

MANAGING URBAN GROWTH : CHALLENGES FOR SMALL CITIES

1.0 INTRODUCTION

Traditionally the role of small cities in Malaysia has always been to provide local goods and services to their relatively small populations and their respective hinterlands. They are the links between the primarily agricultural kampongs (villages) and the rest of the larger urban hubs. These small cities normally perform simple administrative, educational and marketing functions, especially serving as collection points for plantations and agriculture produce from the villages to be distributed to markets elsewhere. Small cities offer local retail services, with scattered incidences of small and medium scale manufacturing offering limited employment opportunities.

Sometimes referred to as “sleepy hollows”, they are commonly characterized by a low population base, and is facing issues of out migration among their young and working age group. There are various factors contributing to this. The ‘push’ factor being the inadequate employment opportunities as well as insufficient social and leisure facilities. The lure and attractions of larger cities with the necessary and better paid job opportunities is the ‘pull factor’ that drains the small cities of their population. While not attractive enough to some, small cities have their own unique characters and are able to foster the development of stable communities. They are the direct link to the rural areas and provide a platform for urbanization as well as glimpses of modernization to the people they serve.

Malaysia is a country located in the Southeastern Asia. Kuala Lumpur is the capital city of Malaysia. The Federation of Malaysia is comprised of two parts, one is the Peninsular Malaysia and the other is the East Malaysia on the island of Borneo.

Malaysia is a country on the move. From a country dependent on agriculture and primary commodities in the sixties, Malaysia has today become an export driven economy spurred on by high technology, knowledge based and capital intensive industries. Malaysia is currently attempting to achieve high-income status by 2020 and to move further up the value-added production chain. The key economic indicators of Malaysia are as follows:

Malaysian Key Economic Indicators

	2010_p	2011_f
Population	28.3 million	28.6 million
GDP	RM512.4 billion	RM587.8 billion
GDP Growth	7.2%	5.0 – 6.0%
Per capita income	RM26,219 (USD8,140)	RM28,175 (USD9,204)
Inflation rate	1.7%	2.5-3.5%
Unemployment	3.2%	3.2%

Source : Malaysian Industrial Development Authority, 2011

Accordingly, Malaysia over the last several decades has been experiencing accelerated urbanization as a result of the structural economic change. There has, however, not only been rapid urbanization but also, in the last decade, a highly significant trend in urban development, in the form of concentration of the urban population in a small number of conurbations. Rapid urbanization saw the urbanization rate in Peninsular Malaysia rising from 54.3% in 1991 to the present 67%. The urban population is expected to increase to 75% by 2020. (National Physical Plan 2, 2010)

In managing the urban growth **at the macro level**, Malaysia basically stresses her efforts on **concentrating growth in a few potential urban conurbations** as the Government recognizes that this strategy of concentrated growth offers the best potential for higher efficiency and high value added growth. Urban conurbations are seen as the engines of growth to generate the required jobs and enhanced high income, thus ensuring a better quality of life for all.

Malaysia, over the years, has pursued a **strategy of balanced regional growth** to ensure increased quality of life across the nation. Regional development strategy has long been adopted to reduce the gap between rural and urban areas as well as between developed and under developed regions. Concentrating growth in selected conurbations is the strategy used to reduce the growth disparities between regions.

On a micro level, the Government will continue to provide, irrespective of locations the fundamental building blocks for a higher quality of life – healthcare, education, security, communications and transportation. This strategy of concentrated growth and inclusive development will be supported by strengthening physical and economic linkages between urban and rural areas so that Malaysians will be healthy, educated, safe, mobile and connected, wherever they choose to live.

Within the context of the above urban growth management adopted in this country, this paper will look at:

- i. The roles of small cities;
- ii. The position of small cities within the context of the country's development strategy of concentrating growth in major conurbations; and
- iii. The challenges faced by small cities.

2.0 URBAN HIERARCHY

There is no particular standard definition of a city, let alone of a small city. Indeed, many languages other than English often use the word 'city' or 'town' to mean the same thing. In British English, city is reserved for very large settlements, smaller ones are called town or village. Although city can refer to an agglomeration, including suburban and satellite areas, the term is not usually applied to a conurbation (cluster) of urban places, nor for a wider metropolitan area including more than one city, with each acting as a focus for parts of the area.

