

LIVING IN ASIAN CITIES
Impending Crisis, Causes, Consequences and Alternatives for the Future
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Paper 1.

‘Where we have come from: Historical perspective and major trends’

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1. Introduction

Taking a broad historical perspective, most countries have, to varying degrees, been influenced by the political, economic, social and cultural heritage of Europe. This influence has been the predominant force in shaping the present world and continues to this day. For example, the political ideals of democracy and nationhood; economic philosophies of capitalism, socialism and communism; concepts of human rights, including gender equality and freedom of speech; and technologies and styles of management are all influenced by Western thought. Thus, the lifestyles of most people in Asia and the Pacific have been affected. Often what is considered modern and progressive is European or, by extension, American in nature.

Most countries of the region have been directly influenced by the West through colonialism. But even countries that were never colonized have been shaped by the same forces. Three factors in particular have influenced post-colonial Asia, namely the colonial legacy, attempts at nation-building, and the cold war. Countries that were not colonized still adopted Western forms of government because these were considered essential to a modern nation-state. Although some countries broke from the colonial past by creating new socialist societies, these largely replicated the model of the former Soviet Union.

Colonialism has had two major adverse impacts on national development in Asia. First, it shaped the governments in terms of the forms of political system and attitudes towards politics, law and the bureaucracy. Second, it helped to create and perpetuate an elite and middle class who are in tune with and aspire to Western culture and ideals, but most of whose members are consequently unable to understand or react to conditions in their own cities. Hence, too many laws, regulations and practices in Asian government are still based on an ill-suited colonial model. Thus, settlements of the poor are seen as disease-ridden eyesores and dens of crime which need to be eradicated. The approach to the issue of poverty is based on a combination of indigenous and Western notions of charity rather than empowerment. The poor are

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also regarded as unwitting tools that can be politically exploited for elite and middle-class ends.

Many of these attitudes were ingrained through formal education which is still Eurocentric and theoretical in approach. Not surprisingly, they have been strongly reinforced by donor governments and international lending institutions which are also largely Western. There has thus been a continuing tendency to interpret reality through development models and theories that were conceived in developed countries, rather than investigating the actual situation and deriving pragmatic approaches from that research.

The sections that follow explore the implications of this situation for urban development in the region through three historical phases, namely post-colonial nation-building, the age of disillusion with that approach, and the current emergence of a new development paradigm. These correspond very roughly to the periods from the 1940s to 1970s, from the 1970s to 1990s and the present respectively. Particular attention is paid to the plight of the urban poor and low-income settlements. The following papers discuss the options for future urban development that arise from this analysis.

2. Building the nation state and centralization of government

The concept of the modern nation-state is rooted in the European Enlightenment, a philosophical movement of the eighteenth century that believed in the power of human reason and that fostered innovations in political, religious and educational doctrine. It experienced the demise of feudalism and a reduction in the influence of religion in nation-building. Democracy replaced the divine right of kings and nobles. Science and rationalism became the new ideologies. It was thus the precursor of the industrial revolution. The founding of the United States of America was a major manifestation of the new spirit, the concepts of which were transferred to Asian elites through colonialism and Western dominance.

After the Second World War, Asian elites tried to impose these ideals on their newly independent countries. This period, roughly from the 1940s into the early 1970s, could be regarded as the era in which countries of the region tried to build modern nation states. Countries with diverse ethnic and social structures, most of which had never formed single political entities before colonialism, started to build nations which were supposed to act as one entity, joined by a common national language and sharing a common ideology and mythology. Even countries that were never colonized underwent this transformation, in some cases even earlier than those which were colonized. In Thailand, for example, King Chulalongkorn the Great decreed around the turn of the century that all citizens should have Thai surnames, presumably to achieve national unity. Chinese, the predominant language of Bangkok's trading community, was banned and Chinese language schools were prohibited. In fact, until quite recently, Thai children could not study at international schools.¹

National myths were created. In Thailand, for example, the Thai script was said to have been invented by King Ramkhamhaeng of Sukhothai. Theories of its evolution from the Divanagri script of the Indian subcontinent were either ignored or consigned to academia, far removed from common knowledge. In Malaysia, Indonesia and Viet

Nam, scripts based on Arabic and Chinese were abandoned for romanized versions because these were considered "modern and scientific".

The Cultural Revolution in China and the mass depopulation of cities in Cambodia are other examples of attempts to create new, "scientific" societies. Myanmar's attempts to suppress ethnic identities resulted in an ongoing low-intensity civil war in the eastern and northern parts of the country.

[Box 1: City structures during the British Raj](#)

The creation of a modern nation-state was seen to require strong centralized governments which could create national symbols with which people could identify. Even in countries with federal systems of government such as Malaysia and India, political parties that had won independence from the British retained a strong hold on power at the centre as well as in the states, thereby assuring de facto central control over nation-building. But this approach also required the portrayal of national governments as agents of progressive change. This view was not difficult for people to accept during this period owing to the rapid expansion of the global economy and advances in technology and sciences in which the new nations shared. For instance, this era saw the emergence of television as a tool of mass entertainment and communications, as well as the green revolution in agriculture and rapid, capital-intensive industrialization. In the social sector, the same growth led to increases in nutrition and literacy, decreases in child mortality and increased life expectancy. Thus, the prevalent, easily acceptable idea was that the development models, whether capitalist or communist, had been worked out by the developed countries. All developing countries had to do was to follow the same path.

2.1 Impact on local urban government

Governance in pre-colonial Asia and the Pacific was shaped by essentially four influences: tribal traditions, divinity and complete supremacy of the monarch, Confucianism and Islamic Shariah. Divine rights of rulers and Confucianism, were based on tradition that all power and authority flowed from the emperor or king, and consequently every one had to look after his interests.³ While the traditions of tribalism and Islamic Shariah stipulated that the rulers had to look after the interests of the society as a whole. Over the course of history all these influences intermingled. In almost all countries the interests of the monarch or the ruler were considered paramount. The tradition of "public service", that the government had to serve the people, was somewhat weak. Even in countries with tribal traditions and Islamic Shariah, these were usually distorted to serve the interests of the rulers and the elite. Moreover, in many societies with tribal democratic traditions, these gave way to heredity rulership. Often governors or local officials were removed not because of their poor record of service to the people but because they displeased the king or the rulers. At the local level, at least in India⁴ and in some parts of China,⁵ there were formal or informal consultative councils of eminent citizens who advised the ruler of the city. However, the responsibility of governance rested with individual officials who in many cases were in charge of both civic and military affairs. In the early colonial era, the colonizing powers essentially left existing local government structures intact. It was only in later stages, towards the second half of the nineteenth

century, that local government structures were formalized, often based on models from the home country.

Such governments were often non-representative. However, towards the end of the colonial era, "native" representation was often allowed in order to meet some of the self-rule demands of the colonized populations. Because of their colonial nature, these governments catered primarily to the needs of the administrative and business elite of the colonizers and their native counterparts. At independence, however, even these nascent forms of representative local government were seen as running counter to the requirement for strong central government. They were therefore often superseded by centrally appointed civil servants who had veto powers over the decisions of local councils. In other cases, local councils were given limited legislative and regulatory powers which were administered by centrally appointed bureaucrats. This pattern still continues in many countries today. In Thailand, for example, cities other than Bangkok have very weak local governments whose decisions must be cleared by provincial governors appointed by the Interior Ministry in Bangkok.

As a result of this post-independence focus on developing national political and administrative structures, local institutional and administrative development was either ignored or given low priority. There had in any case never been a tradition of local government which was often seen as a potential source of upheaval against central power. Hence career opportunities in local government were practically non-existent. In many instances, local governments were seen as impediments to rapid national development and their limited powers were further curtailed. Most national constitutions, promulgated after independence, did not consider local government as a legitimate level for popular representation. Provincial or national governments were thus empowered to establish or dissolve local bodies. In Pakistan, for example, a district commissioner who is often a mid-level bureaucrat of the Pakistan Administrative Service, can dissolve an elected local council at the behest of the provincial government.⁶

Thus instead of building local capacity to manage rapidly growing cities, top management echelons at the local level were filled by centrally or provincially appointed civil servants. In India, Bangladesh and Indonesia, most local administrative decision makers are members of the national civil service and can be transferred from city to city or between central and local government at the behest of the national government.

Local governments were, and in many countries still are, responsible for the delivery of services and the raising of revenue through various forms of property tax, other local taxes and the issue of licenses. However, because their capacities were not developed, local governments became increasingly unable to maintain the local tax system. In many countries, therefore, local revenues were supplemented by central government grants. In Malaysia and Thailand, for example, 35 per cent of local funds are provided by the national government as loans or grants. Most of this money is used for capital investments in urban areas.⁷

The ability of municipal governments to raise revenue and provide adequate services continued to deteriorate as city populations grew while their administrations remained trapped in the bureaucratic traditions and staffing patterns of the past.

For these reasons, local government service became increasingly demoralized and underpaid. It offered few career opportunities to capable and ambitious professionals. This compounded the local authorities' inability to provide and maintain adequate services and made it almost impossible to formulate and implement forward-looking development projects.

