MACROECONOMIC DETERMINANTS OF URBAN POPULATION GROWTH IN EMERGING ASEAN COUNTRIES

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Abstract

Economists are torn between three speculations; one that express that population development helps a country's economy by animating monetary development and improvement and another that constructs its hypothesis. For instance, overpopulation and population development puts a gigantic measure of weight on assets, which bring about a chain response of issues as the country develops. The third school of thought is that populace development has any effect on monetary development.

The objective of this research is to find out the the relationship of macroeconomic factors such as Gross Domestic Product (GDP) , Inflation Rate, Interest Rate, and Unemployment Rate , Fertility Rate (, and Population Growth (annual change) with the growth of urban population in ASEAN countries.Urban population growth was used as dependent variable while Gross domestic product (GDP), Inflation rate, Interest rate, unemployment rate, life expectancy and population growth was used as independent variables.The data used is a secondary data, and mostly the sources of data came from EIU Data Country, IndexMundi, and World Bank Indicators. The result of the analysis will be obtained by running the data on E-Views (for interpreting the data). Microsoft Excel was used to combine the data collected and others supporting documents to help with the analysis. The method used in this research is Multiple Linear Regression (Panel Least Squares).

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Chapter 1 : Introduction

1.1 Introduction:

Urbanization is the process by which large numbers of people become permanently concentrated in relatively small areas, forming cities. Internal rural to urban migration means that people move from rural areas to urban areas. In this process the number of people living in cities increases compared with the number of people living in rural areas. Natural increase of urbanization can occur if the natural population growth in the cities is higher than in the rural areas. This scenario, however, rarely occurs. A country is considered to urbanize when over 50 per cent of its population live in the urban areas Long(1998).

An urban area is spatial concentration of people who are working in non-agricultural activities. The essential characteristic here is that urban means non-agricultural. Urban can also be defined as a fairly complex concept. Criteria used to define urban can include population size, space, density, and economic organization. Usually, however, urban is simply defined by some base line size, like 20 000 people. Anyway this definition varies between regions and cities (Long, 1998).

In the 19th and early 20th centuries, urban growth was occurring mainly in the developed nations. The reason for this was the spread of industrialization and the associated rapid increase in the use of fossil fuels. These days the urbanization is much faster than those days and it is most rapid in the Third World countries. Today the largest and fastest growing cities are in developing countries, because of the new urban-industrial development (Envio Facts 2001, Girardet 1996).