

Will urbanization raise social mobility in slums of the Global South?



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Overview

*Today's slums will not experience broadbased social mobility
without substantial policy interventions*

- Historical record suggests policy supports are required
- Rationale for policy supports particularly strong today

Current urbanization trends

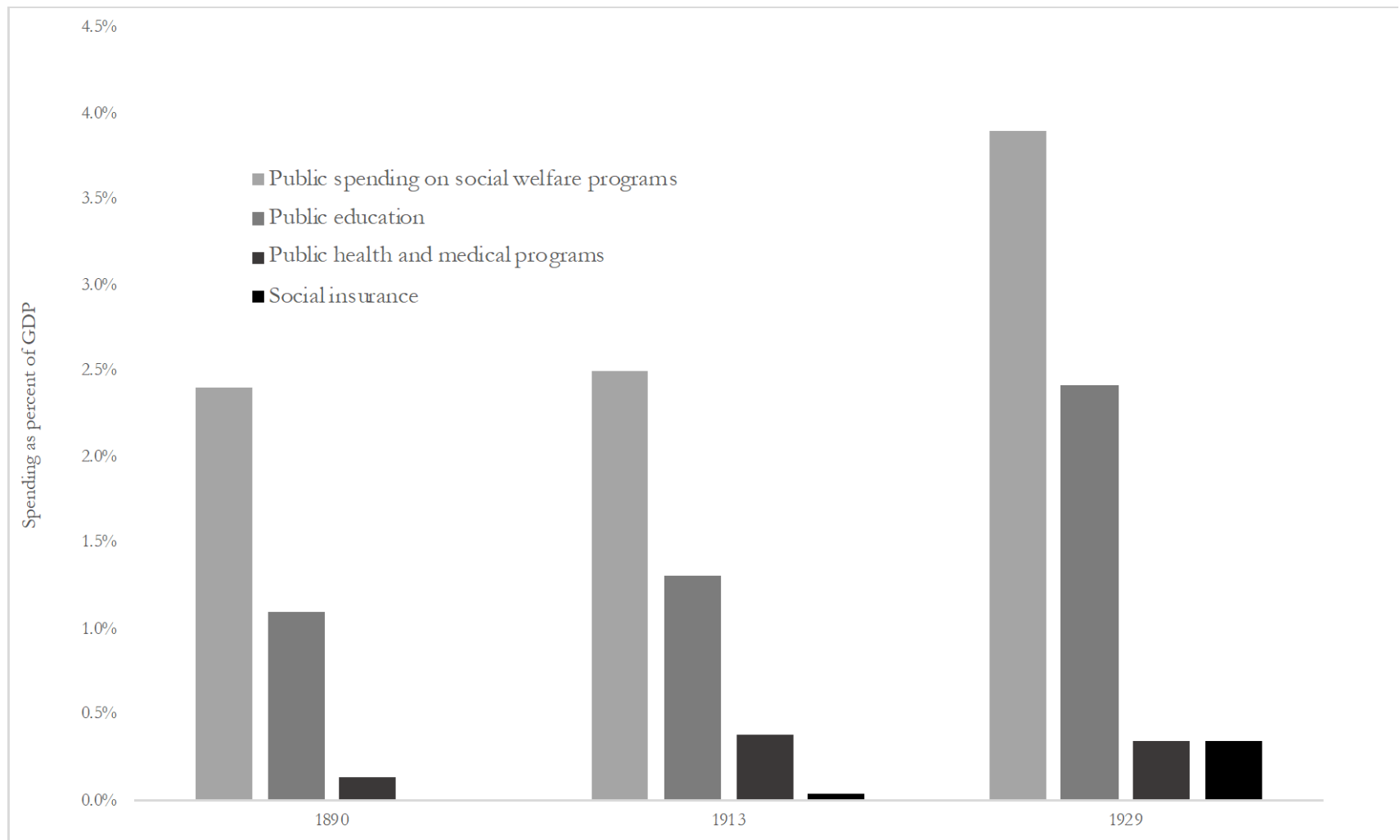


Historical example

- In other countries, slums and slum-like conditions did not *automatically* improve with industrial-led urbanization