In addition to these shortcomings, governance in general, and local governance in particular, suffers from a duality of traditions. While formal local governments are a legacy of the colonial era, the traditional forms and attitudes have also survived to some extent. The result has been essentially a duality of government structures, where formal government institutions are set up on the Western model while governance itself is often carried out on a traditional and informal system. One often finds mayors, governors, district officers holding "court" in their offices and dispensing and receiving favours. Decisions are often arrived at through informal channels and through personal connections. This dual system of government results in government institutions being non-transparent and those controlling them averse to change in the status quo.

[Box 2: Revenue collection at the local level](#)

2.2 Economic and physical development policies and their impact on the poor

The main economic development strategies that were pursued in the immediate post-independence era were rapid urban industrialization, particularly among capital-intensive medium and heavy industries, and increased productivity in the agricultural sector, achieved through land reform, mechanization and the use of agro-chemicals. The basic development philosophy in many countries was that rapid modernization of the industrial and agricultural sectors would create general wealth that would eventually trickle down to the urban poor. Within this general context, urban development policies often concentrated on planning and developing modern cities. Satellite towns and new subdivisions, on the models of developed countries, were built. In some countries completely new cities were established. Le Corbusier, a French/Swiss modern architect-planner, was engaged by the Government of India to plan Chandigarh, the joint capital of Punjab and Haryana states. Islamabad is another example -- a city built from scratch, with wide tree-lined boulevards, according to a master plan developed by Doxiades, a Greek consultant. Even today it is known as a city 14 kilometres away from the rest of Pakistan.

These strategies, together with advances in education and health care, had two major impacts on urban areas. First, they led to a rapid increase in urban populations. Second, they concentrated additional wealth among the already rich and, to some extent, the middle classes, at least in the capitalist and mixed economy countries. These developments, together with centralized government and the distinct urban bias in government investment policies, particularly through food and urban services subsidies, then led to the creation of mega-cities. In Thailand, from 1980 to 1990, for example, roughly 70 per cent of total government investment in the urban sector was spent on Bangkok, already a primate city, while the rest of the funds were shared by all other urban centres.⁹

In most cases, the poor were essentially left out of this march towards modernization. Although they were supposed to benefit from "trickle down", centralized government effectively ensured that it did not occur. In these processes, decision-making was dominated by a limited number of politicians, bureaucrats and leaders in the private sector. The urban poor thus found themselves marginalized. Nevertheless, the region's cities still constituted powerful "magnets" so that most of the rapid urban population growth in the 1950s and 1960s was due to rural-urban migration, resulting from both push and pull factors. As cities expanded, another important growth factor was that many peripheral villages became incorporated into urban areas. Moreover, in some countries, the struggle for independence also added to urban migration.

The weak institutional base of local government meant that city planners and managers were unable to cope with this rapid increase in urban populations. There was already in some cities a backlog of non-serviced or poorly serviced land in "native" settlements but these problems were then exacerbated by the influx of fresh migrants. The result was a rapid increase in urban slums, squatter settlements and illegal subdivisions where the poor worked at traditional labour-intensive modes of production.

Similarly, the formal urban economy was unable to absorb the expanding labour force. While the luckier among the poor found jobs in formal sector industries or the public sector, the more enterprising members of the community started small service or manufacturing ventures to meet their own needs as well as those of the lower middle classes. However, these small-scale enterprises were not legally recognized by governments, which were, and in most cases still are, biased towards modern, more capital intensive activities. The poor thus developed their own mechanisms for providing housing, employment, social services and finance. Power relations within urban communities were often defined by patron-client networks. In these, the wealthier among the poor dispensed favours and cash in return for loyalty and various forms of *corvée* labour.

The formal government response to this unexpected and unwelcome by-product of development was essentially one of denial. The urban slum and squatter communities became classified as an under class that was at best a transient phenomenon which further economic development would soon eradicate. At worst, they were seen as aberrations in society which needed to be stamped out. Thus instead of recognizing the entrepreneurial drive and dynamism of the urban poor and seeking to encourage it, government officials and other elites either ignored or tolerated the slums in the hope that they would eventually disappear. At the other end of the scale, the communities were harassed as being detrimental to the overall vision of the 'modern' cities.

Hence, policies towards the poor, even where these were explicitly formulated, had a paternalistic air of "government knows best". The poor were considered incapable of taking care of themselves otherwise, it was reasoned, they would not have been poor. This philosophy, together with the notion of a technology-led development that would eventually benefit everyone, was propagated and supported by the international donor community. In terms of shelter, this approach led to the provision of high-rise low-income housing, which, emulating public housing construction in post-war Europe, had appeared to be the solution to low-income housing problems in developed

countries. Unfortunately, little attempt was made to understand the socio-economic environments of the supposed beneficiaries in this region.

These attempts to improve the housing conditions of the urban poor failed miserably. Governments soon found that provision, for purchase or rent, of subsidized housing was too expensive for national budgets. Where such housing was provided at cost, it proved to be unaffordable by the beneficiaries. Furthermore, as the poor depended on petty trade and labour-intensive ventures which often used the house as a place of business, they were unwilling and ill-suited to live in multi-storey apartments. Moreover, the informal settlements had developed their own community-based political, social and economic support systems which government housing, by its very nature, was unable to provide. Thus, many of those who had been allocated apartments sold them up-market and moved back to their slums and illegal settlements. The initial reaction of most government officials and elites was to blame the poor as ungrateful and opportunistic money-grubbers, exploiting public subsidies. This attitude still prevails among many government officials, politicians and the social elite.

3. Disillusion and the rise of socialist approaches to development

The capital-intensive forms of development of the early 1950s and 1960s ensured that only those who controlled the modes of production or had access to capital benefited. This left a sizeable portion of society in poverty. A powerful clique developed comprising politicians, bureaucrats and the rich which made decisions for the rest of the population. In countries with strong military traditions, army officers either formed or joined the cliques.

At the same time, the cold war was at its peak with both capitalist and communist blocs fighting for the hearts and minds of the people of Asia. Thus, as inequities in the distribution of wealth became more and more evident, and as awareness of socialist approaches expanded among the educated middle and lower-middle classes, disillusion with existing development models and with the role of government started to develop. In the socialist countries, the excesses of collectivization of agriculture and industry, as well as forced attempts to rapidly modernize the economy through capital intensive heavy industry, also led to disillusion among the people.

Consequently, an increasing number of intellectuals started questioning the role of governments as agents of progressive change. This led to demands for the redistribution of wealth and a greater role for people in determining policy. However, the cold war caused many unpopular regimes to be propped up, mainly to contain communism. As a result, anti-government armed movements were born, particularly in South-east Asia. The most successful of these led to the reunification of Viet Nam and the demise of unpopular regimes in the Lao People's Democratic Republic and Cambodia. In other countries, a cascade of lesser events emphasized the breadth and depth of popular disillusion. These included the resignation of Ayub Khan in Pakistan and the secession of Bangladesh, as well as the electoral defeat of Indira Gandhi in India and her subsequent trial for abuse of power. In Thailand, the student riots of 1973 and 1976 proved pivotal as were the democracy wall movement in China and the trial of the Gang of Four who had instigated the worst excesses of the Cultural Revolution. The race riots in Malaysia and the communist insurgency in the

Philippines also epitomized this sense of disillusion. This era led to the rise of pseudo-socialist governments in capitalist countries which tried to gain greater control of their economies through nationalization and populist rhetoric and policies. In communist countries, slightly greater decision-making powers were provided to lower levels of government, particularly in economic matters.

3.1 National government intervention in local government

In response to these broad societal changes, national governments began to try to develop cities on more equitable lines. However, because "equitable" development models were inspired by centrally planned socialist countries, national government interventions at the local level further exacerbated already weak conditions of local governments. The chief means of these interventions were semi-autonomous parastatal agencies or quasi non-governmental organizations (quangos) that effectively bypassed local government. A range of such agencies responsible for different aspects of urban development were established throughout the region.

These agencies took several forms, including special project offices that were set up to execute particular projects and then disbanded upon their completion. Invariably, such project offices were for the design and execution of internationally funded projects and were staffed by international consultants who left both the project and the country on the projects' completion. The expatriates usually had local counterparts seconded from other government agencies or departments, as opposed to the local government department that should have been responsible for the project. So the counterparts left at the same time as the foreigners, thereby undermining any possibility of continuity. These circumstances were not confined to projects run by foreign consultants. For instance, the design and supervision of the World Bank-funded North East Lahore Sites and Services project in Pakistan was undertaken by a special project office contracted out to a local firm of consultants. However, this firm was perhaps even more distant from the municipal corporation and the Lahore Development Authority than any overseas consultant could afford to be. As a result, not only did the project drag on for many years, but it incurred substantial losses.

Another frequent problem arising from the exclusion of local authorities from the design and implementation of urban development projects was the assumption that local agencies automatically had the capacity to absorb the routine management and maintenance functions once the project was handed over to them. Often this was not the case. For instance, the Tondo Foreshore Dagat Dagatan Development Project office was set up in the Philippines National Housing Authority (NHA) specifically to manage the upgrading of the Tondo Foreshore, with the intention that, once complete, it would be closed. However, the project office had to be kept on as a separate management office in the NHA long after the formal completion of works because the metropolitan authorities were unable to absorb the loan recovery and infrastructure management functions that had been planned for them.

