all four regressions, the coefficient on FDI is positive, but indicates not strong correlation. The last regression (column 8) shows a statistically insignificant coefficient of FDI. The reason may lie in the nature of the relationship between inward FDI and urbanization. FDI differs among sectors and projects and requires time to be implemented and to render effect on urbanization compared to exports, where production is characterized by less fluctuation across years and sectors. The other reason may lie in relatively small number of observations and selection bias. The analysis includes cities data for which was available in the public databases. Given the larger number of observations the results can vary. Last four regressions give fundamentally the same result concerning the country population as the first four regressions concerning the other factors. The coefficient of total country population is significant at 1% and denotes elasticity close to one. This means that urban population in sample cities grew in almost strict proportion to the total country population. In all regressions, differentiating between main and secondary cities has a strong effect on population and secondary cities tend to have much smaller numbers of inhabitants. The coefficient of government expenditures, though statistically significant, fails to testify a strong correlation between the amount of government expenditures and urban population.

To summarize, the results support the argument that export activities correlate with the population growth in cities in SEA. The correlation between FDI and population growth is not so strong as one can expect from the descriptive analysis. The observed pattern is probably due to the nature of relationships between inward FDI across projects and sectors, or data limitations. For very strong relationship was observed between total country population and
urbanization, meaning that population growth in SEA is inevitably associated with an increase in urban population.

6. Discussion

It has been shown that factors of economic globalization play important role in shaping urbanization patterns in SEA. The degree and direction of this correlation raise several issues that are crucial in understanding the mechanisms and processes of modern world-system. First, for the first time in its history, in the twenty first century SEA will have the majority of its population living in urban areas, dominated by the MURs. These ever-growing urbanization was largely embedded in the changing processes within the global economic system. Second, this new demographic reality together with the restructuring of economic, social and environmental settings requires rethinking of historically established dichotomies like local-global and rural-urban. Third, the increasing integration into global economic system and associated urbanization processes generate greater challenges for the sustainability of urban areas. This section aims to highlight these crucial points that are affiliated with the presented analysis. The chapter is structurally developed in sub-sections that address abovementioned issues as projected through two lenses: connections of cities and global economic system, and connections of cities and their hinterlands.

6.1 Cities and global economy

Factors of economic globalization not only significantly contributed to the urbanization in SEA in the second part of the twentieth century, but also affected the pattern of urban systems with the dominance of MURs. So far this study was focused on correlations between urbanization and inflow of FDI and outflow of exports. At this point, the possible causational relations between factors of economic globalization and urbanization trends within the world-system will be highlighted.

There is potential mutual causality between urbanization in SEA and factors of economic globalization. On the one hand, urbanization in SEA was shaped by factors of economic globalization. On the other hand, these factors of economic globalization theoretically were
pushed towards Southeast Asian countries due to their inherent potential and attractiveness. In the second part of the twentieth century, SEA was abundant in human and natural resources, after decolonization the newly emerged states that adopted capitalist development were looking for opportunities to foster economic growth and were open for transnational activities. Southeast Asian countries had previous experience in international trade from the colonization times and have convenient geographical location. The core countries within the world-system used these favourable characteristics of Southeast Asian countries to gain profit. As it is shown in analysis, the major foreign investors in the 1970s, just after decolonization, were the USA and Great Britain, two core countries and prior colonisers. In the 1970s the major investor was Japan, the core country and dominant power of the region. In the 1980s the major investors were newly industrialised economies of the region (Hong Kong, Taiwan, Singapore, and South Korea), that gained economic power in the changing world-system. As it was shown, the majority of FDI were streamed into the production sector that further was responsible for the majority of exports. In such a way core countries benefited from the opportunities within the world-system and shaped urbanization in SEA.

The analysis also shows the significant level of urban primacy in SEA. The dominance of main cities like Bangkok, Kuala Lumpur, Singapore, Jakarta and Manila can also be explained through the structure and functionality of world-system. The spatial dispersion and reorganization of production and financial activities at the international level required a certain level of centralization and control to manage these activities (Sassen 1991). The centralization and control is done through the large urban regions, because they have necessary institutional bases, they frequently host industrial and service sectors and offer major concentrations of human, social and economic capital. These cities also have the best developed tele- and transport communications, which is required for the execution of global control. Therefore, major cities provide an environment that is attractive to foreign capital and in-migration.