To define a small city in the Malaysian context, an understanding of the urban hierarchy system is necessary. A system of urban hierarchy is a way of arranging urban areas into a hierarchy based upon their population, sphere of influence, functions and some other criteria. The aim of the urban hierarchy system is to guide private investments and provisions of public facilities and services in a most efficient manner to households distributed across the city system. Some places, typically large in population size, offer many economic activities while others, smaller in population size, offer fewer activities. The former places are said to be high order and they occupy a high level on the hierarchy; the latter places are said to be low order and they occupy a low level on the urban hierarchy. A city on a given level of the hierarchy produces goods and services to that level and for the most part, also produces those goods and services to all lower levels. In other words, cities can be categorized into discreet classes having entirely different levels of functional complexity.

Malaysia possesses a strong urban hierarchy which has been developed since the early 19th century. Today a pattern of polycentric interdependent urban centres has emerged, with Kuala Lumpur conurbation being the most 'advanced' supported by George Town, Johor Bahru and Kuantan conurbations. These conurbations are engines of growth for the country and are anticipated to trigger development to the respective major urban

centres and subsequently to link out and support the growth of smaller cities, villages and rural areas within their regional hinterlands.

The urban hierarchy system as depicted in the National Urbanization Plan, 2006 consists of seven urban levels with different population ranges as follows: Refer **Appendix 1** for detail)

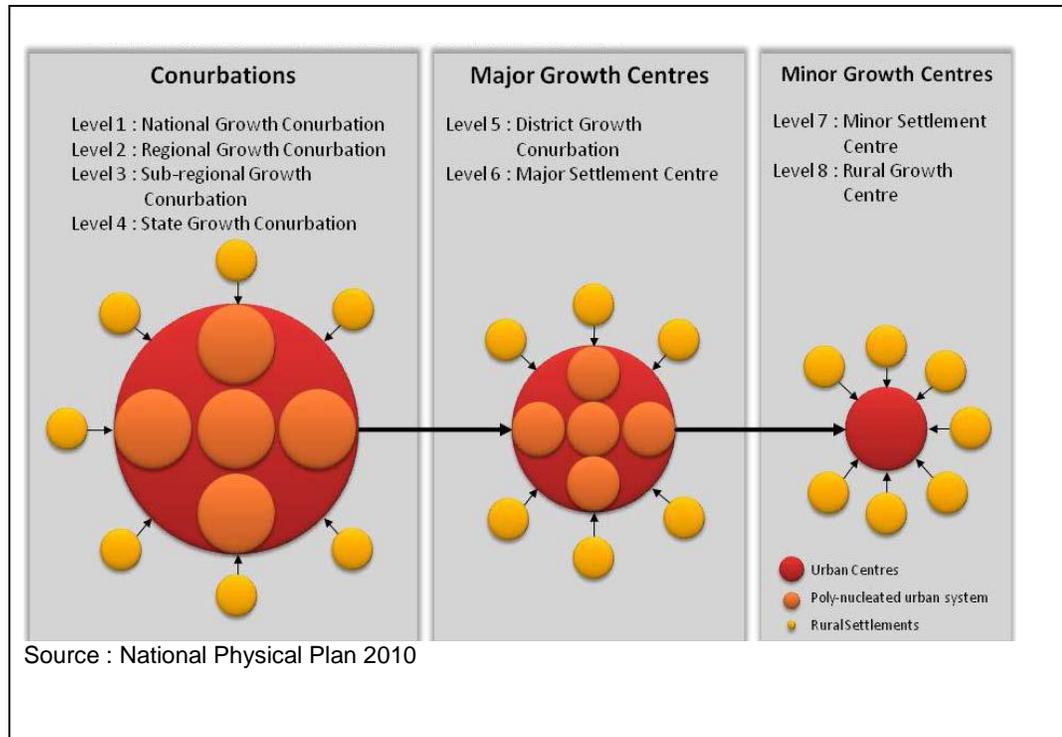
The Urban Hierarchy and Population Ranges