The most significant of the quangos were the urban development corporations (UDCs) or authorities (UDAs) that were established in many cities in the region in the 1970s. For many, the model was the Singapore Housing Development Board which in 1960 emerged from a transformation of the Singapore Improvement Trust which had been in existence since 1924. This style of development authority had a significant

capital budget and powers to borrow on the open market. It could also acquire and develop land and enter into partnerships with, or compete with, the private sector. Many UDCs were intended to provide project design, finance and coordination services only. Other agencies, including local government, were to implement development projects and manage them upon their completion.

Another rationale behind the creation of UDCs was that urban growth had exceeded municipal boundaries so that supra-local bodies were needed to develop and plan cities from a regional perspective, embracing peri-urban and rural districts, beyond the municipal boundaries. However, the more powerful and successful UDCs, frustrated by the inefficiency of the implementing agencies and the complexities of coordinating them, soon took over the implementation and management of projects and programmes as well. A well-known example is the Calcutta Metropolitan Development Authority (CMDA) which was established in 1970 with a staff of 40 and a mandate to coordinate, finance and supervise the implementation of projects by a total of 89 different municipal and state agencies. Because of its inability to coordinate these agencies, CMDA gradually took over project implementation and management functions so that by 1985 its staff had grown a hundredfold to 4,200, divided between nine operational directorates.

At the other end of the scale, however, some UDCs were little more than town planning departments with their responsibility confined to the determination of land uses and the exercise of development controls. Nevertheless, whatever their mandate, UDCs were constitutionally independent of elected local government and in many instances operated with little, if any, reference to it, despite performing many of its traditional functions.

There can be no question that the better resourced UDCs increased the overall level of formal urban development and enhanced the role of appointed public sector professionals. However, in doing so they also contributed substantially to undermining the already weak status, power and skills of elected local government and seriously inhibited processes of participation and the local control of development.

Another aspect of this process was that, in addition to the establishment of quangos, central governments in several countries in the region transferred the daily management of local services from municipal authorities to central agencies, rather than attempting to strengthen local capacity. For instance, in Malaysia, federal and state government agencies have assumed direct responsibility for the delivery of local services. In 1975, the Metropolitan Manila Commission was appointed by the nation's President to coordinate the management of local services including fire-fighting, garbage collection and traffic control but it was not long before it assumed de facto responsibility for the daily management of these services.

The strengthening of local government has also often been thwarted by the lack of coordination between central government ministries as well as the division, rather than integration, of responsibilities that managerially cohere at the local level. For instance, in the 1980s, the Government of Nepal created a special Ministry of Housing and Physical Planning that was separate from the Ministry of Local Development. An uncommon exception to the usual separation of local government

from the major line ministries such as Works and Housing occurred in Sri Lanka in 1977 when a very powerful Ministry of Local Government, Housing and Construction was created.

Thus, by the end of the 1980s, when pressure was growing throughout the region for both economic and administrative reform (structural adjustment) based on deregulation, decentralization and the devolution of authority to locally accountable bodies, many city administrations were in a weaker position *vis-à-vis* the rest of society than at any time in the preceding 30 years.

3.2 Public sector intervention in low-income housing

Direct public sector intervention in urban housing grew directly out of widespread and growing disillusion with the initial patterns of national development in the region. It thus began in most countries in the 1960s and 1970s and represented perhaps the single most important attempt by governments to make cities more equitable. It comprised public provision of housing finance, the development of land, or the construction of dwellings for rent or sale. Ministries of housing and government housing departments and agencies were established for the purpose. For instance, in India the majority of the state housing boards were set up in the early 1960s while the Housing and Urban Development Corporation (HUDCO) was established as a 'second tier' national housing bank in 1972. The Indonesian National Housing Corporation (Perumnas) and the National Housing Policy Board and Mortgage Bank were constituted in 1974. In the same year, the Thailand National Housing Authority was established as a consolidated public housing agency by merging the Welfare Housing Office of the Public Welfare Department and the Slum Improvement (clearance) Office of Bangkok Metropolitan Administration (BMA).

However, for the reasons just described, public low-income housing was generally provided by parastatal agencies through programmes that failed. Consequently, the history of direct public sector involvement in urban housing in the region has been that of the initiation of ambitious housing programmes for low income groups, followed by the gradual withdrawal of government agencies. This process of apparent retreat has been occasioned not only by governments' inability to meet their construction targets, but has also been in response to changes in the understanding of the role of housing in urban social and economic development. It can be characterized more positively as a three-stage sequence of increasing involvement of individual households and communities in the production of officially recognized housing, leading eventually to the current "enablement" paradigm of support-based partnerships between government, communities and individual households. At the risk of gross over-simplification, this sequence can be identified within the last three decades as follows:

- the public works tradition of government-built housing and slum clearance programmes that, in the sequential model presented here, is most readily identified in Asia with the post-independence period of the 1960s;
- the organized (or aided) self-help movement that was strongly promoted in the late 1960s and early 1970s;

- sites and services projects and slum upgrading programmes that got under way in the 1970s and continued throughout the 1980s in most parts of the region.

A brief review of these stages of policy development is in order before starting a discussion of the "enablement" paradigm because it provides a useful introduction to the current state of the art. It should be remembered, however, that all stages are still current policy in different countries of the region. Thus, although the passages that will follow shortly are written in the past tense as though the strategies they describe form a sequence that is now behind us, they are in fact in one form or another still very much part of the present situation.

Before beginning the review, it is important to realize that prior to these policies, governments throughout the region regarded the production of housing for ordinary people not in government employment as a private sector affair. Such activities were influenced only indirectly by government through programmes that regulated in some form or other through the investment of resources in the development of land for residential use. The most common forms of such intervention were:

- land use zoning and development controls to secure orderly and compatible land use and to control the environmental quality of different areas of cities;
- property taxation policies to generate local public revenue on the basis of notional differentials in the distribution and consumption of urban services;
- rent control legislation to fix rents charged by private landlords so that low-income households could find affordable housing;
- controls on the extent of individual property holding in urban areas in order both to redistribute the property of large urban landowners to their low-income tenants and to reduce the extent to which landowners could profit from exploiting the demand for housing by lower income groups. This measure was confined to India, Nepal and Sri Lanka.

Inevitably, the impact of such measures on the housing that was built, particularly by the lowest income groups, was determined by the extent to which local authorities were able to enforce them. Thus, while in upper income areas the land use regulations and building controls were relatively easy to enforce, this was not the case in the large and growing low-income neighbourhoods where such public controls were and still are virtually impossible to police. Such was the regulatory framework at the beginning of the 1960s. Bearing in mind the caveats already expressed, subsequent government intervention has broadly followed a three-stage trajectory.

3.2.1 The public works tradition of government-built housing and slum clearance

The first stage, often referred to as "conventional" housing policies, stemmed from the new political need for governments to be seen to intervene in the housing market in support of the lowest income groups. It was also due to a genuine concern for the orderly physical growth of cities and the appearance of the urban building stock. The aesthetic homogeneity of residential areas, to some extent a legacy of the post-war modern movement in architecture, became a symbol of public affluence, good health and social wellbeing with which governments and city administrations wanted to be

identified. It was genuinely believed that governments could provide subsidized housing for all but the very poorest.

The result was the establishment of new public housing agencies or the expansion of existing ministries or departments of public works at the national (or state) level. Virtually no public housing authorities were established at a municipal level. Their first task was to set or adapt standards of space and construction that defined a "minimum standard dwelling" that was deemed acceptable by the professional and political staff of the agency. As these officials belonged to the middle classes, the standards, although reduced, were still more suitable for middle class steady income earners than the poor. These standards became statutory norms for the production of new housing against which the existing urban housing stock could be measured in order to establish the extent to which it needed replacing, for example, "a minimum of 25m² of habitable living space, of permanent construction with direct access to a supply of potable water and water-borne sanitation".

The outcome of this exercise, together with estimates of residential overcrowding, constituted a notional "housing deficit" which, when added to projections of future population growth and the formation of new households, provided an arithmetical figure of "housing need". To this calculation was applied an estimate of those present and future households that could not afford even the "minimum standard house" at private sector market prices: typically a very large proportion. This became the basis on which targets were set for the production of subsidized dwellings by the government for the lowest income groups. Such targets were rarely achieved.

[Box 3. Housing production targets - India](#)

Such public housing programmes are typified by tenement blocks of minimal-sized apartments or individual single storey dwellings of relatively high standard permanent construction with individual utility connections. They were commonly located on the urban periphery where land was available and cheap, but were therefore far from centres of employment and social amenities and with only tenuous and costly transport links. They were designed by government architects and engineers whose aim was to produce the lowest cost structures that could meet both the standards set by the by-laws and the professionals' view of "how the urban poor should live". There was rarely any attempt to study the particular needs of the intended users, let alone to consult them. The beneficiaries, who were officially qualified by having incomes below an established ceiling or who had been displaced by a slum clearance programme, had no part in the decision making that determined the location, design, standard of construction or management of their housing. There was therefore little chance that it could respond to the individual needs, demands or aspirations of any of its occupants, and no chance that it could respond to those of all of them.