In theory, any area can develop these systems and compete to participate in the global economic activities and overtake some of the control on the global scale. However, in practice tele- and transport communications in turn need massive infrastructural investments to be developed (Sassen 1991). A high level of investment creates entry and maintenance barriers thereby naturally gives the major cities have an advantage (ibid). Sassen (1991) predicts that in the near future, major cities will maintain management and control functions over global
economic activities leading to even more pronounced centralization of urban systems, especially in developing countries. However, it is also acknowledged that a new phase of innovation in telecommunications might change this pattern of urban development (*ibid*).

At the same time, emerged concentrations of management and control functions over globally dispersed activities in MURs contributed to their physical expansion, urban population growth and increasing engagement in the world economy, creating a kind of loop for MURs and reproduction of pattern with dominance of large cities over decades. The concentration of a considerable share of FDI and international property markets in major cities had further shaped the role of major cities as economic cores (Sassen 1991). The concentration of organizations, corporate branches and banks contributed to the emergence and performance of associated service businesses, e.g. service enterprises and nonbank financial institutions, and also led to the rise of multiple services not directly connected to the global management and control functions (*ibid*). As a matter of fact, the distinctive feature of MURs in SEA compared to other cities is the concentration of producer, finance and service sectors and accumulation of global control capability.

Another question which arises from changing economic geographies is the definition of local and global notions. MURs have certain local geographical reference, though their economic activities and processes have dispersed global characters. Castells (1996) pointed that the new urban forms are characterized by simultaneous concentration and de-concentration, globalization and localization. Bangkok, Kuala Lumpur, Singapore, Jakarta and Manila receive FDI from and send exports to diverse economies around the globe. At the same time, the power control and management, as well as investment and production activities are done in the particular localities. In fact, “economic globalism” is actually manifested at the local physical scale (*ibid*). From this point, the growth of the suburban developments around MURs (that are responsible for absorption of certain share of FDI and production of exports) as well as commercial business districts represent so-called “global spaces” (McGee 2009). This “global space” calls for the reconsideration of the global-local dichotomy. Even though MURs with their commercial business districts and suburban areas have concrete local physical boundaries, their activities are embraced at the transnational level. In this way, the urbanization process is composed of the interaction between the transnational, national, provincial, and urban scales (*ibid*).
This also calls for the recognition of “transcending networks”, a concept that emphasize the emergence of networks based on connections of urban areas, particularly focused on megaurban regions (McGee 2009, Sassen 1991). Urban systems are usually seen as country-based. The major analysis within this work is done through the bound of particular MUR to certain economy. It was shown that Kuala Lumpur, Jakarta, Bangkok and Manila dominate urban hierarchies of their countries as producers of control capability, transportation, communication, business and finance nodes. However, within the changing phase of global economic activities, MURs can be seen as part of several hierarchies. Each of the abovementioned MURs can be seen as part of the global network of cities that create the transterritorial marketplace. One of the possible outcomes of such economic globalization is that MURs “are represented less as an organic social entity embedded in its regional hinterland and more as a node in the matrix of global flows of commodities, capital and information” (McGee 2009, 7).

6.2 Cities and their hinterlands

The ever growing proportion of population in urban areas, especially within MURs also calls for the reconsideration of how we distinguish between urban and rural, construct definitions and understand relations of cities and their hinterlands. What is even more important is to outline how the changing demographic reality can affect ecosystems.

MURs that dominate urban systems in SEA are cities of millions of inhabitants. Bangkok and Jakarta have populations of more than nine million. Nine million is the population of Sweden (SCB 2013). As urban areas in Malaysia, Thailand, Indonesia and the Philippines grew in terms of population, they also expanded into what was previously considered as rural areas. As it was discussed, Ginsburg, Koppel and McGee (1991) analysed this processes looking on the formation of extended metropolitan regions (or desakota zones). As the urban region expands into the hinterland, traditionally rural agricultural livelihoods are transformed and reoriented towards urban characteristics. Such extended metropolitan regions are considered to be regions that differ from current construction of urban and rural areas and compose distinct zones because of the scale and importance of the urban activities that are performed in rural areas (McGee 2009). This at least calls for reclassification of traditional urban-rural dichotomy.
Extended metropolitan regions also illustrate how rural industrialization and urbanization go hand in hand with one another, and take pressure of associated MURs. The rapid development of extended metropolitan areas can be explained by cheaper land costs, fewer regulations, and less developed planning mechanisms compared to the inner city (McGee 1991, 2009). These areas attract FDI, which in turn spur their rapid development (ibid). For example, in MURs such as Bangkok and Kuala Lumpur, rapid population and economic growth occurs more within peripheral areas than in the city proper (Yeung 1998). From this point, the rise of cities goes not only in the direction of rural-urban vectors though the migration of rural populations to the urban areas, but also though the expansion of urban activities to traditionally rural places, which is shaped by the rapid incorporation of countries into the global economic system.

