PART II

ASSESSING SLUMS IN THE DEVELOPMENT CONTEXT

Slums play many roles in city life. As the place of residence of low-cost labour, they keep the wheels of the city working in many different ways. As a first stopping point for immigrants, they provide the low-cost housing that will enable the immigrants to save for their eventual absorption into society. They are adept at producing the services and commercial activities that the formal sector fails to provide through the mobilization of local enterprise and industry. They are places in which the vibrant mixing of different cultures frequently results in new forms of artistic expression, while – on the negative side – they are the recipients of the city's externalities: noxious industry, waste materials, ill health, crime and social dysfunction, and fragile, dangerous or polluted land that no one else wants.

Slums are extremely varied places that defy any one tight definition. Many are slums because they are unrecognized by the officials of the local authority and government. This lack of recognition – informality – is both a characteristic and cause of problems of inadequacy. Slums, poverty and the informal sector are closely related, but are by no means congruent.

Informal enterprise conducted from slums may be linked to formal enterprises in ways that are essential to the continued operation of the city. The screen-printer who provides laundry bags to hotels, the charcoal burner who wheels his cycle up to the copper smelter and delivers sacks of charcoal for the smelting process, the home-based crèche to which the managing director delivers her child each working morning, the informal builder who adds a security wall around the home of the government minister all indicate the complex networks of linkages between informal and formal. In Part II of this Global Report, the nature of the informal sector in employment and housing is discussed.

There is no intention to glamorize the life of slum dwellers. Many of them lack the most basic facilities for healthy and fulfilling lives and must draw upon internal wells of resilience just to cope each day. However, out of unhealthy, crowded and often dangerous environments can emerge cultural movements and levels of solidarity unknown in leafy suburbs.

The story of slums is, therefore, neither heterogeneous nor coherent and homogenous. It is a story of rich variety, great achievement and typical 21st-century urban life. When more than half of the urban population lives in them, the slums become the dominant city. This is the case in many countries and needs to be recognized so that slums

are awarded their rightful place in the centre of policies and politics.

Chapter 4 looks, firstly, at the history of slums in early capitalism, as urban areas swelled with low-income people seeking opportunity and enterprising developers and landlords sought to take advantage of the situation by subdividing dwellings or rebuilding to far higher densities. It considers the typical history of a slum over more than 100 years through 'working men's housing', steady exclusion and degradation, flight of all but the most desperate or indigent residents, and, finally, regeneration.

The functions of slums in providing cheap accommodation and informal low-cost services, a place for essential economic contributions by lower income people, and as a 'dumping ground' for unwanted aspects of urban life are discussed.

The cultural and occupational diversity of slums is stressed as places of origin of many important musical and dance movements of the 20th century. They have also been sources of political and social movements. The question, however, is whether slums are places of opportunity or places of desperation, poverty and social exclusion. Most slum areas have aspects of both and the balance determines the types of intervention that may be necessary. Most of the poor conditions in slums in developing countries are about differential access to power and resources, and this is expected to worsen under present strategies of fiscal decentralization and privatization, since slum dwellers cannot pay for services. They also cannot easily mobilize politically to divert social resources from elsewhere to improve their neighbourhoods.

Poor health is strongly associated with bad housing and overcrowding, and people in slum areas suffer inordinately from the killer diseases of the 20th century, including HIV/AIDS, tuberculosis and waterborne disease. Slum areas are commonly believed to be places with a high incidence of crime. This is not universally true; but in places of social dislocation with large numbers of unemployed young people, crime can be a serious problem for slum residents.

Chapter 5 describes a wide variety of slums, categorizing them by characteristics such as origin and age, location and scale, vulnerability and whether communities are involved in their improvement. Historically important city centres that have fallen on hard times and are run down are very different from peripheral new squatter settlements or illegal subdivisions. Tiny pockets of shacks on traffic islands need different treatment from neighbourhoods of traditional housing. The case studies carried out for the preparation of this report provide a rich source of information and experiences to demonstrate both how slums vary and how experiences are similar across national and continental boundaries, and what a rich variety there is amongst slums.

Some observations from the case studies are that the rapid growth of some slums may be a result of housing deterioration and poor previous building practices in times of economic downturn; some upgraded slums may subsequently have a considerably improved environment and status, while others have not attracted private investment or further upgrading and have fallen backwards into disrepair; and slums with heritage value increasingly have the possibility of being saved by improved upgrading technology that avoids wholesale clearance.

Inner-city slums are usually very overcrowded, representing long-term attempts to profit from their occupation, and are mostly well served with infrastructure. The main obstacle to improvement is not only resources but the complex and disputed systems of ownership, rent control and the 'externality' problem, in which owners may be reluctant to be the first to improve their dwellings. At the opposite extreme, newer 'makeshift' slums are the most likely to have housing of impermanent materials (because of the high risk of eviction) and to be on fragile land. As the land has not yet been commodified, housing markets may not exist and may be slow to start even after tenure regularization takes place.

Chapter 6 presents a discussion of economic aspects of slum formation, within the dynamics of city life. It starts with an examination of changes in the structure of the global labour force and the rapid growth of the informal labour force in developing countries, due largely to the significant demographic changes, rapid urbanization and liberalization trends highlighted in Part I.

This is followed by a discussion of the informal sector in the urban economy, in light of the very important role it plays in the livelihoods of slum dwellers. Most slum dwellers are employed within the informal sector, and virtually all of the employment provided within slums is informal. For this reason, it is important to understand the nature and extent of informal production and services in the urban economy, especially the small-scale, home- and street-based activities that constitute the main avenues of income generation for slum households.

The final section focuses on the economic position of slums in the housing sector, starting with the issues arising out of tenure insecurity, as these may limit access to services, the ability to build up assets (including housing) and networks, as well as community cohesion. Slum dwellers are lacking in access to water supply, sanitation, storm water drainage, solid waste disposal and to many essential services. However, there is a lack of forward planning to meet even the current problems, let alone the projected doubling of demand that is imminent. Appropriate solutions that are not overburdened with unsustainable regulations and which can involve the slum residents in planning and executing improvements need to be found and applied in a consistent way to meet the challenge of the remaining phase of urbanization.

Major highlights of Part II of the report are:

- Slum neighbourhoods have numerous economic, social, as well as infrastructure problems. Slum dwellers lack proper housing, water and sanitation, are exposed to serious health risks, and have limited access to credit and the formal job market due to stigmatization and discrimination and to geographic isolation. Furthermore, they have limited access to social and economic networks. Slum areas in cities have high population densities and high concentrations of social and economic deprivation, which may include broken families, unemployment, and economic, physical and social exclusion.
- Throughout the world today, a wide range of people live in slums, in a rich diversity of tenure, housing and employment types. The areas provide accommodation for urban workers of all kinds and are the sites of enterprises that have customers throughout the city. Slums provide low-cost housing and low-cost services for rapidly expanding low-income urban populations, and also serve as networks of social support for new migrants to the city.
- Early slum improvement efforts were a response to outbreaks of contagious diseases that were believed to originate in slums. There is a long literature linking housing deprivation with ill health later in life; even during the 1950s, morbidity rates in urban UK were higher than in rural areas. Many millions in slums suffer unhealthy living conditions, resulting in shorter life and chronic illness. The poorer general health of slum dwellers and the lack of access to medical attention increase their likelihood of dying from epidemic diseases such as AIDS and tuberculosis, while poor sanitation exposes them to waterborne diseases.
- Slums are often associated with crime; but in some places this is more a fabrication of the media than a reality. Places with strong social control systems will have low crime rates. The prevalence of both property crime and violent crimes is related to problems of economic hardship among the young, which increases during economic downturns. Violence against women is also related to economic hardship, but is also related to the low social status of women.
- Poor people suffer more from violence and petty theft, in cities where this is common, than rich people. In these circumstances, violence and security issues can be regarded by poor people as considerably more important than housing or income issues. The fear of crime has changed the nature of cities with a high level of violence, altering the open, interactive nature of the community, and enforcing segregation through gated communities and walled enclaves. There are also added dangers of crime for slum dwellers, not necessarily because there are more criminals in slums than elsewhere but because their homes are less secure and there are likely to be fewer police on patrol than in wealthier areas.
- About 37 per cent of urban households in the developing world have piped water, 15 per cent have sewerage and 60 per cent have electricity. The levels of household connections to networked infrastructure are major indicators of urban adequacy and increase rapidly with city development. In least developed countries, only 8 per cent of wastewater is treated and only 12 per cent of solid waste is collected.
- Increases in poverty are associated with the appearance or growth of slums and homeless people. Following liberalization in Commonwealth of Independent States (CIS) countries and the subsequent rapid growth of poverty, large numbers of housing units are in urgent need of replacement or upgrading. Refugees and homeless beggars crowd railway stations, airports and subways, and migrants to the city are squatting in dilapidated and vandalized former municipal dormitories and in abandoned buildings.
- Slums are very varied, ranging from quite tolerable to filthy and dangerous, from tiny areas perched on a traffic island to huge sprawling areas with hundreds of thousands of people. An important distinction is between squatter slums (land invasion) and informal slums (with the permission of the owner, but not meeting regulations). The former are decreasing in importance as supervision of land increases, while the latter are increasing rapidly, often due to illegal subdivision or development.
- Although they may be very visible and have historic significance, inner-city slums have only a relatively small proportion of slum populations in developing countries. This change from the 19th century is due to the very rapid rates of urbanization – but it is also connected with today's much cheaper transport and decentralized work places, and the less stringent policing of land use at city edges in many places, which permits squatter construction.
- Public or 'new town' housing built near the edge of cities to re-house slum dwellers or poor people in several countries has itself become dilapidated and has joined the stock of slums – but with much less accessibility than the original. For this reason, these estates may end up being inhabited by only the destitute or desperate. Enterprise housing built to minimal standards for workers has even less chance of being adequately maintained, especially if the enterprises close.

- Secure tenure is one of the main concerns of shelter-based policies, and if security can be gained, neighbourhoods are likely to improve. Recent research has shown that tenure is not divided into formal and informal but is more nuanced and closer to a continuum from fully secure in perpetuity to highly insecure. It may also be that the landowner is secure but the users can be very insecure, at risk of of being moved off at hours' notice, sometimes violently.
- In many unauthorized settlements the residents regard themselves as de facto owners and usually have some form of title. A lively housing and rental market is usually in place. Illegal subdivision may act rather like incremental owner building in that initially unaffordable services may be improved as the community becomes more affluent – but, of course, there is no guarantee that subsequent upgrading will occur, unless facilitated by the government.
- Landlords, some of them similar to their tenants in terms of income, are providing most of the capital for housing development in slums. Their contribution is continually under-rated and blocked by rent control and other regulations, although they are doing exactly what the free market demands. Renting houses is probably the only retirement scheme available for slum households. A great deal more attention needs to be paid to involving informal landlords in slum improvement and in assisting them to mobilize capital and maintain standards.
- Since 1950 there have been 20 to 30 per cent falls in the proportion of people working in agriculture (in line with urbanization), while labour force participation rates have risen about 10 per cent since 1970 as birth rates began to level off. Both of these trends have enlarged the urban work forces of cities – during a period when the formal urban labour market was barely rising or even shrinking in most developing countries. The result has been an explosion in the informal sector (accompanied by poverty and slums).
- About 37 per cent of the urban work force in the developing world is in the informal sector. In sub-Saharan Africa, it accounts for about 78 per cent of non-agricultural employment and 42 per cent of gross domestic product (GDP). More than 90 per cent of additional jobs in urban areas in the next decade will be created in micro- and small-scale enterprises in the informal sector.
- There are two opposite and controversial positions on the informal sector. Many developing countries have regarded the informal sector, just like squatter housing, as something illegal to be eliminated since it undercuts the formal sector, which is required to comply with labour and safety laws and pay taxes. On the other hand, neo-liberals believe that reducing onerous regulations and dissolving large underproductive enterprises can unlock the creative power of micro-entrepreneurs and provide goods and services at the lowest cost. With assistance from development agencies that have sought to encourage poverty reduction and micro-enterprises, some countries have tried to support and empower the sector as a start-up part of the economy in which innovation can flourish.
- The growth in the urban labour force has imposed enormous strains on urban services, especially employment and housing. As formal urban development has failed to provide the factories, offices, market halls, transport facilities and housing required by the urban work force – and in most of the developing world has failed to provide the formal-sector jobs – the informal sector has taken up the slack. At the same time, the interaction with rural areas has become complex, and many so-called rural workers are dependent on cities for their livelihoods.
- Working conditions are very poor in slum areas, with long hours, unsafe work places and lack of rudimentary protection. Children are routinely employed. Some 8.5 million children are involved in work that is internationally condemned, including bonded labour, prostitution, child trafficking and drugs.
- Worldwide, squatters are about 20 per cent of all households, and about two-thirds are in insecure tenure. In total, around 28 per cent of households live in insecure tenure. Of these, one third are formal renters and half are squatters (equally divided between those who pay rent and those who do not).
- There is a great need for assistance for small-scale enterprises in the construction sector, which probably provide the majority of all new dwellings, so that their methods of supply are as efficient as possible. The poor are currently the largest producers of shelter and builders of cities in the world – and, in many cases, women are taking the lead in devising survival strategies that are, effectively, the governance structures of the developing world when formal structures have failed them. However, one out of every four countries in the developing world has a constitution or national laws that contain impediments to women owning land and taking mortgages in their own names.
- The difference among the levels of services in different cities is due largely to the availability of revenue. Cities in developed countries have (on average) 32 times as much money per person to

spend on infrastructure and other urban services as cities in least developed countries. Nevertheless, the level of provision of urban services increased very rapidly during the 1990s across the whole development distribution, but particularly rapidly in cities of medium levels of development. This is a major achievement of the decade.

- Politically, slums can be an important source of votes and other forms of mutual support for local and national governments. In the absence of political mobilization, slums and squatter settlements may be demolished or, at least, neglected. Where residents act together, even evictions may be handled in a manner that includes and involves them

CHAPTER 4

SOCIAL DIMENSIONS[1]

Slums have grown as a seemingly inevitable part of modern urban life. Low-income people find the cheap accommodation helpful in their need to keep housekeeping costs low enough to afford. To do this, they tolerate much less than ideal conditions, no doubt hoping to improve and move to somewhere better. If the cheap accommodation is also well placed for employment, so much the better. Where they are not well placed for work or where formal work is not available or not sought, slum housing often plays host to a lively community of home-based enterprises of all sorts, providing the services and employment opportunities unfulfilled by planned cities.

Though the characteristics of slums may seem a problem to policy-makers, they also represent potential. Because slums exist, low-income households can survive and be ready to work in the city's economy. Slum housing can be used for profit by its owners as a source of rental income or as a location for home-based enterprises. The building and maintenance of low-cost housing and its infrastructure can provide large amounts of employment for semi- and unskilled workers if suitable technologies are used. At the same time, their residents endure much suffering. They have few political powers, seen often only as vote banks at election times, bought for an easy promise of better conditions.

Slums are very diverse and this is dealt with in more detail both here and in Chapter 5. They rarely fit stereotypes, being more marked for their diversity. They tolerate the worst environmental conditions and tend to share exposure to some environmental and human-made hazards related to transportation, industrial pollution, mudslides, garbage, fire and floods.

This chapter draws on material gathered in city case studies of slums around the world, as well as on other relevant research.[2] The case studies provide evidence and illustrations of many of the points made here and elsewhere in this report. The chapter discusses the social aspects of slums. The first section reviews the historical context and evolution of slums. It proposes a view that slums are an expression of urban stratification and explains how their spatial identity has become more distinct and more pronounced in recent centuries. It also examines the socio-economic diversity that characterizes slum populations in cities of the developing countries. The second section discusses, from another angle of social functions, three main attributes of contemporary slums – namely, accommodation of low-cost labour, absorption of migrants and mobilization of political power. Environmental hazards to which most slum dwellers are exposed, as well as various informal means by which slum inhabitants provide services for both themselves and the wider urban society, are discussed in the third section. The final section focuses on slum contributions to culture and the implications of spatial concentrations of poor households in slums. It also discusses two major social problems that have, for as long as slums have existed, been the most immediate cause of public concern: health and crime.

HISTORICAL CONTEXT AND EVOLUTION OF SOCIAL STRATIFICATION PATTERNS

Cities are complex systems. As societies urbanize, their economies become increasingly differentiated. Their organization increasingly revolves around specialized activities in the production, consumption and trade of goods and services. Urban dwellers process, store and sell foodstuffs, repair equipment, loan money, build roads and structures, collect taxes, care for the sick, cobble shoes, tailor clothes, hold court, worship, run schools and government, enact and enforce laws, and – very significantly – operate markets.[3] These activities crystallize in particular professional and occupational roles. These roles, in turn, are attached to positions that help provide access to the things that people need or wish for in life, such as food, shelter, health care and education.

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In varying degrees, these positions form hierarchical structures in which some people have more wealth and power than others. Cities are, therefore, not only complex systems; they are also stratified systems. The privileged stratum in pre-industrial cities included, at the minimum, the upper echelon of the interlocking political, military, religious and educational bureaucracies.[4] Relying on technology and coercion in the form of taxes and tributes, urban elites forced the peasantry to increase its food production and to surrender harvests.[5] They also arrogated to themselves luxury items and other means to set themselves apart and to support lifestyles and arrangements that further reinforced their power.[6] Religious leaders were instrumental in providing moral justification for a social order in which a privileged few dominated the rest of society. Places of worship often also served as schools, and

religious functionaries frequently doubled as educators whose norms governed the academic curricula that sustained and propagated the elites.[7]

Urban stratification has multiple dimensions: economic, political, cultural, social, ethnic and, significantly, spatial. These stratifications find expression in various status markers. For example, people in different strata will often dress differently and they may use different vocabulary or pronunciation. There will also often be differences in what and how much they possess, the type and amount of food they consume, and their living environments. By tradition, status also prescribes certain behaviours and 'manners', including language used in communicating with those of different status, who sits where, who goes first through a door, who gives right of way on the street, and so forth. For example, in Tibetan cities, whenever political leaders mounted their horses, 'pedestrians were to stand aside, with their hats in their hands and their tongues hanging out'.[8]

Segregation by ethnic groups, which, in turn, were associated with specific occupations, occurred widely in pre-industrial cities. Ethnic quarters tended to be self-sufficient, physically and socially separated from the rest of the city. Often they had their own unique social structure, including political leaders and schools.[9] A description of 19th-century Canton lists dozens of streets, each restricted to the shops of artisans or merchants dedicated to making or selling a specific product. In many pre-industrial cities, streets were named after the occupation of the residents – street of the goldsmiths, street of the glass workers, and so on.[10] Rules for the layout of the ideal capital during the Ming and Qing periods in China reveal a clear pattern of strict spatial separation along lines of social class.[11] Similar, tightly regulated segregation between wards, housing different strata, characterized the social composition and spatial structure of Chang'an during the Tang period.[12] This behaviour is still a characteristic of many cities with large traditional quarters.

This localization of particular occupational activities in segregated quarters and streets was (and is) closely linked to a society's technological base. The rudimentary transport and communication media of former days demanded some concentration if markets were to operate. Proximity made it possible for producers, middlemen, retailers and consumers to interact. Sellers of hides would not have been able to do much business if their prospective customers, the leather workers, had their shops scattered randomly across the city. Moreover, the social organization, especially the guild system (itself largely interwoven with technology), encouraged propinquity, which, in turn, fostered community cohesion.[13]

Today's slums reveal the spatial dimension of contemporary urban stratifications. Historically, the spatial structure of many cities did not significantly reflect social and economic stratification. For example, in Pompeii and Herculaneum, there was considerable mixing of different population strata. Households tended to be large and consisted of many, often unrelated, individuals of diverse backgrounds, including patrician owners, as well as their slaves, freedmen and lodgers or tenants.[14] Similarly, research on European urban life in the Middle Ages has shown how apprentices and masters shared the same living quarters, and aristocrats shared their houses with an array of domestic servants.[15] These types of arrangements – with little spatial separation between members of different social classes – also existed in the imperial traditions of dynastic China, although the families of lower-class workers typically resided much farther away.[16] In other words, in earlier times, there existed more cross-cutting lines of occupational differentiation that mitigated the more extreme large-scale patterns of segregation that are now found in many cities.[17]

Urban stratification has multiple dimensions: economic, political, cultural, social, ethnic and spatial

With the advent of the Industrial Revolution and the advances in transportation technology, this situation changed and it became increasingly possible for the privileged to separate themselves spatially from those in conditions of disadvantage. This trend of growing spatial segregation continues today and is accentuated further by advances in modern information and communication technologies that enable more affluent households to isolate themselves physically from what they see as less desirable parts of the city.[18]

Views on inner-city slums

Today, the vast bulk of areas with inadequate housing and slums is in the developing world; but it is important to remember that during the early years of urbanization and industrialization in the North, urban conditions were at least as bad as those anywhere today and slums were just as widespread.

The early history of slums in the North shows at least as much indifference, misery, exploitation, policy failure and bad governance as anything existing in the poorest country today. In fact, urban conditions were probably more hostile to life, in that urban life expectancies and general health were well below rural equivalents, even as late as the 1950s, whereas the reverse is mostly the case in the developing world today.[19] It is definitely the case that the developed world did less with more during these early years; real incomes were higher at the beginning of the urbanization period than in most developed countries today, conditions were often worse and improvements came much slower. Many mistakes were made in dealing with slums during centuries of indifference and bad policy, and a few good lessons were painstakingly learned. Eventually, affluence and effective interventions eliminated most of the slums in the West; but they can still be remembered by older people.

Today's slums reveal the spatial dimension of contemporary urban stratification. This trend has been accentuated by advances in modern information and communication technologies that enable affluent households to isolate themselves from 'less desirable' parts of the city

Although the circumstances and incomes of the highly industrialized countries may seem to be very different from those of the developing world, so that the solutions they have adopted are not affordable or appropriate in the developing world, salutary lessons may be learned from their past and present – both in terms of what can be done and what should not be done.

Slums and urbanization

Slum areas were first defined by the 'regimen of congestion' that characterized the new mercantile cities of the 16th century as too many people began competing for too few dwellings and rooms.[20] The rapid influx to the cities of poor migrants looking for jobs created a huge need for accommodation. Much of the new housing for immigrants was developed or redeveloped by speculators seeking profits, and, in the absence of controls, was built to increasingly higher densities and poorer quality. If this new housing was not built quickly enough or was still not affordable, the obvious 'instant' solution for residents was to reduce the costs of housing by sharing the space and the rent with others. Landlords were quick to seize this opportunity, renting their properties out by the room and making a greater profit than they did from the same property rented out as a single unit.[21]

When this happened to more than just a few buildings in a neighbourhood, owner-occupiers, and even some of the other tenants, became concerned that the quality of the neighbourhood was being lowered and moved out. This provided the opportunity for these properties to be bought cheaply and subdivided for renting to new migrants and the expanding urban poor. This, in turn, further hastened the process, driving out the original residents and bringing in many times their number of yet poorer tenants. With increasing demand, the process did not stop there but was extended to subdividing rooms, and even sharing rooms between two or more families. So easy and profitable was the process that landlords took to building makeshift accommodation in the back gardens, specifically to rent out to yet more families.[22]

The link between slums, poverty and social stigmas was firmly established in the popular imagination and common vocabulary

Needless to say, while the houses were being remodelled and subdivided, services were not extended, and the same facilities were shared by an increasing number of people. Given their financial means, the tenants had little choice but to accept ever-decreasing standards. Not surprisingly, repairs and maintenance, and even the day-to-day care and cleaning of the services and facilities, were non-existent since landlords were interested in extracting the maximum profit.

The downward decline into squalor was inevitable. In such poor conditions, the presence of so many people, inevitably poor and often desperate, helped to break down social order. The poor were easy prey for exploiters, and the crowded tenements became the haunts of thieves and other petty criminals. The link between slums, poverty and social stigmas was firmly established, at least in the popular imagination and common vocabulary.

Slums and capitalism

The growth of urban slums is intimately tied to the change from earlier economic systems to capitalism, and most of slums' worst features are intimately associated with conditions of inequality, profit seeking, exploitation and social disruption that occur until the institutions are slowly built that mollify the excesses of the new market system.

A ground-breaking study of the origins of cities observes that the appearance of slum areas was not only due to population pressure from the immigrant proletariat that began thronging the capitals of Europe, but was also due to the depersonalization of both people and space that occurred during these early centuries of capitalism.[23] Whereas most urban workers could earn a reasonable living as artisans or journeymen prior to this time, industrial production required a pool of very low-paid and undifferentiated labour, and income inequality increased rapidly at both ends of the spectrum. The new urban proletariat lived in a state of permanent insecurity, as inhabitants of informal settlements do today:

> *By the 17th century, destitution had been recognized as the normal lot in life for a considerable part of the population. Without the spur of poverty and famine, they could not be expected to work for starvation wages. Misery at the bottom was the foundation for the luxury at the top. As much as a quarter of the urban population in the bigger cities…consisted of casuals and beggars…the capitalist hired workers at will, or dismissed them on his own terms, without bothering as to what happened to either worker or city under such inhuman conditions.*[24]

The other aspect of depersonalization was the development of a formal market structure for land, and the rapid increase in prices and rents that this occasioned under conditions of population pressure. To a fair extent, land and house rents had been determined by traditional practices, and urban layouts had followed aesthetic ideals with a balance of open space and residential areas. Under the market system, both space standards and housing standards fell rapidly, and overcrowding became the norm as competing uses for urban land began to set the price of housing. Collective open spaces or courtyards disappeared as landlords sought maximum rents from people with falling incomes. By 1835, the first multi-family tenement block was erected in New York for the lowest income group, occupying 90 per cent of the block and incorporating standardized airlessness and unsanitary conditions. Within a generation, the premium for urban land was such that similar structures were being provided for the middle and upper classes.[25]

The periodic nature of economic booms and busts that occurred throughout the whole early capitalist period was also a major contributor to the formation of slums – the speculative poor-quality housing that was built during the boom years rapidly became the decaying slums of subsequent busts when very little money was to be had for any sort of urban improvement:

> *London is established upon commercial profit and financial speculation, and the pattern of its housing has followed similar imperatives. It has grown largely from speculative building, advancing in succeeding waves of investment and profit taking while being momentarily stilled in periods of recession.*[26]

Even in the heartlands of unbridled commercial development of the Industrial Revolution, it was still possible for some communities to develop in an orderly fashion. Amsterdam is often regarded as a model commercial city and an outstanding urban achievement. The city became the centre of the world's money markets from the mid 16th century, and quadrupled in size in 70 years. In the face of overcrowding, it instituted a City Building Ordinance that was so successful it was not changed for 300 years. Building inspectors examined building foundations before work could proceed, and sanitary and space requirements were strictly enforced. All urban improvements, including streets and footpaths, had to be paid for by plot holders.[27] The City Plan was constructed around transport corridors, which at that time were canals. Nevertheless, even in Amsterdam, the Jordaan area outside of the city to the south-west, on swampy land, formed a typical congested dumping ground for immigrants and the poorest workers. Jordaan was built as a speculation by merchants to far lower space and amenity standards, ensuring handsome profits for the developers and landlords. It was not until public housing was constructed in the 20th century that a solution to housing low-income earners was found.

Slums and reformism

The question arises as to why a notion of slum was developed only from the 1820s and not before, since slums had been around for several hundred years. This appears, partly, to be due to the fact that urban conditions had improved to such an extent by this stage that slums could actually be identified against a general background of better quality housing, which had not been the case in the early phases of the Industrial Revolution. Slums were, therefore, a term of the middle class to show how they had bettered their position.

The slum also appears to be a key part of the spatial expression of the great modernist project that began around that time and has lasted to the present day. The key idea of modernism was that rational and logical behaviour, planning and technology could improve the lot of humanity. The residential expression of modernism was the garden suburb, with its space, light and cleanliness, and the 'slum' was an opposite, everything that modernism was deemed not to be.[28] It is not coincidental that the term 'poverty' also seems to have been coined at this time, the idea being that once a problem has been identified and named, it can be solved.

Both slums and poverty are terms very much in the spirit of Christian reformism and later Western capitalism and a contrast to the modernist ideals of social and physical order, morality, health, spaciousness and urban quality. The commentaries of the 19th century lapse into colourful language such as 'filth, intemperance and depravity', 'debased', 'wretched' and 'vice' whenever slums are mentioned; and it is clear that the intention is to be outraged at the existence of these areas. Somehow, it was commonly believed, these areas of poor housing caused people to be bad or poor, and by eliminating the housing, the problem could be solved. In fact, the problem was the poverty of the inhabitants – coupled with much more intensive land use than had previously been the case.