Official controls very often extended to the use of the dwellings themselves, for example: No commerce; No tenants; No animals or market gardening; No extensions or modifications to the building. These arbitrary restrictions were placed upon households that were invariably dependent on being able to supplement small and irregular incomes through such activities, not only in order to feed and clothe themselves, but also to pay for the housing whether it was allocated by hire-purchase of an eventual freehold or rented on leasehold. And, despite the subsidies that were

built into the housing, many occupants could not afford the rent, even though the housing was supposedly designed for them.

A major consequence of this was that many housing units were sold or transferred by their intended beneficiaries to wealthier households for whom permanent accommodation had a higher priority, either as a home or as a capital or income-earning investment. The official reaction to this perfectly rational behaviour was frequently one of "moral outrage" couched in terms of the "ungrateful and mercenary" response of the urban poor in using public subsidies ("government charity") with which to speculate. Rarely was it understood or accepted that for low-income households living close to the breadline, the responsibility for real estate was often low on a list of livelihood priorities for survival, particularly when a subsidized dwelling represented a valuable asset to exchange either for a lump sum or for rent.

[Box 4. Missing the mark: public rental housing in Bangkok](#)

In situations where resale, transfer or subletting were uncommon, usually in rental housing estates which had been cheaply built to save capital costs, environmental conditions tended to deteriorate very rapidly. To a large extent, this stemmed from the occupants' exclusion from any direct involvement in the design of their dwellings, and the consequent perception that they had no responsibility for the maintenance and management of their homes and the common spaces around them. This responsibility was seen to rest with the landlord: the housing authority. However, the public housing agencies were unable to fulfil their management and maintenance functions owing to a shortage of resources. Thus, new, high-cost, slums were created very rapidly. For example, many of the tenement blocks built by the Tamil Nadu Slum Clearance Board in the 1970s were already classified as slums by the late 1980s. Together with more "traditional" slums and shanties, they were high on the priority list for demolition or slum improvement by the Board itself.

A slightly different aspect of low-income housing provision was slum clearance. Although the two activities often went hand in hand, slum clearance achieved its own rationale when governments saw it as their responsibility to rid cities of the unhealthy and unsightly slums and shanty settlements that were springing up at an ever-increasing rate. Slum clearance programmes usually concentrated on the removal of self-built shanties instead of dealing with overcrowded, run-down central area slums in old buildings which presented much more difficult problems involving complicated ownership networks and issues of design and construction in or close to central business districts. A notable exception was Bombay, which in 1970 set up a Buildings Repairs and Renewal Board to improve sanitation and structural safety in old central city tenements ('chawls'). These provided single-room accommodation for thousands of low-income families.

In general, slum clearance programmes solved few problems. They effectively depleted a large proportion of the urban housing stock and destabilized and alienated some of the more vulnerable communities involved in urban development. For example, as Seoul prepared for the 1988 Olympic Games, world attention was drawn to its long history of evictions and slum clearance to little real effect involving millions of low-income citizens. Similar accounts involving the destruction of hundreds of thousands of modest but affordable dwellings abound across the region.

In Manila, 90,000 people were evicted and their dwellings demolished in a single three-month period in 1964. A 1985 study found that some 272,000 people in Bangkok were under threat of eviction. In 1975-1977 more than 150,000 people lost their dwellings in Delhi as part of a city beautification programme.

Despite ambitious intentions to rehouse slum clearance victims in new public housing, very few were actually rehoused. Even then, they were often moved to new sites on the urban fringes or beyond, where land was cheap and they were "out of site". Such locations were far from centres of employment offering work suitable for semi- and unskilled people who then had to spend a large proportion of their low and usually unstable incomes on transport. In addition, such new low-income housing areas, typically populated by young and migrant populations, were often underserved with basic health and educational facilities. Thus, slum clearance tended to be merely slum relocation as households were forced to start the painful and alienating process of once again illegally setting up their homes in a different place, while waiting for the next round of slum clearance to catch up with them. There were occasional reversals of these programmes where communities were sufficiently organized or assisted to be able to resist them.

[Box 5. Manila's Tondo Foreshore](#)

At a different level, public housing projects put a major strain on the construction and building materials industries. These were already under pressure from other national and urban development efforts. This strain was aggravated by the perception that investment in subsidized housing for the lowest income groups was not economically productive. At best it was classified as a politically necessary 'social overhead'. Even in socialist mixed economy countries, housing was not considered to be a basic welfare function of the state, such as health care or education. There was therefore constant pressure to reduce the costs of public housing programmes or to curtail them in order to release resources to the more obviously productive branches of the construction sector such as civil and agricultural engineering, transport and industry.

There were two common responses to such pressure. These were either to reduce the subsidies or to cut the costs, or both. The reduction of subsidies meant recovering a greater proportion, if not all, of project costs from the beneficiaries. But this, in turn, meant accepting higher income groups as beneficiaries, effectively excluding the previous lower-income target group from public housing projects. For example, in 1988, the Indian Housing and Urban Development Corporation (HUDCO) merged the two lowest income categories in its classification system for loan eligibility, thereby effectively releasing state housing boards and development authorities from having to construct housing for the poorest groups.

Cutting costs meant either reducing space and construction standards below those previously set and politically accepted as "minimum", or reducing the cost of construction.

3.2.2 The organized self-help movement

The attempt to reduce construction costs was the main reason for the introduction of organized self-help programmes (aided self-help). These programmes constitute the

second stage in the sequence of public housing policy development in the region. Essentially, the goal was to organize the beneficiaries of new low-cost housing projects into work units to build the project. Although project management varied widely, it was generally agreed that dwellings would not be allocated until the end of the project, thereby ensuring that an equal effort was put in by all to all of its parts. Thus people could not concentrate their energies only on the house that would eventually be theirs. As an approach to public housing provision, it was less used in this region than in other parts of the world, notably Latin America. However, it was an important component of the Philippines Land for the Landless programme in Mindoro and Palawan, and in the Indonesian Transmigration Programme in Sumatra in the 1970s. It was also the basis of the Building Together project in Bangkok and the Sri Lanka One Lakh (Hundred Thousand) Houses Programme from 1977-1982.

The principal argument behind the organized self-help movement was that by using its beneficiaries to build the project, labour costs could be reduced, thereby reducing overall costs. It was also often argued that, in addition, this approach would obviate the need for private sector contractors, as building materials and construction supervision (the "aid" to the self-help) could be supplied direct by the public works agency. Thus, all contractors' overheads and profits would also be saved. This would, in turn, relieve pressure on the formal construction industry, which could then be employed more productively in other sectors that demanded higher skill and technology levels than the low-cost housing sector.

As for the beneficiary households, it was argued that their collective involvement in the construction of their own homes and neighbourhoods would foster a commitment that would reduce the degree of speculative resale to higher income groups. It would also help to develop a community spirit in an otherwise heterogeneous assembly of low-income families. As a bonus, householders, many of whom were recent migrants to urban areas with few urban skills, would learn a productive trade through the construction of their own houses. Though much was learned and developed from the organized self-help experiments of the early 1960s, the expectations for the approach as a solution to urban low-cost housing problems were short lived. There were several very basic reasons.

Principal among these was the dependence on complex and sophisticated management processes, not only of often quite large construction sites and sequences, but also of the social interests of participating households. To be at all operable, projects had to start with a period of social preparation which often meant little to the participating households whose ambitions were only to gain legal access to an acceptable and affordable piece of real estate. Even having gone through this process, in many projects rivalries and resentments arose over the extent of one family's labour contribution in comparison to that of others, or because of a period of unanticipated slow progress in construction, or a delay in the delivery of building materials. This often reduced morale and cooperation to the extent of killing the project before its completion.

The aim of cost reduction through the employment of beneficiary householders as unpaid labour also proved dubious. In countries with relatively low wage rates, the labour component of total project cost of even very low quality permanent construction was rarely, if ever, more than 20 per cent. The unskilled labour

component was about one third of the total. Hence, only minimal savings were generated by the use of unpaid community labour. In addition, the use of skilled manpower (carpenters, masons, bricklayers, plumbers, etc.) to organize, supervise and train totally inexperienced labour was far less productive than if it was part of a conventional construction team. Moreover, the time available to householders for building rarely fitted the regular working hours of the employed technical, training and managerial staff because communal house construction assumed a lower priority to them than waged employment, or the search for it.

Furthermore, the obligatory nature of participation in organized self-help was often resented, especially when compared with the fortunes of those who had received fully constructed, subsidized housing at no or little additional cost. For despite their role in digging trenches and laying bricks, organized self-help project beneficiaries rarely had more access to the fundamental decisions over location, design or cost of their dwellings than the occupants of conventional prebuilt blocks of flats.

Even so, despite the problems and failures of the approach as a whole, organized self-help made an important contribution to understanding the link between public housing production and community development. For the first time, the engineers and architects in the housing authorities were joined by social workers. Their duties were to mobilize and manage the work brigades but their work often took them well beyond this into the wider realms of community development and local environmental management.