	URBAN HIERARCHY	POPULATION RANGE
1	National Growth Conurbation	2.5 million and above
2	Regional Growth Conurbation	1.5 – 2.5 million
3	Semi-Regional Growth Conurbation	0.5 – 1.5 million
4	State Growth Conurbation	300,001 – 500,000
5	District Growth Conurbation	100,001 – 300,000
6	Major Settlement Centre	30,001 – 100,000
7	Minor Settlement Centre	10,000 – 30,000

The small city within the scope of this paper, is defined as the **Minor Settlement Centre** in the urban hierarchy system having a population that ranges from 10,000 – 30,000 people. It occupies the lowest level of the urban hierarchy that provides low level services and local retail to its residents and those from surrounding villages which make up its hinterland. Small city often acts as the **intermediate between the larger urban hubs and the rural areas.**

The National Physical Plan 2 (2010) has advocated a development strategy of concentrating growth in major conurbations to yield high efficiency and far reaching growth. The formation of the strategy referred to as the **‘concentrated dispersal’** strategy is based on the theory of functional urban hierarchy. It emphasizes the role of conurbations to generate growth which will rejuvenate intermediate major urban centres with sufficient levels of population and activity concentration, needed for economic efficiency and agglomeration economies. The future development of urban centres and conurbations will be guided to and shaped into a compact poly-nucleated urban structure where a cluster of urban centres are economically and functionally linked to each other thus generating significant interdependencies and synergistic growth for mutual benefits as in Figure 1.

FIGURE 1 : CONCENTRATED DISPERSAL STRATEGY



The catalytic and urban growth generating function lies with the upper levels of the urban hierarchy i.e. conurbations and Major Growth Centres. Small cities lying at the bottom most in the hierarchy seldom experience growth impetus affecting their areas or hinterlands. This lack of growth impetus is the main factor for them to remain small as their ability to retain or attract population is limited. Insufficient population threshold in small cities in turn hinders economic activities which normally comprises small, medium scale manufacturing industry. Small cities, in actual fact face a very real capacity problem. They are incapable of creating growth if they maintain their present position in the urban hierarchy. The situation for small cities will worsen if the flow of products from their hinterlands no longer goes through them, either due to limited demand or products are directly marketed through other larger cities.

To overcome the growth issue in many small cities, there need to be direct Government intervention. Growth must be initiated and triggered so as to allow small cities to develop and be able to reach a higher position in the urban hierarchy and subsequently functions as growth generating Major Growth Centres.

3.0 LINKAGE FACTOR

Connectivity and transportation routes are important **linkage factors**. Establishing strong urban-rural linkages is crucial for a closer economic integration between the rural and development centres and to ensure sustainable development of the rural areas. Rural areas are normally characterized by poor accessibility to the urban centres and this pose as a problem to the rural population in marketing their farm products.

To improve the welfare of rural populations, the symbiotic relationship between rural and urban settlements must be strengthened through improved connectivity and transportation routes so that urban job opportunities in nearby cities can provide additional employment to farmers and village dwellers within travelling distance from their homes. This situation will also allow workers to live in the rural areas and work in the nearby urban centres. This improves rural households income while still allow families to live in villages where the cost of living will be lower than in urban areas. Commuting to work in the urban centres will lead to higher household incomes.