Slums provided a focus for charity and reform efforts by religious groups, particularly temperance groups.[29] On the negative side, slums were (and still are) used as a populist focus to stigmatize particular social groups, most particularly immigrants and the poor. Once an area was designated a slum, most of the middle-income inhabitants would gradually leave, eventually circumscribing the area as a place of uniformly low incomes and a repository for the negative externalities of the city – illegal, polluting and dangerous activities.

Early reformist attempts to improve the situation generally made conditions rather worse. The poorhouses and hospitals of Dickens's era were almost as dangerous and unhealthy as the street, and the prisons were more so. Almost all early attempts at slum clearance and building of 'model housing' for the indigent displaced the poor and worsened their housing conditions. For example, the first model housing from the 1850s in New York had inside rooms that had no light except from a window opening to an outside room; the model tenement then became a favoured resort of thieves and prostitutes. The Peabody 'model housing' of the late 1800s, which was widely copied by public bodies, had a minimum of light, air and sanitation. The small court between the buildings was entirely paved and children were forbidden to play in it.

Failures of this kind have been endemic throughout the modern period as planners imposed their own ideas on what was an appropriate and affordable environment, without considering the real needs of poor communities. During the 20th century, modernism progressed to the ideas of the Bauhaus industrialized building and tower block residences designed by Le Corbusier, striding across the landscape, self-contained and surrounded by parkland. Ironically, deteriorated public-housing tower blocks now are a considerable blight on the skyline of many cities and are regarded by some as the 'new slums'.

Are slums inevitable?

The constant themes of this section arise throughout any discussion of slums: initial pressures due to population gain; increasing poverty and inequality; overcrowding as land prices rise; boom-and-bust construction; eventual marginalization and evacuation; and misguided reform efforts that only make the situation worse. The fact of the matter, as Chapter 7 will show, is that slums have vanished since the 1970s in all but a few developed countries as a result of increasing affluence, although affordable housing is still an issue everywhere.

Slums developed in much the same way not only in the Old World, but in new settlements throughout the New World. The history of inner-slum areas in Sydney is shown in Figure 4.1. An initial 30-year period of rapid expansion and substandard construction was followed by a slow deterioration and exclusion of these areas over 100 years. Once the neglect and depopulation of these areas reached its worst, an impromptu rejuvenation of the inner areas occurred over a fairly short period of about 30 years.

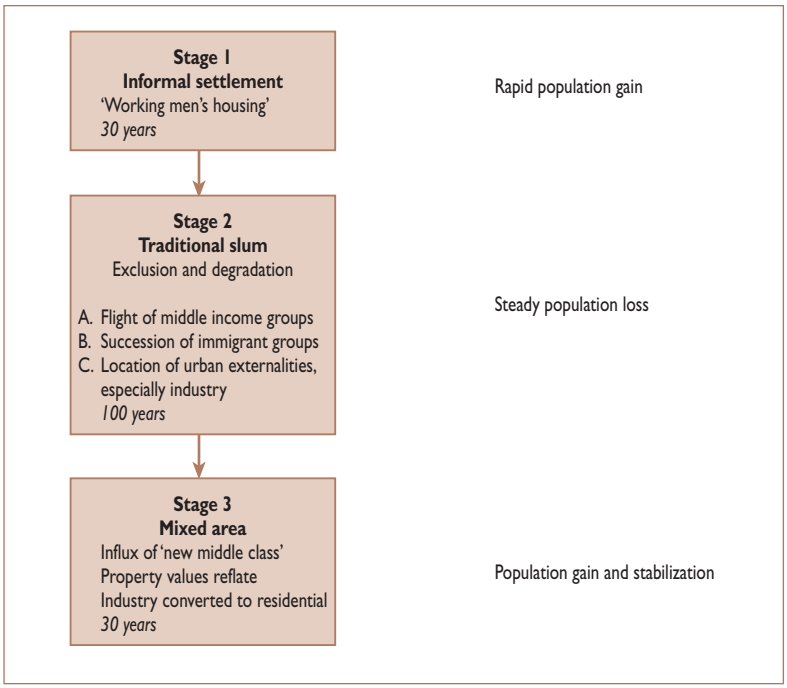


Figure 4.1

Progression of an inner-city slum, Surry Hills, Sydney

In Sydney, which had fairly minimal planning interventions for much of its history, the overall urban decline and improvement strategy was never formally expressed since it operated largely through the private market, enabled by local officials. The process of decline involved, firstly, marginalizing certain areas so that the inhabitants with more resources would leave for bungalows in the suburbs; secondly, allowing noxious industries to locate there and to gradually replace much of the residential stock; and, finally, as a result of condemnation, clearing much of what remained of the housing a few properties at a time – or, in the mid 20th century, through wholesale block clearance.

It was ironic that during the latter part of the 20th century, what remained of the stock was preserved and gradually improved by gentrifying young professionals. The whole cycle of the informal shanty town of Surry Hills, its demonization as a slum and its recolonization as a mixed area took around 150 years, which is probably too long a time frame for most cities to be comfortable with.

In the North, slums were not eliminated without a concerted public response coupled with a social climate that permitted civic engagement

This privately funded regeneration was not, in fact, led by profit seeking but by changing ideas of civic responsibility, coupled with a more responsible attitude to planning and heritage, and an effective private housing finance system that had followed from enabling interventions by government over an extended period. In European countries, the elimination of slums was effected by more blatant state interventions, including strict planning regimes, slum clearance and the widespread construction of public housing.

The moral to be drawn is that, in all examples, slums were not eliminated without a concerted public response, either directly through government enterprise, or through an enabling process that both protected citizens and broadened their access to markets that otherwise were available only to a privileged few, while providing subsidies to the most disadvantaged – coupled with a social climate that permitted civic engagement.

Social diversity of contemporary slums

There exists a common misperception that all slums are alike and that the people who live in slums conform to common stereotypes. In reality, however, there exists a wide range of people among slum residents. As regards tenure, information from the slum case studies reveals a rich diversity among slums and slum dwellers.[30] There are slums whose residents are exlusively or predominantly renters of units held in legal or semi-legal tenure. Units may be subject to rent control. In others, there is a mix of owners and renters. Sometimes land is rented from private owners or public entities. In others, there is illegal occupation of public land or private land. These few examples are but a brief indication of a large number of housing and land tenure categories found in slums worldwide. It is clear that these realities on the ground defy simplistic views of 'the slum'.

Slums and slum dwellers differ in many other ways, as well. Gender composition in the case studies ranges from an even balance of women and men in Ching Nonsee, Bangkok, to women making up less than 30 per cent of Skid Row in Los Angeles. Households headed by women account for 10 per cent of households in Karet Tensin *kampung* (Jakarta), 22 per cent of *favela* households in Sao Paulo, 50 per cent of the pavement community in Prakash Nagar (Mumbai), and 80 per cent of all households in Springfield/Belmont (Newark). Length of residence varies greatly, too. There are slums with a long history, whose residents have lived in the local community for a generation or more. In Barcelona, some slums are several centuries old, while others can be traced back to the mid 19th century. Bangkok's Chong Nonsee is 40 years old; but, at the other end of the spectrum, some of Durban's clandestine settlements emerged only during the late 1980s and early 1990s. There is great variety also within countries, and even within cities.[31] For example, some of Kolkata's slums are 150 years old, while others go back just a decade. Again, there is no simple way of characterizing slums.

The complexity of slums is further illustrated by information on the occupations and income-generating activities of slum dwellers. These span the gamut from university teachers and students (for example, Agbowo, Ibadan) to more marginal activities in slums, including petty crime, drug dealing, prostitution and arms trafficking – with markets and a clientele that extend to the rest of the city and the wider urban region (for example, Barcelona). They include informal jobs in the garment industry; packaging nuts and recycling solid waste (for example, Karachi); domestic servants; piece-rate workers and self-employed hair dressers (for example, Kolkata); furniture makers; and unskilled and semi-skilled carpenters and metal workers (for example, Lusaka); guards; and a variety of home-based enterprises (for example, Mumbai), among many others.

Using more objective criteria may reduce definitional ambiguity, but does not eliminate the diversity of slums. Indeed, this is one of the points stressed in this report. Box 4.1 presents additional evidence of diversity in educational levels and occupations in slums.

Box 4.1 Diversity in education levels and occupation types among residents of slums in Pune, India

The general occupational profiles of urban slum dwellers have not been systematically studied for most cities of the world. There are often fallacies held – by urban residents and policy-makers, alike – that slums are home to domestic servants, rag pickers, sex workers, manual labourers and criminals: people with very low or almost no education, and people with dysfunctional households or no households at all. Such fallacies have given rise to the idea that these settlements are 'urban sores' with almost no positive contribution towards the normal functioning of the city.

A recent survey conducted by a non-governmental organization, Shelter Associates, in partnership with a community-based federation of slum dwellers, Baandhani and the local municipal corporation in Pune (India) tells a different story. The survey conducted across 211 city slums revealed that the occupations vary from class IV government employees, ammunition factory employees, painters, drivers, small entrepreneurs or even office goers.[i] A majority of the women in slums work as housemaids, sweepers, vendors and even government employees. The survey also revealed the presence of a small number of computer professionals, teachers, nurses and doctors in some of the slums.

The average household size was found to be 4.7, with most households having incomes ranging from 2000 rupees (Rs2000) to Rs 6000 per month. For households where both husband and wife work, income ranged between Rs 6000 and Rs 7500. Some of the slums also revealed a healthier female–male ratio than the state average. While the ratio for the state has dipped to 922 females per 1000 males in the latest census, the Kamgar Putala slum, for example, has a ratio of 1004 females to 1000 males.

According to the estimates of the Pune Municipal Corporation, there are 503 slums in the city, out of which 322 have been declared official. Approximately 44% of the city's population live in slums, occupying less than 10% of its land.

The aim of this ongoing census is to compile a comprehensive directory of Pune's slums and slum dwellers, including an interactive spatial and statistical database using geographical information systems (GIS), as well as a book of fact sheets on every slum.

Note: i The survey is part of an ongoing census, a two-phase project which, when completed, will include over 400 slums located throughout the city of Pune. Work is in the final stages for phase 1 of the project, which covers 211 slums.

Source: This box was prepared with the assistance of Anirban Pal, based on information provided by Pratima Joshi, director, Shelter Associates.

These and many other differences are hilighted by the slum case studies. Together, this information makes abundantly clear that slums fall along a broad spectrum. They defy simplistic notions and misleading stereotypes. They have diverse histories, vary in spatial and environmental characteristics, and have widely different populations. Moreover, as is abundantly clear from the case studies, slums are not static; there are ongoing dynamics that, over a period of years, may turn an established urban area into a slum or that may lead to the redevelopment of an existing slum. Recognition of this variety is essential to the success of approaches aiming to improve the lives of slum dwellers.

SOCIAL ATTRIBUTES AND FUNCTIONS OF SLUMS

Urban slums and squatter settlements exist and continue to grow for a variety of reasons – economic, social, political and environmental. From an economic perspective, they are a source of (real or imagined) economic opportunity for a nation's poor, and of low-cost labour supply for the public and private production of goods and services. They are also a source of profit and capital accumulation for both internal and external property owners. Socially, slums provide low-cost housing and low-cost services for rapidly expanding low-income urban populations. They also serve as networks of social support for new migrants to the city. Politically, in democratic and quasi-democratic regimes, slums can be an important source of votes and other forms of mutual support for local and national governments. Alternatively, they can act as an organizational base for opposition to governments. These functions are discussed briefly below.

Accommodation of low-cost labour

Urban slums, in a wider sense of meaning, generate both economic opportunity and risks of exploitation for their residents. Even though a significant portion of rural-to-urban migration may be spurred by war, famine, government policy or natural disaster, the primary motivation of most voluntary in-migration is the hope for a better job and economic security.[32] Low-income housing, typically found in slums, accommodates pools of labour whose low-paid work restricts their living expenditures and, hence, the shelter burden that they can carry. Critics of the capitalist system have observed that slum housing thus enables capital to undervalue labour. At the same time, the demographic transition of the last two decades has generated unprecedented numbers of young workers needing gainful employment. In parts of the world, gender and class inequalities also appear to support rural–urban migration.[33]

Providing a supply of low-cost housing for the poor is an important economic and social function of slums. Workers attracted to urban areas need a place to live that is cheap and accessible to potential jobs. In order to achieve cheapness, households tolerate small spaces and crowding, poor physical conditions, poor access to services (often sharing them with many others), and relatively insecure tenure. A city's transportation infrastructure, especially a subsidized one that serves the slums and squatter settlements, may improve access to jobs for slum residents in either the formal or, more likely, the informal sector. However, as experience in, for example, Mumbai has shown, the improvement of access to jobs must be balanced by attention to other needs of slum residents – especially adequate housing.[34] Transportation and housing costs are often a trade-off. Better access to income-generating

Slums are not static; there are ongoing dynamics that, over a period of years, may turn an established urban area into a slum or that may lead to the redevelopment of an existing slum

Urban slums exist and continue to grow for a variety of reasons – economic, social, political and environmental

The demographic transition of the last two decades has generated unprecedented numbers of young workers needing gainful employment

activities typically means having to live in worse housing or even on pavements, by rail tracks or under bridges. By definition, slum housing is inadequate – with respect to some or all of the following:

- Location (on pavements, tracks, steep slopes, distant from jobs).
- Shelter from the elements (weather and natural or man-made hazards).
- Provision of urban services (especially water and sanitation).
- Security of tenure.
- Cost.

For a given type of work, education increases the potential wages to be received in the formal sector over the informal one. Conversely, employment opportunities in the informal labour market are enhanced when the wage gap between the formal and informal sectors grows.[35] Thus, to the extent that new migrants to the city (as well as current slum residents) have limited education, skills or economic resources, they provide an important source of supply for the (unregulated) informal job market at very low or below-subsistence wage rates.[36] When a large portion of an urban population resides in slums and squatter settlements (for example, in Mumbai, Mexico City or Dhaka), the hiring prospects for small industrial and service firms are enhanced because labour costs are kept low by severe job competition among a plentiful labour supply in the informal sector. The trade-off is that an expanding informal labour market increases wage instability, job turnover, the exploitation of women and children in low-wage jobs, and the income disparity between socio-economic groups. Currently, dominant globalization and the associated 'informalization' of the economy that is seen in many places is not only widening the chasm between rich and poor, but also generates 'a large growth in the demand for low-wage workers and for jobs that offer few advancement possibilities'.[37] Increasingly, the informalization of low-wage jobs becomes the burden of women and new immigrants.

Providing a supply of low-cost housing for the poor is an important economic and social function of slums. Workers attracted to urban areas need a place to live that is cheap and accessible to potential jobs

The construction industry is particularly good at absorbing unskilled labour, thereby creating jobs for the lowest income sector in the economy.[38] In countries where labour is abundant, increased construction activity would be one sure way of increasing employment. The productive potential of the right kind of housing construction produces multiplier effects that yield further gains through backward and forward linkages. The benefits for development tend to be inversely proportional to cost. The highest accrue from housing built by the informal sector in areas uncontrolled by building and planning authorities. Low-income housing developments in the formal sector tend to be in the middle range of benefit for development, and high-income housing is the least favourable.[39]

The informal sector is particularly efficient in providing housing because its construction is simpler than in the formal sector and consumes less labour per unit cost. However, the lower unit cost means that investment of a given amount in informal housing tends to generate about one in five more jobs than in formal housing, besides contributing six times as many (lower-standard) dwelling units.[40] Labour supply and informal economy issues are discussed in more detail and from an economic perspective in Chapter 6.

Network for migrant absorption

Numerous studies in both developed and developing countries have documented the potential significance of slums as incubators for upward social and economic mobility.[41] However, the question of whether slums are networks of social and economic mobility or 'poverty traps' remains unresolved. The social capital of slums may serve two different functions: help for 'getting by' (social support) and help for 'getting ahead' (social leverage). Both may be, but are not necessarily, active in the same location.[42]

Globalization may facilitate social and economic mobility by expanding job opportunities and widening the opportunity networks of low-income urban residents. However, globalization and information technology can also help to create 'black holes of misery and despair' and 'truly fundamental social cleavages of the information age' that divide those with access to information and power from those without.[43] Whatever the case, the linkages of changing structures of low-cost labour markets to economic mobility are increasingly important.[44]

Upward mobility does not necessarily mean that people will move out of slums. *In situ* physical transformation in slum communities is, in many cases, evidence of socio-economic upgrading.[45] In this regard, support networks appear to be strongly conditioned by spatial proximity and cultural background.[46]

Mobilization of political power

One of the reasons that slums exist as places of poverty and inadequate services is the absence of political power among their residents.[47] The interaction between slums and local politics is shown by the success of *in situ* upgrading projects, thanks to the generation of significant political support and effective negotiating through community-based networks and partnerships.[48,49] In the absence of political mobilization, slums may be demolished or, at least, neglected in a perpetuation of the status quo.[50,51] Where residents can be mobilized, even the eviction may be handled in a manner that includes and involves them. Box 4.2 illustrates this.

In the absence of political mobilization, slums may be demolished or, at least, neglected in a perpetuation of the status quo. Where residents can be mobilized, even the eviction may be handled in a manner that includes and involves them

On the other hand, regularization of land tenure in squatter settlements may provide a basis for social and political integration, or control and co-optation of the urban poor.[52] Slum upgrading and relocation programmes may be subverted to serve the narrow political interests of local and national governments. There is a long history of this, including support for the founding of societies for urban workers' housing during the 1850s in France, not so much for the benefit of the workers and their families, but to render the working class 'inaccessible to the seductions of

politics' and as a means of peacefully disarming resistance.[53] Rural–urban migration patterns can also have political underpinnings and may be exploited to support the inequities of pre-existing patronage networks.[54] An important point is that the internal and external political functions of slums do not exist in a vacuum, but interact with their other functions – economic, social and environmental.

Environmental externalities

Research provides many examples of the environmental risks and damage associated with slums and squatter settlements in both developed and developing countries.[55] The hazards identified in the case studies prepared for this report fall into the following categories:

- *Transportation.* Many communities are located on government land devoted to local transportation infrastructure – railroad or highway rights of way, airport runways or harbours. The physical danger from passing vehicles is particularly acute for children. All local governments in these examples are trying to remove these squatter settlements, but with only limited success.[56]
- *Industrial pollution.* Industrial pollution is a problem frequently encountered by the residents of adjacent slums. The most extreme example of these risks is the Bhopal community of Atal Ayub Nagar, where – in addition to the more than 8000 residents who died from the December 1984 release of lethal methyl isocyanate gas – people continue to die of complications or suffer from persistent health problems.[57]
- *Earth movements.* Many slums are located on land not deemed appropriate for permanent habitation because of its steep terrain or geological characteristics that make it prone to subsidence, landslides or mudslides.
- *Garbage dumps.* Slums are frequently 'receivers' of a city's negative externalities. Accumulations of solid waste in a city's rubbish dump represent one such negative externality. Such land has little or no economic value and, therefore, remains open to 'temporary' occupancy by immigrant families with nowhere else to go. Such settlements pose enormous risks to their residents from disease, from contaminated air, water and soil, and from collapse of the dump itself. One of the more extreme examples is provided by Payatas in Manila where the collapse of the rubbish dump killed 218 people in July 2000.[58]
- *Fires.* Massive fires are an all too frequent occurrence in many slum and squatter settlements because of the lack of publicly provided fire-fighting systems; the extreme proximity and high density of shelters; the narrow alleys impeding access by fire fighters; poorly wired electrical systems or the use of kerosene stoves and lamps; the lack of water sources to douse the flames; and the combustibility of construction materials. The absence of municipal development controls to ensure acceptable levels of fire safety further amplifies fire risk. Many slums have experienced such disasters or continue to face serious risks in this regard. Descriptions of recent fire disasters in slums and squatter settlements make clear that arson may be used as a weapon, either by public or private interests to remove these communities in preparation for commercial development.[59]
- *Floods.* Floods are the most frequent of all natural disasters. Between 1947 and 1981, there were 343 flood disasters in which an estimated 200,000 people died.[60] Between 1900 and 1980, 339 million people were affected and 36 million people lost their homes.[61] Slums and squatter settlements are frequently constructed in low-lying areas subject to periodic flooding. The *tugurios* of the Paraguay River floodplain in Asunción, where 55,000 poor people live and are driven from their homes almost every other year, provide a typical example of the effect of such hazards on slums.

Slum dwellers are receivers of the city's negative externalities. Negative externalities are the costs of an action that accrue to people other than those directly responsible for the action. Because of their lack of resources and political clout, the residents of slums often have no choice but to occupy places otherwise unfit for habitation – for example, the rubbish dumps in Manila, the Philippines;[62] flood-prone lands in Dhaka City, Bangladesh[63] or Mumbai;[64] the polluted shorefronts of Asuncion, Paraguay; or the steep hillside *favelas* of Rio de Janeiro, Brazil.[65] In some cases, the social and economic costs sustained by slum residents as the

Box 4.2 Civil society organizes against forced evictions in Metro Manila

When local government didn't respond to protests over large-scale forced evictions in Manila, Philippines, an association of poor people's organizations, known as DAMPA, called on the Japanese government to investigate the violations of the rights of people displaced by a Japanese-funded public project. The project included a highway flyover, an aqueduct, a railway extension and an airport expansion. (The Philippines and Japan are both signatories to international treaties that prohibit funding of projects that violate the rights of displaced residents.)

In March 1996, a Japanese fact-finding team, including church, academic and non-governmental organization (NGO) representatives, made a much-publicized visit to Manila. They found that: people were evicted without prior consultation or notice; in relocation sites, people were left without basic services, water, electricity, schools and hospitals; people lost jobs in the relocation process; people were taken to relocation sites without the choice of where to go, resulting in community disorganization; and implementing agencies reneged on promises of compensation and support services.

The mission's findings were publicized in all of the local newspapers, along with its recommendations to the Japanese government: affected people, especially the poor, must be included in planning relocation programmes, and some of the project budgets should be allocated for relocation of displaced residents. The Japanese government subsequently decided to cancel funding for projects involving involuntary resettlement, and to investigate complaints of affected residents and rights violations.

Source: Asian Coalition for Housing Rights (1997) 'Creatively fighting transport-related forced eviction in Metro Manila', cited in *Habitat Debate* (2001) 7(3): 10.

result of these externalities are shared with the larger society through extensions of urban infrastructure (transportation systems, water and sewer improvements, etc) or through health programmes to reduce disease and other environmental health problems. However, in most cases they are not shared and the costs fall directly on the shoulders of the poor.

The irony of these negative externalities is threefold. Firstly, they derive from the short-term successes of urban job and wealth creation, which, in turn, attract new (poor) migrants to the city, thereby increasing the number of people exposed to environmental hazards. Secondly, a city's economic success, perhaps enhanced through globalization, frequently has the unintended side effect of driving up land rents and other living costs, making it less feasible for the urban poor to occupy decent, safe and sanitary housing in habitable neighbourhoods.

Finally, research suggests that if the full costs of negative environmental externalities associated with slums are taken into account, the costs of slum upgrading programmes in the informal housing sector will be the same as, or lower than, the cost of construction of new public housing for the same number of households.[66]

Service provision

In the absence of adequate formal provision of services within slums, there exist myriad examples of informal provision, ranging from illegal 'rented' electrical connections in Asunción's squatter homes, to unauthorized *jitney* bus services in Bogotá

In the absence of adequate formal provision of services within slums, there exist myriad examples of informal provision, ranging from illegal 'rented' electrical connections to squatter homes on the shorefront of Asunción, to unauthorized *jitney* bus services in Bogotá, to clandestine water taps, community wells and open sewers in Mexico City and Nairobi.[67]

When slums result from squatter invasions or illegal land subdivisions, they are usually informally laid out and rarely leave land for non-residential uses. However, slum residents are adept at producing the services and commercial activities that the formal sector fails to provide. Where there are no shops, residents sell convenience items from small shops set up in their homes. This is especially important when the absence of power in an area means that many households cannot refrigerate food to keep it fresh and wholesome. For example, in a peripheral area of Pretoria, South Africa, 'spaza shops' selling groceries, snacks, soft drinks and cigarettes are very common. Home-based small shops can offer high levels of service, throughout many hours of the day, selling quantities suitable for people with little cash, often on short-term credit.[68]

Poverty is the context within which slums are necessary and in the absence of which they might be replaced by better housing

Home-based enterprises run by residents also provide personal services. Hairdressers and dressmakers are particularly common; but there are also agents for obtaining official documents and many other services that operate informally in low-income neighbourhoods, with little encouragement from city authorities. Because they do not have to pay high rents for formally designated commercial plots, such shops and services can operate profitably from very small beginnings, with very little working capital and almost no overhead. Thus, they need smaller client bases than a formal establishment and have fewer locational constraints.

While these services are vital for the livelihoods of the local residents, they often have a wider reach. People from all over the city use specialist shops and services operated by slum dwellers. Embroiderers in India, political memorabilia dealers in Indonesia, football repairers in Bolivia and motor mechanics in South Africa are some examples of services that attract city-wide and regional clienteles.

Access to informal, low-cost services, frequently provided by non-governmental organizations (NGOs), constitutes a relatively important social function of slums. It is relative because, as pointed out in a study of medical services in New Delhi slums, the services provided by informal practitioners may be inadequate or, ultimately, harmful to the intended beneficiaries.[69] In such situations, grass-roots NGOs play a critical intermediary role.[70] With appropriate technical assistance and financial support, they have demonstrated their ability to compensate for the budgetary constraints of local governments and the poverty of slum dwellers. Education is similarly critical for productivity, income generation and upward socio-economic mobility.[71] The value of education for improving life chances and empowerment – particularly among women – is widely recognized.[72] However, in many places, schools now require user fees, imposed as a result of structural adjustment policies, which have placed the education of children out of many parents' reach. In other cases, for example in Mumbai and New Delhi, the occurrence of slum children not attending school may have less to do with their families' economic circumstances than with the school system's shortcomings.[73] There is a severe scarcity of public schools that are accessible and affordable to the children living in slums and squatter settlements, and NGO educational programmes cannot make up for their absence.

SLUMS WITHIN URBAN SOCIETY

The role of slum areas in shaping the image of a city is important to its future. On the negative side, where the city appears to make few attempts to improve overall quality of life, this will be reflected in its image. Most cities at least pay lip service to poverty reduction and officials are mostly genuine in their efforts to improve their cities and their society. The debate on the extent to which place actually affects individual circumstances, rather than the reverse, remains unresolved; but this section examines the evidence.

The existence of slums, inequality and a poor or polluted urban environment is seen as a prime deterrent to international competitiveness and to the location choices of international firms and high-profile events such as the Olympic Games.[74]

The true problem to be tackled, however, is not the visibility of the poor but the condition of poor people. Poverty is the context within which slums are necessary and in the absence of which they might be replaced by better housing conditions. Lack of income lowers life chances directly and in a number of indirect, subtle ways. Poor health and lack of education are major impediments to individuals improving their circumstances and moving out of poverty.

Lack of self-esteem or lack of contacts leads to lack of aspirations and limited employment choice. Many are still trapped in inner-city slums full of poor health, crime, drug abuse and misery.

Contribution to cultural developments

As described above, many so-called slums are not the social wastelands of the popular imagination at all, but provide livelihoods, social networks and a tolerable standard of living for the residents. The embedded sense of community participation, complex political mosaic and networks of support can be destroyed by clumsy slum clearance operations.

Although it is difficult for residents to have a sense of pride in their community when they are so marginalized, political action groups and manifestations of a 'class for itself' can develop in certain circumstances.[75,76] This has been a fear of elite groups since the Middle Ages; but it is quite exaggerated – the evidence is that poor people are less involved in their communities and more apathetic than affluent groups.[77] While riots and other manifestations of frustration and anger often arise, these are not often directed productively except in the presence of a cohesive force assisting to empower communities.

Some of the negative attributes of slums or the 'negative externalities' that they impose on others are social dysfunctions that may occur owing to:

- *Marginalization and dumping of the underclass, particularly in the North.* If poor people, the permanently unemployed or handicapped, and criminals are forced to live together through the repressive mechanisms of the state, the receiving neighbourhoods develop serious problems that spill over.
- *The mixing of disparate populations.* These populations come together through in-migration. They may well be foes; they may have a history of exploitation or fear, such as whites and blacks; or they may be groups that understand very little about each other's culture.
- *Family disruption.* The loss of one partner often not only substantially reduces the income of the family, so that it has to live in the cheapest housing, but it also makes the fulfillment of the care-giving and value-transmission role of the remaining parent very much harder, when livelihood must be their main concern. In addition, the trauma may sometimes disturb children and make them more vulnerable or attracted to socially undesirable behaviour.