“It is true that disappointment has followed disappointment, and that discovery upon discovery, and invention after invention, have neither lessened the toil of those who most need respite, nor brought plenty to the poor” (George, 1882)

Figure 5. Social welfare expenditures under public programs: 1890 to 1929 (United States)

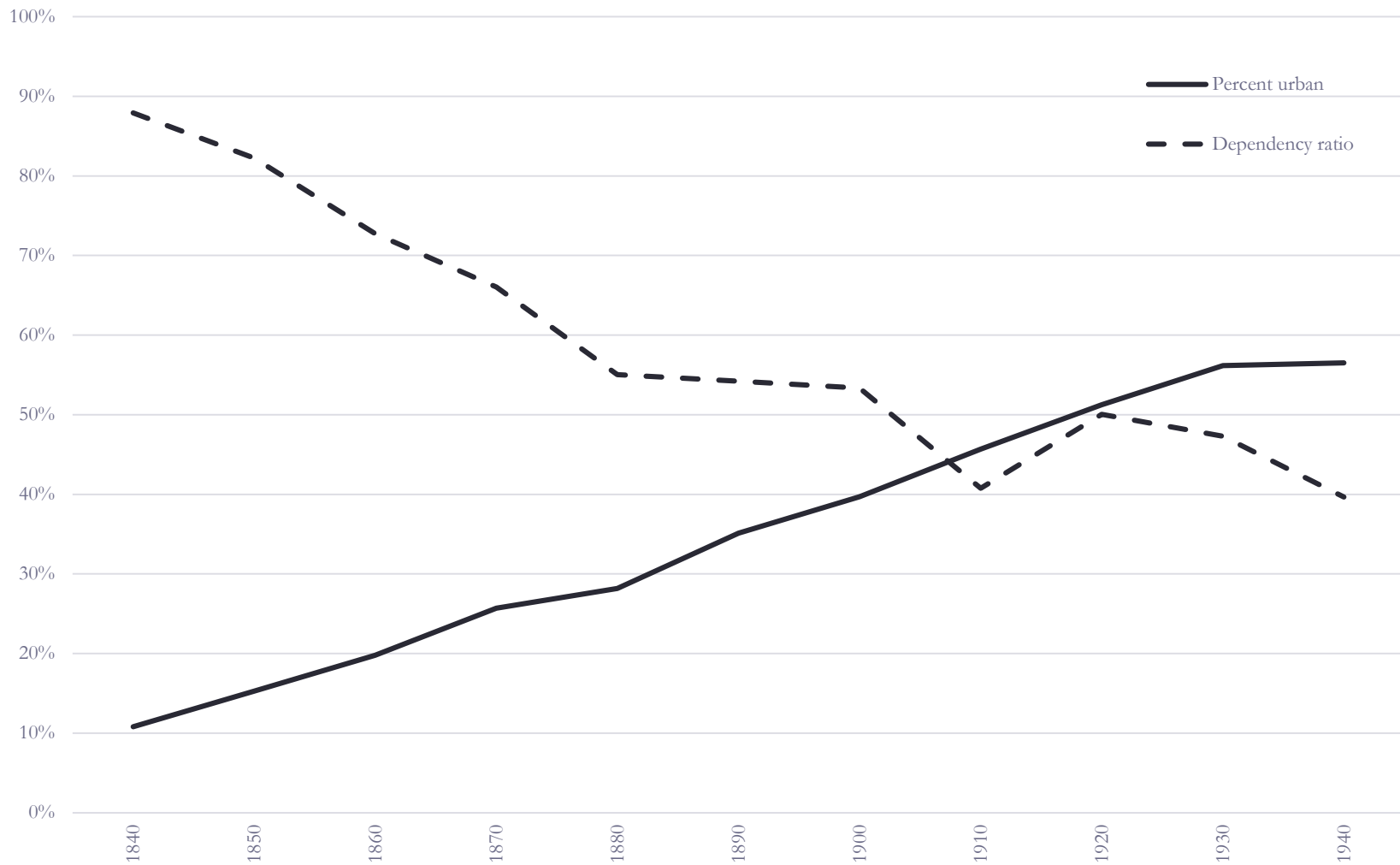


- **England:** 1833 Factory Act, 1872 Public Health Act, 1911 National Insurance Act
- **Sweden:** “Until the end of the 19th century, Sweden was a poor backward agrarian country on the outskirts of Europe” (Salonen 2001)
- **Denmark:** “At the beginning of the 1890s, the Danish [health care] funds covered less than one-tenth of the population, but by 1930 their coverage was two-thirds” (Kangas & Palme, 2005)
- **Japan:** Government sponsored studies of poverty; responded with set of social policy supports (Kasza, 2006; Milly, 1999).