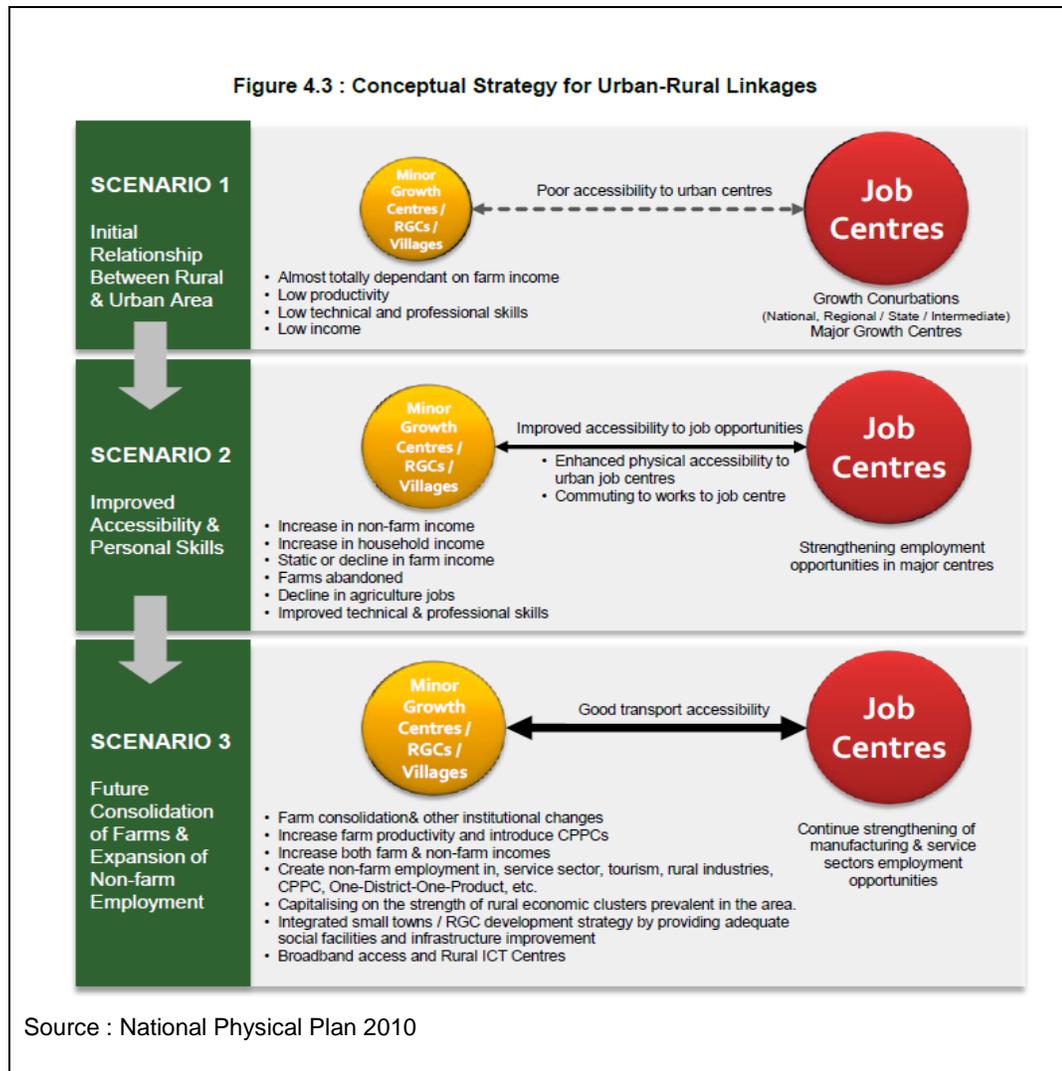
Figure 2 illustrates the conceptual strategy for urban rural linkages, derived from the National Physical Plan 2. In this concept, **small cities are referred to as 'Minor Growth Centres'**, together with other rural entities ie the 'Rural Growth Centres' and villages, due to their similar growth patterns. Where there is poor accessibility to 'Job Centres' as in Scenario 1 of the concept, 'Minor Growth Centres' will be almost totally dependent on farm income, which is low.

With improved accessibility to job opportunities as well as an increase in personal skill among the work force as in Scenario 2, the 'Minor Growth Centres' ie small cities will experience increase in non-farm income and thus household income. This is brought about when people are able to commute to work and indirectly avoiding population outflow.

The National Physical Plan 2 has proposed a need to move to Scenario 3 (Figure 2) where good transportation and accessibility enables cross sectional convergence of economic activities (such as agro and industrial biotechnology), and closer economic integration between the small cities and 'Job Centres'. Simultaneously, a complementary strategy of providing adequate social facilities and infrastructure improvement in small cities is necessary for overall effectiveness.