It is hard to overestimate the contribution that slum dwellers have made to cultural life during the 20th century. Contributions have included some of the main musical and dance movements of the 20th century: jazz, blues, rock and roll, reggae, funk and hiphop music in the US; the ballads of Edith Piaf in France; breakdance in New York; *fado* in Portugal, *flamenco* in Spain and *rebetika* in Athens; township music and *soukuss* in Africa; and various Latin American dance crazes in Brazil and Argentina. Songs from many musical genres and countries have been located in slum settings: in rock, Bob Dylan's twisted urban landscapes in *Desolation Row* or *Visions of Johanna*; Bruce Springsteen's *Born to Run;* or Tracy Chapman's *Fast Car*; in folk music, Ewan McColl's *Dirty Old Town* or Dorothy Hewett's *Weevils in the Flour*; in mainstream pop, Elvis Presley's *In the Ghetto*, the Supremes' *Love Child* or musicals such as *West Side Story* and *Saturday Night Fever* have described aspects of or depicted scenes from slum life. The cityscapes of L S Lowry and the modern expression through graffiti are two ends of a continuum of art arising from slum life.

The literature of slum areas has ranged from deep social critiques of misery and crushed hopes, such as Tennessee Williams's *A Street Car Named Desire*; Zola in France; *Angela's Ashes* in Dublin; Charles Dickens and George Orwell in England; Saul Bellow, John dos Passos, James Baldwin and other black urban writers in the US, as well as Selby's grim *Last Exit to Brooklyn*; Maria de Jesus's *Beyond all Pity* or Meja Mwangi's novels of slum life and despair in Nairobi; to affirmations of the strength and moral character of people in adverse circumstances, such as Gershwin's *Porgy and Bess*. In the 1950s, a 'realist' romantic school sought to portray slum life as somehow more real, earthy, vibrant and productive (if always fragile and threatened by poverty) than emasculated and regimented middle-class life.[78] Internally, slums have developed their own communications: composite languages, creoles and local argots have originated from slums because of the needs of different groups thrown together to communicate or trade, or because exclusion has encouraged the development of local 'hip talk'.

Co-location and social aspects of poverty

It is generally presumed that the concentration of low-income people in particular locations is immensely detrimental to their well-being. However, this has been hotly debated as there are also certain advantages in service delivery, social cohesion and empowerment when low-income people have a critical mass in particular areas, rather than being scattered anonymously throughout the community.

Social cohesion is critical for societies to prosper economically and for development to be sustainable

In earlier years, many internationally driven housing and slum reform projects that simply concentrated on engineering and construction solutions failed because they were not sustainable or appropriate in developing country environments. They failed to consult with and involve the people for whom they were intended. They did not work with their organizations and meet their cultural requirements. In addition, they failed to take sufficient account of good governance issues and political will, without which little can be achieved and nothing sustained once the foreign experts have gone home. Social cohesion is critical for societies to prosper economically and for development to be sustainable.[79] Incorporating the poor within the design and implementation of development projects not only helps to produce more appropriate projects, but also ensures that

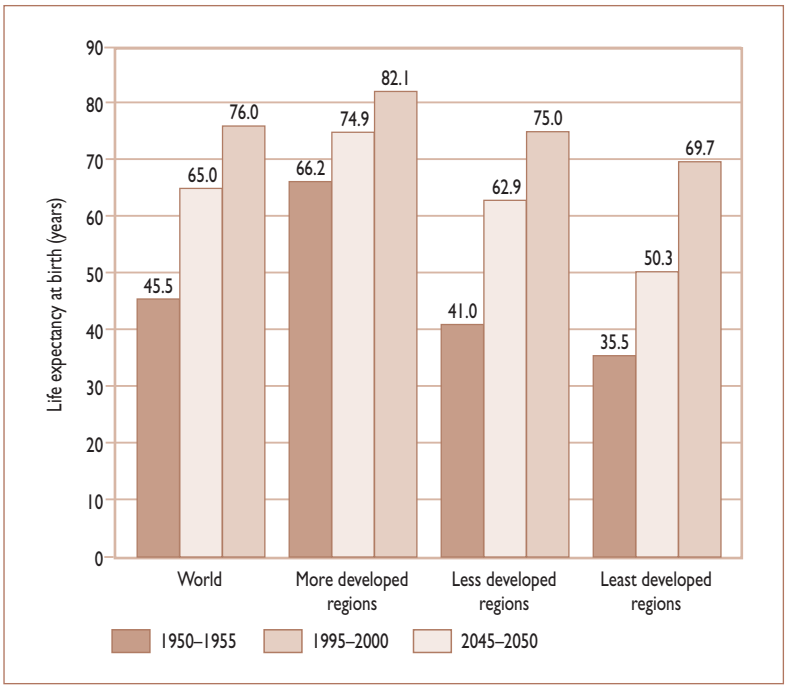


Figure 4.2

Life expectancy at birth for the world and development groups, 1950 to 2050

Source: United Nations Population Division (2001), World Populations Prospects 2000, Figure II.1

they are better targeted to reach those with the greatest needs.[80] Including the poor from the outset helps to build confidence in, and loyalty to, improvement projects, as it was shown in work on participatory development in Sri Lanka and confirmed in many other projects.

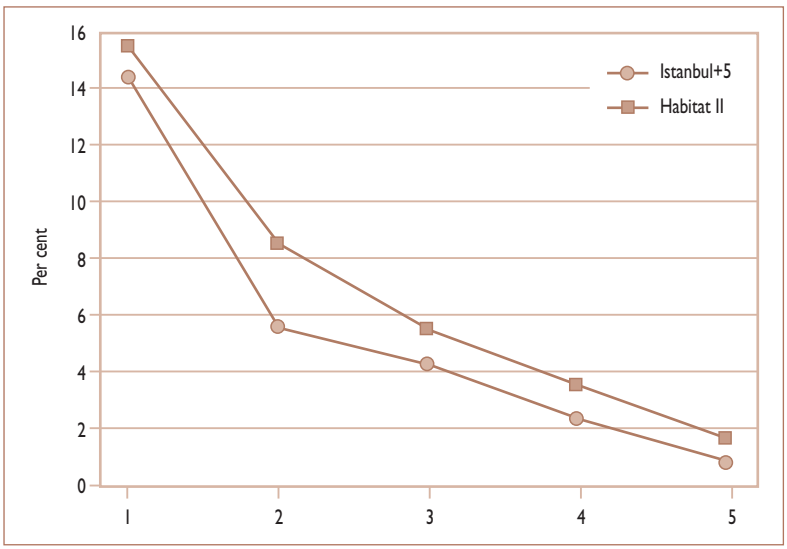
There has been a substantial literature that has established that depressed slum environments are detrimental to health, life chances and social behaviour.[81] The US has affirmative action programmes specifically seeking to disperse slum dwellers to better neighbourhoods, and a number of studies have investigated whether this is socially beneficial. The conclusion is that households that move to better locations are substantially better off on a range of subjective and objective outcome measures, although this is not universal.[82,83,84]

The co-location of poor people is not, however, without its advantages. On the one hand, social melting pots and adversity can result in robust cultural expressions of all kinds. From the point of view of basic economics, it is cheaper to provide targeted social services to poor people if they are concentrated – and, in fact, this can be a major attractive factor for certain locations. In addition, political and social action becomes possible where concentrations of poor people exists, which would not occur if they were dispersed and isolated throughout the community; spatial concentration thus provides the means for the poor to organize. Most NGO and community-based organization (CBO) groups that form such an important part of the political landscape of the developing world have their roots or support in poor communities, and are facilitated in their action against exploitation or social ills by having clear spatial constituencies.

Ultimately, most of the poor conditions in slums in developing countries are about differential access to power and resources, and this is expected to worsen under present strategies of fiscal decentralization and privatization.[85] Slum communities cannot of themselves raise the money to improve their localities. They also cannot easily mobilize politically to divert social resources from elsewhere to improve their neighbourhoods.

Figure 4.3

Urban child mortality by City Development Index (CDI) quintile, 1993 and 1998



Health issues

Health is possibly the great success story of the 20th century, and a great deal has been written about aspects of urban health. Enormous strides have been made in health areas during the last half of the 20th century, with life expectancies increasing by up to 40 per cent in the least developed countries (LDCs), from much lower bases in 1900 – and infant mortality also declined by 60 per cent worldwide during the same period.[86,87] Higher death rates from infectious diseases in developing countries are partly matched by diseases of affluence in the developed world; for adults, there is now little difference in death rates in different parts of the world. The United Nations Development Programme (UNDP) has recorded consistent improvements in health and education at national levels throughout the 1990s – which shows what can be achieved when a consensus exists as to what should be done and when it is done.

There is absolutely no room for complacency, however. Child mortality remains a major problem, since 5.8 per cent of children in the developing world's cities die before reaching the age of five years, and more than 20 per cent in the LDCs overall, compared with 0.6 per cent in the higher income countries (HICs). The situation is improving, with the greatest improvements in the second quintile of cities, as Figure 4.3 shows; but there is still a long way to go.

Health indicators are more dependent on levels of development than on regional differences. In the lowest quintile of cities, almost 15 per cent of children die before reaching their fifth birthday, which is 16 times the death rate of those in the top quintile.

Table 4.1 shows that, in fact, death rates are about the same in the developed and developing countries. However, the causes of death are very different and people are dying much younger in the developing world. Life in the developing world is still a far more fragile and risky business. Mortality rates from infectious diseases are 15 times as high

Table 4.1

Mortality rates, world, 1998

	Developed		Developing	
	Number (000)	Rate per 100,000	Number (000)	Rate per 100,000
TOTAL DEATHS	8033	885	45,897	922
Infectious and parasitic diseases	**122**	**13.4**	**9680**	**194.5**
Respiratory infections	309	34.0	3198	64.3
HIV/AIDS	32	3.5	2253	45.3
Diarrhoeal diseases	7	0.8	2212	44.4
Childhood diseases	10	1.1	1640	33.0
Tuberculosis	18	2.0	1480	29.7
Malaria	0	0.0	1110	22.3
Other diseases	55	6.0	1002	20.1
Maternal conditions	2	0.2	491	9.9
Peri-natal conditions	53	5.8	2102	42.2
Nutritional deficiencies	23	2.5	467	9.4
II. Non-communicable conditions	**7024**	**773.7**	**24,693**	**496.2**
Malignant neoplasms	2020	222.5	5209	104.7
Cardiovascular diseases	3592	395.7	13,098	263.2
Respiratory diseases	391	43.1	2604	52.3
Digestive diseases	322	35.5	1461	29.4
Diseases of the genitourinary system	139	15.3	626	12.6
Neuropsychiatric disorders	225	24.8	495	9.9
Diabetes mellitus	161	17.7	439	8.8
Congenital abnormalities	36	4.0	478	9.6
Other conditions	98	10.8	213	4.3
III. Injuries	**498**	**54.9**	**5266**	**105.8**
Unintentional	**327**	**36.0**	**3166**	**63.6**
Road traffic accidents	142	15.6	1029	20.7
Other accidents and injuries	185	20.4	2137	42.9
Intentional	**172**	**18.9**	**2100**	**42.2**
Self-inflicted	130	14.3	818	16.4
Violence	38	4.2	698	14.0
War	4	0.4	584	11.7

Source: WHO, 2000.

in the developing world, and comprise around one sixth of world deaths. Death rates from childhood diseases (such as diphtheria and polio) are 33 times as high; tuberculosis kills 1.5 million annually and is on the rise, and malaria now only occurs in the developing world. In the developing world, maternal deaths are many times higher and peri-natal deaths are nine times as common. Death rates from injuries are more than double in the developing world, and death by violence, including war, is six times as likely. Most of these deaths are preventable, were there less dangerous living conditions and appropriate systems of health care.

The AIDS pandemic continues unabated, with infection rates increasing in many new countries that were not previously exposed. Life expectancy reduced from 60 to 51 in Botswana during 1990 to 1997, and will further reduce by 6 to 11 years in the next decade in Kenya, Uganda, Zambia and Zimbabwe. In some areas of South Africa, 50 per cent of adults are estimated to be HIV positive; as a result, South Africa is the only African country expected to lose its population in the coming years. Global deaths were around 2.9 million in 2000, and rising rapidly, putting AIDS well ahead of diarrhoeal diseases as the greatest infectious killer. The people who die are usually of prime working age, leaving behind families who may themselves be affected. AIDS is estimated to take 1 per cent from GDP each year in the countries in which it occurs.

Poor housing conditions can be deadly for those suffering from a disease which destroys the victim's immune system. In addition to countries most affected by AIDS, life expectancy has stagnated or is declining in countries from one other region – the transitional countries.[88] The severe economic shocks that these countries have sustained have lowered human development across the board, not least through the demise of the formerly good medical services enjoyed in socialist countries. This is largely an urban problem because the cities have suffered disproportionately in the transition period, particularly the cities of Central Asia.

For a very long time, the threat of the outbreak of contagion from densely populated and vermin-infested slum locations has been a major incentive encouraging powerful groups to act forcibly in eliminating slums. The 'urban penalty' that caused death rates to be higher in cities than in the countryside, due to polluted water and crowding, has been reduced in many places; nevertheless, the threat of urban pandemics remains real. Most recently, the advent of globalization, de-industrialization and other neo-liberal policies, including structural adjustment programmes (SAPs) in Africa, are believed to have contributed to the increasing spread of various diseases, including AIDS and drug-resistant tuberculosis. Results of extensive studies indicate that the planned hollowing out of poor inner-city areas, coupled with increased mobility, have encouraged the rapid spread of emerging infections, which are a serious security threat in the US.[89]

Poor health, along with loss of wage employment, is the major shock dimension of urban poverty, while chronic

Region	Under the age of five mortality		Life expectancy	
	Urban	National	Urban	National
Africa	14.6	15.2	52.7	47.1
Asia and the Pacific	4.4	6.9	67.4	57.2
Latin America and the Caribbean	3.6	4.0	70.9	57.9

Source: UN-Habitat, 2002f; United Nations Population Division, 2000.

Table 4.2

Health indicators: under the age of five mortality and life expectancy, 1998

ill health is a major determinant of chronic poverty. Urban workers, reliant on wage labour, are particularly dependent on ongoing good health.[90] The inability of a principal wage earner to continue working, accompanied by the subsequent debt to meet medical costs, is enough to throw lower-income families into poverty for extended periods.

The principal outcome measures of health are life expectancy and infant or child mortality.[91] Table 4.2 shows that, on this basis, urban areas have better health on average than rural areas. However, while urban mortality rates are now below rural rates, on average, this is not true for the poor in the slums, or for smaller cities. Slums in Bangladesh, for instance, have child mortality rates much higher than in rural areas. Some small cities in Brazil, a middle-income country that contains areas indistinguishable from the HICs on all social measures, have mortality rates more typical of LDCs. Stunting rates for children in urban areas with low socio-economic scores are similar to rural averages in many less developed countries.[92]

In fact, poor people virtually everywhere have much worse health statistics than the rich. The illness or death of an urban breadwinner can be devastating to a poor family, and can lead them into deep poverty. Measures of human capability poverty include health as a prime component because, without good health, the chances of leaving behind poverty and the slums are negligible.

Ill health in poor communities is associated with poor sanitation, lack of waste disposal facilities, the presence of vermin, and poor indoor air quality

Urban health expenditure figures can also be quite misleading as they tend to be very poorly targeted in the developing world. The money is mostly spent on expensive health services and health clinics for the rich, who can be enjoying a higher-level income and lifestyle. In practically every country, disproportionately more health services are demanded and received by better-off people. The lower use of health services by poor people – due mainly to lack of financial resources, but also to lack of awareness and to perceptions that 'doctors are for rich people' – exacerbate poorer health to begin with, caused by poor diet and poor living environments. People from the slums may not even be entitled to attend public health clinics, since they may not have a registered address.

Slums and disease

Ill health in poor communities is normally associated with poor sanitation, lack of waste disposal facilities, the presence of vermin, and poor indoor air quality due to poor ventilation and the use of cheap fuels that emit particulate matter. Accidents, particularly involving children, are also far more common in households with open fires or accessible boiling water, and the results of these can be horrific when no medical care is available.

Even in the developed world, however, there is a long literature linking poor housing with ill health.[93] Health concerns lay at the heart of the very first interventions in housing: the Public Health Acts in Britain during the late 19th century. The interventions in slum areas by the authorities were often less motivated by generosity or reformism than by the self-interest of the powerful. In the absence of modern transport networks, cities were much more condensed, and slum areas were contiguous with more expensive areas. The rich could not fully insulate themselves from exposure to areas that they considered undesirable, nor could they avoid interactions with the people living there. Lower health and sanitation standards meant that the rich were also exposed to the effluent from the poor. Diseases including cholera, small pox, tuberculosis, typhoid fever and other contagious diseases affected not only the people living in the slums, but were a threat to the health of more affluent people, as well.

In the UK, during the mid 1830s, over 21,000 people died of a cholera epidemic. The government finally acted in 1842, when Edwin Chadwick published his report on the country's public health. In 1848, after cholera had struck again, the Public Health Act was launched, with recommendations that water supplies and sewage facilities in towns and cities be improved. A second Public Health Act in 1875 compelled local authorities to provide sewage disposal facilities and clean water to all.[94] By 1900, the death rate had fallen dramatically and most towns had effective, hygienic sewers and water systems.

The poor and the rich thus shared a common fate. This intertwining prompted local government to regulate and intervene in the activities of landlords and speculative builders who were turning the centres of industrializing cities into insanitary slums.[95] For example, the City of London Sewer Act of 1851 prohibited cellar dwellings and the keeping of live cattle in courts; permitted condemnation and destruction of unwholesome property; and established inspection of common lodging houses for low-income households.[96] In the UK, therefore, during the period 1830 to 1860, the state was steadily taking more responsibility for wider control of private-sector enterprise in the interest of society as a whole. To enforce the legislation of control, a new division of government was being built up – the executive arm – imposing limits on the *laissez-faire* movement.[97]

In much the same vein, in 19th-century France, public health objectives for reform received attention only when connected to the larger social issues and economic transformations of the time, leading the Paris Commission on Unhealthful Dwellings to produce a report that criticized the absence of guidelines for new building and set forth specifications for residential construction.[98] As late as 1947, similar considerations underpinned legislation in the US that declared:

> *...such slum and blighted areas contribute to the development and cause an increase in, and spread of, disease, crime, infant mortality and juvenile delinquency, and constitute a menace to the health, safety, morals and welfare of the residents of the State.*[99]

A number of studies have connected overcrowded housing conditions in childhood with respiratory problems and infections not just at the time, but in later life. Using a long-term longitudinal sample, a recent study has shown that multiple housing deprivation can lead to a 25 per cent greater risk of disability or severe ill health across the life course, with the risk increasing if the exposure to poor housing was in childhood.[100]

As a result, wealthy individuals influenced policy (for better and for worse) in acknowledgment of the fact that they, themselves, would benefit from the availability of safe water and adequate sanitation for the poor. In 1902, Jacob Riis put it this way:

> *Justice to the individual is accepted in theory as the only safe groundwork of the commonwealth. When it is practised in dealing with the slum, there will shortly be no slum.*[101]

However, slum clearance and urban renewal, which were tacitly assumed to eliminate health hazards, have not proven completely successful.[102]

Crime issues[103]

Slum neighbourhoods experience various socio-economic hardships. They are a concentration of social and economic deprivations, high population density, high numbers of broken families, high unemployment, and economic, physical and social exclusion. These characteristics have been recognized as causes of crime and violence and therefore have the potential of a violent time bomb if found in combination in dense urban areas.

A great deal of research has been done on the incidence of urban crime and identification of its characteristics and causes. Of particular interest to an understanding of the relationship between slums and crime has been the idea of community risk factors.

Community risk factors

At the neighbourhood level, the causes of insecurity can be assessed through a classification of community risk factors, such as community composition, social structure, oppositional culture, legitimate opportunities, and social and physical disorder.

Community composition refers to the kinds of people who live in a community. The literature on this topic indicates that characteristics such as unemployment, broken families and school drop-out rates have been associated with higher rates of violent crime.[104] What is unclear in the literature is whether having more of these people simply produces a higher total of individual-level risk factors, or whether there is a 'tipping' effect associated with the concentrations of such people. Substantial findings on the effects of proportions of social groups have shown that the behaviour of entire communities changes when a proportion of one type of person goes beyond the tipping point.

Public policies contributing to the concentration of high-risk people in certain neighbourhoods could help tip the proportions of many communities towards a majority of persons or families at higher risk of crime. As long as those high-risk families or persons are in a minority, their low-risk neighbours are able to exercise a community protective factor against violent crime. When the high-risk families become a majority in any urban community, a spiral of crime and the fear of crime may lead to further loss of middle-class residents and jobs. This, in turn, increases the concentration of unemployed and poor people, followed by further increases in crime.

Independently of the kinds of people who live in a community, the way in which they interact may affect the risk of violent crime. Children of single parents, for example, may not be at greater risk of crime because of their family structure. But a community with a high percentage of single parent households may put all of its children at greater risk of delinquency by reducing the capacity of a community to maintain adult networks of informal control of children. The greater difficulty of single parent families in supervising young males is multiplied by the association of young males with other unsupervised young males, since delinquency is well known to be a group phenomenon. The empirical evidence for this risk factor is particularly strong, with violent victimization rates up to three times higher among neighbourhoods of high family disruption compared to low levels, regardless of other characteristics such as poverty.

Observers of high crime neighbourhoods have long identified the pattern of 'oppositional culture' arising from a lack of participation in mainstream economic and social life. Given the apparent rejection of community members by the larger society, the community members reject the values and aspirations of that society by developing an 'oppositional identity'.[105] This is especially notable in terms of values that oppose the protective factors of marriage and family, education, work and obedience to the law. As unemployment and segregation increases, the strength of the opposition increases. Efforts to gain 'respect' in oppositional cultures may then rely more upon violence than upon other factors.

Slum areas in cities are a concentration of social and economic deprivations, high population density, high numbers of broken families, high unemployment, and economic, physical and social exclusion

Communities with very high rates of youth violence are places in which there are high concentrations of criminogenic commodities. Both alcohol use and drug use are highly correlated with violent crime, with drug use, especially, being linked to an oppositional culture.

Recent work on the 'broken windows' theory of community crime-causation claims that in communities where both people and buildings appear disorderly, the visual message that the community is out of control may attract more serious crime. This may happen by a spiral of increasing fear of crime among conventional people, who use the area less and thus provide less informal control. Communities who deteriorate in this respect over time are observed to suffer increased rates of violence.

All of these risk factors and more are recognized within the broader debates about welfare, social and economic exclusion and family life. These debates often ignore the extreme concentrations of these risk factors. The neighbourhoods that suffer high unemployment rates are also likely to suffer from weak social structure, high rates of alcohol abuse, drug abuse, frustrations and violent youth crime.

The primary consequence is the development of a generalized, and not often objective, feeling of insecurity that is common in many urban populations. This perception crystallizes all of the fears of the population (such as insecurity with respect to employment, health, the future of children, domestic violence and the risk of impoverishment). It arises from an impression of abandonment, powerlessness and the incomprehension in the face of shocking crime, and the multiplication of minor acts of delinquency or vandalism. Because of its emotional character, this perception blows facts out of proportion, encourages rumour and can even cause social conflicts. The feeling of generalized fear can create a climate that may threaten the democratic foundation of a community or society, tearing apart the social fabric of the city.

Findings of recent research on crime

Some of the conclusions from recent research are:

- The prevalence of both property crime and violent crimes is related to problems of economic hardship among the young. Violence against women is also related to economic hardship, but is also inversely related to the social status of women.[106]
- While the above sentiments are widely held and appear to be correct, they are surprisingly difficult to support from comparative evidence. Total recorded crime at the international level is almost a proxy for the level of development. In the more developed countries, total convictions are typically 80 to 130 per 1000, whereas in developing countries the figure is more typically lower.[107] This is largely because:
  - the more developed countries are much more regulated, so that there are many more types of offences or fines that are strictly enforced;
  - the recording mechanisms are much more thorough;[108]
  - there are some crimes in developed countries that are committed a good deal more often, and which relate to the affluence and the much higher returns possible; these include drug crimes and burglary; and
  - the population has more confidence in the police force and is much more certain that something will be done if they report crimes; essentially, crime is reported when people believe that the police will do something about it.
- Crime rates vary substantially by region, even among countries with similar incomes.[109] For example, Asian countries (West Asian, in particular) show low crime levels, whereas Africa has quite high levels. Murder levels tend to be fairly constant in most places in the world, with lower figures in the HICs, and much higher figures in Latin America and a few other places such as South Africa and Jamaica where guns, social disruption or drugs are commonplace.
- National studies provide better evidence for a relationship between hardship and crime. There has been a spectacular fall in crime rates in the US since the end of the recessionary period in 1993, reversing a very long upward trend.[110] Demographics will affect crime levels, particularly the presence of large numbers of teenage boys in areas of social breakdown, and the fall in crime is also partly due to the ageing population.[111]
- There appears to be a higher incidence of theft when rich and poor are pushed closely together – when it becomes very obvious to the poor exactly how much they are denied.[112] Areas with tourists also attract thieves because tourists are easy targets as they are unfamiliar with local conditions and also are likely to carry valuables. These locations are not the traditional slum areas.
- Much violent crime stems from the weapons trade. Civil wars and insurrections distribute large numbers of guns that then lie in the hands of demobilized militias or are sold to bandits. Training in the use of guns, and willingness to use them, is also a feature of such places.[113] Countries that have higher firearm ownership rates also have higher firearm-related death rates, including homicide and suicide rates, although there are a few exceptions.
- Poor people suffer more from violence and petty theft, where this is common, than rich people. In these circumstances, violence and security issues can be regarded by poor people as more important than housing or income issues.[114]
- Strong social control systems can result in low crime rates in slums (for example, in Ghana and Indonesia).[115]

The most important mediating factor in this story may be the motivations of community residents. For example, the isolation of high poverty neighbourhoods from the legitimate job market may be critical in accounting for the lack of motivation among youth in these neighbourhoods. This also highlights that youth have difficulty in finding employment when they live in impoverished neighbourhoods without well-developed job connections.[116] The perceived returns to continuing in school or in acquiring human capital in other ways are low. This leads to low high-school graduation rates and high attrition in training programmes, maintaining the underinvestment in human capital of the previous generation in high poverty neighbourhoods.

Crime is commonly associated with the poorer, more seedy parts of cities and it has been their reputation as 'breeding grounds for crime' that has prompted slum clearance programmes. In particular, it is commonly alleged that an anti-establishment, or oppositional, culture prevails in slum areas, which is broadly supportive of all kinds of illegal activities. There is a lack of visible law and order; roaming teenage gangs, muggers, drug dealers, prostitutes and the indigent are evident, and marginal activities take place with impunity. However, this is by no means universal.

For example, slums in West Africa and the Middle East are unlikely to appear this way.

As the Sydney case study shows, these rumours are often (but not always) greatly exaggerated and depend more upon the biases of the media than upon statistics. Where they are true, it is once again a case of social exclusion deliberately pushing these activities into particular areas, where it is presumed that poor people 'will not care as much'. Obviously, those conducting low-level illegal activities such as drug dealing, prostitution and robbery would prefer to locate where the best clientele are likely to be – in the downtown or more affluent areas – but they are pushed into the excluded areas, where they will not bother 'decent citizens'. This puts the children of slum dwellers at considerable risk, as the visibility of these activities makes them commonplace, and access to these 'earning opportunities' is made much easier for the young and gullible. In some slum areas in some cities, the police are exceptionally visible and may harass residents, or are directly involved in supporting the activities as long as they do not stray from the designated zones.

Whatever the reality, the fear of crime has changed the nature of cities with a high level of violence, separating social groups, changing the open, interactive nature of the community, and enforcing segregation through gated communities and walled enclaves.[117]

Whatever the reality, the fear of crime has changed the nature of cities with a high level of violence, separating social groups, changing the open, interactive nature of the community, and enforcing segregation through gated communities and walled enclaves

NOTES

1 This chapter draws primarily on the drafts prepared by Willem van Vliet–, University of Colorado, US, and Joe Flood, Urban Resources, Australia, while the names of many others who contributed to this chapter's finalization are given in the Acknowledgements.

2 Evidence from the case studies are presented in many parts of the report; however, Part IV highlights major findings and contains a summary of the city case studies.