3.2.3 Sites and services and slum and squatter settlement upgrading

The experience gained in organized self-help, together with several other significant events in the 1960s and early 1970s, came together to launch the third stage in this coarse chronology of direct public sector intervention in the provision of urban housing, namely the development of sites and services projects. Broadly, this approach entailed a division of responsibility whereby government provided those components that could not easily be found or assembled by individual low-income families such as land (sites) and basic infrastructure (services). For their part, each household assumed responsibility for building the superstructure of their dwelling. Thus, for the first time, it was possible for beneficiaries of public housing projects to take responsibility for more than the most marginal decisions concerning the cost, production and management of their dwellings and domestic environment.

The main advances of the period derived primarily from fresh studies by such people as John F.C. Turner of the mechanisms by which slums and squatter settlements grew. These, in turn, were driven by the high urban growth rates in Asia in the 1960s which had caused such highly visible solutions to the provision of low-income shelter to proliferate in the first place. For example, in the inter-censorial period of the 1960s, the population of Bombay, then a city of some 7 million people, increased by some 900 new households each week while Jakarta and Manila were each adding close to a quarter of a million people a year. By the end of the decade, more than half the population of many cities was living in illegal structures on land to which they had no title. Not only had they received no official recognition or assistance in housing themselves, but they had often been harassed by eviction orders and slum clearance programmes in the process.

John Turner's now famous paper at the United Nations conference in Pittsburgh in 1966 laid bare the mechanisms by which these expanding settlements grew and were managed. It is regarded by many as the starting point of a new understanding of low-income urban settlements. It was followed by studies of informal settlements in many different cities of the Third World in the late 1960s and early 1970s which further developed understanding that, together with a new vocabulary, gradually found its way into official policy.

The main advance was a recognition of the ability and resourcefulness of urban low-income households to produce (or procure) and manage their own shelter and domestic infrastructure. It was demonstrated that home construction is often a lengthy sometimes never-ending process that corresponds to the changing demands and fortunes of the owners and users. Although many squatter households did not actually construct their own dwellings using family labour, highly cost-effective solutions were achieved because they kept a very tight control on the acquisition of building materials and the management and supervision of construction by the tradesmen and artisans they employed. Perhaps most crucially, the importance of security of tenure to land (not necessarily freehold title) as a precondition for individual investment in residential development was reinforced.

At the same time, a change in the perception of the role of housing in the process of urban economic development was beginning to take place, together with refinements in the economic and political arguments for public investment in low-income housing. Not only was the relationship between good environmental health and productivity being made more explicit but, with the development of a better understanding of the "informal sector" as a major contributor to the urban economy, the importance of domestic housing as the site of manufacturing and commercial activity became more apparent. Increasingly it was observed that, given security of tenure to land, even minute household savings were invested in its development. Thus, it was hypothesized that the development of recognized housing in place of illegal settlements would ultimately generate new contributions to property taxes which are a basic source of municipal revenue throughout the region. Furthermore, it was thought that a sense of domestic security would enhance political stability as hitherto disfranchised people gained a recognized stake in urban real estate and hence a commensurate status in urban society.

Nevertheless, these observations and arguments were accompanied by a growing awareness of the extent of environmental deprivation in the expanding slums and squatter settlements. This could not only threaten the health and safety of slum inhabitants, but also those of the formally recognized and wealthier neighbourhoods of the region's cities. Thus, slum clearance programmes maintained a high priority on the official agenda but, in view of the arguments just outlined, they gradually gave way to slum improvement and environmental upgrading projects rather than outright clearance.

The basic ingredients of slum upgrading were the award of legal rights to the land upon which squatters lived, and the provision of access to safe water and waste disposal. Such programmes often went hand in hand with sites and services projects in order to provide new land for those households who had to be moved to clear space for public amenities and use, and safe access.

However, there has been a very wide interpretation across the region of adequate plot sizes and acceptable levels of service provision in sites and services projects. These range from, for instance, the Dakshinpuri project in Delhi where little more than a plot of ground demarcated by four pegs marking the corners and access to communal water and sanitation points was provided, to the Bekasi and Medan projects in Indonesia in which substantial core houses were built by Perumnas. The vast sites and services projects in the World Bank financed Madras urban development projects at Arambakam and Mogapair provided individual water connections and waterborne sanitation to every plot. However, in order to reach the lower income groups with minimal subsidies, the smallest plot sizes were as little as 33m².

Since 1972, the World Bank has played a major role in developing and promoting sites and services and slum upgrading programmes throughout the region. It has in this way extended the principles of replicability (similar projects should be able to be undertaken without outside technical or financial assistance) and full cost recovery (no hidden subsidies) to the shelter sector. Although these measures have certainly brought acceptable housing within the reach of many low-income households previously excluded from the formal market, there are aspects that have been questioned. One of these concerns financial responsibility for the capital cost of service provision. In many sites and services projects, the infrastructure (roads, drains, main water supply, public open space, etc.) installation cost has been recovered directly from the beneficiaries, whilst in the higher income areas in the rest of the city the cost of new service installation has been spread across the whole urban population through the local taxation system (rates). On occasion, in order to design projects that were affordable to very low-income target groups without any form of subsidy, plot sizes have been so small that any future development has been virtually impossible. This was the case in the Madras urban development project already mentioned. The Delhi Development Authority has designed plot sizes of 20.4m².

However, perhaps the most serious, but common, failure in sites and services projects has concerned the assumptions made of low-income households' ability and willingness to pay for housing. Early World Bank-financed projects assumed that some 25 per cent of household income would and could be devoted to housing. This frequently proved to be far too high. Twelve to 15 per cent or even less is a more likely proportion when up to 80 per cent of an urban household's income may have to be spent on food alone. The Indian Housing and Urban Development Corporation (HUDCO) established and applied a working standard of 7.5 per cent for the lowest income groups. However, often, having established a figure for ability to pay, projects have been designed that consume the whole of this amount in the cost of land and infrastructure, leaving nothing with which to build the dwelling. Even where the use of traditional and secondhand building materials is permitted, the construction of a house still requires substantial capital and recurrent payments. And in many projects the design of the dwellings and construction standards were stringently controlled. The use of impermanent and second-hand materials was not allowed for fear that a new, government-sponsored "slum" would be created.

[Box 6. Karachi Development Authority's experience in sites and services](#)

Notwithstanding this array of problems with many of the first generation of sites and services and slum upgrading programmes, the approach represented a significant

advance. This was particularly so in terms of householder participation when compared to the centralized approaches of the conventional public works tradition and the organized self-help movement. In the most progressive sites and services projects, households were officially allowed to make and implement significant decisions concerning the design of their dwellings: the extent and rate of their investment in the construction of their houses; the process by which they would be built, extended and modified, and who would do the work -- either themselves or a contractor appointed and supervised by them. However, even with these advances, householders still had little if any choice in the location of their housing, the size of land for which they had to pay or the level of services to which they had access.

The beneficiaries of slum and shanty upgrading programmes also gained the security of officially recognized tenure to the land they occupied and, in the best programmes, financial and technical assistance for improvements to their dwellings. Upgrading projects provided a range of infrastructure and services such as water, sanitation, street lighting, paved access ways, surface water drainage and garbage removal. However, residents' participation was generally limited. In many instances, slum dwellers were not consulted on the type or level of improvements that were being installed and were not involved in its management. Thus, it was not uncommon for public amenities to deteriorate very rapidly or even to be vandalized. This occurred in many of the earlier hutment upgrading projects undertaken by the Tamil Nadu Slum Clearance Board in Madras. Quite clearly, "public participation" still meant the participation of low-income households in government housing projects rather than the other way round.

In nearly all countries, sites and services and upgrading schemes continued to be viewed as distinct projects rather than becoming a basis for policy covering all public housing. Indeed, as described in the previous section, special project offices that were independent of the established housing authority or ministry were often set up to manage sites and services and slum upgrading projects.

The Sri Lanka Million Houses Programme, launched in 1983, was the first national housing strategy explicitly aimed at devolving decision-making to the users of public housing. The National Housing Development Authority changed from being a highly centralized design and construction management department to become a decentralized agency for the provision of credit and technical support to low-income households and communities. It was the first coherent experiment in the implementation of the fourth and current stage in this chronology of public housing policies, namely the "enablement" paradigm. This will be discussed in full in the next section.

3.3 Emergence of NGOs

For the moment it is important to note another major product of the period of disillusion, namely the formation of non-governmental organizations (NGOs) and their advocacy of alternative forms of development that were more in tune with the economic and social conditions of the poor. NGOs assumed so many different sizes and forms that a generally acceptable typology has yet to emerge. However, an almost universal theme within the NGO community was and still is dissatisfaction with the status quo. Since this reflects the received opinions of the establishment, NGOs were

essentially anti-government in many countries, with those involved sharing a deep mistrust of government.

Within this context, NGO interventions on behalf of the poor have taken two main directions. The first strand was strongly leftist and activist. It opposed the powerful cliques in society on behalf of the poor who were organized to fight evictions, campaign for better working conditions and for redistribution of the benefits of development. It was ideologically driven and often did not focus on actions beyond resisting the establishment. The work of Youth for Voluntary Action in India, Urban Poor Associates in the Philippines, Society of Community Organizations in Hong Kong, and the Korean Coalition for Housing Rights are examples. However, in recent years many such NGOs have realized that cooperation with the government and organization of the poor to meet their own needs is perhaps a more sustainable solution to the housing problem than outright protest. Some have even moved into the sphere of policy advocacy and, at least in India and the Philippines, have been instrumental in changing government policies towards eviction.