- **Korea:** Engagement with NGOs to implement quality healthcare, education and other welfare programs (Kwon & Yi 2009).
- **Hong Kong:** “government expenditures strongly favored low-income groups, principally through the provision of housing, health, and educational benefits”(Findlay & Wellisz, 1993)

Limiting Social Mobility: Informality

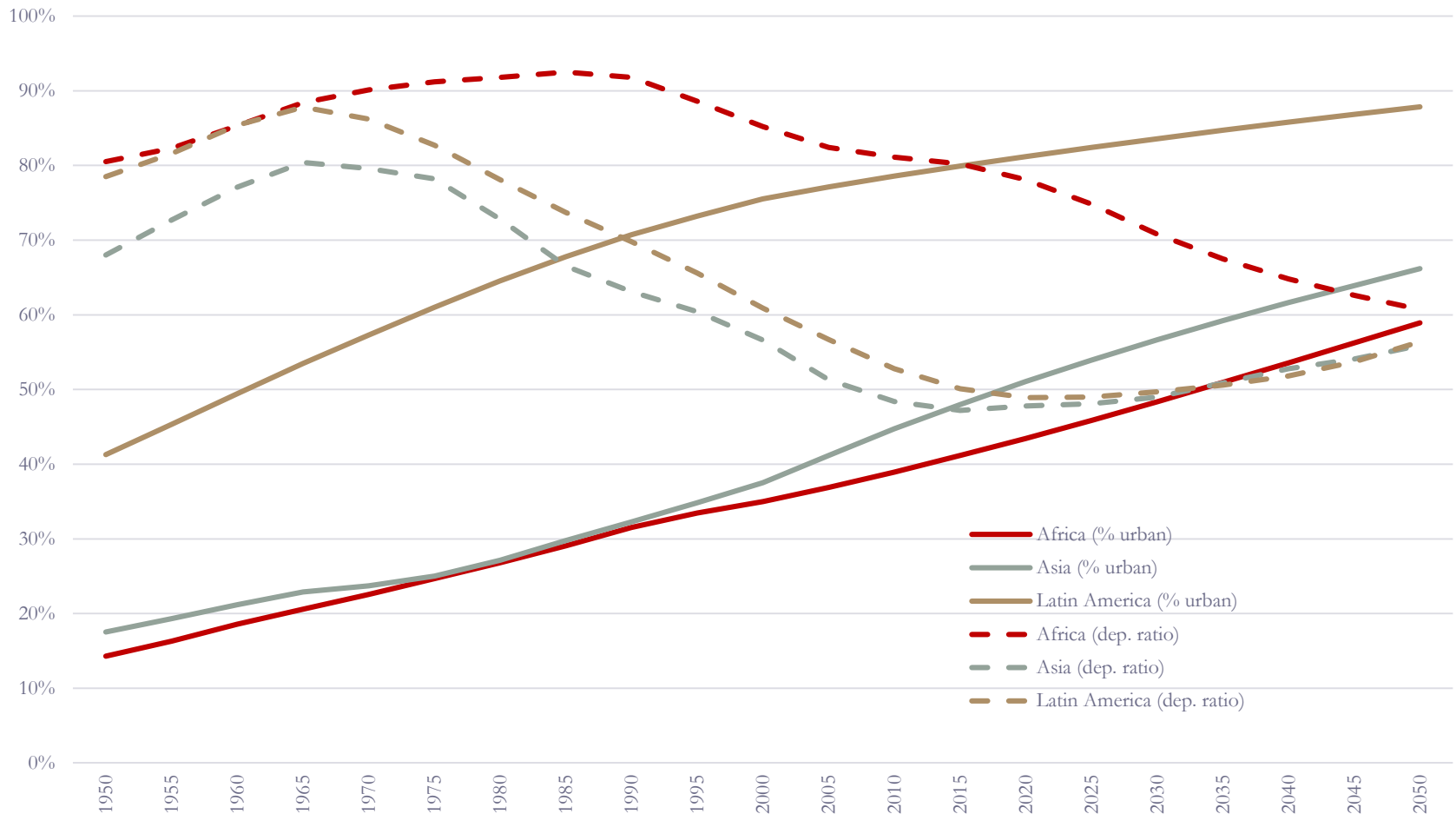
- Today's urbanization often the result of “misery rather than productivity” (Glaeser 2014) or of “reliance on resource exports in developing nations” (Gollin, Jedwab, & Vollrath 2016)
- Differences in drivers of urbanization and externally imposed deregulation have led to proliferation of **informal** economy:
 - Latin America: 47.0%
 - South Asia: 75.1%
 - Sub Saharan Africa: 80.8%
- **Demographics** and **technology** interact with informality to reduce prospects for mobility