3 Urban markets are made possible by the workings of a cash economy that emphasizes people's ability to pay and that predisposes towards the commodification of housing and land. Market institutions are an essential defining characteristic in Max Weber's 1921 (1958) classic treaty on the city. See also Sjoberg, 1960, especially p111. For further references see Pirenne (1956), who calls attention to the role of defence in the establishment of medieval cities, and De Coulanges (1873), who stresses the role of religious aspects in the founding of ancient cities. However, many low-income groups do not take part in the commodification of housing for social or cultural reasons and, so, are increasingly excluded from any benefits that may accrue.

4 See Sjoberg, 1960, p118.

5 Sjoberg, 1960, p118. See also Rich and Wallace-Hadrill, 1991.

6 Rich and Wallace-Hadrill, 1991).

7 Rich and Wallace-Hadrill, 1991. See also Pirenne, 1956.

8 Shen and Liu, 1953, cited by Sjoberg, 1960, p126.

9 Sjoberg, 1960, p100; Breton, 1964.

10 The structural nature of urban stratification is implicit in De Coulanges's conceptualization of the ancient city as 'a confederation of groups, rather than an assemblage of individuals' (1873, p169).

11 Research by Ho Je Yu cited by Sit, 1995, Chapter 3.

12 See Kiang, 1999.

13 See Sjoberg, 1960, p101.

14 See Wallace-Hadrill, 1994, especially Chapter 5; Packer, 1971, especially Chapter 4.

15 Research on households in 15th-century Tuscany, Italy, and Coventry, UK, reported in Wallace-Hadrill (1994).

16 See Sit, 1995. The very name of the 'Forbidden City' reflects this exclusivity of household residence.

17 Segregation does not occur just along lines of income. As an example, in most US cities, upwards of 50 per cent of households would have to move in order to bring about a racially balanced population; see UNCHS (Habitat), 2001a, p36.

18 The quintessential form is that of gated communities, found in growing numbers in most countries around the world; see UNCHS (Habitat), 2001a, Chapter 2, especially p37.

19 Improved sanitation, medicine and attention to air and water quality have since redressed the health problems resulting from congestion. See Mumford, 1961, p467.

20 Mumford, 1961, p432.

21 Ackroyd (2000, p139) describes a cascading series of rental arrangements in which eight people who owned most of the housing in the London slum quarter of St Giles let it by the street, after which it was sublet by house and then by room.

22 Hence the term 'back slums'.

23 Mumford, 1961.

24 Mumford, 1961, p432.

25 Mumford, 1961, p433.

26 Ackroyd, 2000, p139.

27 Mumford (1961, p444) regards this example of responsible public direction as a 'happy bequest from the old mediaeval economy', which regarded corporate maintenance of standards as more important than profits, confirming that unbridled capitalism can only provide satisfactory housing for those on the 'inside', and that commercial success was ultimately equivalent to civic destitution. This Fabian interpretation is currently unfashionable, but deserves to be kept in mind by those seeking reduced government influence in urban planning.

28 The Sydney contribution describes how families in the early years of the 20th century were actively encouraged to desert the central areas, where high-density tenement living encouraged 'wantonness and idleness'.

29 At that time, the level of alcohol abuse was very high, due largely to the wide availability of cheap gin, and a high proportion of criminal charges were for insobriety.

30 Part IV highlights major findings and contains a summary of city case studies prepared for this report.

31 See Jargowsky, 1996.

32 See Brueckner and Zenou, 1999; Epstein and Jezeph, 2001; Meier, 2000.

33 See Srinivasan, 1997.

34 See O'Hare et al, 1998.

35 See Gong and van Soest, 2002.

36 See Cuervo and Hin, 1998.

37 See UNCHS (Habitat), 2001a, p72.

38 See Moavenzadeh, 1987.

39 See UNCHS (Habitat)/International Labour Organization (ILO), 1995.

40 See Sethuraman, 1985; UNCHS (Habitat)/ILO, 1995.

41 See Gans, 1962; Liebow, 1967; Suttles, 1972; Varela-Michel, 1997.

42 See Briggs, 1998, p178.

43 Castells, 1996, p346.

44 See Gong and van Soest, 2002.

45 McElroy, 1999; Tipple, 2000.

46 Erdogan et al, 1996.

47 See Amis and Kumar, 2000; Auyero, 1999.

48 Pikholz, 1997.

49 Appadurai, 2001.

50 See Goetz, 2000; Agbola and Jinadu, 1997.

51 See Goddard, 2001.

52 See Varley, 1998. Note also the experience of Singapore, where the government eradicated low-income neighbourhoods and relocated households on a large scale with the effect of dispersing spatial concentrations of ethnic groups that could otherwise have been powerful political forces opposed to government policies.

53 Shapiro, 1985. For more contemporary references, see Elmhirst, 1999; Pugh, 2000.

54 See Roy, 1999.

55 See DeSouza, 1997; El-Raey et al, 2000; Ferguson, 1996; Heywood et al, 1997; Sanderson, 2000.

56 Patel et al, 2002.

57 See Dinham and Sarangi, 2002.

58 See van Vliet–, 2002.

59 For example, see the reports of squatter settlements worldwide on www.innercitypress.org/icglobal.html. This is an excellent source of current information on these and related issues.

60 Blong, 1992.

61 Department of Humanitarian Affairs, 1993.

62 See van Vliet–, 2002.

63 See Rashid, 2000.

64 Patel et al, 2002.

65 See O'Hare, 2001.

66 See Ferguson, 1996.

67 See Zamberia, 1999.

68 The examples cited here are from the Centre for Architectural Research and Development Overseas (CARDO) research.

69 See De Zoysa et al, 1998.

70 See Madon and Sahay, 2002; Otiso, 2000.

71 See Swaminathan, 1997.

72 See Thapan, 1997.

73 See Banerji, 2000, p795.

74 This can have a serious negative effect. In Venice Beach, Los Angeles, some 200 homeless people, mostly schizophrenics, who live under structures or in makeshift shelters next to million dollar condominiums, are collected and forced to 'move on' in the dead of night for the annual Muscle Beach bodybuilding competition. Some 9500 homeless people in Atlanta were wrongfully arrested during the 1996 Olympics. Homeless people in downtown Sydney were given a fare and told to get out of town for the duration of the 2000 Olympics. These kinds of undesirable cosmetic actions – and Olympic bids, more generally – are strongly opposed by 'Bread not Circuses' activist coalitions (www.vcn.bc.ca/ioc/pdfs/).

75 It is common for young people from slums to disguise their addresses at work or with friends.

76 Marx's concept is of a social class that moves beyond socio-economic delineation to a politically active force, once a critical mass is achieved, in a situation where class interests are clearly articulated.

77 The ultimate expression was the French Revolution, which – while it had its constituency in the slums – was actually kick-started by the disenfranchised *bourgeoisie*.

78 For example, in Australia, plays and novels such as Ray Lawler's *Summer of the Seventeenth Doll*, Ruth Park's *Harp of the South* and Dorothy Hewett's *Bobbin Up* and *This Old Man Comes Rolling Home* were of this genre.

79 See www.worldbank.org/poverty/scapital/whatsc.htm.

80 Narayan, 1995.

81 See Brooks-Gunn et al, 1993, 1997; Wilson, 1987; Elliott et al, 1996; Coulton and Pandey, 1992; Cutler and Glaeser, 1997; Massey and Eggers, 1990; Massey and Denton, 1993; Tienda, 1991.

82 See Kaufman and Rosenbaum, 1992, for educational performance; Burby and Rohe, 1989, for crime and fear of crime; Lord and Rent, 1989, for public services and improved employment opportunities. Galster and Zobel, 1999, disputes that this is sufficient to justify the programmes.

83 The two main involuntary US programmes are the federal Hope VI programme, and the Moving to Opportunity, which requires poor households to use Section 8 vouchers in more affluent areas.

84 Goetz, 2002.

85 In fact, Amis (2002) suggests that the chronically poor are precisely those who are outside the system of governance and patronage. Getting on a local patronage network is one of the most sensible survival strategies for poor urban households.

86 Life expectancies increased from 40 to 64 years in the developing world from 1950 to 1995; WRI (1999).

87 United Nations Population Division, 2000.

88 Life expectancy for men fell from 63.8 to 57.7 in Russia during 1990 to 1994. Such a large change is unprecedented in peacetime, and appears to be owing to a combination of economic and social instability, high rates of tobacco and alcohol consumption, poor nutrition, depression, and deterioration of the health care system. See Notzon et al, 1998.

89 Wallace et al, 1999.

90 Ruel et al (1999) report that incomes decrease among outdoor occupations such as rickshaw drivers and construction workers during the rainy season in Dhaka, and this is partly due to ill health.

91 Other measures such as maternal mortality, malnourishment, and morbidity and mortality rates are also in common usage.

92 Haddad et al, 1999.

93 For literature review, see Lowry, 1991; Ineichin, 1993; Arblaster and Hawtin, 1993.

94 See 'Medicine through time: The industrial revolution and public health', www.bbc.co.uk/education/medicine/nonint/menus/inphmenu.shtml (accessed 27 May 2002).

95 It is significant that government intervention occurred first at the *local* level rather than the *national* level. For example, the Borough Police Act that Manchester Corporation promoted in 1844 imposed standards of housing and sanitation (including the prohibition of back-to-back housing), which it took more than a generation to enforce at the national level. See Deane, 1965, p219.

96 See Deane, 1965, p219.

97 See Deane, 1965, Chapter 13.

98 See Shapiro, 1985.

99 See Blighted Areas Redevelopment Act of 1947 (315 ILCS 5/), Section 2(b). Available at www.legis.state.il.us/ilcs/ch315/ch315act5.htm.

100 The survey is the National Child Development Study in the UK, which has collected data six times since 1958 on a cohort of about 17,000 individuals. See Marsh et al, 2000.

101 See Riis, 1902, 'Introduction: What the Fight is About'.

102 Easterlow et al, 2000.

103 This section draws on the paper ' Criminalisation of the social fabric', prepared for this report by Cecilia Andersson, Laura Petrella and Sabine Ravestijn, Safer Cities Programme of UN-Habitat.

104 Sherman et al, 1998.

105 Sherman et al, 1998.

106 UNODCCP, 1999, Chapter 1.

107 Seventh United Nations 'Survey on Crime Trends and the Operation of Criminal Justice Systems', June 2002, www.odccp.org/pdf/crime/seventh_survey/. The survey warns: 'to use the figures as a basis of comparison between countries is highly problematic'.

108 This is another example of the 'service-statistics paradox'.

109 The regional table of crime incidence from Global Urban Indicator Database 2 is reproduced in UNCHS (2001c).

110 It should, however, be noted that homicide rates are still about six times higher than they were in 1960 and all other crime rates are much higher: www.disastercenter.com/crime/userinc.htm.

111 Hirschfield and Bowers (1997), in a study of census tracts in UK cities, found that poor neighbourhoods that lacked social cohesion (on two different measures) had significantly higher crime levels. The two orthogonal measures of lack of cohesion were:

1 tracts with a high proportion of single parents and complaints about juveniles;

2 tracts with high mobility and ethnic and social mix.

These actually correspond to the two main kinds of disadvantaged areas identified in Sydney.

112 The site www.korpios.org/resurgent/L-gunownership.htm states 'absolute poverty levels do not correlate too significantly with the crime rate; income inequality does'.

113 UNODCCP, 1999.

114 Amis and Rakodi (1995) found that slum dwellers overwhelmingly identified this to be the 'main problem' in urban Kenya.

115 Tipple and Korboe (1998) report that in Kumasi, Ghana, this is vulnerable to outside pressures. Evidence from Surabaya, Indonesia, suggests that crime is so rare that home-based shops leave stock unattended with impunity.

116 Sherman et al, 1998.

117 Caldeira (1996a) writes: 'the talk of crime is the principal discourse in Sao Paulo everyday life'. The perception that the institutions of order, particularly the police, are also violent has magnified the fear and led to the growth of private guard systems.

CHAPTER 5

TERRITORIALITY AND SPATIAL FORMS[1]

Spatial forms and the physical location of slums vary from region to region, from city to city and even within the same city. The working definitions of slums, suggested in Chapter 1, as non-complying with building regulations and standards, having inadequate basic services provision and insecure tenure status, leave a great deal of room for variation, from marginally inadequate in one feature to being a place of multiple insanitary and deprived conditions.[2]

Though the term slum includes the traditional meaning of housing areas that were once respectable or even desirable, but which have since deteriorated, it has come to include the vast informal settlements that are quickly becoming the most visual expression of urban poverty. Indeed, the majority of dwellings in most of the world's developing cities are in slums. Informal settlements come in many forms; but virtually all are either squatter settlements or illegal settlements and so it is important to distinguish between these even though they have an overwhelming range of similarities. The twofold tenure problem of squatters – that is, that they have neither the owner's permission nor the permission of the local authorities (while illegal settlements have the owner's permission) – tends to render life there more tenuous and to discourage investment.

Many important historic cities are in danger of terminal obsolescence. Fine traditional environments such as Old Cairo, Shahjahanabad (Old Delhi), the *medinahs* and *casbahs* of the Arab world, and the walled cities in Rajasthan, are just a few examples of important historic areas that now demonstrate the characteristics of slums. They are particularly sensitive areas as they may attract fervent loyalty from many citizens, provide accommodation for rich, traditionally powerful families or their retainers, harbour important traditional craft enterprises, and surround important religious and cultural edifices.

At the same time, many peripheral neighbourhoods, even in the same cities, are being constructed with the characteristics of slums from day one, or soon after. Some of these are government- or employer-built estates of low-cost housing, providing minimal accommodation for formal-sector workers. These often quickly deteriorate through lack of maintenance and unplanned levels of occupancy. Some are even built to standards of servicing that render them inadequate – for example, the Bastuhara housing at Mirpur, Dhaka, Bangladesh, where no toilets or water taps were fitted when the tiny dwellings were built in the 1970s.[3] Others are informally built, peripheral settlements that ring many developing cities. Some of the most spectacular can be seen in Rio de Janeiro, Caracas and La Paz, beginning in the lower slopes at the edge of the formal city and climbing to dizzying heights, often using the roof slab of a lower dwelling as their site. There is astonishing dynamism displayed in the founding and improvement of these settlements, and the lessons learned from them should not be ignored. At their earliest stage, they may be extremely poorly built and unserviced; but through the years they can develop into sturdy, well-serviced neighbourhoods. The transition from one to the other is not, however, automatic; encouragement and *de facto* security are important.

It is important to note that owners of dwellings in many slums are attached to them in a way that formal-sector house buyers may not be. If one has constructed a dwelling on empty land and seen a neighbourhood develop and improve, there is bound to be a tie to the dwelling that is strong. In central city areas, many dwellings are steeped in family history and are precious, although they are of little value. In addition, some households are so poor that even a ramshackle shack is more than they can bear to lose.

Many of the slums are very tiny, perched on a traffic island, on a small piece of back land in the business district, next to the railway goods depot. The issues they face may have less to do with servicing, as they can often free-ride on other people's water supply and sanitation. Instead, they have greater issues of security and recognition, and concerns about who will defend them against threats of eviction. At the same time, they may be holding up important development, or creating dangers for themselves and others. The task of solving the dilemma they present for city authorities is, therefore, beset with problems.

Were all of these slums simply illegal, then the tenure issue and their security would be much clearer. However, they possess many grades of security, leaving a much more complex context of intervention for the authorities and a more difficult future of improvement or decline to predict. This dynamic trajectory of the neighbourhood, whether it is in decline or progressing, was memorably expressed many years ago as the dichotomy of slums of despair or slums of hope.[4] The division by potential has, thus, been influential in policy. A neighbourhood in an old city centre area, which, seeing better days, has now been converted from palatial single-household dwellings into ever-cheaper rooming houses and small apartments with shared services, requires a different set of interventions to improve residents' livelihoods from those needed for a newly settled shack neighbourhood. Similarly, a relatively new government-built

The dynamic trajectory of the neighbourhood, whether it is in decline or progressing, was memorably expressed as the dichotomy of slums of despair or slums of hope

estate, in which the combination of poor maintenance and multiple social deprivation leads to rapid physical decline, is very different from an area where poor quality buildings have been erected on semi-legal subdivisions.

This chapter attempts to set out the range of neighbourhoods that fall under the classification of 'slums' and presents the context in which the later discussion can be understood. The criteria used encompass such diverse characteristics as origin and age; location; size; legality and vulnerability; and development dynamic, so there will inevitably be some overlap. However, this is a way of demonstrating the diversity of slums and the need for a multitude of approaches in order to improve the livelihoods of residents.

SLUM FORMATION PROCESSES AND SPATIAL TYPES

Despite a great range of varieties mentioned above, slums fall into two broad categories: declining areas and progressing settlements – each of which can, for the purposes of expanded analysis, be broken into:

- *Declining areas*:
  - 'old' city centre slums; and
  - 'new' slum estates.
- *Progressing settlements*:
  - squatter settlements; and
  - semi-legal subdivisions.

The process of the physical deterioration of central city housing stock can be reversed through processes of gentrification

In different ways, all four subcategories sustain the livelihoods of the urban poor and, at the same time, exacerbate their poverty in the ways described above. However, as described in the discussion of the Chicago Model of urban change and development, their impacts on the shape of cities and the strategic approaches to improving them differ significantly.[5] Not all central area slums and deteriorated housing estates are slums of despair, declining into worse and worse conditions. There is a cycle by which slums are demolished and redeveloped for commercial use or renovated into upper-income housing. By the same token, not all self-built squatter settlements and other informally constructed housing are on the road to becoming integrated into the regular housing stock of the city, providing adequate space, amenity and services to their inhabitants and revenue to the city.

Box 5.1 Barcelona inner-city slums

The district known as the Ciutat Vella, or old city, in Barcelona was the entire city until the mid 19th-century expansion. The old city had developed very high housing densities and had associated problems of lack of light, air and open space. As the city expanded, the more well-off population moved out. Slum conditions developed in various areas, and continue to the present day in several neighbourhoods, such as the Barri Gòtic, Santa Caterina and the Barceloneta. The highest concentration is found in the neighbourhood known as the Raval, and most specifically the Raval Sud, or Southern Raval. This area was traditionally known as the Barri Xino, or 'Chinatown', and, partly because of its proximity to the port, has been characterized by marginal activities and the highest levels of poverty in the city. It has also traditionally served as the gateway for new immigrants to the city, providing cheap lodging in very poor conditions, in the form of boarding houses, dormitories and subdivided apartments. The buildings in this area vary in age – some are several centuries old – and the existence of slum lodgings in the area can be traced back at least to the mid 19th century.

Source: Barcelona case study, 2002.

Inner-city slums

Inner-city slums gave birth to the concept of the slum: the process whereby central, prosperous residential areas of cities undergo deterioration as their original owners move out to newer, more salubrious and more fashionable residential areas. This is a commonplace and predictable consequence of the growth and expansion of cities, manifest by both an increase in the central commercial and manufacturing areas and activities, and the influx of migrants looking for employment opportunities. Initially, the housing vacated by the better-off is still structurally sound and serviceable, and provides an ideal housing opportunity for those willing to make do with less space and shared amenities. The location of buildings provides residents with good access to employment opportunities. Since the buildings were originally built for middle- and high-income groups, they are usually reasonably well serviced with urban infrastructure, though, over time, as dwellings are increasingly subdivided and the level of overcrowding grows, strain on those services can reach breaking point.

In general, occupants pay rent and often that rent is at relatively low levels, which in some cities is controlled by legislation, typically at levels below the economic cost of adequately maintaining the building and its services. This policy of rent freezing is widely recognized as contributing to the deterioration of tenement housing, making it uneconomical for owners to invest in the upkeep of their properties.[6] For example, the 1947 Bombay Rent Control Act was introduced to freeze rents at the 1940 level and to establish rights of tenants against evictions.[7] This meant that the construction of housing for workers became unprofitable for landlords, and also discouraged investment by owners in the repair and maintenance of existing buildings. Thus, these provisions had a negative impact on private investments in rental housing, and adversely affected property tax collection. The act was revised in 1986; later, in 1993, it became applicable only to new properties. Rent control was not exclusively applied to the city centre areas, however. In Beirut, slums generally have witnessed the development of large-scale rental markets, and renting has become, since 1982, the primary method of accessing housing and a main source of income for old property owners in slums.[8]

This process of the physical deterioration of central city housing stock can be reversed through processes of gentrification, as has been frequently seen in ex-slum neighbourhoods in Northern cities, where (usually young) professionals, themselves marginalized by the rising cost of 'acceptable' housing, are willing to move into a traditional slum, attracted by the architecture and cheap housing prices

and, perhaps, encouraged by official renovation programmes. Gentrification can lead to a rapid shift in population, with poor tenants being pushed out to make way for wealthier occupants and new commercial and service developments – for example, in Morocco's development of medina areas in response to tourism and a conservation agenda.[9] However, gentrification in the cities of developing countries has been limited, and traditional slum housing remains very much the domain of the poor.

The Chicago Model of concentric rings of city growth that sees the development of central area slums is only common to the older, larger cities of Europe and the Arab States, the Americas and Asia. In most modern African cities that were developed as part of a colonial process, the houses of the rich were large sprawling bungalows, set in extensive grounds, usually kept at a distance from the 'old' or 'native' city. Rarely have these lost their value or attraction for those who can afford them.

Even where the process of the transformation of once desirable, centrally located residences has taken place in developing countries, it represents a relatively low proportion of a city's slums. The main reason for this is the high rate and scale of in-migration over the last 50 years. The stock of central area was unable to accommodate more than a very small fraction of the migrants, even when such dwellings are subdivided to house 10 or 20 families. Bogotá is one such example where the central areas represent a small proportion of the city area and population, compared with the growth of squatter settlements and illegal subdivisions elsewhere in the city.[10] The strategic location of such central areas, coupled with the visibility of physical and social degradation, have, however, drawn political attention to the area and prompted intervention in recent years.

Secondly, though it took almost 100 years, most of the cities of Europe and America were able to overcome the worst of the poverty and, therefore, were able to eradicate the slums through industrialization, colonization and, eventually, prosperity. More importantly, the rate and scale of in-migration and population growth was much lower than in developing countries, allowing the worst excesses of city centre degradation to be controlled.

The relatively slow pace of economic development in most countries of the South has also meant that the central slums of developing countries have yet to undergo the next phase of redevelopment: the replacement of slums by newer, taller buildings, often for commercial purposes. The major exception are the capitals of the 'tiger economies' of Southeast Asia, such as Jakarta in Indonesia, that went through a rapid rebuilding and renovation boom during the 1980s and early 1990s.[11]

Slum estates

This category differs from the traditional city centre slum in that the structures are relatively new and generally not in private ownership. Examples include both public housing estates and housing built by industry or to house industrial workers, such as the hostels for mine workers in Southern Africa and 'chawls' in India.[12] Both have experienced social problems arising from overcrowded and pressured conditions, making residents vulnerable to organized crime and political exploitation.

Ironically, in many cities, much of the public housing built between the 1950s and 1970s to re-house the residents of central city slums and squatter settlements, typically in four- to five-storey tenement blocks with minimal, if any, community amenities, has itself now joined the stock of slums. During the early 1990s in India, the Tamil Nadu Housing Board had a major programme to upgrade

Box 5.2 Bogotá inner-city slums

The inner-city slums of Mártires and Santa Fe are deteriorated zones in the centre of the city of Bogotá. As the city developed, some of the zones of the traditional downtown area were abandoned and progressively became occupied for low-income economic activity and housing. The buildings are tenement houses that were occupied in the mid 20th century by several families with independent rooms but collective kitchen, laundry and sanitary facilities. During the 1960s, the central tenement houses increasingly became lodgings for immigrants to the city, who took such accommodation for the first few years, then moved to unplanned settlements. The overuse of such houses has led to physical deterioration. Furthermore, while tenement housing still serves as temporary lodging, this is decreasing as families who live in less central areas increasingly provide rented rooms to supplement their household income.

Source: Bogotá case study, 2002.

Box 5.3 Hostels in South Africa

In South Africa, the 'hostel' accommodation provides one of the more extreme examples of housing-turned-slum. Hostels were built as predominantly single-sex accommodation to house and control (usually) male workers who were employed by institutions such as the railways, municipality or large industrial employers. The inadequacy of the buildings arises through gross overcrowding and a high intensity of use, which, combined with a lack of maintenance, has led to rapid deterioration. However, the tensions between rival political factions, particularly fuelled under the apartheid regime, have also led to notorious violence, intimidation and power struggles. Political and criminal control over the allocation of accommodation has led to a breakdown in formal systems of revenue collection and little formal reinvestment.

Source: Durban case study, 2002.

Box 5.4 Chawls in Mumbai, India

In Mumbai, 'chawls' were rental tenements constructed by factory owners and landowners for low-income workers between 1920 and 1956. Later, the port authorities and a few other public-sector units began renting out similar tenements to their workers. Accommodation was designed as one room in a tenement with shared cooking and sanitary facilities, provided to house mostly single men for nominal rents. With the consolidation of male migrants in the city, their families joined them. Consequently, densities of these single-room tenements increased phenomenally and structures began to deteriorate rapidly. Rent control laws led to a halt in the supply of such accommodation; the same laws led to a lack of appropriate maintenance and worsened the degradation; and, in many cases, residential tenements were put to commercial/industrial use, resulting in excessive loading and damage to the structure. Environmental conditions of salinity and humidity also caused damp and corrosion in the structures. With such decay and dilapidation, conditions in chawls became very precarious, some collapsing during the monsoon every year.

Source: Mumbai case study, 2002.

Box 5.5 The 'recent public city' of Naples

The two zones in Naples of Ponticelli, in the east, and Scampia, in the north, can be termed the 'recent public city', together housing over 100,000 people. Entirely made up of public housing, they were planned during the 1960s and finished after the 1980 earthquake. Both are currently subject to renewal projects aimed at transforming them from dormitory quarters into normal city neighbourhoods. These quarters share a bad reputation. The decision to relocate large numbers of residents, already suffering from degrees of poverty, in a single area deprived of the social capital that they possessed in their original neighbourhoods encouraged marginalization and exploitation. Organized crime thrives in both quarters and opposes socio-economic development as a threat to its power over the population. The 'Sails', huge 20-storey housing blocks, were soon considered uninhabitable and two have already been demolished; the shared spaces are abandoned. The two quarters, and especially Scampia, are poorly linked to the rest of the city, and the distance from the centre presents a major problem for access to work, particularly for women.

Source: Naples case study, 2002.

tenements built by the Tamil Nadu Slum Clearance Board in Chennai less than 20 years earlier. Many apartment blocks built by the Tema (New Town) Development Corporation in Ghana during the early 1970s are in a precarious structural condition. Housing and living conditions in public housing estates have been further worsened through the lack of appropriate dweller control or involvement in the day-to-day management and maintenance of either individual dwelling units or the housing estates as a whole, including their public infrastructure. Often, this has also been accompanied by the omission, closure or breakdown of common amenities and facilities, usually due to shortages of resources to address the extent of need. Another common reason for the deterioration of relatively new public housing estates has been their peripheral location on the edges of cities where land was available, but access to work, markets, kin and social amenities was not. The relative isolation of such estates meant that the cost of transport was often unaffordable to the low-income inhabitants. As a result, they became abandoned by all but the most destitute and desperate.

Some of the public housing built between the 1950s and 1970s to re-house the residents of central city slums, typically in four- to five-storey tenement blocks with minimal community amenities, has itself now joined the stock of slums

Slum estates also embrace tied workers' housing that was built by employers, usually state industries, for the use of their work force during the period of their employment. These estates suffered even more than public housing estates from a lack of any form of occupant involvement in their management and maintenance, leading to their rapid deterioration. For example, in Chengdu, China, now that industry is no longer responsible for the provision of housing, units have been abandoned and left to private residents who, facing unemployment, are unable to maintain them. As a result, they face the possibility of serious deterioration.[13]

Squatter settlements

One of the most important components of the slum housing stock, and one that has attracted the most discussion during the last three decades, is squatter housing. Squatters are people who occupy land or buildings without the explicit permission of the owner. They often differ from other informal settlements only in this particular. Thus, squatter settlements are settlements established by people who have illegally occupied an area of land and built their houses upon it, usually through self-help processes. Included in this category are settlements established illegally on pavements or rooftops. English language terms used to describe such settlements include self-help or self-built settlements; spontaneous settlements; marginal settlements; squatter areas; shanty towns; and slums. Terms in other languages include *barrios*, *tugurios*, *favelas*, *bidonvilles*, *gecikondus* and *kampungs*.