Developing **down stream activities** in small cities to support the more larger corresponding activities in larger urban centres is another form of linkage that can be established that will enrich both spectrum.

FIGURE 2 : CONCEPTUAL STRATEGY FOR URBAN-RURAL LINKAGES



While the link between small cities and larger cities as well as other growth conurbations need to be established, the roles of small cities and its linkage to their rural hinterlands must also be nurtured. The roles of small cities can be summarized as follows: (Idrus S et al, 2010)

- As centres of demand/markets for agricultural products from the rural region, either for local consumers or as links to national and exports markets. Access to markets is a prerequisite to increase rural agricultural incomes, and the proximity of local small and intermediate centres to production area is assumed to be a key factor.

- As centres for the production and distribution of goods and services to their rural region. Such concentration is assumed to reduce costs and improve access to a variety of services, both public and private and for both rural households and enterprises. Hence, services include agricultural extension, health and education (and access to other government services), as well as banking, post, services of professionals such as lawyers and accountants and lower order services such as restaurants, and wholesale and retail sales of manufactured goods from within and outside the region.
- As centres for the growth and consolidation of rural non-farm activities and employment, through the development of small and medium-sized enterprises or through the relocation of branches of large private enterprises.
- As an attraction to rural migrants from the surrounding region through demand for nonfarm labour, and thereby decreasing pressure on larger urban centres.

4.0 URBAN GROWTH STRATEGY AND THE POSITION OF SMALL CITIES

People and economic activities gravitate towards large vibrant cities, thus creating clusters of growth, which reap the benefits of agglomeration of scale, productivity and innovations. Recognizing this, the Government will pursue a strategy of concentrating growth in major conurbations under the Tenth Malaysian Plan (2011-2015). The Kuala Lumpur urban agglomeration or better known as the **Greater Kuala Lumpur (KL)** has been designed to spearhead the country's economic development in the Economic Transformation Program announced by the Government in 2010. The Greater Kuala Lumpur (KL) which span over a large area (approximately 54,500 hectares) consisting of 10 municipalities, is projected to contain 10 million population by 2020 as compared to 6 million presently. This is to enable Kuala Lumpur to serve as a catalyst for growth and to transform the city as a destination for dynamic companies within priority sectors as well as attracting the right mix of talents necessary for the K-economy. Various programs will be undertaken aimed at improving the city's global ranking by 2020, which includes positioning Kuala Lumpur as the top 20 most livable cities.

According to the Economic Transformation Program (ETP)'s, the Greater KL initiatives reflect four important dynamics:

- i. urbanization is the driver of GNI growth, as it is one of the most important drivers of economic growth;
- ii. The Primary City Matters Most – that Greater KL dominates Malaysia's urban economy and by a large margin and over the next decade, the population in Greater KL was targeted to grow by 5% per year and GNI growth of 10% a year.
- iii. Urban productivity does matter – the challenge for Greater KL is to harness the power of urbanization while shaping it to maximize urban productivity to simultaneously pursue efficiency and livability
- iv. A great city needs to be a livable city, because while urbanizing intensively, Greater KL must also focus on improving livability to attract the world's most dynamic companies and attracting the right mix of talents.

Central to the Greater KL initiative, is the provision of an integrated urban mass rapid transit (MRT) system that will greatly enhance accessibility of the area under its purview. Since the challenge of Greater KL is a monumental one, a significant amount of funding will be committed via a public-private partnership model.

Outside of the Metropolitan Kuala Lumpur, the Government has always pursued the strategy of balanced regional development to improve the quality of life for communities across the nation. Focus is on transborder development between states to enable the benefits of development projects to be enjoyed by several states simultaneously. Based on this, three economic regions have been identified, namely the Northern Corridor Economic Region (NCER), the Iskandar Development Area (IRDA), and the East Coast Economic Region (ECER). These three regions cover about 60% of Peninsular Malaysia (Figure 3).

