

From the Megalopolis-Centered System to the Rural-Urban Balanced Growth for the Sustainability of Developing Economies

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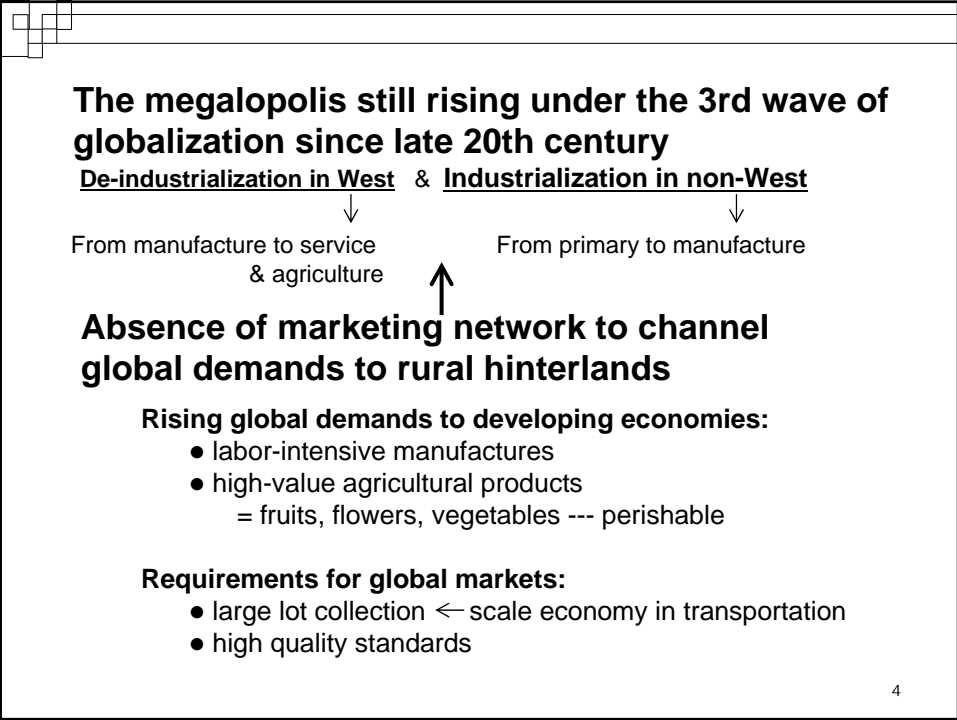
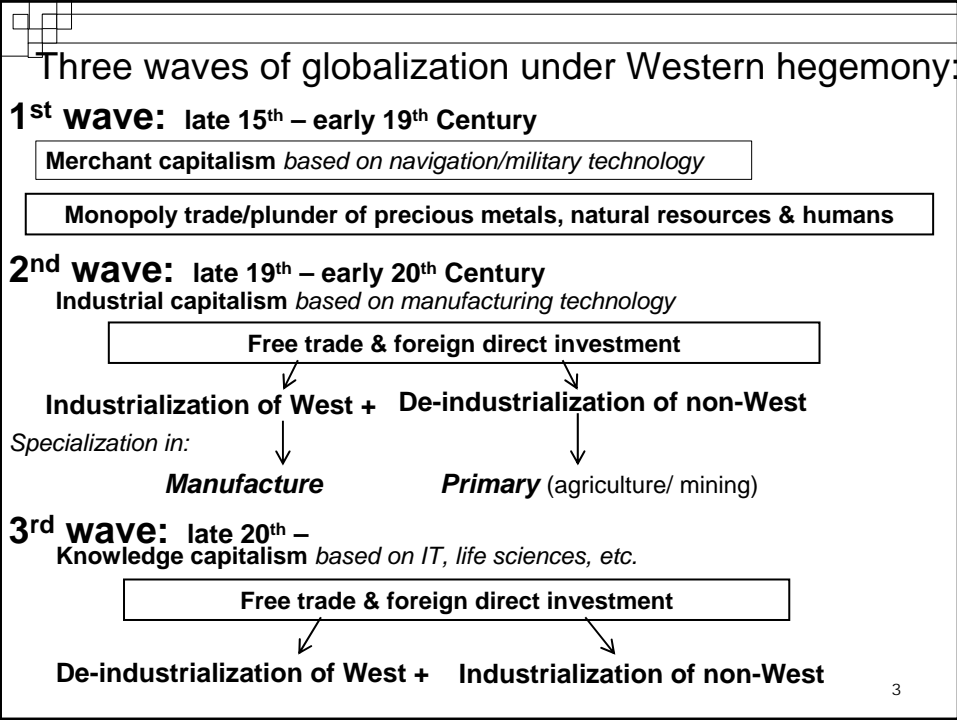
Megalopolis-centered economic system:

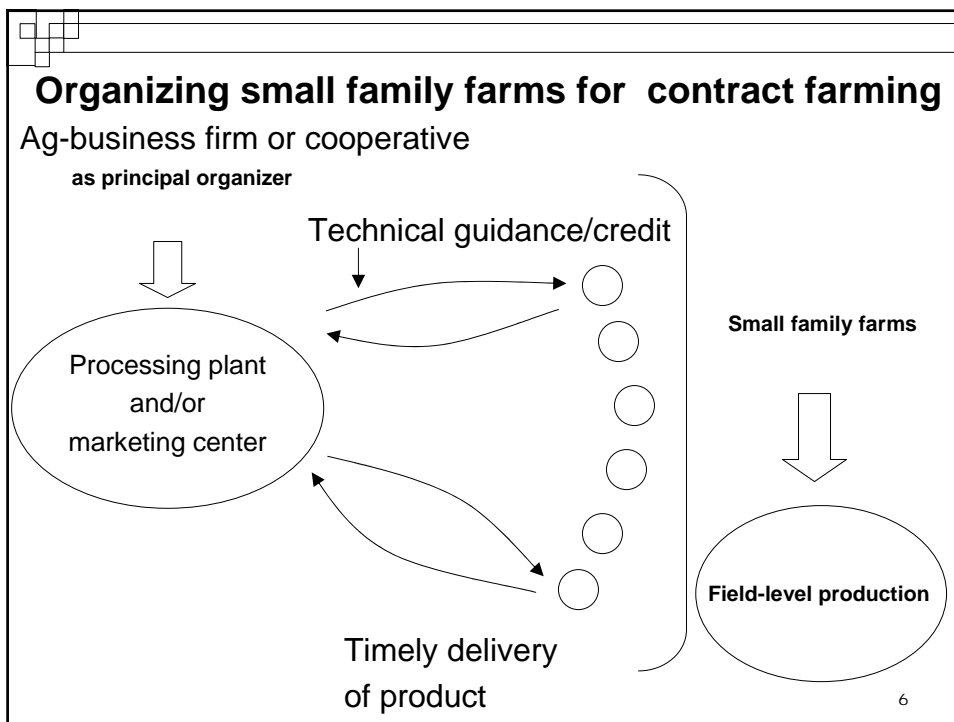
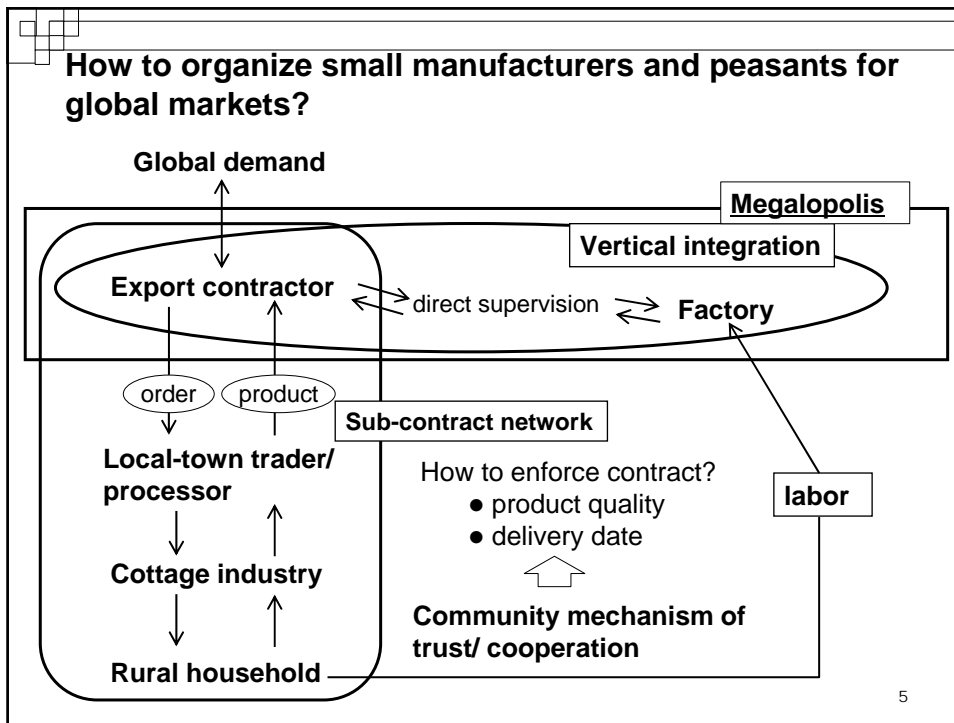
Economic, political and cultural activities and resources are disproportionately concentrated in primate cities and their surroundings that constitute megalopolis. Such a megalopolis complex, typically one in one economy (such as Bangkok in Thailand and Manila in the Philippines) or one in one major region of a large economy (such as Shanghai in the Lower Yangtze of China) dominates the economy to such an extent as to occupy in the order of 10 percent of total population and 20 to 40 percent of total GDP.