[Box 7. Fighting against eviction: the case of Bolante](#)

The second strand derived from the tradition of charity. The poor were assisted with the provision of services and infrastructure. The focus was to improve their quality of life through provision of health and education facilities, income generation and credit, and improvement of low-income settlements. While being less paternalistic and more participatory than government, this approach also created a dependency among the poor. Essentially led by middle class activists, this strand was independent of the government but not averse to building collaborative arrangements with it. It has developed towards increasing the capacities of the poor to develop and manage their own situations and also towards mainstreaming alternative development approaches in government policies.

3.4 Entrenchment of the informal sector

Despite all these activities, the impact of government and NGO interventions on the quality of life of the poor has been minimal. In the main, it has been the poor themselves who have evolved development approaches and coping mechanisms to survive and even prosper in cities. Such approaches epitomize free market ideology and have depended on the emergence of entrepreneurs from within their communities. These people spotted opportunities to meet the needs of the poor and filled them through whatever means were at their disposal. Thus, education was provided through home-based tutorials, health was provided by traditional healers and neighbourhood pharmacists, housing was provided by either petty landlords or land-grabbers' Mafia, credit by moneylenders and other vendors.

Most of these development and coping mechanisms did not fit the political, administrative and legislative frameworks of the nation state. They were therefore ignored or made unlawful by the state machinery. The result was the entrenchment of the informal sector. Although meeting the needs of the people, this sector became exploitative in nature because it lacked legal protection. For their part, the poor, with no great ideological considerations in mind, dealt with anyone who could help them meet their needs. Thus, if the local policeman demanded money to allow them to set

up a vending stall, they bribed him. If politicians and bureaucrats could protect them against eviction or could provide subsidized services, they voted for them and paid them.

In the past few years, much research has been done on the informal sector, outlining its linkages with the formal and now international commercial and production economies. In many cities, garments and goods for export are prepared by informal sector subcontractors who operate home-based sweat shops. It is estimated that in some cities as much as 40 to 60 per cent of the labour force is employed in this sector. Yet hardly any government recognized its existence or made planning provisions for it. The sustained failure of governments effectively to manage urban areas has led to cities which have physically and socially deteriorated to near chaos including sprawling slums, traffic congestion, pollution and a backlog in the provision of infrastructure and services. In many cities, a sizeable portion of the population feels alienated and the community and neighbourhood spirit is disappearing. There is increasing crime and corruption. In some cities, government control over its functioning has become marginal. Different types of organized crime syndicates, political machines, legal and illegal private sector firms and individuals actually control the functioning of the city and can bring it to a standstill if it suits their objectives.

[Box 8. Ismail: the story of a land-grabber](#)

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4. Free markets and the retreat of government

All of the policies and activities that have been described so far were implemented within a context in which the nation state and centralized government were taken as given. Whether they were capitalist or socialist was in this sense irrelevant. They represented the only available paradigm. However, during the 1980s, the growing supremacy of free market-based capitalism, the beginnings of the global economy, and the failure in many countries of the centralist-socialist paradigm to achieve any marked degree of either social or economic equity, combined to produce a new hybrid that is still being formed. This is the decentralized free market state that first began to emerge in the so-called "informal" or "grey" sectors of national economies all over the world, either as overly regulated and therefore taxed citizens opted out of the formal economy, or those who were already excluded such as the urban poor conducted their own affairs.

Significantly, this emerging global paradigm is identical in nature to the informal sector in urban slums and squatter settlements in Asia that has just been described. Moreover, the initial response of governments anywhere in the world has always been negative. However, sufficient evidence from formal economics in favour of local and even individual initiative was easy to muster in developed countries. As this accumulated and gained acceptance, it combined with social ideals of persuasion and accommodation as opposed to authoritarian command and control that were a relic of the era of disillusion, to produce what is currently called the "enabling" paradigm.

Evidence of this transition has been visible around the world for some time. One can include, for instance, the economic reforms in China led by Deng Xiao Peng, the elections of Ronald Reagan and Margaret Thatcher and the break-up of the Soviet Union. Internationally, lending and monetary agencies like the World Bank (IBRD) and the International Monetary Fund have changed their policies and have forced many governments to tighten belts and remove subsidies, in effect requiring their devolution as preconditions for further economic assistance.

The rise of free, deregulated markets as the orthodoxy in development has also led to a rethinking of the role of the individual and the government in society. Whereas formerly the government was regarded as the leader, provider and sustainer, essentially the patriarch of society, the new roles assigned to it are primarily those of a facilitator and enabler, essentially a benevolent uncle who does not have the responsibility to provide or sustain. But although its leadership role has been battered, it still remains. Thus, a transformed government is supposed to foster a regeneration in society of individual freedoms and responsibilities. In this view, the individual or groups of individuals and private sector firms are responsible for their own well-being, with the government creating an environment that enables them to be so.

In this region, this view is reinforced by critical reviews of government economic and social policies which have confirmed the inability of governments to meet the development challenge alone. The success of projects like the Orangi Pilot Project, Grameen Bank and SEWA seem to indicate that the poor could provide for their own needs through their own resources without government assistance and in spite of the constraints imposed by unsuitable government regulations and policies.

Another aspect of the new paradigm is that, in contrast to spectacular government failures in meeting the needs of the poor, a growing realization has emerged, even among government officials and politicians, that community participation is essential to poverty alleviation. In certain countries, participatory programmes such as the Kampung Improvement Programme in Indonesia, the land-sharing approach in Thailand and the Million Houses Programme in Sri Lanka showed the advantages of participatory approaches even in government-initiated programmes.

In this view, governments which had failed to deliver are supposed to withdraw from the economic and social responsibilities they had assumed; private sector firms which had long endured government regulations have increasingly become subject to market forces; and the NGO sector which had long been mistrusted by government and had responded in kind are finding a much fuller role. As these organizations are given trusted places in society, there is a growing realization among them that partnerships with governments are required if their successes are to be multiplied and diffused.

The end of the cold war is another instance of the same process and has contributed considerably to the democratization of governments in Asia and the Pacific. In the new orthodoxy of deregulation and free market reforms, democratization and individual freedoms are to play a vital role in freeing the creative energies of society. Yet another impact of the market-oriented economic orthodoxy is greater attention to institutional issues, particularly the efficient management of urban areas, where much of the industrial and commercial activity takes place.

4.1 Influence of international agencies and donors

Within this still fluid context, the changes in approach to the provision and management of urban land and infrastructure in the region, which is also strongly reflected in approaches to the production of housing that is discussed in greater detail below, were strongly influenced by international pressure. This was clearly dominated by the IBRD and to a lesser extent the Asian Development Bank (ADB), whose urban lending policies by and large paralleled those of the global bank. At a different level and with very different goals, the UNICEF urban basic services programme has also had considerable impact. The bilateral agencies have played an important role, though their style of operation has tended to be more that of supporting recipient government policies within the framework of the donor governments' aid priorities than in setting out to shape them.

Changes in IBRD policy since its first urban interventions in the mid-1970s may be characterized by a progression of preoccupations, starting with sectoral projects that were based on the provision of "basic needs" such as shelter and transport. Examples include the Indonesian and Philippines series of urban development projects and the Thailand sites and services projects. This was followed by "integrated urban projects" that set out to promote greater efficiency and equity in the provision and distribution of basic needs. For instance, the Madras urban development projects that, in addition to financing the vast sites and services and slum improvement projects in the city, also lent for the purchase of buses; the construction of terminals and depots; industrial parks for small-scale and cottage industries; and the rehabilitation of trunk water and sanitation systems. The third leg in this progression was the extension of the multi-sectoral approach of integrated urban projects beyond the confines of individual cities to regional development studies and projects such as that undertaken for the Guangju region of the Republic of Korea.

Studies such as this led to a series of national urban development policy and strategy studies such as those undertaken for Pakistan (1983), Indonesia (1985), Malaysia (1986) and Thailand (1991), which focused not only upon the need for infrastructure investment, but more upon fiscal and other national and local resource management measures that could steer and stimulate private sector investment in urban development.

Thus, by the late 1980s, emphasis had moved strongly away from the funding of basic needs infrastructure projects and on to the wider issues of effective urban management, the stimulation of urban economic development and structural adjustment. This appeared to be a return to the 1960s' faith in "trickle-down". However, the difference with 30 years ago is that there is now a better, though far from perfect, understanding of how urban economies work. This includes the relationship between formal and informal networks; the areas where public intervention *is* required such as in the land and finance markets for low-income housing and enterprise development; the areas where it is not effective such as in the management of local-level construction and the delivery of some urban services; what social safety nets exist and where welfare support is needed; and so on. There is also a better understanding of the importance of good governance, accountability and transparency of local democratic processes, both at the level of traditional local government and within neighbourhoods and communities.