These regions have been established through three Acts of Parliament, namely Iskandar Regional Development Authority Act 2007, Northern Corridor Implementation Authority Act 2008 and East Coast Economic Region Development Council Act 2008. These Acts and these regional economic development authorities serve to provide policies, directions, and strategies in relation to the development of these areas, which also include providing coordination between Government entities in the promotion of trade, investment and tourism, etc. These authorities will prepare a comprehensive development plan, and subsequently be guided by these plans in planning and developing the regions. These three

regions (NCER, IRDA and ECER) covers about 60% of Peninsular Malaysia.

The development impetus of NCER, IRDA and ECER will be provided by the Georgetown, Johor Bahru and Kuantan conurbations respectively. Georgetown has an enduring reputation for being a cosmopolitan city, steeped in heritage and tradition, earning its status as a World Heritage City by UNESCO. Down south Johor Bahru prosper due to its strategic location along major shipping lanes, with the added advantage of proximity to Singapore while Kuantan serve as cultural and economic centres for its region. Although clearly not in the same league as Kuala Lumpur, George Town and Johor Bahru conurbations, Kuantan is situated on the less developed eastern coast of Malaysia was intended to meet the regional balance objectives in providing the base for economic spread effect for its region. (Figure 3)

Regions would be developed and promoted on the basis of their potentials and comparative advantages. Public investments in infrastructural support would be directed to reinforce these regional potentials. The ECER, while less active in urban development, has great potential for coastal and eco-tourism, forestry and agriculture based activities, and will receive public investments in the type of infrastructure necessary to boost these forms of development.

Essentially, in managing urban growth, all development benefits and niches be optimized while avoiding potential negative effects such as the loss of significantly sensitive areas, pollution and traffic congestions. Sustainable development must be the guiding principle in urban growth management and all urban residents irrespective of where they live should be able to enjoy an acceptable quality of life and facilities.

The strategy of concentrating growth in the above four conurbations and its impact on the position of small cities can be summarized as follows:

- i. The small cities in the Greater KL are expected to experience immense growth in the presence of a strong linkage to job centres in the form of improved accessibility provided by the MRT. Small cities that are located within the expansion of these large conurbations are likely to be absorbed and become satellite towns or suburbs to the main KL Metropolis. They are likely to experience very rapid population growth and dramatic changes in their employment base. As transportation facilities extend further out, more small cities will benefit from the expansion of the urban cores. These small cities would easily in future promote upwards in the urban hierarchy and become Major Growth Centres themselves. This scenario is very likely to

happen in the Greater KL, considering the amount of Government interest as well as private investments that is expected to flow into this major growth area.

- i. Apart from very few potential small cities that lie within the spheres of the George Town, Johor Bahru and Kuantan Conurbations, other small cities in the economic regions are not expected to perform as well especially in the less developed ECER. A high number of small cities are located in the ECER area and many of them do not fall within the area of influence of the Kuantan Conurbation or any other Major Growth Centres. Unless they have their own niches that can be tapped especially in sectors like coastal and eco-tourism, forestry and agriculture based activities that characterized this region, these small cities need some form of direct intervention to create the necessary impetus for growth. Accessibility and improved transportation routes need to be provided to strengthen linkages. To safeguard the well being of communities of small cities, it has always been the policy of the Government to provide appropriate levels of social facilities in accordance with their hierarchy.

5.0 CHALLENGES FOR SMALL CITIES

The changing structure of the Malaysian economy has its effects on the wellbeing of small cities. Small cities had developed based on trade with and providing services to their village hinterlands. The hinterland economies which are mainly based on agriculture however, have not expanded and therefore diminish some of the functions of the small cities.

Small cities face many complex challenges. To generate economic growth, small cities need to move up from the lowest urban hierarchy they now occupy to secure the desired threshold population needed to support development. The most pressing challenge faced by small cities is the steady outflow of population especially the younger working age group in search of a better life elsewhere, leaving the aged behind. A balanced demographic structure is important to maintain a healthy community and to sustain the necessary workforce needed for economic activities.