Figure 6. Urban population and the dependency ratio in the United States: 1840 - 1940



Percent urban is the percentage of population classified as urban. The dependency ratio is the size of the population under 15 years old and over 65 years old divided by the size of the population aged 15-65. Data are extracted from historical U.S. census reports.

Figure 7. Urban population and the dependency ratio in Africa, Asia, and Latin America and the Caribbean: 1950 - 2050



Percent urban is the average percentage of population classified as urban according to national definitions. The dependency ratio is the size of the population under 15 years old and over 65 years old divided by the size of the population aged 15-65. Data are from World Urbanization Prospects.

New production technologies

Spread of global technology “has created a growing reservoir of less-skilled labor while simultaneously expanding the range of tasks that can be automated”

- The Economist, October 4, 2014

- Industrial history will not be repeated
- Increasing skill gap



Evidence of low mobility from different urban contexts

“Turning to the next generation... adult sons and daughters were better educated but... they faced new and increasingly daunting challenges in a globalized context where few good employment opportunities would present themselves.... Despite their better education, they had been **insufficiently economically mobile** to make it to the gated communities (cuidadelos) where the new middle class lived” (Moser 2009)

More evidence

- Database of over 9,000 slum households across more than 200 slums developed over several years (Rains, Krishna, and Wibbels 2018)
- We employ mixed methods and triangulate multiple data sources to examine social mobility (Rains and Krishna 2019)



More evidence

- Most households experience upward mobility but level plateaus

Stages-of-progress

	Patna	Jaipur	Bengaluru
% moved up	60%	65%	95%
% moved down	16%	16%	02%
% stayed poor	92%	70%	83%
% stayed nonpoor	02%	07%	00%

Occupational mobility

	Patna	Jaipur	Bengaluru
% moved up	31%	36%	43%
% moved down	17%	18%	9%
% stayed in same type of job	52%	46%	47%

More evidence

- Few, if any, slum dwellers, have experienced upward mobility and moved out
 - 73% are native to their city
 - People have lived in current home for average of 20 years
 - Less than 1% of focus groups believed neighbors had moved out to nicer areas in past two years
- *“I am the only government employee here. Out of 150 households, I am the only one. If I haven't reached places myself, then where will the others go?”*
- *“If we have to go anywhere else, it would cost lakhs of rupees. If you were to value this site, it would cost around Rs 15 lakhs to buy a place like this outside... In earlier times, we purchased this place for just Rs 5,000 from another person.”*

Lessons

1. Urbanization is not an automatic elevator
2. Substantial interventions generally required
3. Even more need today for policy interventions
 - Stronger institutional connections
 - Education and health care
 - Social insurance
 - Job creation
4. No pre-existing solutions – need to innovate contextually relevant interventions