For its part, the UNICEF Urban Basic Services (UBS) programme has made an extremely important and seemingly sustainable impact at the level of neighbourhoods and communities. It has stayed with the "basic needs" concept of local development that it entered through its concern for the plight of children and their mothers in the growing slums and shanties of the developing countries. To this it has added the essential importance not only of the participation of women, but of democratic community-level control of the decision-making processes in local development. It also worked with and through established local government structures.

UBS identifies basic needs as environmental health (safe water and waste disposal); access to primary health care; basic literacy and access to educational opportunities for both women and children; access to family planning; and access to income-earning opportunities. By implication and in practice, this range of concerns embraced the improvement of housing and urban infrastructure and services for low-income communities at large.

In this way, the UBS programmes provided the foundation and entry point for other important initiatives. For instance, the British Government's sustained slum improvement programme in India, which over the last 10 years has granted some US\$150 million in five major cities, was built upon the UNICEF UBS programme in Hyderabad that started in 1981. The Sri Lanka Million Houses Programme both used and helped to develop the UNICEF UBS community-based managerial infrastructure to the mutual and coordinated benefit of both programmes. Thus, UNICEF, through UBS, has perhaps more than any other international agency provided the practical basis and intellectual stimulation for the new approaches to public sector support to urban housing production by the lowest income groups.

4.2 Mainstreaming the "enabling" paradigm

Before examining the implications of implementing a support-based "enabling" strategy for housing, it is important to clarify the arguments and principles that underlie the approach. These have clearly grown out of the sequence of experiences described above but they also borrow from and are part of the wider debates around "good government" and transparency, as well as deregulation, decentralization and the devolution of responsibility and authority. They are directly associated with programmes that seek greater efficiency and effectiveness in the use of resources through the structural adjustment of government administration. And they build upon both the intellectual and the professional understanding of the mechanisms by which urban low-income households and communities house themselves that was outlined in the preceding section.

The case for the devolution of authority in the production and management of housing to its users, and the provision of appropriate supports that will enable them to exercise that authority effectively, is made through three lines of argument. These are: a) the managerial and political case; b) the social and developmental case; and c) the economic case. Each is outlined below.

4.2.1 The managerial/political case

This may be summarized by the dictum "if you can't beat them, join them". That is, there is no way that a developing country government can provide adequate subsidized housing for all those families which, through poverty, cannot gain access to the formal private sector housing market. It has been amply demonstrated over the last 30 years that, with the exception of Hong Kong and Singapore, both of which "graduated" from developing country status in the 1970s, no third world government has the financial, professional or technical resources to take on such a task. It is therefore politically imprudent for governments to continue to proclaim plans to provide housing for the lower income groups. At best, such declarations of intent can only be regarded as a gesture that meets the needs of a fraction of the target group. At worst, they are seen as arbitrary programmes for the benefit of a selection of the politically favoured, as was the case with the Sri Lankan Electoral Housing Programme of 1978-1982, the PPP housing programme in Pakistan and BLISS in the Philippines in the 1980s.

However, governments cannot afford to abandon the poor who constitute the largest section of their constituents and a potential, if not actual, body of political support. Therefore, alternative strategies must be devised that have a high enough profile to be politically exploitable as well as being sufficiently effective and sustainable to attract international recognition and aid. An "enabling" strategy for housing that provides responsive and appropriate supports to the hitherto unaided energies and efforts of low-income households and communities provides such a vehicle. This has been demonstrated by, for example, the United National Party administration's second housing policy in Sri Lanka (the Million Houses Programme).

In summary, by promoting and participating in the private and informal settlement process, instead of making futile attempts to control it, governments use the limited resources available to them for the benefit of many more people. In doing so, the settlement processes that are already in progress and cannot be stopped become much more efficient and effective as does government influence over them.

4.2.2 The social/developmental case

The thrust of this argument can be summarized in a progression of six observations:

- The production and management of housing is a developmental process through which individuals, families and communities can express their identities and advance their status and security.
- Because of the extent to which the housing of an urban family is dependent upon the decisions and actions of its neighbours (for instance, in securing boundaries and access ways), it is a collective process.
- With appropriate managerial support, collective action can be converted into a process of community decision-making and responsibility for the wider issues of the planning and maintenance of residential areas.
- This process becomes a sustainable catalyst for the introduction of other aspects and programmes of community development such as health, education, enterprise development and income generation.
- With well supported leadership, responsible communities can thus take on many of the functions traditionally assigned to, but rarely exercised by, local

- government such as the administration of development controls, maintenance of public utilities and the collection of user charges and mortgage repayments.
- Stable autonomous communities are the starting-point for transforming slums and shanties into recognized urban neighbourhoods that do not represent a social or environmental threat to the city, and that no longer consume disproportionate welfare resources. Indeed, they may eventually contribute to revenue through taxes and service charges.

The basis of this set of observations is that the production and management of housing and the maintenance of the domestic environment is a social process. Therefore, to the extent that it is neither static nor confined by tradition, it is a development activity. As has already been mentioned, the process of housing as a set of activities has become eclipsed in the public domain by the production of houses as purely physical objects. And whilst it cannot be denied that it is difficult to make a home without a house, four walls and a roof do not necessarily make a home. The difference between mere shelter and a home, or a housing estate and a neighbourhood, is to a great extent determined by the degree of involvement, responsibility and control that occupants and users have over their immediate surroundings.

In all examples of successful community-based housing and local environmental development projects, women play a pivotal role that is invariably of greater significance than that of men. Women have a greater stake in the quality of the domestic environment than men. Not only are they traditionally responsible for the maintenance and management of the home and the children that they wean and bring up, but also, in low-income communities, they have a major responsibility that is often the only one for household income. In the absence of alternative care for children, incomes have to be earned in or close to the dwellings. Therefore, with careful gender planning, support-based "enabling" programmes for housing can be used as vehicles for the greater integration of women in the economic and managerial structure of low-income communities, even in societies that traditionally discriminate against the participation of women in public and economic activities.

Indeed, the introduction and acceptance of such radical changes as local decision-making in environmental management and development, open many urban low-income communities to other social and cultural changes. The opportunity to exploit this for the social and economic development of the city as a whole is at the heart of "enabling".

4.2.3 The economic case

The economic argument for devolution of responsibility in the production, maintenance and management of housing rests in nothing more mysterious than the basic principles of economic efficiency in the match between supply and demand. The closer the relationship between the producer and consumer of housing, the more efficient will be its production and the more effective its product.

Underlying the economic argument for "enablement" is the perception that it is unreasonable to presume that all low-income households, struggling to make a living on insecure and often wildly fluctuating incomes, have identical priorities for investment in housing. Even the most cursory observation in autonomous low-income

settlements reveals that house building is a continuous stop-start process that may go on for many years, even decades. The construction, extension and improvement of dwellings not only reflects changes in household size and composition but also in family fortunes. For most low-income households, building happens sporadically and often only after long inactive periods during which materials and savings have been accumulated in preparation for the construction of the next room. People only improve their houses when business is good or a run of sustained employment produces a surplus of income over the cost of food and other essentials. Only households themselves can rank expenditure on housing over the other calls on their scarce resources. Only householders can decide upon the quality of construction or level of servicing for which they are prepared to pay.

The discussion of the previous paragraph argues that decisions concerning the design, construction and management of a dwelling can only be effective if they are made by the household itself. In this instance, the household becomes the most effective level of decision-making. Where such decisions are made by a national or municipal housing authority, as is often the case, they must, by the logic of the argument, be ineffective. They are made at too great a distance to be economically efficient. By the same token, the most effective point at which to make decisions concerning the character, extent and management of neighbourhood facilities and amenities is the user community itself. The most effective level of decision-making may thus be defined as the smallest social, administrative or political group (household, neighbourhood community, ward, municipality) that can economically support or claim the exclusive use of a good or service.

It must be stressed that this concept relates to authority and control over resources and actions. It does not mean that those at the most effective level of decision-making are necessarily the most effective in implementing those decisions. Thus, it does not mean that houses must be built by their occupants using their own labour. It does mean, however, that the occupants have authority over whoever does so on their behalf. Similarly, it does not mean that community facilities must be maintained using voluntary community labour. But it does mean that the management, including financial management, of neighbourhood assets is most effective when it rests with the users.

However, while recognizing the intellectual logic of devolution of decision-making to the most effective level, it must also be recognized that few low-income households, community groups and small local authorities have the capacity responsibly to take such decisions. They rarely have either the technical knowledge to evaluate the costs and benefits of alternatives, or the managerial skills and experience to implement them. Hence the need for a system of "enabling" that ensures that the most effective level can capitalize on its inherent advantage through access to adequate information and skills

4.2.4 Vehicles of support

In understanding the nature of enablement and who needs support and who should provide it, it is important to recognize a three-part model of the actors involved in the production, maintenance and management of housing. The three parts are the public sector, private sector, and community sector. The last of these, also often referred to

as the popular sector, voluntary sector or third sector, has only recently been widely accepted as distinct from the private (commercial) sector. Indeed, it is still sometimes referred to as only a subcategory (not for profit) of the private sector in the usual twofold public/private sector model of the economy and administration. However, the motivations and styles of operation of the private commercial sector and the community sector are fundamentally different, as are their support requirements and their abilities to provide it.