The population decline in small cities is expected to occur at an even faster rate with rising income and irresistible urban attractions in the larger cities. The failure to retain population could affect the effective provision of social facilities. For many small cities with low population threshold, facilities being provided are underutilized and are uneconomically operated. Quality of life for the remaining community is at risk if provisions of some social facilities and infrastructure are compromised due to population issues

Concentrating development in prominent conurbations is the strategy used by the Government in managing its urban growth. The extent of challenges faced by each small city is dependent on the linkage strength it has with these prominent conurbations and other major growth centres served by these growth conurbations. Small cities located within the catchments of these conurbations/centres are often able to reap the spill over effects of development. For some small cities, they capitalize on their unique features and other potentials to create economic activities. For the rest of the small cities, they are striving to contain the community, in a situation where the attractions of the larger cities in terms of job opportunities and the bright lights are too overwhelming for their younger generation to resist.

It is important that linkages in the form of accessibility and transportation routes connecting small cities to job centres in the conurbations/major growth centres be established. Commuting to work must be made possible to discourage the younger population from leaving. However, providing accessibility to job centres is in itself a challenge whereby public transportation services are normally inefficient outside of major urban centres. In many instances, commuting to work is not even possible due to the long distance involved and the low affordability among the population of small cities to commute by cars.

In the absence of wealth generating activities, urban poverty in many small cities is a prominent issue faced. For many households in small cities, their livelihoods depend on the informal sector, like operating eating stalls, hawking, petty trading at farmers/night markets etc. More often than not, the facilities and infrastructure that support these informal sectors are not adequate. More efforts on the part of the local authorities to encourage and expand further these informal sectors, especially to improve the existing conditions of doing business for these small traders.

The present strategy of the Government is to focus investments in larger growth generating conurbations that offers high economic returns. Small cities with their limited roles and impacts are normally given less priority in the face of restricted budget. The physical environment in small cities is often characterized by dilapidating town centres that are often void of human activities and vitality. For the remaining community, it is vital that the livability and vitality of the town centres be revived so as to ensure they enjoy a certain quality of life that is comparatively equivalent with that in larger cities. Living conditions must be improved through measures such as providing public spaces and beautification programmes like landscaping. The urban settings of small cities which are presently unattractive must be improved and made livable to improve quality of life.

6.0 CONCLUSION

In managing urban growth, the Government has stressed the importance of concentrating growth in a few potential urban conurbations as this strategy of concentrated growth offers the best potential for higher efficiency and high value added growth. Urban conurbations are seen as engines of growth that are capable of generating the required spill over effects that will benefit, other areas within their hinterlands, consisting among others, small cities.

Small cities in mega urban conurbation such as the Greater Kuala Lumpur show strong indications of becoming major growth centres themselves and the nucleus of future conurbations. For other small cities, it is important that meaningful linkages be formed with their corresponding conurbations and major growth centres in terms of accessibility and as well as other supporting functions that the small cities can offer. Accessibility allows the population especially the working age group to commute to work. This could discourage the young population from leaving and subsequently avoid disrupting the demographic structure of the community. Establishing linkages through downstream economic activities benefits not only the community of the small cities but would enrich the larger cities as well. There are a number of other small cities that possess special features and assets, which may provide a basis for the development of niche activities, and in the long run enable them to sustain their community and those within their hinterlands.

Some of the small cities that are not located within the spheres of influence of conurbations are diminishing as a result of the changing structure of the Malaysian economies, that is away from agriculture. Small cities need to survive and therefore must sustain some form of economic activities and to fully utilize and expand their special feature or niche, or their growth will remain constrained.

Artificial injection of investments into declining small cities does not make for economic efficiency. We should strive to stem the issues of demographic imbalances and to help the small cities to become small prosperous places. They are still needed by the rural population even if the rural areas can only sustain a limited trading population. Entrepreneurs from these small cities should provide the linkage between the urbanized economy of the cities and the rural areas. They should be supported in their agricultural, service and other down stream enterprises. Educational and trading programs to help prepare the younger population to integrate into the urban economy must be encouraged.

Even though less prominent in their contribution to the country's economic growth, small cities have their own unique characters and roles. They are the direct link to the rural areas and that they provide a platform for urbanization to the people they serve. Many conurbations and large cities of the present day were once small cities.

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