Squatter settlements are generally found in the towns and cities of developing countries. Some of them, in South and East Asia, date back to the 19th century; but most have much more recent origins. They are, primarily, though not exclusively, built on public land. They can be the result of organized 'invasions' of land, which may have occurred overnight (especially in Latin America), or they can be the result of a gradual process of occupation and incremental growth. Many land invasions and squatter settlements have grown to become municipalities in their own rights, housing hundreds of thousands of people. With them has come the commerce and services that characterize any town – although, perhaps taking a different form or on a different scale from that of the formal city. For example, Villa el Salvador in Peru started as an informal invasion of peri-urban land with pole and matting shelters in 1970 and is now a municipality of greater Lima with a population of nearly 300,000.[14] Ashaiman in Ghana was a village that, during the 1960s, provided shelter for the construction labourers and port workers in the new town of Tema, and is now a thriving town of 100,000. There are also the vast inner-city squatter areas of Asian cities, such as Dharavi in Mumbai and Orangi in Karachi, each with a population estimated at over 500,000.

Although the initial settlements may have been the result of the authorities turning a blind eye, particularly during the immediate post-independence inflow of migrants to the cities of Asia and Africa, squatting became a large and profitable business, often carried out with the active, if clandestine, participation of politicians, policemen and privateers of all kinds. In most cases, the prime target was public land or that owned by absentee landlords. In many cities, the process of illegally occupying public land has become highly organized. During the 1970s, political parties and organizations in many Latin American cities used the process of organized invasions of land as a political tool to build up a constituency or a power base.

Many squatter settlements, however, are small and makeshift. They may be located under bridges and flyovers, on vacant plots of land between formal buildings, or on pavements and dry-season riverbeds. In order to diminish the chances of immediate eviction, settlements frequently develop on land that is unsuitable for any other purpose, such as railway reserves; canal and river banks; steep (and unstable) slopes; flood-prone and swamp land; and garbage landfill sites. The size, location, condition and resilience of squatter settlements will be determined not just by the characteristics of their residents, but, more importantly, by

the political context of official tolerance or intolerance towards them.

Contrary to popular belief, access to squatter settlements is rarely free and, within most settlements, entry fees are often charged by the person or group who exerts control over the settlement and the distribution of land. In Phnom Penh, for example, the majority of slum dwellers consider themselves owners of their plots; but the purchase of the plot is usually from local people with influence (such as the police, village chief and/or representatives of the Sangkat or Khan), who themselves have no prior ownership rights.[15] In some cases, the bribe paid is described as a registration fee for the 'right' to settle on a piece of public land.

Within settlements, there exists a range of actors from owner occupiers to tenants, subsistence landlords to absentee petty-capitalist landlords, and developers to rent agents and protection racketeers. Variety also exists in their legal status; while squatter settlements begin with an illegal occupation of land, over time some form of security of tenure, if not formally recognized legal title, can be transferred to the residents. In time, *de facto* legality can be implied by the simple fact of the settlements not being demolished, and/or public services being provided.[16] Since the 1970s, tolerance of squatter settlements by government and the public alike has grown and the numbers of forced evictions and demolitions have probably diminished, though they have certainly not ceased. This has enabled some of the more established squatter settlements to develop rapidly, with residents feeling sufficiently secure to invest in improving their homes and local environment. Where the state has also invested in settlements, through environmental and infrastructure upgrading projects and the provision of social services, the transformation can be such that, over time, the settlement loses its attributes as a slum. In this way, processes of gentrification can occur in squatter settlements as they do in city centre slums – although, in this case, the new occupants are likely to be lower-middle income groups, rather than an adventurous professional class.

Thus, squatter settlements in and on the fringes of cities in developing countries play an equivalent role to two forms of housing in Europe and North America in terms of providing accessible and affordable housing: the conventional central-area slum housing and low-priced suburban housing. Initially tolerated as a 'temporary' phenomenon by most city authorities, what started as a small-scale activity of largely self-built, makeshift housing by construction workers and other labourers very quickly mushroomed into a major settlement activity, far surpassing the formal housing efforts of most cities in most countries. In São Paulo, more than 60 per cent of the population growth in the 1980s is considered to have been absorbed by the *favelas*.[17]

Squatting, like living in conventional slums, provides a solution to the housing needs of those that cannot afford, or even find, alternative formal accommodation. As with conventional slum properties, some squatter settlements are cramped, high-density areas, with substandard construction and inadequate levels of services and infrastructure. For instance, parts of Huruma settlement in Nairobi have residential densities of over 2000 people per hectare in single-storey structures.[18] However, others, especially those in newly developed peripheral areas, may be much more spacious.

Box 5.6 Informal settlements in Durban

As a result of the colonial and apartheid eras, the predominant form of inadequate housing in Durban, as in many other African cities, is in informal settlements that have developed on marginal land that formerly lay beyond the city boundaries. In South Africa under apartheid, this land was under the jurisdiction of 'independent' states or on 'buffer strips' between areas designated for other use and the actual city boundary. In Durban, informal dwellings act as substitutes for about 75% of the metropolitan gross housing backlog of 305,000 units. The population living in informal areas is overwhelmingly African, and, indeed, nearly half of the black population of the entire municipal area lives in informal dwellings. While, in the past, there has been extensive harassment and physical destruction of informal dwellings, all such dwellings in existence in Durban in 1996 were granted some status and security from arbitrary eviction by the local authority. New settlement is, however, resisted by the municipality and attempts are made, with varying degrees of success, to keep vacant land free from occupation.

Source: Durban case study, 2002.

The poor who occupy squatter settlements are often desperate and susceptible to pressure from organized crime. Their location, lack of services and poor infrastructure leave occupants prone to disaster, disease and disability. Like central-city slum dwellers, those who live in squatter settlements are widely perceived as petty criminals or under the control of organized crime, and a threat to society; but the reality is often very different, with a broad cross-section of people living under strong local social controls.

Illegal settlements and subdivisions

Not all of those who live in poor-quality, under-serviced housing areas are squatters, in the sense that they are occupying land to which they do not have rights. Unauthorized land developments or illegal subdivisions are widespread on the fringes of cities. Illegal subdivisions refer to settlements where the land has been subdivided, resold, rented or leased by its legal owner to people who build their houses upon the plots that they buy. The settlements are illegal owing to any combination of the following: low standard of services or infrastructure; breaches of land zoning; lack of planning and building permits; or the irregular nature of the land subdivision. Illegal subdivisions are very common in developing countries, but are not restricted to them or to occupation by people living in poverty, as the Naples example in Box 5.7 shows.

In some cases, farmers have found that the most profitable 'crop' for their land is housing. Peri-urban land is transformed from agricultural to urban use by landowners who divide it into plots for housing. The majority of these subdivisions are done without reference or recourse to the official urban planning mechanisms involving permission fees and licences. As informal and unrecognized settlements, they lack all but the most rudimentary public

Access to squatter settlements is rarely free and, within most settlements, entry fees are often charged by the person or group who exerts control over the settlement and the distribution of land

Squatting, like living in conventional slums, provides a solution to the housing needs of those that cannot afford, or even find, alternative formal accommodation

Settlements are illegal owing to any combination of low standard of services or infrastructure; breaches of land zoning; lack of planning and building permits; or the irregular nature of the land subdivision

Box 5.7 Illegal construction in Naples

Illegal building, which is elsewhere commonly associated with slums and poverty, is actually associated with middle-class neighbourhoods in Naples. The best-known case of illegal construction is Pianura, a neighbourhood that sprung up during the 1970s and 1980s, when five- to seven-storey buildings were built without authorization from the city in an area that the zoning plan classified as agricultural. They are illegal in the technical sense of having no building permits and violating the zoning plan; but the land was legally bought by private developers who respected building standards, and homes were placed on the market at prices only slightly (15–20%) below the cost of legal units. With the connivance of the authorities, they were linked to the public water and electricity system, and later to the sewerage system. Growth at Pianura is still strong – rising from 38,500 residents in 1981 to 54,000 in 1991, with young families, productive (although undeclared) businesses and higher homeownership rates than the city average. This type of illegal construction is widespread outside of the centre of Naples, but is usually limited to the expansion or construction of single-household homes. Many residential areas, of varying scale, have appeared spontaneously throughout the city.

Source: Naples case study, 2002.

infrastructure; however, this is what makes them affordable. Nevertheless, the housing built on them, while often substantial and constructed of permanent materials, in response to confidence in the security (legality) of the land sale process, rarely meets or is subjected to building and planning regulations and permissions. Though the conditions in these settlements are usually better than squatter settlements of the same age, they tend to have high densities since little provision is made for open space or access, and the plots themselves tend to be small, with high ratios of floor space to plot size.

Understanding and articulating the difference between slums is critical to developing effective strategies that address the problem

In sub-Saharan Africa, customary landowners are often the main providers of land for housing, even if their right to the land is not formally recognized by the state. In many situations, the underlying issue is that customary law still applies and overlaps with statutory law. What distinguishes this form of development from squatting is that the sale of land is generally through a legal transaction, although not always formally registered. The land may not be recognized as suitable for urban development or housing, or the development may not comply with planning laws and regulations, or with norms and standards regarding the provision of infrastructure and services.

As in squatter settlements, most occupants of illegal subdivisions build, extend and improve their own housing over time, and consider themselves to be owner occupiers, which, *de facto*, they are. Of course, not all dwellings in such settlements are owner-occupied. There are many unauthorized land developments where there is a vibrant rental housing market, controlled both by individual plot owners and by speculative developers and agents, sometimes on a fairly substantial scale. In Nairobi, Kibera – to the west of the city – is the largest uncontrolled settlement.[19] Its relative proximity to the main industrial area allows residents to save on transport costs and to walk to work; but shortages of accommodation mean both overcrowding and high rents.

Illegal and informal subdivision or change of land use are not limited to land on the urban fringes. It is also common to the process of raising densities in low- and medium-density inner-city areas as households, unable to acquire new accommodation for expanding families, or in order to benefit from rental income, extend and subdivide their properties. They may build in courtyards, gardens and circulation space, add floors, or extend onto flat roofs. Where housing is owner-occupied, this process tends to occur anywhere that the authorities allow it and often involves quite sophisticated neighbourly negotiations.[20] There is little evidence that such extensions lead to overloading of public infrastructure and services, although this may be expected. Where the dwellings are owner-occupied the chance of maintenance is increased.[21] Where houses are rented to many households, however, it is more likely that alterations and extensions carried out by tenants will be harmful as they will have little concern for the whole building.

Box 5.8 Illegal subdivision of agricultural land around Cairo

Over half of the population of Greater Cairo resides in private housing that is constructed on agricultural land purchased from farmers in areas where there were no subdivision plans and where building permits were not given. This constitutes almost half of the residential area. Since the 1960s, small agricultural areas on the fringes of 'formal' Cairo began to be subdivided by farmers and middlemen and sold to individual owner builders. This accelerated dramatically after the 1974 open-door policy was proclaimed, fuelled by ever increasing flows of remittances from the hundreds of thousands of Egyptians working mostly as labourers in the Gulf and in other oil-rich economies. Finances came from personal savings, remittances from relatives or conversion of other assets; as a result, incremental construction was a necessity. Plot coverage of 100% and incremental (room by room and floor by floor) reinforced-concrete construction are the norm. While the quality of construction of housing is generally good, there is a very common trend of increasing the density of areas over time and a parallel phenomenon of serious overcrowding.

Source: Cairo case study, 2002.

Diversity of slums' spatial forms and associated opportunities

In general parlance, and in the official language, little differentiation is made between types of substandard housing. In practice, all and any of such housing is referred to as 'slums', or 'slums and squatter settlements', or 'slums and shanties', often interchangeably. Understanding and articulating the difference between them is critical to developing effective strategies that address the problems in slums, and to support the processes of improving settlements, alleviating the impacts of poverty within them and encouraging the spontaneous improvements that may follow, increasing wealth within them.

Each slum or area of poor housing possesses a number of attributes. For example, a slum on the urban periphery or in the city centre may be well established or relatively new. It may be large or small. Each of these conditions will endow it with certain qualities that reinforce both its strengths and its weaknesses, and may increase or decrease the potential to benefit from particular forms of upgrading or other improvement intervention.

The following section discusses a framework for analysing slums with reference to their settlement formation

process, form, spatial organization and construction, strengths and weaknesses, and opportunities. A number of characteristics (see Table 5.1), used in combination, serve to identify issues pertaining to vulnerability, the social networks, physical and economic assets with the potential to improve livelihoods, and levels of and incentives for community organization and representation.

ORIGINS AND AGE

Origins and age indicate the legacy of a slum, such as its physical assets of building heritage, the root and speed of its formation, and the establishment of community. Given the pejorative associations with 'slum' discussed in Chapters 1, 2 and 4, this legacy will be fundamental to determining what initiatives and momentum will be required in order to effect change. There are clearly geographical and historical regional patterns to the world's cities. Nevertheless, many cities have some combination of old established slums, which may, indeed, be the original city itself. At the other extreme, there are the slums and areas of poverty that are currently forming; and between these are the remaining settlements of various vintage and degree of integration within the city.

Historic city-centre slums

Most cities in Asia and Africa that have a pre-colonial existence, also have some or all of that original settlement largely intact. The equivalent in Latin America are the colonial pre-independence cities, laid out according to the code of *La Lay de Indias*. In many instances, the original city is separated from the more modern city by its old defensive wall (for example, in Lahore, Pakistan) or a moat, or it is on a hill (such as Salvador, Bahia, Brazil), and often has a distinct name, such as the *kasbah* (for example, in Marrakesh, Morocco) or the old city (as in Old Delhi, India). It is a distinct neighbourhood or even a sub-city within the city. Many such neighbourhoods are a mixture of grand buildings and public spaces, many in semi-ruins, others taken over for private use. Those of the original inhabitants who could afford it have moved out to the new city, leaving the odd retainer, or even some members of the older generation, too set in their ways to move. Many of the buildings and places have been subdivided and let to poor households, perhaps employed in the old businesses and manufacturing units that remain, still producing the goods for which the city was once famous.

Many established historical city cores are classified as slums because they have high residential and commercial densities and overcrowding, as well as levels of services and infrastructure only suited to much smaller populations. This is especially evident in streets that are too narrow and irregular to accommodate cars, lorries and refuse-collection vehicles. In addition, the drains and water supply pipes often leak, and electricity and telephone cables, many of them unofficial, festoon the streets. In many, the once fashionable balconies now hang perilously, propped up by decaying posts, their facades blocked to provide additional rooms.

Box 5.9 Illegal subdivisions in Quito

In Quito, most low-income households are located on the urban periphery, in the *barrios periféricos*. During the last two decades, the Quito region has incorporated former minor urban centres and peripheral agricultural areas to form an agglomeration that covers the valleys of Tumbaco-Cumbayá, Los Chillos, Calderón and Pomasqui-San Antonio de Pichincha. Settlements such as Corazón de Jesús have evolved through a process of subdivision: the irregular topography influences both development and risks to the settlement. Housing is small and built with inadequate materials; some dwellings have latrines, but there is no drinking water or sewerage provision; waste collection service is non-existent or inefficient; and the main or secondary access roads and street lighting are in poor condition.

Source: Quito case study, 2002.

These are the classic inner-city slums; yet, each building often also represents a fortune, if not for what it manufactures, stores and sells, then for the rents it brings in from the many households that now share its once noble rooms. However, this economic return is often negated by rent control, which, in turn, encourages owners to withdraw maintenance and further accelerates decline. They are also often the subject of ownership disputes, feuds, claims and counterclaims. The many claimants and litigants make it difficult for these properties to be redeveloped; in the mean time, they go neglected and unmaintained. Slums of this kind are found in Karachi, Cairo and other established cities in the developing world.[22]

Nevertheless, these buildings, individually, and more so collectively, represent a part of the cultural heritage and generate claims for conservation, competing with those for demolition and modernization. Their strength also lies in their location within the city and in relation to the centres of commerce and production. The easy access to employment, real and potential, combined with cheap if run-down housing, are natural magnets for the poor.

The continued presence of the older generation, with ties and traditions that go back many years, is often an effective counterbalance to any socially disruptive tendencies. The continued presence of communities and community leaders, as well as the traditions and relationships between them, help to bind the newcomers, as well.

Run-down and inadequate infrastructure can be upgraded, and there are many technological advances that

Table 5.1

Major categories of slum spatial analysis

Origins and age	Historic city-centre slums Slum estates Consolidating informal settlements Recent slums
Location and boundaries	Central Scattered slum islands Peripheral
Size and scale	Large slum settlements Medium-size slum estates Small slums
Legality and vulnerability	Illegal Informal
Development stages: dynamic and diagnosis	Communities/individuals lacking incentive for improvement Slums with ongoing individual- and community-led development Intervention-led improved slums Upgraded slums

Box 5.10 Ibadan's historical centre slums

In Ibadan, the inner-city core area consists of the oldest, the lowest-quality and the highest-density residences of the city. During the 19th century, large compounds for Yoruba-extended families and warrior lineages constituted this part of the city. The area still has a strong cultural identity based on its heritage, and the presence of non-Yorubas in this part of the city is rare. Housing is constructed of mud, with virtually no sanitation facilities. It is highly residential, up to 90% in Elekuro ward, and the simultaneous presence of many old markets and street trading in the area cause traffic congestion and exacerbate overcrowding while providing essential employment and services. The colonial area developed beside the old city, making this area the worst case of deterioration less than 2 kilometres from the current city centre. Residents rent or squat. Some of the wealthier people of Ibadan, who were born in the core area, have kept their family house for cultural and familial reasons, although they now live in villas in the new government estates. However, the buildings and land that they occupy remain sacred to the original owning family and it is very difficult to change them from residential use. They are of little economic value but are precious to their multiple-related owners.

Sources: Ibadan case study, 2002; Amole et al, 1993.

Box 5.11 Old Havana

Old Havana has an irregular grid of narrow streets and small city blocks, with buildings sharing party walls and with inner courtyards: a coherent urban fabric with dominant squares and churches. As the city expanded during the 1700s, it developed typical *calzadas*: wide streets with tall porticoed pedestrian corridors opening into stores and dwellings above. However, in 1859, the new western suburb of El Vedado attracted the sugar-plantation aristocracy and, during the 1920s, a further upmarket area, Miramar, was developed close to the waterfront, which deliberately lacked stores and other amenities to discourage the less affluent. The mansions of the old city were turned into stores or subdivided as tenements with shared facilities: poverty masked behind classical facades.

About half of the residents of tenements with high ceilings have built *barbacoas* – makeshift mezzanines or loft-like structures that create an extra floor. They are often unsafe, poorly ventilated and their bricked up windows deform building facades. Moreover, *barbacoas* add considerable weight to load-bearing walls, already weakened by leaks, often leading to partial or complete building collapses. Another source of extra residential space, as well as extra building weight, are *casetas en azoteas* – literally, 'shacks on roofs' – which are usually wooden structures built on top of multi-household buildings. The Cuban regime's encouragement of development away from Havana has indirectly helped to shield Old Havana from some overuse; nevertheless, most slums are still concentrated in the inner-city municipalities of Old Havana (La Habana Vieja) and Centro Habana. The result of density, additions and poor maintenance is regular building collapse – Old Havana averages about two partial collapses every three days. In these cases, residents are usually assigned to emergency or existing transitional shelters, but are often reluctant to go there.

The restoration of Old Havana and San Isidro started after Havana became a World Historic Heritage site in 1982. In 1993, Havana's Historian's Office was granted the right to run its own profit-making companies in the real estate, building, retail and tourism fields, and to plough back part of its earnings into restoring the historic district. In addition, it could devote a portion of its own resources to financing community facilities and social programmes for local residents and to repair and rehabilitate dwellings, even in non-historic areas. Most residents remain in the area, and gentrification has been avoided, to some extent, since housing for local residents is included in the upper floors of restored buildings. Some, however, are displaced to apartments built and financed by the Historian's Office, where some residents welcome the more spacious, well-equipped new dwellings, while others find commuting extremely difficult. Temporary relocation housing is sometimes provided in Old Havana itself while rehabilitation is under way. Local economic development also takes place; some residents have received training and jobs as skilled construction workers for the restoration process, others have received incentives to produce crafts for sale to tourists, or obtained other employment in the tourist industry.

Source: Havana case study, 2002.

make this possible without endangering the structures. The inaccessibility of motorized transport may be a blessing, and the dilapidated structures can be refurbished. Very often, it is not the know-how or even the resources that prevent improvement of these areas, but the complexity of ownership and the economic risk of investing in a single building on the chances that the whole neighbourhood will be upgraded and allow the investment to be recovered. Where this does happen, of course, the poor are often denied access to affordable, centrally located housing and business premises.

Slum estates

From the time that the old city lost its place as the centre of attraction for the rich and the affluent, and was replaced by the new city, parallel developments for the less well off have emerged. Some of these have been in the form of formal public housing estates constructed relatively recently (at least three decades old in developing countries). The vast majority of others have been older illegal and informal settlements laying claim to land deemed unfit or unsafe for planned residential development.

As mentioned earlier, some slum estates have developed where relatively new estates, usually built for renting, have deteriorated quite quickly into areas where few would choose to live, but in which many low-income households are trapped through having no affordable alternative. Examples include government-built mass public housing estates, and housing built by industry or to house industrial workers, such as the hostels and estates of small dwellings for mine workers in Southern Africa, and 'chawls' in India.[23] Other examples include the 'new towns' of Cairo (Helwan, Moktam and Shubra), Ciudad Kenedy in Bogotá and the large State Housing Board developments that were constructed in virtually all of the major Indian cities during the 1970s and early 1980s.[24] Both have experienced social problems arising from overcrowded and pressured conditions, making residents particularly vulnerable to organized crime and political exploitation.

Another common reason for the deterioration of relatively new public housing estates has been their location on the edges of cities where land was available, but access to work, markets, kin and social amenities was not. The relative isolation of such estates means that the cost of transport is often unaffordable to the low-income inhabitants. They are, therefore, abandoned by all but the most destitute and desperate. In general, a lack of public resources is the most cited reason for the deterioration of physical conditions, as well as the conviction that, somehow, it is the culture of poverty of its residents that is the root cause.

Slum estates also include large amounts of housing built by employers as tied housing for workers. These vary from the tiny bungalows on featureless 'locations' in Southern Africa to the slab blocks in the former Communist bloc. They tend to be even more poorly maintained than publicly owned housing and may even be hated by their occupants. As many dwellings are transferred to occupier

ownership, and many occupiers then lose their jobs in the decline of formal industries, conditions and the quality of life of the occupants decline in parallel. The Chengdu, China, case study shows that dwellings in public housing estates in the city are likely to suffer from serious deterioration.[25]

Consolidating informal settlements

Much of the urban development in rapidly developing cities of the South has been through informal settlements in which land has been informally subdivided and sold or leased to households who have built their own dwellings. Some of the land used in this way is deemed unsafe or unfit for planned residential development, such as the land occupied by the extensive informal settlements built on stilts over the tidal swamps of Guayaquil (Ecuador) and Cartagena (Colombia), and the Tondo Foreshore of Manila (Philippines). In some instances, it is land reserved for future development (by the sides of roads, railway tracks and canals, or even around airports and other facilities) that has been pressed into serving the needs of the otherwise unhoused.

Over time, some of the first of these settlements have been grudgingly recognized, tolerated and even accepted, such as Policarpa Salavarrieta, a large 1960s land invasion in central Bogotá, Colombia. There may have been attempts to dislodge these settlements; but there have also been interventions to improve them. Whether legal or not, their continued presence gives them a *de facto* right to exist and to develop.

In many countries, traditional authority structures have powers over land in tandem with the state and its agencies. Many areas are allocated by chiefs and traditional councils with or without the agreement of state institutions. Subsequent development may conform to some regulations but many do not fulfil all of the official requirements for housing neighbourhoods. These may be indistinguishable from, and treated in a similar way to, other informal subdivisions.

Although often not as substantial as in the more established slums, the majority of housing in informal consolidated areas is built of durable materials, though the piecemeal construction and improvement of such areas have given them a more chaotic (or organic) overall appearance than in formally developed areas. There are fewer public facilities, such as schools and playgrounds, and few formal commercial outlets than in the established slums. There are manufacturing and marketing activities; but these tend to be small-scale, family-operated enterprises. Similarly, though generally fairly accessible by road and public transport to the periphery, the internal streets of these settlements tend to be less adequate.

The general level of earnings and incomes is not the lowest, with more owner occupiers and self-employed residents than in newer, poorer settlements. The potential for improving such settlements is generally high as a result of the greater perceived and, to some extent, real benefits from upgrading for the residents. The most frequent constraint is the planning and zoning legislation that the settlement contravenes, even though, in practice, the city government has learned to accommodate and adjust to the presence of these consolidating slum settlements. This occurs as it becomes apparent that political opposition militates against the demolition of such slums, and it is, therefore, in the interest of the city that they should be absorbed within the formal housing stock and improved in order to maintain the land values of the areas that surround them.

Box 5.12 The *medinas* of Morocco: Rabat-Salé

The deterioration of some parts of the two *medinas* (the old neighbourhoods of the pre-colonial city) finds its origin, as in other Moroccan cities, in a double loss of affection: that of a housing model abandoned by middle-and well-off classes, who migrated to new neighbourhoods, and that of economic activities and craftworks that move elsewhere. The former leads to the densification and pressure on building fabric, and the latter directly impoverishes community members. In the twin cities of Rabat-Salé, rental, room by room, has led to rapid deterioration, and renewal movements are slow to appear. In other cities, concern for the historic building fabric has taken precedence over the livelihoods of the poor within them, and the policy was initially to 'depopulate' in order to promote the district for tourism. But greater recognition of socio-economic aspects is leading to investigation of alternatives. Some commercial and service activities remain, along with a number of craft businesses. However, those activities have been widely supplanted by the illegally built neighbourhoods in Rabat: Hajja and Maadid, and in Salé: Hay Inbiat. Thus, while the *medinas* at the moment continue to constitute a source of informal, irregular and provisory employment, for residents, the threats to livelihoods are yet to be addressed.

Source: Rabat-Salé case study, 2002.

In general, a lack of public resources is the most cited reason for the deterioration of physical conditions

Recent slums

Recently developed slum neighbourhoods are often similar to the consolidated informal settlements, but are newer and unconsolidated. Their newness is expressed in poorer, less permanent materials, especially in settlements where residents are unsure of whether and for how long they will be allowed to stay before being evicted. In cities where evictions are common, or on sites where they are unlikely to be left alone, shacks are likely to be very rudimentarily built of recycled or very impermanent materials (such as straightened oil drums, used corrugated metal sheets, plastic and canvas sheets, cardboard cartons and discarded timber).

The potential for improving consolidated slums is generally high as a result of the greater perceived and, to some extent, real benefits from upgrading for the residents

Box 5.13 Consolidating *favelas* in Rio de Janeiro

The *favelas* of Rio de Janeiro have appeared throughout the city since the 1950s. There are now about 700 and they house an estimated 1 million inhabitants. The *favelas* are frequently on hilly sites and are primarily located in the suburbs, where public utilities are rarely available and environmental conditions are poor, owing to few connections to trunk infrastructure. Access to bus routes is reasonable; but they tend to be far from employment opportunities.[i] The dwelling is considered to be owner-occupied, though there is no security of tenure on the land. The *favela* movements of the 1970s and 1980s have helped to consolidate settlements and the *de facto* tenure, and a policy shift from settlement removal to upgrading has encouraged structural improvements as residents expect to remain there permanently.

Note: i However, the location of some, high up, overlooking the beautiful Atlantic coast and the rising sun, became valuable briefly as they were rented out to richer households wanting to celebrate the sunrise on the Millennium dawn.

Source: Rio de Janeiro case study, 2002.

Box 5.14 Consolidating informal settlements in Bogotá

Bogotá has had more than four decades of urban growth, largely based on 'illegal' development; although there are squatter settlements, Bogotá's slums, for the most part, have their origins in illegal subdivision. The localities of Ciudad Bolívar, Bosa and Usme are examples of 'slum' areas that, in their first stages of development, lacked water, drainage, sewerage and power infrastructure, along with education and health care facilities. However, the settlements have undergone consistent gradual improvement, partly through the installation of public services and the construction of roads, with the support of the city's administration and sometimes with the participation of the residents, and partly through individual initiatives of developing dwellings and space for informal economic activity.

Source: Bogotá case study, 2002.

Where authorities are more tolerant, or where such settlements are the norm for establishing new neighbourhoods (for example, around Lima), or if there are about to be elections, then the settlers are likely to build with more confidence, using more permanent materials and standards of construction. In either case, infrastructure is likely to be absent or only available through clandestine connections.