Thank you

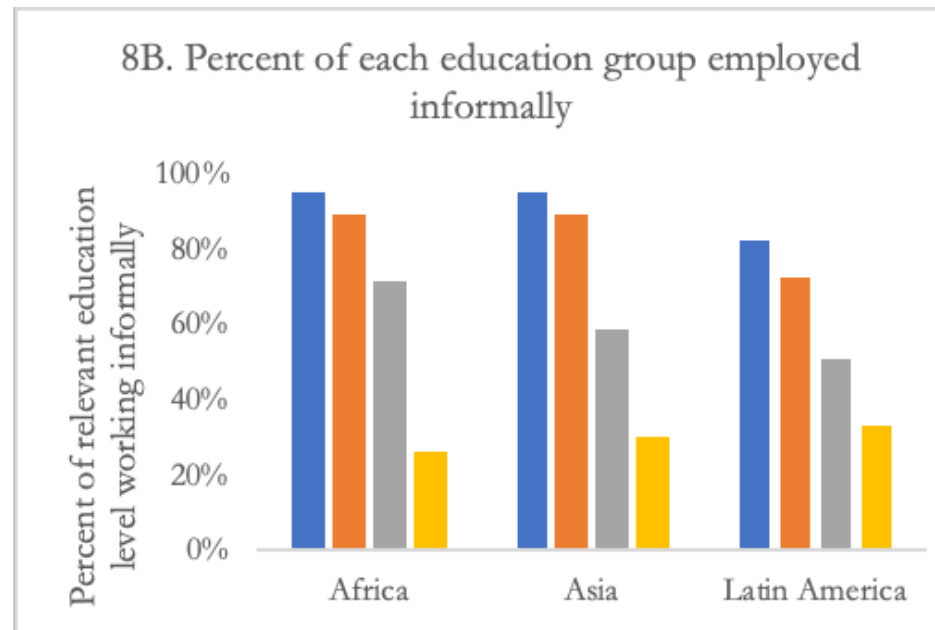
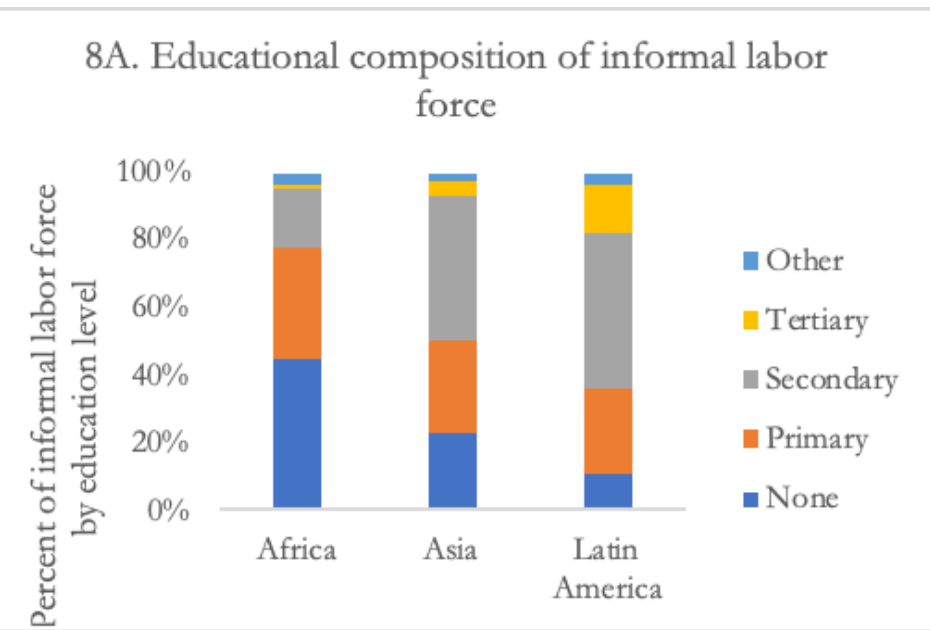
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Demographics

- “When large numbers of people find themselves trapped in [a] trajectory of restricted opportunities, poor health and limited capabilities, **there can be no demographic dividend.**” (UNFPA)
- 37.5% of children enroll in secondary school in LDCs
- Output per worker in low income countries was \$4,228 in adjusted \$ in 2018

Figure 8. Education levels and informal employment



Data are from International Labour Organization.

More evidence

- Slum dwellers experience high levels of volatility, with rates of both upward and downward mobility higher in nicer slums