Finally, as it was shown that population growth in Southeast Asian countries is inevitable associated with urbanization and therefore physical expansion of urban areas. Population dynamics in SEA indicates that serious decline in total number of population is not expected, so urbanization ratios are not expected to drop significantly as well. As cities rise, they produce environmental modifications, most obviously expressed as urban-centred gradients of land use, and increased pressures on ecosystems. Urban areas remain places of intense competition for resources, which is many ways are satisfied by the hinterlands. This brings on problems of resource depletion, water and air pollution, land degradation, pressures on habitats like habitat fragmentation, waste generation and ever-growing need in energy. As urban areas are expected to grow, pressures on ecosystems can resonate and threaten their limits with the ever-increasing magnitude (Grimm 2008). So, the connection of cities and their hinterlands indicates another challenge brought about by increasing urbanization in SEA, which is ensuring ecological sustainability of urban areas, and especially MURs in the globalized world.
7. Conclusions

This study analysed the trends of Southeast Asian urbanization taking several ASEAN countries as examples, and the extent to which economic globalization contributed to the process in the second part of the twentieth century.

In the period between the 1960s and the 1990s, the liberal economies of Malaysia, Singapore, Thailand, Indonesia and the Philippines experienced rapid urbanization. By the end of the 1990s, the percent of the population living in urban areas in Thailand was above 30%, above 35% in Indonesia, around 50% in the Philippines and around 60% in Malaysia. These high urbanization rates can be explained by the natural population growth and push factors which were pronounced in limited employment prospects in rural areas. On the other hand, equally important are the pull factors within urban areas themselves. As the decolonization process in the 1950s and 1960s led to the emergence of newly independent countries; Malaysia, Singapore, Thailand, Indonesia and the Philippines tried to find their way in the global economic system. Abundant in human and natural resources, they actively engaged in the global activities which involved ever-growing transactions of goods, services and capital. It is suggested that these global transactions streamed through the urban areas creating pull for the urban population growth and contributing to high urbanization levels.

The analysis of FDI and exports as measures of involvement in the global economic system showed that the trajectories of urbanization levels and increase in exports and FDI follow similar trajectories. However, the connection between share of population living in urban areas and these factors of economic globalization on the country level is not so evident, as if to consider the major urban areas alone. This paper argues that economic globalization heavily contributed urban primacy in Southeast Asian countries, meaning that SEA was characterized by an uneven pattern of urbanization. At least one city per country grew in terms of population disproportionally compared to other urban areas.

The study also draws attention to principal processes that accompany urbanization in SEA. One of them is the reproduction of the pattern of urban systems that was determinative during the colonial period within the global economic system of the second part of the twentieth century. Another principal process is the changing relations between rural and urban areas and
necessity to redefine rural-urban dichotomy. The third principal process is interconnections of urban areas within and among the countries rethinking of global-local dichotomy.

Finally, urbanization is a complex process that theoretically can be shaped by historical, social, cultural, economic and environmental factors and their interconnections. The background inquiry behind this work can be articulated as follows: if urbanization patterns, especially in such a culturally and socially diverse region as SEA, can be shaped by the process of economic globalization, then what space is left for the other factors?
References


Statistics Sweden (SCB). 2013. Population statistics. URL: [http://www.scb.se/Pages/Product25799.aspx](http://www.scb.se/Pages/Product25799.aspx) [consulted 22 April 2013].


Appendix A

Life expectancy and fertility rates

Table A.1 Life expectancy and fertility rates, 1960-1995

(a) Life expectancy at birth

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(b) Total fertility rate

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Source: Hirschman and Bonaparte 2012, 24-25.
Appendix B

Indicators of economic performance for selected countries

![Graph showing GDP per capita, 1960-1995.](image)

Figure B.1. GDP per capita, 1960-1995.
Source: authors representation on the basis of data from WB Databank 2013.

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Table B.1 Exports of goods and services as percent of GDP

Source: compiled based on WB Databank 2013.
Notes: na – not available, * - these figures include re-exports. For city-state Singapore re-exports are very significant, and the gross value of exports exceeds GDP. If the import content of exports is excluded, the net value of commodity exports comprised about 10% in 1965, rising to 32% of GDP in 1990. If net service sector exports are included Singapore exports about 65% of its GDP.
## Appendix C

Population growth in selected countries

Table C. 1 Urban population growth 1960-1995, percent

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Source: compiled based on WB Databank 2013