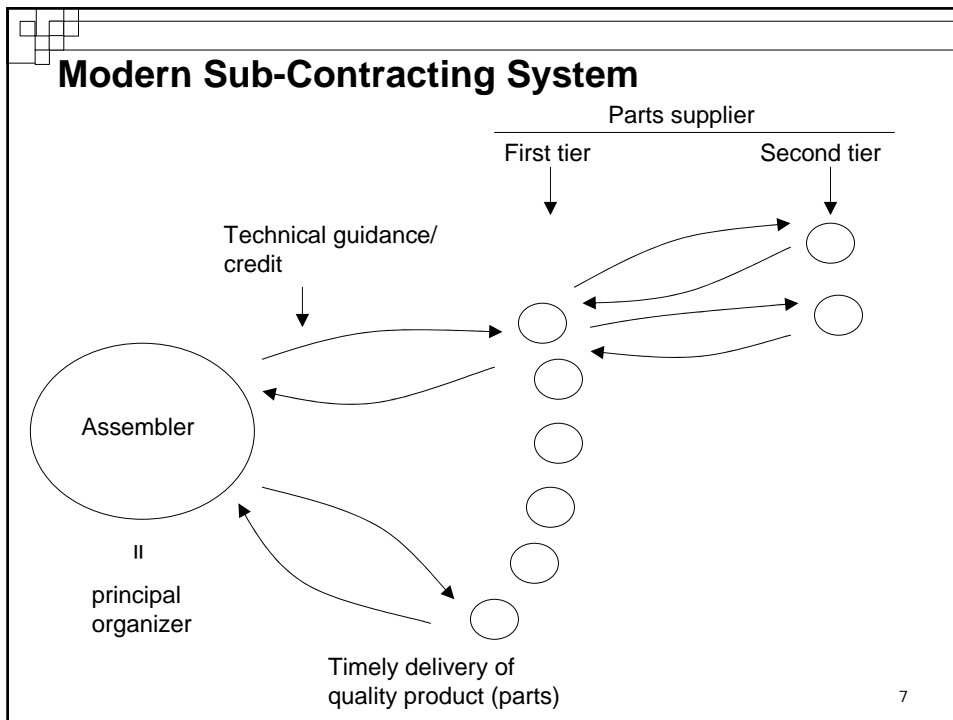
⇒ Urban congestion and pollution ← Seclusion of economic activities from natural resources
(= reliance on non-renewable fuels)
Urban – rural income disparity

Is this system an inevitable consequence of global capitalism for developing economies as popularized by neo-Marxian dependency theorists?

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- ### Policies for channeling global demands for rural producers
- **Government should provide public goods:**
 - **social overhead** = road, railway, IT network, etc.
 - **legal framework** = law, court, police
 - **market infrastructure** = wholesale market, commodity exchange, grading, crop forecasting, agricultural & industrial fairs, quotation of prices in market centers through mass media
 - **education, training & extension**
 - **Research and development** → affective use of local resources for rural producers

 - **Promote market competition:**

If markets are competitive, profit-seeking private entrepreneurs in rural areas will try to make the best use of community relationships for reducing transaction costs in order to win the competition. Resulting efficiency improvements in marketing will benefit both consumers and producers including poor peasants and cottage manufactures under competitive market environments.

On the other hand, if government as well as international development assistance agencies would give special favors to apparently non-profit-seeking organizations, such as cooperatives and self-help associations, by granting some monopoly rights or exclusive access to subsidized credits and inputs, benefits there-from tend to be captured by political elite in communities controlling these organizations; this will motivate the elite to allocate their efforts to rent-seeking activities rather than to activities to reduce costs and improve services in their business for winning competition in the market.
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