Box 5.15 Recent slums in Phnom Penh

Around 230,000 people or one quarter of Phnom Penh's inhabitants currently live in low-income communities or slums. All live on marginal, seasonally or permanently flooded land, or in multi-occupancy dilapidated buildings in the city centre. The rationale behind most locations is access to work. They are convenient for access to the city centre, main markets or the railway station. 35% of low-income settlements in Phnom Penh are located on 'empty' land, some 26% on riverbanks and canal sides, and the remainder are along railways and on roadsides, or on rooftops. The areas for settlement lack road access, water and power supply, sewerage and drainage, and are often insalubrious, situated above sewer lines, or near or on dumpsites. The public land on which settlements have developed includes relatively wide streets, railway tracks, riversides, and *boengs* (water reservoirs used to irrigate farmland during the dry season).

On private land, small clusters of households have settled in alleys of high-income districts, while other groups live as squatters in dilapidated, multiple-occupancy buildings in the centre of the city, where owners wait to sell the building for commercial development. Many people who lived in centrally located squatter settlements have now been evicted to the periphery to make way for commercial development. Thus, while squatter settlements developed primarily in the city centre until 1998, recent massive relocation programmes have contributed to establishing peri-urban zones of poverty. Allegedly, these relocations have also created more rental communities in Phnom Penh slums, as some relocated households cannot find work near relocation sites and have returned as renters in squatter settlements near employment areas.

Since 1995, rural migrants have developed squatter areas on the rural fringe of the city, on public land unsuited to construction where they expect that long-term occupation may provide them some tenure rights. Increasingly, the urban poor also informally purchase plots on the rooftops of large, mostly government, buildings where they live as squatters relatively close to their place of work. The settlements within or on top of old buildings have been created since 1985, when occupation rights were granted to all inhabitants. These rights are not ownership rights, and inhabitants could still be considered squatters and evicted; but they are recognized as stable residents and have a greater chance of obtaining some sort of compensation. Renters in Phnom Penh are either seasonal migrants who have a dwelling in the countryside and come to the city for a short time, or they are the poorest of the poor, who cannot afford to purchase a dwelling in a squatter settlement. They are under constant threat of eviction by their slum landlord. Single women head many of the renting households.

Source: Phnom Penh case study, 2002.

New or recently established slums tend to have lower densities as there are fewer constraints and less competition for the land; yet the individual plots and parcels occupied by each dwelling are unlikely to be any larger than in the more consolidated slums. This is because households tend to occupy only enough land for their individual needs, rather than explicitly seeking to profit from land holding and development.

Recently developed slums are generally found on the periphery of the built-up area of the city, or in pockets of even more marginal land than the more established slums. Increasingly, occupants of the newer slums often use the grid-iron layout, even without the assistance of external organization and support. There are several advantages in adopting grid layouts:

- It is easy to lay out.
- There is a stronger likelihood of obtaining urban services and recognition if the settlement is orderly.
- There are likely to be fewer disruptions and demolitions when services are installed.

LOCATION

To some extent, as has been indicated above, there is a correlation between age and location, with older slums in the city centre and the newest on the periphery. Although this follows from the realities of a growing city, it is not always the case. For example, with a relatively young, but fast-growing, city, the oldest slum areas may well be outside of the centre. Regardless of age, the location of the slum endows it with certain attributes.

Central

As mentioned in the section on 'Inner-city slums,' central-city slums tend to have been formed by the classic process where central, prosperous residential areas of cities undergo deterioration as their original owners move out to newer, more salubrious and more fashionable residential areas. Initially, the housing vacated by the better-off, which generally has reasonable infrastructure and services, is ideal for those willing to trade off less space and shared amenities in exchange for access to employment opportunities.

Centrality of location does not necessarily imply the old city, or the central business or commercial centres of cities. As used here, it also embraces formal industrial areas, ports, wholesale markets and other areas of employment that are some distance from the central business district (CBD). Residents of slums that are located close to such zones are able to benefit from the high concentrations of employment opportunities, especially those related to unskilled and casual jobs. They are also likely to be better off in terms of transportation because of the tendency for cities to grow outwards radially and, therefore, to have roads and transport converging on centres of formal employment. This makes centrally located slums much more suitable for unskilled workers. If the neighbourhood originated in the old city centre, then it may also have the benefit of substantial

buildings and a reasonable level of infrastructure and services, though it may have fallen into disrepair and infrastructure may be severely overloaded (see the case of Havana in Box 5.11).

The historic cores of many ancient cities (for example, Delhi, Dhaka, Cairo and Istanbul) are now in much reduced circumstances and would fit the description of city-centre slums; but these are dealt with separately as historic city slums.

As mentioned in 'Inner-city slums' on page 80, much of this housing is controlled by rent control legislation, which fixes rents at levels that are affordable by some measure, but which are usually unrelated to the value or replacement cost of the accommodation or to the economic cost of adequately maintaining the building and its services. Introduced in many countries during World War II, or in the economic upheaval caused by it, rent control is now widely recognized as contributing to the deterioration of the housing to which it applies as owners remove value from it by withdrawing maintenance or by converting it from residential to other uses (for example, cheap boarding houses).[26]

In West African cities, central areas are often dominated by traditional housing that is owned in common by many members of one lineage and is occupied by elderly or poor family members. This 'family housing' embodies a curious contradiction: it is both precious and valueless. It is sacred to the family and, thus, is precious. However, it suffers from multiple occupation by the people least able to maintain it; but it is not for sale and therefore is unlikely to develop into commercial or other uses to make economic use of the central location. Indeed, because of this, CBD functions tend to be spread around the city. These circumstances are unlikely to change without a major reappraisal of the function of housing in West African urban societies. This, in turn, could generate serious dysfunctions, which may be inimical to the cohesion of families and society there. Especially at risk are those who need the social safety net that free accommodation in the family house provides.[27]

Centrally located slums are most prone to being controlled by organized racketeers through their control over jobs, as well as property. The extent to which the *favelas* of central Rio de Janeiro, Brazil, are controlled by drug barons is legendary.[28] The majority of slum central-area dwellers tend to be wage earners, and are either on piece rates or are casually hired. The majority of them are tenants, renting or subletting from slum landlords, rather than owner occupiers living in dwellings that they have built themselves.

In more socially and economically mobile cities, notably in Latin America, many central-area slum dwellers, over time, move out to new and more peripheral locations, seeking less precarious and more permanent housing. They are the most likely candidates for official slum relocation programmes as they succumb to pressure and enticements from better-off households who want to move into the central locations once they have been improved or, in the more developed cities of the North, as part of the process of 'gentrification'.

Box 5.16 Centrally located slums in Colombo

The settlements commonly referred to as 'slums', 'tenement gardens' or '*mudukku*' in Colombo are the old deteriorating tenements or subdivided derelict houses located on high lands in the old parts of the inner-city areas. These old tenements were erected to accommodate the influx of a new labour force into the city during a period when a thriving plantation industry required labour for processing, packaging and storage, as well as handling and shipping. Tenement units normally consist of a single bedroom, a small veranda and a living area with common water taps and latrine facilities. They were usually built in back-to-back rows, on a block of land commonly referred to as a garden. These so-called tenements contain anything between a group of two or three units and a few hundred.

Old residential buildings, mainly in older parts of north and central Colombo (for example, Pettah, Hultsdorp and Wolfendhal) were also turned into apartments for low-income workers. They were subdivided into small units, inadequately maintained and largely deprived of basic sanitary facilities.

Source: Colombo case study, 2002.

Scattered slum islands

Scattered throughout cities are 'islands of slums', surrounded by formal housing and other officially sanctioned land uses. These islands may have been intended as open or green spaces, as the land was thought to be unsuitable for future housing, or locations that are physically or environmentally unsafe. Slum islands are typically small, as few as eight to ten dwellings. They often get their water from fire hydrants or neighbours in formal areas and dispose of their waste, both human and refuse, in the city's gutters and open spaces. They cannot support their own social infrastructure (school, clinic, etc); but use the facilities of the neighbourhoods in which they are located – unless they are denied access through social discrimination, which is quite common.

Slum islands that are closer to the centre share many of the advantages and attributes of the central slums described above. However, they are often physically isolated from the surrounding areas by barriers such as canals, storm drains, railway tracks or motorways, and, though close to urban facilities and opportunities, may not actually be able to benefit from them. Some islands may have started as rural communities that became engulfed by urban expansion; but this is rare, except towards the periphery.

Box 5.17 Centrally located slums in São Paulo

In São Paulo, *corticos* (rented rooms in a subdivided inner-city tenement building) are the traditional form of central slum housing. Most *corticos* are located in the central districts of the city, in areas that are deteriorated but near the city's jobs and services. Sacrifices of cramped, unhealthy and expensive housing are compensated for by the proximity of work and public services.

Favelas sprout everywhere: in wealthy areas, poor areas, in the central region or in the periphery, wherever there is an empty and unprotected lot. Their appearance during the 1970s and 1980s mixed up the pattern of centre-periphery segregation in São Paulo. Public authorities constantly repressed and removed *favelas* in the areas valued by the market. The action of private property owners in regaining possession, moreover, has driven *favelas* to the poorest, most peripheral and environmentally fragile regions. Few remain in well-served regions, although the largest two, Heliópolis and Paraisópolis, are located in these areas.

Source: São Paulo case study, 2002.

Box 5.18 Scattered slum islands in Beirut

In Beirut, in the Eastern Quarter, Hayy el Shaqi is located on an island in a major traffic intersection, below street level. One of the poorest settlements in the city, it was established during the 1950s after residents were displaced from a nearby zone where they had been squatting. Its residents originally came from Jabal el Druze (they were Syrian nationals from the Druze confession). Then, after 1982, most Syrian households left and were replaced by other foreign workers – Sri Lankans, Egyptians, Kurds and others. There are around 50 residents who run shops on the street. Construction is precarious, and this is the poorest of all of the city's slums. Dwellings are built with tin, wood, plastic sheets and other reused materials from the years of the Lebanon civil war. Being below street level, the slum also suffers from poor drainage, and several people have drowned there on days of heavy rain.

Source: Beirut case study, 2002.

Peripheral

Large slum settlements cannot rely on the services of the settlements around them and need their own, even to the extent of internal public transport systems.

Slums on the city fringes are, as described above, either squatter settlements in which households have invaded (usually public) land, or they occupy land that has been subdivided and for which they have paid or entered a rent-purchase arrangement with the developer or landowner. The urban periphery has distinct advantages over more central and urbanized areas as there is less competition for the use or control of land, especially if it is located outside of the municipal boundaries. Peripheral slums can be quite large settlements since they are rarely constrained by competing development.

In many cases, the quality of housing is relatively good – significantly better than is to be found in the adjoining rural areas – but the level of services is generally low. While this is not a great hazard to health and amenity when the overall density is low – as it can be during the early period of development – it can become a serious problem as the slum grows larger and denser. While dwellings are often owner-occupied, in many cities the provision of housing in peripheral settlements is controlled by a 'developer': a well-connected businessmen or politician who has the necessary power and resources to lay out and allocate land.

Box 5.19 Peripheral slum islands in Ibadan

Unplanned areas along the major roads in the outskirts of the city grew during the 1990s – notably, to the north, east and south of Ibadan. Some 30% of this informal unplanned housing is found more than 5 kilometres from the centre. While the inner-city slums have a predominantly Yoruba population, peripheral slums and their migrant settlers are much more heterogeneous in terms of ethnicity, religion or profession. Population densities in the outskirts are less than in the inner city, with a high turnover of occupants. The rental market thrives; landlords are often wealthy and living in other parts of town. Settlement is generally based on access to employment and other major activities. Agbowo, for example, is close to the university and is inhabited by students and junior staff. However, the shortage of accommodation on the university campus has resulted in a rental market where more than three students, on average, share a room, with up to eight students sharing in some cases. Housing conditions are also quite different from the inner city – dwellings form a heterogeneous pattern, built of cement, wood, or mud with cement plaster. Like the inner city, however, there is no potable water provision, water disposal or drainage, only occasional electricity supply. Routes are mostly impassable by motor vehicles.

Source: Ibadan case study, 2002.

An overriding problem facing peripheral slum dwellers is the low level of access and high cost of transport to jobs, markets, schools and the centres of administration of public services. Thus, households living in peri-urban areas can spend up to 30 per cent of their incomes on transport, or as much as three to four hours a day walking to and from work and school. Increasingly, middlemen are beginning to realize the potential offered by the women in these settlements by offering them piecework, bringing in the raw materials and collecting the finished products.

One of the main problems of home-based piece-working (home-working, as it is called in the literature) is that the 'invisible' workers can easily be exploited since control by labour authorities is very difficult.[29] When workers are scattered around new, unmapped areas, control is even more difficult, so exploitation is easier. In addition, the further that potential workers are from their jobs, the easier it is for exploiting employers to flourish.

A very significant feature of informal settlements on the urban periphery is their potential for efficient and effective upgrading through the provision of infrastructure and public services, especially if it is done before dwellings consume all of the available land. Increasingly, NGOs recognize this and are developing strategies to help new land invaders and informal developers to impose some discipline in the subdivision and layout of land in order to prepare for the installation of public infrastructure.

SIZE AND SCALE

The size of a settlement or slum area has obvious implications for what is, or is not, possible in terms of social organization, community cohesion and future intervention.

Large slum settlements

There are many slums around the world that are equivalent to cities in size. Dharavi in Mumbai, India, or Orangi in Karachi, Pakistan, house hundreds of thousands of households; Kibera in Nairobi, Kenya, has a population of 400,000 people.[30] To a large extent, this is a function of the size of the city of which they are part. However, it is possible for a slum or informal settlement to be larger than the city upon which it depends. For example, Ashaiman (in Ghana), referred to earlier, has a larger population (150,000) than Tema (140,000), the municipality of which it is formally part.

With such large slums, the need for local management and social organization becomes clear. Many different social groups may live and work within the slum's geographic boundary. While some large slums, such as Antop Hill in Mumbai, India, are organized spatially on ethnic lines, it is important for groups to cooperate with each other, whether or not it is traditional for their people to do so. Large slum settlements cannot rely on the services of the settlements around them and need their own, even to the extent of internal public transport systems.

With large numbers of slum dwellers, even though they are poor, there are substantial economies of scale and viable internal markets. It is possible for as many as 40 per

cent of the population to find employment servicing and serving the needs of their own neighbours. The markets that spring up in large slums often attract custom from the surrounding formal settlements, as the produce tends to be cheaper than in formal-sector markets. The impacts and implications of such trends were discussed in Chapter 4.

Medium-sized slum estates

This is the most common situation, with neighbourhood-sized settlements developing in and around the city. The process of deteriorating conditions that led to falls in land and property values is self-perpetuating and, in many cities, relatively rapid. Of course, given the higher density of most areas that house the poor, a relatively small piece of land is required to house a community. Most often, the origins of such settlements is land that has been undeveloped or abandoned, since it was felt by the urban planners and developers to be difficult, if not impossible, to develop. These areas include swamps, marshes and steep slopes.

Medium or neighbourhood-sized slums are quite effective in resisting attempts to demolish or relocate them. In part, this is because they tend to form a cohesive community who support an active internal leadership, and because there are sufficient households to ensure that they have enough political and voting power to generate external political support.

Small slums

Scattered throughout cities are small, or even very small, slums that are surrounded by formal housing and other officially sanctioned land uses, sometimes on land designated for public or communal use, but most often on land left as reserves for future development or to serve or service roads and highways, waterways or railroads. The sites may have been intended as open or green spaces, or land thought to be unsuitable for future housing, or classified as locations that are physically or environmentally unsafe. These very small pocket-sized slums, characterized earlier as 'scattered slum islands', often contain as few as eight to ten dwellings. In many cases, occupants of neighbouring upper-income housing areas tolerate, or even protect, such slums as the residents often work as their domestic staff and other employees. Because of their small size, they cannot support their own social infrastructure (school, clinic, etc); but residents have easy access to public services from the neighbourhoods in which they are located. Sometimes, however, this is denied because of social discrimination. Where such settlements are not protected by their neighbours, they are vulnerable to exploitation and are ineffective at resisting eviction or relocation. These very small pocket-sized slums are often attractive to their residents because of their closeness to the centre. In the major cities of South Asia, very small pocket-sized slums occur through the occupation of pedestrian walkways. In Mumbai, India, it is estimated that there are more than 20,000 pavement dwellers who live in dwellings built on the pavements of the city centre, with residents using part of the carriageway as living space during the day.[31] Many of these dwellers have been there for 20 years or more.

Because of their small size, these slums have easy access to public services from the surrounding areas. On the other hand, where they are not protected, their small size makes them vulnerable to exploitation and less effective at resisting eviction or relocation. This precariousness is often responsible for the lack of substantial investment in housing, most of which is usually made from second-hand or recycled materials and components.

The markets that spring up in large slums often attract custom from the surrounding formal settlements, as the produce tends to be cheaper than in formal-sector markets

Box 5.20 Karachi: women's access to employment

The Khuda ki Bustee housing in Hyderabad, Pakistan, is located on the Karachi-Hyderabad Highway, on the edge of the city limits. While men were able to work, women were unable to find any employment locally and readily welcomed the approaches of middlemen to undertake piecework. Though this provided them with an income, the bulk of the money was kept by the middlemen. Consequently, when a local non-governmental organization (NGO) with experience of similar activities in Orangi, Karachi, offered to take on the role of the middlemen in providing raw materials and delivering to markets, the women joined readily, and now receive much more for their inputs. Similar stories of women succumbing to low wages are found in many low-income settlements in Pakistan, where the seclusion of women makes it difficult for women to enter the open labour market.

Box 5.21 Mexico City: Valle de Chalco Solidaridad

Valle de Chalco Solidaridad is a municipality that was created during recent years following massive settlement – in this case, in the agricultural municipality of Chalco, to the south-east of Mexico City. Agricultural land was originally appropriated after the construction of a canal during the 19th century. After the Mexican Revolution, the *haciendas* and other large agricultural properties were expropriated and distributed as *ejidos*, or agrarian communal properties, to the local communities.

By the late 1970s, Mexico City's growth began to affect the Chalco area. On the one hand, the demographic growth of the local communities meant that agriculture was increasingly unfeasible as a means of subsistence, on parcels of *ejidal* land averaging 1.7 hectares per household. On the other hand, demand for housing meant that the illegal sale of this land was an attractive proposition. In the case of Chalco, before 1984, many of the transactions were not handled by the *ejidatarios* themselves but by professional intermediaries or developers who bought the land from the individual *ejidatarios*, parcelled it out into lots of mostly between 120 and 250 square metres and sold them on credit. By this means the settlement process began between 1970 and 1980, when the population of the area now included in Valle de Chalco Solidaridad almost doubled from 44,000 to 82,000 individuals, living in about 18 *colonias*. During the following decade, it increased still more to about 220,000 reaching over 323,000 individuals in 2000.

The state embarked on an extensive regularization process, and a survey in 1998 found that 90% of the plots in Valle de Chalco had been regularized. Once this was underway, material improvements could be financed by the new federal poverty programme Solidaridad, which invested 407.9 million pesos (about US$160 million) in Valle de Chalco between 1989 and 1993, including street lighting, water mains and schools, then electrification, hospitals, pavements and main drainage. However, this regularization of tenure, public works and social investment programmes, as well as an influx of national and international NGOs and religious groups, is not reflected in the 2000 housing indicators: 78% of the dwellings have no inside tap; 40% have corrugated cardboard roofing; and 20% have only one room. Today, Valle de Chalco still contains some of the worst housing conditions in Mexico City.

Source: Mexico City case study, 2002.

Box 5.22 Mumbai: Prakash Nagar Pavement Community

This settlement originated 35 years ago; by 1998, it had 300 households who were made up of different ethnic groups. Most workers have daily wage-based activities on construction sites or domestic work. Dwellings are small and consist of plastic sheets precariously arranged on wooden poles. The community has faced demolition three to four times a year since 1985, generally without notice, including finally being evicted for the construction of a flyover in 1999. However, the community struggled to retain their foothold and has re-housed itself on a nearby privately owned plot, wishing to live in the vicinity in order to sustain livelihoods. Many households have filed applications for the necessary 'photo pass' in order to validate their residence in the community since 1994. Currently, the community is counter-claiming at the local courts and the National Human Rights Commission against their treatment by the authorities.

Source: Mumbai case study, 2002.

The threat of eviction is probably the most potent force in galvanizing communities – it can help to transform a heterogeneous group of households, settled in a particular locality, into a community

LEGALITY, VULNERABILITY AND SPATIAL FORMS

As has been pointed out above, not all slums are squatter or illegal settlements, and not all illegal or squatter settlements are slums. Therefore, legality and resident perception of its relative vulnerability are important considerations, both to the process and nature of viable development interventions. Indeed, it is commonly held that legality, or security of tenure to land and property, is the single most important criterion in any slum upgrading or regularization process.

Illegal

The informality that makes it easy to access land in these settlements and to build dwellings may make it more difficult to obtain credit or to transfer or sell these rights to others

There are settlements that are illegal, either because they are squatter settlements, without the right to be on or use the land, or the land on which they are settled has not been designated for housing and related activity in the statutory land uses of the city. Few cities in developing countries actually have up-to-date statutory land-use or zoning plans. In theory, residents of illegally occupied land are very vulnerable to being evicted as they have no right to occupy the land. However, what usually matters more, in practice, is the extent to which legality is enforced – and this may be not at all.

The literature on slums has made much of legality and the threat of eviction as the key to determining the level and extent of investment and other decisions. In practice, while the threat of eviction makes an enormous impact on the perceptions and, therefore, the behaviour and priorities of the slum dwellers, not all of their actions are governed exclusively by it. The threat of eviction is probably the most potent force in galvanizing communities – it can help to transform a heterogeneous group of households, settled in a particular locality, into a community. However, while the actual threat is there, it is likely to divert attention away from more long-term or development-oriented activities. If the threat is withdrawn, however, the community may be sufficiently enabled by the experience to undertake more development activities that require a collective effort, investment or the pooling of resources.

Many slums are built on land that is designated for housing, and the occupiers have a legal right to be there. However, the layout or type of housing may not have been given formal consent; often it may not have been sought! Essentially, dwellings in this type of settlement do not comply with municipal regulations. Consequently, these settlements may be denied access or connections to the urban infrastructure, or they may not have their land title registered or recognized. This will make it difficult or impossible for residents to obtain any form of certificate of title, access to housing finance and other such facilities. Thus, many settlements are unable to develop beyond basic structures and householders cannot use the value of their property as collateral for credit to invest in enterprises or development.

Informal

In many countries, the process of registering title to urban land and obtaining permission to develop it is a relatively recent introduction. Therefore, as has always happened in many rural areas, households settle and construct their dwellings without any thought to their formal recognition. For this reason, many well-established settlements are considered informal – this is a common occurrence in the peri-urban areas of many African cities. Thus, strictly speaking, these are illegal settlements; but, in practice, it is unlikely that urban authorities would test this in court and they prefer to adopt a more tolerant, *laissez faire* approach.

However, the informality that makes it easy to access land in these settlements and to build dwellings may make it more difficult to obtain credit or to transfer or sell these rights to others. While generally constraining, this has advantages in that it makes it equally difficult for settlers to give up their land at a lower-than-market price to cash buyers who are more aware of the potential of the particular location.

Box 5.23 Phnom Penh: living in the grounds of a pagoda

A settlement of 60 households has developed along a dirt lane leading to the pagoda because of the proximity to the city centre and jobs. Most heads of households are unskilled construction workers or vendors, and find work on nearby construction sites and markets. To settle on this public land, each household had to pay a bribe of US$10 to US$20 (approximately, one week's earnings) to the Sangkat authority as a 'registration fee'. The majority (around half) live in low-quality shelters with roofs and walls of palm, floors of recycled plywood, and doors and shutters of leaves. Around one third live in better dwellings with zinc roofs, thatched walls, wood floors, palm doors and shutters, and equipped with a bed, a table, a few dishes and pots, and a stove. The remainder are the poorest, often widows, sleeping on floors, living in shacks made of palm and old rice sacks, with no door or window, and furnished only with basic cooking utensils.

Source: Phnom Penh case study, 2002.

DEVELOPMENT DYNAMICS

Even within similar common geographical regions or contexts, settlements that share common characteristics in terms of age, origin, location and legality may still vary considerably. Different drivers and dynamics of development, both from internal (community) and external

(NGO or other agency interventions) will render living conditions vastly different.

The first two criteria within this category are based on the community's inherent perception of, and attitude towards, their ownership of the physical environment based on the origin of that settlement. The second two criteria cover the impacts of external or 'upgrading' interventions.

Ongoing individual and community-led development

Individual or household-led development is manifest in very many slum areas. Without perceived security of tenure, access to some means of generating livelihoods, and the necessary capacity to manage threats such as environmental hazards, the majority of slum dwellers are unlikely to make incremental improvements to their own housing and living conditions.

The extent to which there is community cohesion and organization to undertake broader development initiatives that serve the wider neighbourhood depends, partly, on the social structures of the neighbourhood and, partly, on either a supportive or a benign attitude by the authorities – which gives residents confidence that there will be no eviction. Where other settlements have experienced upgrading and improvements, there may be spin-offs as other neighbourhoods emulate the improvements. However, where settlements have been regularly subjected to evictions and demolitions, there may be a reluctance to take any action that would bring the neighbourhood to the notice of the authorities.

Intervention-led improved slums

These are settlements where some intervention has been made to improve one or more aspects of the settlement, housing or social and economic facilities and opportunities; however, they have not had a complete upgrading project.

The actual impact of such interventions is liable to vary, depending, in part, on what has been improved or introduced. More importantly, perhaps, is the way in which the improvements were performed. Often, they are part of a local politician's efforts to improve his/her standing and to win votes. This may have been done in a way that residents feel was only necessary; rather than being grateful, residents may see it for what it is: a bribe. Many settlements are very well aware of their voting power in countries where elections are regular occurrences (such as in India).

Ironically, where these improvements have been the result of a struggle that has taken time and effort, it probably also helps to create a greater sense of community. The resulting improvements, therefore, are more likely to have an enabling effect, empowering the residents to increase their efforts to further improve the settlements.

Upgraded slums

These are slums that have been the subject of a fairly comprehensive upgrading and improvement programme, whether gradually over time or as a one-off intervention. Nevertheless, the intervention may not have reversed the basic conditions, or – if it did – there is no guarantee that improvements will last long. Furthermore, improved conditions can serve to attract more households to the settlement, increasing pressure on the housing and services to create, once again, slum-like conditions.

It is also often the case that, while a settlement may have had a project or a programme of upgrading, in practice, the application of the funds and efforts were superficial, and much of the funding might never have reached the settlement. In some cases, where such insensitive upgrading occurred, the neighbourhood condition has been worsened by it.[32] Most city authorities now recognize the need to address the problems of slums and squatter settlements in their cities and to do so in partnership with residents.

There is another possibility where, although a slum has been upgraded, the residents refuse to acknowledge the upgrading – not because the improvements have not happened, but because there are often positive-discrimination measures that benefit the slum dwellers who would lose those benefits if their settlement were no longer a slum. On the other hand, the fact that the settlement was once a slum may

Box 5.24 Illegal districts in Rabat-Salé, Morocco

Illegal districts in the Rabat-Salé agglomeration have housing varying from concrete versions of traditional buildings to poor-quality dwellings. They are built on purchased plots of land, but without appropriate permits. Because they are illegal, these districts are also often deprived of the basic infrastructure; but conditions vary considerably. Older housing estates, for instance Hajja and Maadid in Rabat, appear less 'planned' but now include gardens and market gardens. More recently, larger settlements have been informally 'designed' in anticipation of achieving legal status. They appear similar to legal housing with respect to street network, division into blocks, and size and homogeneity of plots of land. Such is the case of the most recent part of Hay Inbiat and Oued ed Dehheb in Salé, or of Sidi Taibi. The last is a huge housing estate whose environment, currently, greatly benefits from its proximity to the rural environment.

Source: Rabat-Salé case study, 2002.

Box 5.25 Informal areas in Cairo

In Cairo, informal areas have developed on former desert state-owned land. The history of the settlements varies according to location. For example, Manshiet Nasser began as a relocation site for slum dwellers and garbage collectors, and Ezbet El Haggana began as a hamlet for the households of coast guard soldiers stationed nearby. However, in each case, a core settlement was allowed to take hold, and expanded as the neglect of the government towards its own property became apparent. Usually, quite large plots on the fringes of the established core were walled, and then sub-parcels would be sold by these pioneers to other settlers. The rate of growth of individual communities varied greatly, with spurts of expansion at certain periods being quite common. The development process was completely informal, with no legal paper work and a total reliance on personal trust, mediated, when necessary, by the existing community, referred to as a 'hand claim' process. Although these areas are technically illegal, settlers have certain customary rights derived from interpretations of those portions of the civil code pertaining to hand claims on desert land. Residents tend to amass either the receipts from paying *tahkir* (a nominal rent imposed by a Governorate's Amlak (Properties) Department) or awayyid (property tax), from electrical connections, and from other items to establish as much paper legitimacy as possible.