In addition to distinguishing between the three sectors, it is also important to recognize their subdivisions into:

- the public sector: central government and local government;
- the private sector: formal sector and informal sector;
- the community sector: non-governmental organizations and community-based organizations.

The characteristics and capacities of each of these subsectors in relation to their needs for support in the production, maintenance and management of housing and their ability to provide it obviously vary from country to country. Nevertheless, it is still useful to offer a few generalities about them to develop a better understanding of the limits and potentials for change in their roles.

The public sector operates through processes of legal regulation and administrative allocation. By tradition, it does not compete commercially with the private sector, though it may manage monopolistic enterprises for the supply of services.

Central government, which here includes sub-national state or regional administrations in large federal countries such as India and China, embraces central ministries and departments, public corporations and parastatal enterprises, and a variety of special purpose agencies and regulatory bodies. It is potentially the principal vehicle to provide "enabling" support to actors in all the other subsectors. Its legislative and regulatory powers give it unique control over what John Turner has termed the elements of housing, namely access to democratic legislation; trunk infrastructure; land and finance markets; and, to some extent, the distribution of professional and technical resources.

Local, district and municipal government generally has similar constitutional powers within its area of jurisdiction. It can raise revenue locally, generally through property taxes and/or trading licences. Its principal responsibilities are the maintenance and distribution of local infrastructure and the administration of centrally supplied services. Through these mechanisms, local government is also a vehicle for the provision of support to lower levels of authority in the housing production process. However, in many parts of the region, local governments do not have the capacity to discharge their current functions, let alone to adjust to a new role of "enabling" others. As pointed out earlier, because local authorities have not been able to keep pace with the increased demands made upon them, they have in many countries been abandoned and allowed to deteriorate to the extent that they themselves need "enabling" support, not only from central government but also from the private sector through such processes as deregulation and administrative structural adjustment.

This aspect is of crucial importance to the smooth, effective functioning of Asian cities. The defeat and retreat of national governments and the ascendancy of market economies and participatory approaches have also resulted in rethinking the role of local governments, which should be more aware and responsive to the needs and aspirations of citizens if they are to tap into community resources. Consequently, they need to be strengthened and given more executive and financial power. In India, Nepal, the Philippines and Sri Lanka, the government has passed either laws or constitutional amendments that provide local governments with greater autonomy and power. However, even in these countries, developing the capacities of local governments to manage cities effectively has not been undertaken. Their staff are still being trained in conventional methodologies and are consequently unable to understand or undertake policies which seek to empower the urban poor. While devolution of power to the local level and strengthening of local governments is often discussed, it has yet to materialize in most countries of the region.

The private sector has a single overriding characteristic, namely profit. Private enterprise will only enter the housing market if it perceives it to provide a higher return or/and a lower risk than alternative investments. Thus, crudely, the only supports that can attract greater private sector investment in low-income housing are financial guarantees.

The formal private sector embraces recognized, registered and taxpaying enterprises ranging from large transnational corporations and investment banks to small developers, building firms and service companies. There are a variety of financial, legislative and managerial supports and incentives that can make the building materials and housing production processes attractive to smaller enterprises in particular. Alternative approaches to the establishment and management of mortgage banks and the setting up of formal guarantee funds provide examples of the sorts of support that enable the banking sector to reach further down the scale into the low-income housing market. "Enabling" legislation that allows and encourages partnerships between private companies and public sector agencies for the delivery of services and the management and maintenance of infrastructure is another example of the sorts of support that can improve both the extent and effectiveness of the private sector in areas that are traditionally the responsibility of local government.

Informal sector enterprises operate with the same profit motives as those described above except that the informal sector, by definition, is not registered, taxpaying and regulated. This enables informal businesses to operate with considerably lower overheads and much greater flexibility than is possible for their regulated formal sector counterparts. Thus, in many countries they play an important role in all sections of the economy including the production and maintenance of housing and domestic infrastructure and services. Informal sector enterprises are often able to reach considerably lower down the income scale of the housing market than are registered, regulated companies, despite being characterized by a very low level of managerial efficiency, under capitalization, low levels of technical competence and virtually no quality control. Thus, appropriate training and managerial and capital assistance can have a substantial impact. However, it is often difficult for Governments and international NGOs to provide such support to businesses which are officially illegal. To legalize them would bring them into the formal sector, thereby forfeiting the advantages that made them effective in the first place.

The community sector operates on criteria of voluntary association, sharing costs and benefits within self-defined collective interest groups. They have a great capacity for mobilizing enthusiasm and creativity and can thus operate with lower overheads and more accurately targeted programmes than can the public sector, and at lower cost than the profit-seeking private sector.

Non-governmental organizations here fall into two distinct categories: international NGOs and local NGOs. The first embraces a range from the big international relief organizations with multimillion dollar budgets to smaller first world NGOs dedicated to raising funds for individual households and community groups. Many have direct links to local NGOs or "field" branches of their own organizations through which they channel funds and monitor their use. Local NGOs differ from international NGOs in that they are involved as pressure groups and research and advisory bodies that directly support community-based organizations and individual households. As their name suggests, they generally operate at a national or local level. However, international federations of NGOs such as Habitat International Coalition which operates globally, and the Asian Coalition for Housing Rights, which operates continentally, belong more to this category than to that of the international NGOs which are characterized principally as funding bodies. Both categories of NGOs are net providers of support rather than receivers. The majority of their support goes to, or through, community-based groups.

Community-based organizations are the smallest and most local of groupings above that of the household. Where they exist, they directly represent the users of public space, services and amenities at the level of the neighbourhood. They are net receivers of "enabling" support.

The arguments presented in the preceding paragraphs for the withdrawal of government from the design and construction of dwellings do not imply the abandonment of all government responsibility for low-income housing. Indeed, the reverse is the case. The support role of government in an "enabling" shelter strategy is often considerably more complex and exacting than when building houses, providing serviced sites or improving infrastructure in slums and squatter settlements. It requires fundamental and innovative changes in approach in four broad categories of support for the production, maintenance and management of low-income housing. These are:

- suitable and affordable land;
- affordable and manageable finance;
- environmentally sound infrastructure and sustainable services;
- technical and managerial assistance.

An examination of this new role, including the processes by which support can be provided, how and by whom, in the papers that follow which draw upon the wealth of experience that exists in the region and upon the ideas and hopes of many thinker-activists. They examine the roles, both actual and potential, of the international, public, private and community sectors and argue the case for a much more open, equitable, decentralized approach that has been built up by the experiences outlined in the preceding pages. They also draw attention to the actual and potential obstacles and constraints to improving the processes of living in Asian cities.

It would be inappropriate, however, to close this paper without drawing attention to the possible downside of the current transition to the emerging paradigm of decentralized enabling government. Because its driving force is precisely informal sector activity that has extrapolated itself into formal free markets, and because this loosening of controls over the formal private sector is occurring at the same time as globalization of the economy, national governments are increasingly losing control over their economies and legislation. This is particularly so in relation to trade, labour and finance but the new freedoms, if that is what they are, are now ramifying into other areas of society as well such that developing country governments are now under increasing pressure to bring their social and even environmental norms into conformity with internationally acceptable standards. For example, pressure is already being applied to some countries to strengthen the enforcement of laws against child and prison labour. But this is happening not primarily out of concern for their well-being, but because goods manufactured by such labour are much cheaper and consequently more competitive.

These developments are, somewhat ironically considering their origin, potentially ominous for the urban poor of this region. For example, the money markets of New York, Tokyo and London now impact on all economies, including those of developing countries. Thus, with global integration, recessions in the world's major markets such as the United States, Europe and Japan could have a greater impact on the economies of the developing countries. These same trends also mean that while more people are investing in their economies, they have delegated their control over their investments to a small number of fund managers, who today may even be based in other countries. Deregulation would force hitherto protected industries to compete with multinationals, which have far greater technological and financial capacities to undercut local competitors in order to gain a greater share of a national market. The analogy could be the disappearance of neighbourhood grocery stores with the advent of suburban supermarkets. This in at least the short to medium term, would result in considerable dislocations in local labour markets. In China, for example, conservative estimates suggest that at least ten per cent of the state sector workforce, 400,000 people, would have to be laid off in order to make loss-making enterprises profitable again.

Coupled with this transformation is the advent of the information age. While it has the potential to considerably enrich those who have access to it, it also threatens to marginalize those who do not. On the positive side, it may also be one of the most powerful forces for democracy.

Another risk with the loss of power of the nation state is that ethnic and communal animosities will become stronger and will lead to violence. This has already happened among the republics of the former Soviet Union, as well as in Pakistan and India, where with the assassination of Rajiv Gandhi and the loss of a central focus, communal and ethnic violence is on the increase. Thus, people-based development may also lead, again ironically, to increasing social intolerance and intolerance towards the views and rights of the minority.

Whatever lies ahead, the lessons of the past 30 years show that this brave new world must include a rethinking of development strategies for the poor. These strategies must be based and build upon prevailing indigenous processes and cultures in their

respective countries. Thus, local, rather than Eurocentric, solutions must be found to cope with and exploit the opportunities provided by the changing global environment. The following papers contribute towards this goal.

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