Source: Cairo case study, 2002.

Table 5.2

Summary of opportunities linked to tenure

	Characteristics	Opportunities for upgrading
Communities sited legally on public land – mainly owner-occupiers	Situated in the older and more central parts of the city. Standard of provision of infrastructure is moderate, though much of it may be run down and in a poor state of repair. Overcrowded.	Less likely to resort to community-based action if local municipality has provided a certain level of service. However, housing upgrade schemes could be embraced – potential profits to be gained are a driving factor.
Communities sited legally on public land – mainly tenants	Occupied by low- and middle-income households in walk-up flats. Maintenance and services are the responsibility of local government but are likely to be inadequate due to low-rental income.	Tenants unwilling to pay more in rent to improve conditions. Improvements possible if ownership and responsibility for conditions are transferred – this situation best supports the creation of housing and community associations to manage common areas and coordinate upgrading and repairs.
Communities sited illegally on public land – mainly occupiers of own structures/houses only	Comprises a variety of locations and sizes. Many such communities are able to remain on the land through the intervention of a local self-styled 'protector' with appropriate influence.	Communities keen to obtain security of tenure and legal title to their homes. Communities seek recognition for the whole group, with individual scope to buy their own title over time. Usually very keen to upgrade.
Communities sited illegally on public land – mainly renters of structures/houses	Few settlements of this type. Frequently, though not necessarily, made up of people who see themselves as temporary to the city – for example, seasonal workers.	Residents have little incentive to upgrade due to transitory nature and level of tenure insecurity.
Communities sited legally on private land – mainly owner-occupiers	Consisting of middle-income households keen to make an investment.	Forging 'community' difficult. Less keen on managing services themselves; prefer to 'buy' services.
Communities sited legally on private land – mainly tenants	High demand for security of tenure and willing to invest their time, money and effort into upgrading, in return for a guaranteed period of rent freezes and no eviction.	Landlords benefit from gradual upgrading of their property, though tenants may be apprehensive about resulting rent increase.
Communities sited illegally on private land – mainly occupiers of self-built structures/houses	Such squatter settlements are few but exist where there is a powerful patron, political leader or other intermediary to provide protection.	Securing tenure is the primary objective in these cases with any upgrading possibility that security of tenure provides.
Communities sited illegally on private land – mainly tenants	Less likely to be interested in security of tenure without, correspondingly, more secure economic situation. Distinction to be made between tenants temporary to the city and those unable to acquire their own housing.	Differential pricing required to cater to different characteristics of the tenants.

Box 5.26 Mexico City: Ciudad Netzahualcóyotl

Ciudad Netzahualcóyotl is a vast irregular settlement built on the Texcoco lake-bed. Since the draining of the lake in 1900, a series of government acts that dealt with selling and regaining the land, coupled with the existence of historic titles, rendered the legal tenure situation of plots and properties complex and ambiguous. However, the first settlements came about in the 1950s, after speculators 'sold' unserviced plots for development. Subsequent resale was legal in the sense that development was authorized by the state government. However, at the same time, this was illegal, because building failed to comply with state regulations for urban services – paved roads, street lighting, water and sewerage mains and areas for public facilities. Nevertheless, hundreds of thousands of unserviced plots were sold and resold to create a rectangular grid of plots averaging 150 square metres. Towards the end of the 1960s, the population was approaching 600,000.

Over half of the population was in *colonias*, without any form of drainage or water supply. Severe conflicts arose out of the irregular tenure and multiple sales of the same plot of land. The *colonos* (settlers) organized on a massive scale to form what was one of the first urban movements, the Movimiento Restaurador de Colonos, demanding incarceration of the land developers for fraud, expropriation of the land and regularization of tenure, together with the introduction of services. After a decisive monthly payment strike, the federal government stepped in with a solution that would eventually meet the demands of the *colonos*, but at a price. Some of the developers were jailed for fraud. But most of them cooperated with the government, putting their stake in the land – their portfolio of credits – into a specially created trust, Fideicomiso de Ciudad Nezahualcóyotl (FINEZA), set up in 1973, which would effectively regularize 43 of the 83 *colonias* in the municipality. After lengthy negotiation, an agreement was reached in 1977 on payments and, a year later, over 60,000 properties were regularized. In 1981, FINEZA, as a federal trust, was abolished, and the portfolio and functions were later handed over to the state government organization, Comisión para la Regulación del Uso del Suelo del Estado de México (CRESEM). Under CRESEM, regularization accelerated; by 1991, titles to a total of 159,000 lots had been issued. By the late 1990s, only an estimated 12% of the plots in Netzahualcóyotl had irregular land titles.

Most of the *colonias* in the municipality had electricity by the early 1970s. However, street lighting, paved roads, water and drainage were only introduced after the regularization process was under way, starting with the main thoroughfares. By 1980, most of the streets were paved and supplied with main water lines and drains. During this time, the population doubled to over 1.3 million, due to the influx of households who could pay higher prices for serviced land, and also to the proliferation of rented housing of all categories. During the 1990s, the population actually fell as Netzahualcóyotl was the principal exporter of population to other areas of Mexico City. The resident population is now highly mixed, as is the quality of housing: 63% of dwellings have inside tap water, for instance, while 15% have poor-quality roofing.

Consolidation resulted in more than improvement – albeit unequal – in housing conditions and diversification of social class. Over the past two decades, trees, banks, shops, offices, libraries, schools, universities, cinemas and even McDonalds have all appeared on the main streets of Netzahualcóyotl, which also has its own cathedral and Olympic sports stadium. What was once considered a 'slum dormitory' is now the place of employment of 262 thousand people: over 4% of Mexico City's economically active population.

Source: Mexico City case study, 2002.

carry a stigma that residents may not be able to shake off, even after the settlement has been upgraded.

Upgraded settlements are likely to have much better facilities and urban services than other slums. They may also have had the benefit of cash handouts or access to loans and other forms of financial assistance that would have enabled the residents to improve their housing and, indeed, their means of earning a livelihood. They may, even, have been 'promoted' out of slum status.

Lacking community incentives for improvement

There are instances when residents expect slums to provide only the bare minimum in terms of shelter, and the individual residents and owners have no incentive to undertake improvements. Where residents are temporary, pay little rent, do not feel part of a community network, and where the building itself is owned by an (absentee) landlord, there is little reason for individuals and households to invest in order to improve those living environments. The owners also often have little incentive, owing to rent control legislation, or where the asset no longer has economic potential in terms of location near industry. In the case of industry-provided housing – for example, chawls in India, hostels in Southern Africa – the building fabric does not easily lend itself to affordable conversion and upgrading.

Incipient slum creation

Where poverty is growing, there is a high probability of slum appearance. Many established historic city slums and others in the centre of cities fit this description. Where there is multiple ownership through inheritance (for example, family houses and old tenements), occupants are likely to be too poor to carry out major renovations and owners are unlikely to agree to pay, especially where rent control is in force. It is estimated that 5 per cent of Moscow's housing stock of 'first-generation' prefabricated apartment blocks built at the end of the 1950s falls into the category of housing that is in urgent need of replacement or upgrading. More than 318,000 households live in such housing. Box 5.27 gives additional details in this respect.

The deterioration and degradation of such housing estates has been hastened by the poor quality of construction and materials. In many instances, especially in Soviet-assisted and inspired economies, where prefabrication and mass production were widespread, poor attention to design details and the lack of adequate site supervision during the construction phase accounts for much of the rapid and dangerous deterioration in both structures and cladding. Around one third of Moscow's housing stock is of mass-industrial housing production built during the period 1955 to 1970. It is primarily located in the mid-zone between the central and peripheral districts. Typically, five-storey prefabricated concrete buildings, some 40 per cent of them, suffer from engineering and construction faults.[33]

Box 5.27 'Incipient slums' in Moscow

After Perestroika during the 1990s, Moscow's city authority experienced for the first time the difficulties of dealing with an influx of economic immigrants, particularly from former Soviet Republic states. Refugees and homeless beggars began to crowd railway stations, airports and subways, and migrants to the city sought temporary accommodation in 'squatter flats' and, to a lesser extent, in abandoned buildings awaiting demolition. The squatter flats are often in former municipal dormitories or barracks built in and around industrial zones in the middle belt of the city, during the 1950s, in order to provide temporary shelter for in-migrant workers, called *obschagi* (Russian jargon for 'dormitories'). Almost 700 dormitories currently exist, typically four- to five-storey high brick buildings, but occasionally one- or two-storey wooden or brick structures with a rudimentary infrastructure. They are overcrowded with refugees, illegal immigrants and seasonal workers. Present-day residents pay very little or no rent at all, often renting or sub-renting illegally and waiting for the alternative of state housing or support. Poor maintenance and vandalism has hastened their deterioration; but employers (they should, by law, provide accommodation for the incoming workers, such as a room or an apartment) have no incentive to invest in the repair and maintenance of buildings if they recognize that the housing is 'dilapidated'. The backlog of housing in Moscow, however, is such that municipal housing has a long waiting list and people will continue to live in deteriorated locales.

Source: Moscow case study, 2002.

NOTES

1 This chapter draws on an initial draft prepared by Patrick Wakely in collaboration with Babar Mumtaz and Kate Clifford, Development Planning Unit, University College London, UK.
2 See Chapter 1.
3 Tipple, 2000.
4 Lloyd, 1979.
5 See Chapter 2.
6 Tipple and Willis, 1991; Malpezzi and Ball, 1991.
7 Case study – Mumbai, 2002.
8 Case study – Beirut, 2002.
9 Case study – Rabat-Salé, 2002.
10 Case study – Bogotá, 2002.
11 Case study – Jakarta, 2002.
12 Case studies – Durban, Ahmedabad, Mumbai and Chengdu, 2002.
13 Case study – Chengdu, 2002.
14 Case study – Lima, 2002.
15 Case study – Phnom Penh, 2002.
16 Payne, 2002.
17 Case study – São Paulo, 2002.
18 Case study – Nairobi, 2002.
19 Case study – Nairobi, 2002.
20 A S Dasgupta, New Delhi, pers comm, based on his work in public housing in Kalkaji and Lakshmi Nagar.
21 Tipple, 2000.
22 Case studies – Cairo and Karachi, 2002.
23 Case studies – Durban, Ahmedabad, Mumbai and Chengdu, 2002.
24 The extensive literature on segregation, spatial isolation and social exclusion in European cities includes Andersson, 1999; Bolt et al, 1998; Harth et al, 1998; Krantz et al, 1999; Lee, 1999; Lee and Murie, 1999; Madanipour et al, 1998; Musterd and Ostendorf, 1998; Power, 1997; Taylor, 1998.
25 Case study – Chengdu, 2002.
26 Tipple and Willis, 1991; Malpezzi and Ball, 1991.
27 Amole et al, 1993.
28 Case study – Rio de Janeiro, 2002.
29 Boris and Prügl, 1996.
30 Case studies – Mumbai, Karachi and Nairobi, 2002.
31 Case study – Mumbai, 2002.
32 Case study – Mexico City, 2002.
33 Case study – Moscow, 2002.

CHAPTER 6

ECONOMIC DYNAMICS[1]

People come together in cities for wealth creation, and the creation of income has been considered to be the prime measure of urban success until fairly recently, when quality of life concerns became more prominent

The growth in the global labour force has imposed enormous strains on urban settings, especially on employment and housing. As the formal sector has failed to meet such demands, the informal sector has taken up the slack

As Chapter 2 discussed, demographics, the economy and, ultimately, the environment, set the major frameworks in which cities flourish or struggle. The principal reason for cities to form in the first place is the generation of wealth and income, and their economic opportunities are why they continue to attract redundant agricultural labour away from rural areas.

As Chapter 3 pointed out, the formal economic sector is the major engine of city growth. But larger enterprises are backed up by very many much smaller ones, which are generally the principal source of employment for both skilled and unskilled labour. Except in the most regulated societies such as the highly industrialized countries have become, these smaller enterprises merge almost seamlessly into what is known as the informal sector of unregistered enterprises and people struggling to scrape a living through informal transactions. Where there are no social support systems, the urban informal sector supports the poor, the needy and new immigrants who have not yet been able to find more permanent employment.

While informal work, like poverty, is by no means confined to irregular housing or slums, in fact slums tend to form the epicentre or principal source of informal labour, and within slums most economic activity is informal. Following a general comparative discussion of incomes and changing labour market trends in different parts of the world, the chapter has as its principal topics: the informal or irregular urban sector in employment, its characteristics and anticipated future growth, and, finally, the importance of secure tenure for citizens to establish roots and opportunities within their communities.

LABOUR FORCE GROWTH

Poverty and lack of income, as discussed in the previous chapters, are among the most important factors in establishing and maintaining slums, and the labour market and the structure of livelihood opportunities becomes at least as important a concern as housing conditions. Many housing schemes have failed because they have ignored the community and livelihood basis of why people settle where they do in the dwellings they occupy. Income generation and credit schemes, in which the labour market and the structure of livelihood opportunities are the main concerns, have, accordingly, become an important part of the current generation of slum interventions. This section looks at what is known about employment for low-income earners, particularly those living in slums and working in the informal and private sectors.

The creation and distribution of income

Urban history shows that people come together in cities for wealth creation, and the creation of income has been considered to be the prime measure of urban success until fairly recently, when quality of life concerns became more prominent. In general, incomes and productivity are higher in urban areas, and this is borne out in the comparison of national gross domestic product (GDP) and average city product presented in Table 6.1.

It remains clear, however, that the largest gaps between developed and developing countries are in incomes, product and capital, and in the forms of consumption and investment that this permits. Average household income is about 17 times as great in cities in the developed countries as in the poorest 20 per cent of cities, and city product and GDP per person are 37 times as large.

Within countries, there may also be a tremendous differential in incomes. In Brazil in 1998, for example, average annual income in a relatively rich city such as Rio de Janeiro was about US$15,000, similar to smaller cities in Europe, whereas income in Icapui, a small, remote city, was

Table 6.1

Urban economic indicators by City Development Index (CDI) quintile, 1998

CDI quintile	GDP per capita (US$)	City product per person (US$)	Household income (US$)	Informal employment[i] (%)	Unemployment rate[i] (%)
1	606	571	1512	49	15
2	1571	1329	2593	51	16
3	2087	2409	3917	40	12
4	3230	3539	5521	26	12
5	11,822	12,842	16,743	19	7
All developing	2670	2988	4761	37	12

Note: i There is no clear distinction between informally employed (employed in unregistered enterprises) and unemployed, which relates to those actively seeking work in the formal sector. Quite often, officially unemployed people will work in the informal sector, so there may be double counting.

Source: UN-Habitat, 2002f.

US$1360, below that of many cities in least developed countries (LDCs). Within cities, average neighbourhood incomes can fluctuate by almost as much as this.

The global labour force

As Figure 6.1 shows, labour force participation rates in the developing world have been rising quite rapidly from low points around 1970. The most significant increases have been in Latin America, where participation rates have increased from 33 per cent to 43 per cent since 1970, and in East and Southeast Asia.[2] Here, they have risen from 42 per cent to almost 50 per cent since 1970, and are set to go higher than the high income countries (HICs) in the next ten years (which have a dependency rate of about 50 per cent). The falling dependency rates are thought to have allowed the savings that were responsible for the 'Asian Miracle' since 1980.[3]

Participation rates in South Asia and sub-Saharan Africa have been very similar over the period, and have still not come back to 1950 levels. North Africa and West Asia show much lower participation rates for cultural reasons that exclude women from the work force.

The breakdown by industry also shows very significant trends. Firstly, as expected from increasing agricultural productivity and urbanization, agricultural employment has diminished its share, from about 80 per cent to 60 per cent of the work force between 1950 and 1990, across all developing countries (this compares with 9 per cent in the more developed countries). About 12 per cent of the extra share has gone to services and 8 per cent to manufacturing.

Relative incomes have fluctuated over an extended period. The long growth period from 1945 to 1973 was typified by falling inequality and improving equity. The situation then reversed: income inequality and poverty increased without respite during the recession years from 1978 to 1993, and real incomes actually fell for the bottom-income groups in most countries and for the world as a whole – with a resulting increase in income poverty. The reasons are very much contested and are discussed in Chapters 2 and 3. They include the withdrawal of the state, the cyclical nature of capitalism, increased demand for skilled labour, and the possible effects of globalization – all of which are connected.

The level of non-agricultural employment in a country is a good proxy for the level of development – with the exception of Southern Africa, which has a substantial manufacturing sector, and East Asia, which still has a relatively lower level of urbanization.

Contrary to popular belief, industry has not lost its share of employment very much in the more developed countries overall since 1950, although it peaked around 1970 at 38 per cent. By comparison, less developed countries averaged 16 per cent. The vast bulk of manufactured goods are produced and exported from the more developed countries, as well as East and Southeast Asia. The service sector has at least doubled its share in every region and has been the main gainer everywhere. It is those countries that have been able to turn their economies toward producer services, in particular, that have the high per capita incomes.[4]

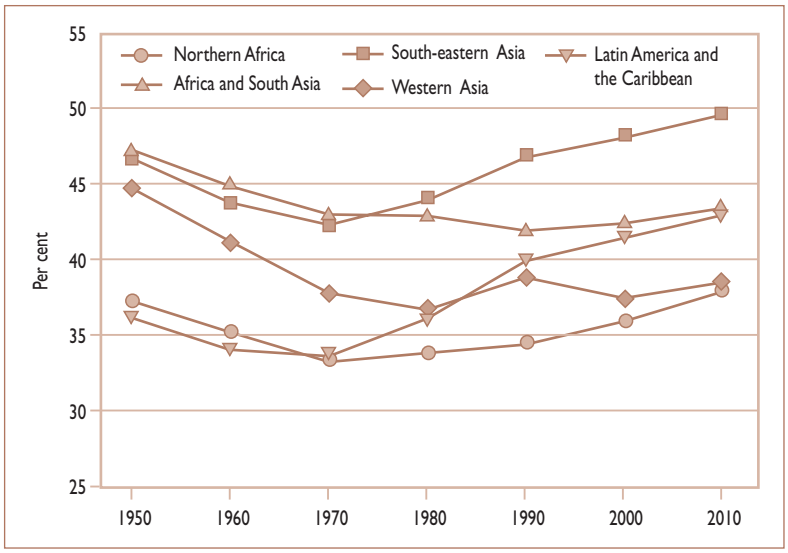


Figure 6.1

Labour force participation rates, 1950 to 2010, selected regions

Source: International Labour Organization (ILO) online database: www.ilo.org

The growth in the global labour force has imposed enormous strains on urban settings, especially on employment and housing. As the formal sector has failed to provide the factories, offices, market halls, transport facilities and housing required by the urban work force, the informal sector has taken up the slack. The location of work places is often in slum areas, and the conditions and characteristics of workers' accommodation have created slum areas.

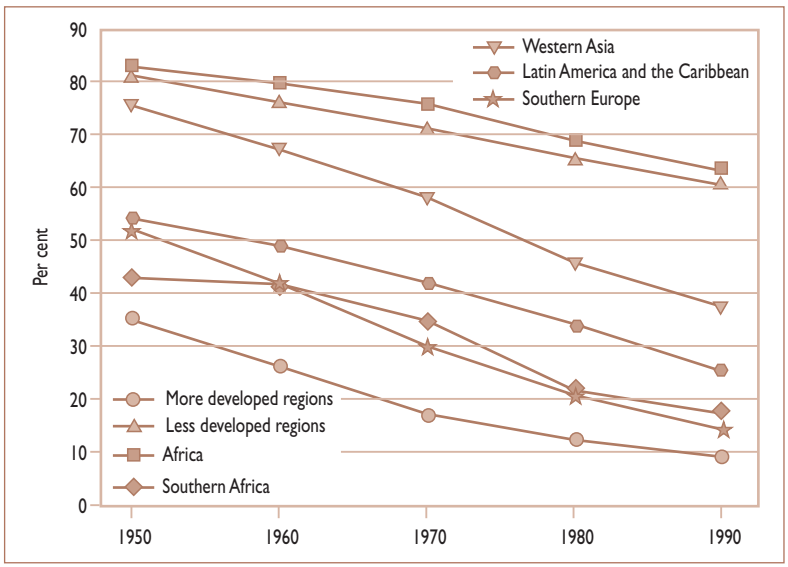
At the same time, the interaction with rural areas has become complex, and many so-called rural workers are dependent on cities for their livelihoods. For example, in Thailand, people in the urban peripheries can travel to nearby urban areas very cheaply on good quality roads, so that informal traders commute up to 200 kilometres daily to set up stalls in Bangkok. Although 49 per cent of the labour force is still nominally engaged in agriculture, around two-thirds of income from farm households is from non-agricultural sources, directly or indirectly derived from urban activities.[5]

Figure 6.2

Employment in agricultural sector, 1950 to 1990, selected regions

Note: Asia (South, Southeast and East) has agricultural employment very close to the developing country average

Source: International Labour Organization (ILO) online database: www.ilo.org



There have been considerable changes in the demographic and gender composition of the work force in the HICs, with many of the new jobs going to women. This has resulted in greater income inequality between households and changing spatial inequality. On the one hand, the dominant new family economic unit in the cities has become the 'double income no kids yet' (DINKYs), who have gentrified the centres of many cities.[6] Many married women with children, as well as young people, now have part-time jobs, and these lower earnings steepen the individual income profile. On the other hand, the number of low-income single parent households and single person households has increased, also skewing the income distribution.[7]

Most developed economies have substantially restructured their work forces, with an increasing professionalization, and this has been compounded by globalization.[8] The effect has been documented in many places as a 'hollowing out' of the work force. In much of the developing world, and particularly in slums, most of the employment is not formal wage labour at all, but takes place in a myriad of small, informal enterprises. Self-employment (mostly informal sector) is far higher in the developing countries, and social transfers are minimal. The informal or small enterprise 'competitive' economy has increased in size following the recession of the 1970s and subsequent liberalization.[9] Lay-offs have led to an increase in self-employment, casualization of the work force has led workers to seek supplementary earnings, and new immigrants, who tend to be excluded from more formal work opportunities, establish small businesses within an increasingly crowded and competitive economic environment.[10]

Most developed economies have substantially restructured their work forces, with an increasing professionalization. In much of the developing world, and particularly in slums, most of the employment is in a myriad of small, informal enterprises

Owing to a lack of suitable workshops and commercial space (at costs that small firms can afford and locations close to home and customers), most informal-sector activities in slums take place in the streets and homes. Both are seen as a problem in official minds as they encroach on public circulation spaces and private living space. Their occurrence is so frequent that the idea of the neighbourhood as a factory has been posited and recent research work proposes that the inevitability of jobs occurring in slums should be acknowledged in service levels at the planning stage. Informal-sector entrepreneurs and employees are such an important sector of the adult population – the potential voters – that good governance is not served by ignoring them or, worse, harassing them. Recent social conflict in Nairobi was not between workers and employers (apart from teachers) but between informal-sector traders (hawkers) and the authorities. It is clear that the blanket condemnation of informal-sector employment opportunities within slums must cease and be replaced with the types of assistance and promotion available to formal-sector enterprises. The issue of the informal economy is taken up in more detail later in this chapter.

Unemployment levels are possibly *the* major indicator of the health of the economy

Unemployment and underemployment

Unemployment is part of the formal labour market, describing those people who are actively seeking work and are unable to find it. It is largely irrelevant in countries with large informal sectors because virtually everyone (including children) is involved in a number of economic activities in order to live, and the conceptual separation of workers and non-workers is meaningless.

In developed countries, however, unemployment levels are possibly *the* major indicator of the health of the economy. They are very politically sensitive and governments have fallen following changes in the indicator (though this fear is lessening somewhat with the casualization and deregulation of the work force). Since 1970, unemployment has risen very substantially in most Organisation for Economic Co-operation and Development (OECD) countries – from 'full employment' rates of less than 2 per cent to rates typically in excess of 8 per cent. It is this change that spurred governments to fight back with wage incentives that weakened their tax bases and their employment conditions during the period of 1980 to 1995.

Unemployment is also seen as a primary indicator of spatial disadvantage in developed countries – more commonly, in fact, than poverty – and social budgets have been directed at high unemployment areas using needs-based indicators. On the negative side, areas with high unemployment levels are often singled out as slums or proto-slums, sitting within the public gaze. The inability of people to join the core economy is seen as a primary sign of 'social parasitism' by those holding individualist philosophies: single mothers and the unemployed are easy targets for those looking for a victim to blame for any perceived inadequacy in society.

People often attach their self-worth to their job, and losing it can be deeply depressing, making it difficult for them to function properly or to find new work. In the current deregulated era, in which no one has a job for life and lay-offs and early retirement schemes are all too frequent, job insecurity has been the major cause of the anomie and perception of deep social insecurity that has repeatedly been expressed in consumer surveys. This is particularly the case for workers over 50 who now find it very difficult to be re-employed and may be forced into an involuntary premature retirement. The continuing malaise during the late 1990s might be considered surprising given the upbeat nature of many economies. In the boom period of the late 1990s, unemployment fell to low levels in some countries – 4 per cent in the US, for example – and labour markets became tight in industries in high demand, such as information technology.[11] Unemployment rates were fairly stable, with a slight decrease in unemployment in 24 of the 28 more advanced economies, while distinguishable increases occurred in only four countries in that grouping (France, Greece, Japan and Malta). Youth unemployment remained an unsatisfactory area. In many economies, the young labour force also found it difficult to find employment, just as they had during the previous two decades. In some of the OECD countries, Spain, Belgium, Finland and France, unemployment of those aged 15 to 24 remained above the 20 per cent mark. The falling unemployment rates in a number of industrialized economies, following the relatively sound period of economic growth during the last half decade of the 1990s, were, nonetheless, associated with an increase, or at least a stabilization, of rates

of time-related underemployment. This indicated that the manner in which people attempted to adjust to downward changes in labour demand was to accept short-time work rather than not work at all.[12]

The transitional countries also knew unemployment for the first time during the 1990s. Bulgaria, Poland and Romania reported youth unemployment rates of over 30 per cent. Most of the damage was done in the period up to 1995. The International Labour Organization (ILO) reports that rates were fairly stable or decreasing for ten economies, while they increased for both men and women in ten others. Informal economic activity, including open-air markets, also substantially increased, as the anticipated more formal private markets failed to appear following the collapse of the Council for Mutual Economic Assistance (Comecon) and the disappearance of organized state markets and distribution channels.[13]

In the 17 Asian and Pacific economies with ILO data, where the economic crisis recently hit hard, the total unemployment rates increased in 11 economies, even doubling or more in the Republic of Korea and Thailand. It is interesting to note, however, that in many of these economies there was a corresponding increase in the labour force, implying that economic hardship was dealt with, in part, by individuals previously outside of the labour force (usually women) rejoining the work force in order to offset a loss of household income resulting from unemployment. Furthermore, the unemployment situation in the 'crisis' economies seems to have improved during the past couple of years. Men seem to have suffered worse unemployment than women in economies such as the Republic of Korea, which indicates that it was probably heavy industry (which is largely male-dominated) that was harder hit in these economies.

Among the 37 Latin American and Caribbean economies, unemployment rates increased in 15, decreased in 7, and remained relatively stable in the remaining economies. Twelve sub-Saharan African economies show high unemployment rates, with figures in the high double digits. Only Nigeria and Zimbabwe stated rates below 7 per cent after 1995 – but given the high informal employment in African countries, these figures are not very meaningful.

In most economies for which unemployment data are available, women tend to have higher unemployment rates than men, although notable exceptions during the past few years exist in the Baltic States, in parts of East Asia and in some highly industrialized economies, such as Australia, Canada, Japan, New Zealand and the UK. There are four possible reasons for this general trend, according to the ILO:

1. Women are more likely to leave and then re-enter the labour force for personal (often family-related) reasons. Because of their higher entry and exit rates at any one time, proportionally more non-employed women will be looking for a job.
2. Owing to the general crowding of women into fewer occupations than men, women may have fewer opportunities to find employment (in other words, there is greater competition for the jobs that are available to women).
3. Women in many economies are more likely than men to lack the level and range of education and training required for many types of employment.
4. Women may be the first to be affected by the lay-offs that usually accompany restructuring, perhaps owing to preconceived ideas concerning the 'breadwinner', and also because women tend to be more recent entrants into the labour force and will therefore be more affected by seniority rules.

Labour market abuses

Employees in developed countries have made very painful steps towards the rights that they enjoy, such as safe work places, fixed hours, wage awards, various benefits including pensions, and protection against harassment or unfair dismissal. These gains have involved work place solidarity, bitter union disputes or political activism over an extended period, and their weakening in the deregulated 1990s has been a bitter pill for many to swallow. It has also provided a major reason why globalization and the export of jobs has been so bitterly opposed by the left, since it is known that workers in the developing world have none of these benefits, have far lower wages and are believed to be exploited in performing the same work.

In most economies for which data are available, women tend to have higher unemployment rates

In fact, the labour market abuses in the developing world can be far worse than anything conceived of in the West, and any job with a foreign firm is usually seen as a stroke of luck since their conditions and pay are usually better than local employers give. Multinationals are rarely seen as overtly exploitative in local terms because of the scrutiny that they are under and their need to attract reliable labour.[14]

The most seriously regarded abuses are those affecting children, and countries have moved very quickly to ratify the ILO Worst Forms of Child Labour Convention 1999. The ILO estimates that 211 million children under the age of 15 were economically active in 2000, or about 18 per cent of the total, of which more than half were involved in hazardous work. About 30 per cent of children in Africa and 19 per cent of children in Asia were economically active in 2000. The worst abuses that are universally condemned and involve 8.4 million children are shown in Table 6.2.

The majority of these child labourers are in Asia, where forced and bonded labour is commonplace. Virtually all of these activities (except armed conflict) take place in urban areas and in the slums.

Table 6.2

Estimated number of children in unconditional worst forms of child labour

Type of abuse	Global estimate (000)
Trafficked children	1200
Children in forced and bonded labour	5700
Children in armed conflict	300
Children in prostitution and pornography	1800
Children in illicit activities (mostly drugs)	600
Total	8400

Source: ILO, 2002.

INFORMALITY WITHIN URBAN SETTINGS

It is important to understand the relationship between formal and informal sectors in the economy and housing in any discussion of slums. 'Informal' suggests a different way from the norm, one which breaches formal conventions and is not acceptable in formal circles – one which is inferior, irregular and, at least somewhat, undesirable. However, research and practice over the years have demonstrated that differences may not imply inferiority. While informal entrepreneurs may not follow legal requirements, their breaches may not outweigh the benefits that workers, neighbours and the economy draw from the enterprises. While informally constructed dwellings may not comply with building regulations and the occupiers may lack formal rights to the land, they provide accommodation that is unlikely to result in any other way in current circumstances. Although an informal settlement may be built on land zoned for industry and is, therefore, illegal, it provides accommodation, location and identity for its inhabitants at a cost that they can probably afford.

While informally constructed dwellings may not comply with building regulations and the occupiers may lack formal rights, they provide accommodation that is unlikely to result in any other way in current circumstances

It is evident that the informal sector, in all its variations, is very large. Its contribution to national economies, especially in less developed countries, is very significant; more especially, its role in employment and survival in the poorer echelons of society is crucial. Without the ability to make a living that working in the home or street provides, many households would be in dire straits. Indeed, without the ability to run a business without paying for a specific building, much larger profits would be required for liquidity, let alone profit.

On the housing side, the informal sector delivers dwellings and accommodation at a price and in quantities that the formal sector fails to deliver. As profit-making is so difficult when low-cost housing and formal-sector institutions coincide, the formal housing delivery systems have rarely reached the low-income groups. The majority if not all poor households have been housed informally for many years in many countries.

In the past, the informality itself has often been enough to stigmatize enterprises and dwellings in the eyes of the authorities and to remove them from the purlieu of assistance programmes. This section discusses the nature and extent of informality in the economy, including the type of small-scale, home- or street-based economic activity that is predominant in slums.

The informal economy

Defining the informal sector

The term 'informal sector' has been used to describe a phenomenon that seems to be evident to most observers of economic development in rapidly growing cities: the generally small-scale industries and commercial activities that are not registered enterprises but provide large amounts of products and services that people use each day.

The early writings on the nature of the informal sector inferred separate and contrasting formal and informal sectors.[15] However, the reality is more complex as the two sectors are inter-linked in a number of ways. The term is now recognized to encompass very diverse enterprises that we know, intuitively, to be different from formal business and for which policies and programmes might be developed.[16]

The informal sector consists of units engaged in the production of goods or services with the following characteristics:[17]

- Small-scale units, comprising, firstly, 'informal, own-account enterprises – that is, those unincorporated enterprises that are run without regular employees (but perhaps with unpaid family workers or occasional hired labour)'; and, secondly, enterprises of informal employers who employ one or more persons on a continuous basis.
- Few barriers to entry: initial capital and skill requirements are low.
- Informal skills acquisition: most entrepreneurs learn through informal apprenticeships in the sector, while a few have received vocational training.
- Limited access to formal credit: capital needs are met informally from family, friends, money lenders and other business interests.[18]
- An informal internal organization with a relatively flexible and informal hierarchy of work and roles: often the own account or self-employed worker is worker, manager and owner, all at once. They display little or no division between labour and capital as factors of production.[19]
- Informal relationships with suppliers, clients and the state: few have licences or formal contracts, their hours of operation are flexible and contacts are irregular. They therefore tend to be 'invisible', unregulated and uncounted by official statistics, particularly by economic censuses. Thus, the entrepreneur avoids taxes, licence fees and requirements to conform to standards. Labour tends to be unprotected. Labour relations – where they exist – are based primarily on casual employment, kinship or personal and social relations, rather than on contractual arrangements with formal guarantees.
- Combinations of different activities can exist in a single unit: these can exist simultaneously or by frequent change in activities, so it can be difficult to classify the business according to the standard industrial classification. Products may be made and sold in the same place and other producers' products may also be sold.
- Predominance of an undercapitalized or labour-intensive process of production: the limited nature of the technology being used may hamper the ability of business to produce continuously and may limit the operator's ability to plan for investment and improved operation.
- Consumption and production are not separated: part of what allows informal-sector businesses to keep operating is their use of personal and domestic assets,

such as living quarters, vehicles and furniture.[20] Furthermore, business expenditures, income, assets and labour are almost seamlessly linked to those of the household. This can be a problem for policy-makers who like to separate consumption and production as different spheres for statistical and taxation purposes.

Five theories, all of which are closely linked, explain why informal-sector activities persist in developing countries:[21]

1. The 'lack of growth' theory, in which the persistence of informal activities is owing to the lack of, or a decline in, the growth of GDP, particularly the lack of urban growth. This is based on the assumption that the share of the work force in modern or formal-sector employment increases as GDP per worker rises.
2. The 'jobless growth' theory, which assumes that capital-intensive technology and recent economic processes, such as privatization, deregulation and globalization, have led to two effects: the decline of formal-sector jobs or the informalization of certain formal-sector jobs.[22]
3. The 'growth from below' theory, which attributes some of the growth in GDP to the small-scale enterprise sector. This is based on the recognition that small-scale enterprises in the informal sector are growing faster in many countries than large-scale firms in the modern sector.
4. The 'period of adjustment' theory, which reflects how the informal sector grows when economies undergo structural adjustment, causing marked shifts from formal to informal employment.
5. Finally, there is simply the matter of institutional cost. The main justification for regulating enterprises is the extraction of business taxes and income tax. Conversely, regulation is an expensive business and it requires taxes on enterprises for it to succeed. If people are making so little money that there is no chance of taxing them, it seems pointless to register their enterprises. Furthermore, most informal enterprises have chosen not to register precisely because of the costs – in money and, especially, in time and harassment – of doing so.[23] However, informal entrepreneurs in many cities have to pay entry fees to informal-sector 'gate-keepers' and 'protection bribes' to local officials and the police.

The nature of informal-sector enterprises

The link between small-scale and informal-sector classification is so strong that a maximum of five or ten employees and a maximum turnover are often used to define enterprises as informal.[24] Micro-enterprises relate to the economy as a whole in three major groups:

1. The various forms of *casual work*, including temporary or seasonal activities. These include precarious survival activities such as carrying loads in the market and street vending at no fixed locale.[25]
2. Micro-enterprises that are *independent* and more or less stable, such as small shops and production operations, single-person firms in tailoring, wood- and metal-working, and repairing household paraphernalia and equipment.
3. *Subcontracting* micro-enterprises: this category is commonly referred to as 'outworking' or 'home-working'.

The 'independent' businesses tend to be the focus of most programmes that assist micro-enterprise; but many of the informal-sector workers most in need (especially women) are concentrated in the first and third groups.

There are informal-sector enterprises that compete with the formal sector and those that do not.[26] Those that compete with the formal sector do so without access to the technical advances and capital available to that sector. To survive, they must reduce incomes and profits (the returns to labour) and even use household assets for the business without compensation.[27] Those that do not compete directly with the formal sector tend to occupy 'niches' of economic activity that, for a variety of reasons, are not occupied by modern firms. These niches are constantly being changed, created and destroyed as the formal sector changes.[28] Both groups are subordinated to, and exploited by, the formal sector.[29] Even in the non-competing informal sector, many workers are successful informal entrepreneurs who run viable firms. Many entered the informal sector after a period as wage workers in the modern economy where they accumulated some savings, skills, equipment and/or contacts. By adopting the triple role of entrepreneur–capitalist–worker, they can achieve total incomes greater than comparable waged workers in the formal sector.[30]

A further two-way division of the informal sector can be made: those intent merely on subsistence, concentrating on the least risky or enterprising paths of development, and those that also have a capacity for accumulation. The latter have the potential to grow towards formal and modern entrepreneurship.[31] Though definitions may differ slightly at the margins, there is little separation in the literature between informal and small-scale or micro-enterprises, which are seen as inextricably linked. Typical informal-sector activities would be regarded as being 'small scale and characterized by low capital endowments, simple technologies, unremunerated family labour and flexible work sites'.[32]

Many of the characteristics of small-scale enterprises represent development strengths.[33] They tend to use labour-intensive methods and provide work for those living within local neighbourhoods (which may be far from formal work places). They tend to use a variety of local materials and a minimum of imported inputs. They develop from a very small scale, often in the home. They can give employment to skilled, unskilled and unemployed labour living in slums. Probably as important in times of a shrinking formal sector, they allow job opportunities for those with skills but without employment.

It is standard practice to include domestic service and many security tasks in the informal sector; but these tend

Box 6.1 Informal-sector workers in Quito, Ecuador

A study in Quito, in which informal-sector workers were enumerated according to their activity, shows clearly that domestic service is important as an informal employment source. Housekeepers are predominantly women; but cleaners, security guards and watchmen are predominantly men. Together, they form 30% of the informal-sector work force in Quito. Retailing is the largest source of work, with merchants and shopkeepers, their employees (sellers) and street vendors comprising 37% of all informal-sector workers. Tailors, seamstresses, etc, and weavers, textile workers, etc, together constitute 9% of informal-sector workers in Quito. Mechanics, blacksmiths, craft-workers in wood, paper, leather, pottery, jewellery and fine metals are another substantial group. Most of the remainder offers personal services (hairdressing, shoe-shining, dry-cleaning and laundry) or cooked food.

Economic activity	Total workers	Percentage of women	Average monthly income (sucres)
Housekeepers	27,239	96.8	4031
Cleaning service, security guards and watchmen	11,277	26.3	9285
Small merchants and shopkeepers	33,427	63.0	12,279
Sellers, working in commerce and similar activities	10,113	42.8	8114
Street vendors	2841	72.6	5637
Mechanics, blacksmiths, locksmiths and plumbers	8671	0.9	11,597
Tailors, seamstresses, designers, furriers	8571	64.6	7411
Wood and paper craftsmen, carpenters and workers	6277	10.5	12,403
Leather craftsmen and workers	4843	13.7	9772
Weavers, textile workers and assistants	2285	58.3	9845
Goldsmiths, silversmiths, potters and jewellers	1987	18.0	11,081
Prepared food workers	1712	33.3	10,414
Barbers, salon stylists and related workers	3623	70.5	12,148
Shoe-shiners, delivery men	953	17.9	7168
Dry cleaning and laundry personnel	286	26.2	5750
Workers in unclassified services	2578	27.8	11,637
Total	126,683	54.9	–

Source: Bunivic, 1997.

to be qualitatively different employment experiences from being a working proprietor, an employee of a small-scale enterprise or a home-worker. They also employ quite large numbers of workers in many countries.

Some omissions from the Quito situation that would feature in Africa and Asia are transport workers (many cities rely on informal-sector operators of rickshaws, taxis and minibuses – for example, the *matatus* of Kenya or *tro-tros* of Ghana – and buses), and traditional medicine, divining and healing.[34]

The reasons for the informal sector of the economy

The informal sector creates many of the jobs needed by the growing work force and compensates for much of the formal sector's failure to provide goods and services

It is now generally accepted that the economic activity and employment in the urban informal sector are extremely important in developing countries where population and demand for jobs, goods and services are typically growing more quickly than national averages and too quickly for formal job creation to cope with. Indeed, years of structural adjustment and reduction in government employment have reduced formal-sector job opportunities in many urban areas. The informal sector creates many of the jobs needed by the growing work force and compensates for much of the formal sector's failure to provide goods and services.[35] It is predominant in slum neighbourhoods but occurs in higher income areas, as well.

As shown above, the roots of the informal sector have been argued over from several points of view. Neo-Marxists have emphasized the benefits that accrue when 'capital is freed of the necessity to comply with its legal obligations'.[36] Thus, the capitalist producers of the formal sector can gain through exploiting informal-sector workers. Through it, they can reduce the costs of raw materials and inputs for formal-sector production, and they can keep formal-sector labour costs lower by providing wage goods to formal-sector workers more cheaply than the formal sector itself can generate.[37] This is especially evident with respect to women's contributions to the sector.

The structuralist approach, based on excess labour supply, holds that the bulk of those employed in the informal sector are working there because of lack of employment opportunities in the modern formal sector. Thus, many who seek employment in that sector are unable to find it and must create their own, often poorly paid, jobs in the informal sector. As the lack of opportunities is considered to derive from structural imperfections in the capital market and the segmentation of labour markets, it is often asserted that women suffer special disadvantages in this way. This is because they are more likely than men to be excluded from 'more desirable employment in the formal sector'.[38] The lack of productive resources, especially capital, to complement labour is also a feature of the informal sector and can inhibit the development of businesses in response to technological advances, reducing their competitiveness with the formal sector.

In the era of structural adjustment during the 1980s and 1990s, the neo-liberal approach became influential. It defines the informal sector as those firms that do not comply

with legal regulations, including licensing, minimum wage regulations and social security payments. Insofar as the administrative costs and regulations make it expensive and difficult to establish firms, businesses avoid them and the informal sector results.[39] It is obvious how strong a connection can be made here with the informality of the structures and neighbourhoods in which the workers in the informal sector live.

There are two opposite and controversial positions on how informal-sector enterprises relate to state institutions. On the one hand, there is the view that informal activities should be more strictly controlled in order to protect the modern enterprises from the threat of unfair competition from the informal sector, and (for unions) to preserve the rights of workers and their safe environments and pensions. On the other hand, there is the neo-liberal view that the regulatory system must be thoroughly reformed in order to free the initiative and economic potential of micro-enterprises and to release them from unnecessary costs of compliance.[40]

It took 289 days and cost US$1231 to legally set up a small garment factory, and 43 days and US$590 to set up a legal small shop in Lima.[41] Furthermore, another finding showed that the costs involved in complying with tax obligations and labour legislation could absorb US$77 out of every US$100 profit and only US$17.60 of this would go to pay taxes. As an alternative to this, in reality, informal enterprises spend 10 to 15 per cent of their gross income on avoiding penalties, while their formal-sector peers only spend 1 per cent.[42]

Women's informal-sector businesses are often subject to increased regulatory difficulties. Their access to credit and other inputs may be limited by their inferior legal status; they may have to obtain their husbands' signatures when applying for loans or they may have no independent control of property. Protective legislation that limits women's hours of work and provides them with maternity and other benefits not given to male workers also increases their exclusion from formal-sector employment, and may lead women to create their own employment opportunities.[43]

Neo-liberals argue that this implies that the informal sector arises from mistaken economic (and other) policies, or by the misguided actions of trade unions raising wages above their equilibrium level.[44] This would imply that removing minimum wages or destroying the power of trade unions will somehow solve the problem; but experience in Latin America has shown this not to be the case. Furthermore, eliminating or radically simplifying the regulations is unlikely to give rise to thousands of modern capitalist enterprises:

> *…the wood-worker who works with two pliers, three screwdrivers and a hammer will [not] be transformed into a capitalist entrepreneur just because regulations hindering establishment of modern firms are abolished.*[45]

Different countries have acted very differently in their attitudes to informality. In the developed countries, great efforts are made to eliminate the hidden economy since most of the tax base depends upon income tax and value-added tax from formal enterprises, and since many people involved also receive social security. Many developing countries have also regarded the informal sector, just like squatter housing, as something illegal to be exterminated (and something out of which the upper class cannot easily make money and which may even undercut their own legal enterprises). They have therefore harassed the informal sector in a variety of ways.

With support from international agencies that have sought to encourage poverty reduction and micro-enterprises, a few countries have tried to support and empower the sector as a start-up part of the economy in which innovation can flourish. In Kenya for example, the *jua kali* manufacturing enterprises have been fostered as an export industry, and political leaders often make statements in their favour.[46]

The scale of the informal sector

The informal sector plays a very important role in national economies and, more importantly – in the context of this report – is the livelihood of many slum dwellers. For example, in Uganda, small-scale trade is reported to contribute 95 per cent of the urban economy.[47] In Nigeria, it was estimated in 1993 that the informal sector adds between 20 and 30 per cent to the GDP.[48]

The informal employment sector tends to vary strongly with city development levels, ranging from about 54 per cent of all employment in Africa to 3 per cent or less in the HICs.[49] As indicated earlier, unemployment rates tend to be rather meaningless in countries with high levels of informal employment; but unemployment also falls away with increasing development levels.

In Africa, the informal sector accounts for about 20 per cent of GDP and employs about 60 per cent of the urban labour force. In sub-Saharan Africa, the informal sector accounts for 42.5 per cent of non-agricultural GDP and about 78 per cent of non-agricultural employment. It is also estimated that more than 90 per cent of additional jobs in urban areas there during the next decade will be created in micro-and small-scale enterprises in the informal sector.[50]

About 2 million people, or 16 per cent of the labour force, are employed in almost 1 million micro-enterprises and small enterprises in Kenya.[51] Recent studies in five sub-Saharan countries estimate that micro- and small-scale enterprises (MSEs)[52] employ an average of 22 per cent of the adult population, compared to only 15 per cent in the formal sector.[53] MSE employment in Kenya was over 1 million people in 1994, or one third of all working people. They contributed roughly 13 per cent of the GDP at that time. More than three-quarters of the enterprises had only one or two workers.

In Asia, the informal sector also accounts for a large percentage of all employment. In The Philippines, it accounts for 36 per cent of employment in urban areas. In Dhaka, Bangladesh, 63 per cent of all employed people are in the informal sector.[54] In Laos, the overall contribution of MSEs is estimated at 6 to 9 per cent of GDP.[55]

There are opposite and controversial positions on how informal-sector enterprises relate to state institutions

Different countries have acted very differently in their attitudes to informality

The informal employment sector tends to vary strongly with city development levels, ranging from about 54 per cent of all employment in Africa to 3 per cent or less in the HICs

Not all informal housing can be described as slums

The informal sector is also important in Latin America, where it constitutes the following fractions of employment: between 60 and 75 per cent in Guatemala, El Salvador, Honduras, Costa Rica and Nicaragua.[56] This comprises 1.7 million urban workers in these five countries. 89 per cent of commercial establishments in La Paz, Bolivia, in 1983 were in the informal sector; 76 per cent were in family units.[57]

Women are involved to a greater degree than men in small-scale commerce for the following reasons:[58]

- Self-employed commercial activities do not demand, in most cases, a stable schedule or a fixed location.
- Such work can be done in the home itself. Therefore, working as a micro-vendor does not necessarily have to conflict with the traditional female role of home-maker and child-rearer. Even in cases where the activity demands being outside of the home, working as a micro-vendor permits a certain flexibility in the work day and may include taking the children to the place of work.[59]
- The low levels of schooling and qualifications generally found among poor urban women limit their incorporation within other sectors of the labour market in which these attributes (among others) play an important role.[60]

Housing is possibly the trickiest market in which to interfere, since well-intentioned measures can have the opposite effects

Informal housing

Housing is described as informal when it does not conform to the laws and regulatory frameworks set up in the city in which it occurs. It can be informal at several levels. Housing can be provided through construction firms that are not licensed and whose work is not subject to guarantees. In turn, the housing is not likely to conform to the planning and building regulations in force or to be built in areas where there is no need to conform – for example, in 'semi-pucca' areas in Bangladesh or outside of city boundaries.

Housing that does not conform to rules may do so in several ways, including:

The largest problem is the lack of recognition of slum dwellers as being urban citizens at all

- being built on land intended for another use (even though the building itself may conform to the standards laid down in the regulations);
- not conforming to all of the standards laid down for that part of the city;
- not being subject to planning permission or building inspection (even though it may be eligible);
- being built on land not owned by the occupier and without permission of the owner.

Formal housing can become informal by the process of extension and alteration (transformation) by users without permission, or in ways that do not fulfil standards. This is now very common in government-built estates all around the world.

Not all informal housing can be described as slum housing. One of the few squatter areas in Ghana, on the site of the proposed National Stadium in Accra, is very high quality housing, occupied by rich and influential people. The transformations which 'informalize' the government-built estates often represent better conditions (better physical conditions, more services, more space per occupant, higher value, better value for money) than the pre-existing housing.

SLUMS IN THE HOUSING SECTOR

The commonly accepted idea of a slum relates particularly to poor quality housing and residential infrastructure. The slum conjures up either a Dickensian vision of urban tenements, dire poverty and disease; a Chicago Southside of empty buildings and decay, suburban flight, roaming gangs and crack dealers; or a Calcutta or Jakarta, with endless vistas of makeshift shacks on the edge of town, filled with people in despair. In each case, the image suggests that the deprived urban environment has caused the poverty, when the reverse is mostly the case; people in poverty have sought out the accessible housing that they can best afford.

The misconception of some planning systems of the modernist tradition is that inadequate housing somehow breeds inadequate incomes, and middle-class distaste for poor housing has led quite frequently to dangerously inept policies. Housing is, in fact, possibly the trickiest market in which to interfere, since well-intentioned measures can have the opposite effects from what was intended. Comprehensive slum clearances have often eliminated better communities than they have created, at huge cost. Squatter evictions have created more misery than they have prevented. 'Indeed, it is now generally agreed that forced eviction represents a dimension of urban violence', and in 1996, all governments agreed to end illegal evictions when they adopted *The Habitat Agenda* in Istanbul.[61] Measures designed to limit costs in housing markets have, instead, ham-strung new investment in housing supply and maintenance, and caused residential investment to fall to nothing.

The distaste of more affluent urban citizens for slums impacts on every level – through slum clearance, harassment of informal-sector workers, and the unavailability of urban public and private services, finance or affordable housing. The largest problem is the lack of recognition of slum dwellers as being urban citizens at all. When services are not provided, the poor provide for themselves. The poor are currently the largest producers of shelter and builders of cities in the world – in many cases, women are taking the lead in devising survival strategies that are, effectively, the governance structures of the developing world, when formal structures have failed them.[62]

Housing issues almost inevitably refer to appropriateness (or adequacy), availability and affordability. These three issues take different forms in varied environments where standards are very different. They also interact with each other: sometimes in a trade-off, as affordability and adequacy usually do, and sometimes in concert, as availability and affordability mostly do.[63]

Tenure and security: the formal–informal housing continuum

The two most obvious problems facing people occupying informal-sector housing are related: tenure security and the provision of services. Obviously, providers of mains services are less willing to invest in pipes and other engineering works if dwellings in an area are likely to be removed. Furthermore, public authorities may use the availability of services as a weapon in the campaign against informal development. However, the old contrast between formal and informal is now much more clouded, resembling a continuum with many intermediary positions rather than a dichotomy:

> *The removal of tenure-insecurity related obstacles that prevent or constrain households from using their housing effectively as a productive asset is possibly the single most critical poverty reduction intervention.*[64]

The United Nations Millennium Goals have specifically articulated, as Indicator 31, the 'proportion of people with access to secure tenure'. The Global Campaign for Secure Tenure (GCST), a major international initiative since 1999, identifies the provision of secure tenure as essential for a sustainable shelter strategy, and as a vital element in the promotion of housing rights. It promotes the rights and interests of the poor, 'recognizing that the urban poor themselves provide the vast majority of their shelter'.[65] At its heart, the campaign addresses the outcomes of unstable tenure, including the inability to mobilize household capital, social exclusion and poor access to basic facilities. Lack of housing security makes it very difficult for people to participate in society, to establish firm roots and to build upon their networks and assets in order to obtain regular access to income-earning opportunities. People living in poverty are extremely vulnerable to changes in circumstances, and having safe, secure housing represents a substantial improvement in the quality of life for most. Without a fixed address it is almost impossible to have a formal-sector job, to receive any benefits that may be on offer, or to participate in political processes that might make a difference to local fund allocations for neighbourhood improvement.

Insecure tenure is one of the hallmarks of the informal sector, and gaining security can be the most important improvement for residents. Tenure can be complex, involving different bundles of rights over land or structure; but the main forms of tenure are discussed below.

Formal home-ownership

Formal home-ownership generally means that the owner of the structure has freehold or long leasehold title over the land, with the ability to sell or mortgage the improvements (in the present context, usually a dwelling), to leave it to descendants and to make any changes to the structure that are desired. However, there are other forms of titling for ownership, such as 'qualified titles' (Malaysia), 'provisional titles' (South Africa) and 'use right titles' (Indonesia). These may have different implications on inheritance and sale.

Home-ownership is undeniably the most secure tenure in that it provides the maximum control over dwelling and land within the confines of local planning and building regulations. While support for home-ownership has had an almost religious character in some countries, such as the US and Australia, its benefits are often exaggerated, and many affluent European countries have preferred a mix of social and private rental as their primary housing solution. As a pension scheme, home-ownership has considerable advantages in providing housing and assets for the aged, although it is often argued that a maldistribution of housing resources then occurs as an elderly couple or single person lives on in their family home.[66] Home-ownership is also alleged to contribute to participation and social activism,[67] although it often takes the form of not in my backyard (NIMBY)[68] action in order to exclude diversity of land use and of residents who do not fit the exclusive local profile.

Formal private rental

Formal private rental usually involves a lease or equivalent entitling the lessee to quiet enjoyment of the property for a fixed time, or until certain conditions are fulfilled, as long as the rent is paid and the property is maintained. There are no property rights inherent in most forms of lease, changes to the property cannot usually be made and, unless specifically legislated, most leases heavily favour the landlord in any dispute. In some cities, rental may also be more expensive in the long run than ownership.[69]

Private rental is dominant in cities in a diverse group of countries, including Germany, France, Denmark, many cities in Canada and the US; the Republic of Korea, Indonesia, Bangladesh and parts of India in Asia; Belize, Colombia and Jamaica in Latin America and the Caribbean (LAC); and in most African countries. However, in some it is discouraged or even illegal.

Lack of housing security makes it very difficult for people to participate in society, to establish firm roots and their networks

Informal home-ownership: squatting

Squatters are people who occupy land or buildings without the permission of the owner. Squatting occurs when an occupant has no claim to the land she or he occupies that can be upheld in law. In some countries, most squatting takes place in unused buildings, in which case the squatter has no legal claim to occupy the structure. In some countries and periods, squatting has been a legitimate way of occupying unused land. Examples include the settler periods in the US West and in parts of Australia, and, currently, desert land on the edges of Lima in Peru. Particularly in long-standing settlements, squatters, in many countries, have gained some form of informal title that is recognized by the community and can be traded in the housing market.[70] Squatters in self-built housing have been the primary focus of urban housing development programmes in the developing world over the last four decades.

Squatter housing generally divides into housing of poor quality or impermanent materials, and more established housing that may have been in place for a long period but has no official title to the land. In some countries such as Indonesia, Bangladesh, Kenya and parts of India, most squatter housing is rented from informal-sector landlords; in

other places, such as Latin America, it is typically occupied without cost.

Informal home-ownership: illegal subdivisions

Illegal subdivisions refer to settlements where the land has been subdivided, resold, rented or leased by its legal owner to people who build their houses upon the plots that they buy. These settlements are also illegal owing to the following additional factors: low standard of the services or infrastructure provided, breaches of land zoning, lack of planning and building permits, or the irregular nature of the land subdivision. Purchasers of land on illegal subdivisions often feel more secure than squatters because they have been through a process of buying the land from its owner and therefore do not fear that the owner will reclaim the land. This is a very common circumstance in rapidly developing cities.

Public rental

Public rental housing generally grants unlimited tenure, even to the next generation, at a subsidized rental; but it grants no property rights. Public rental was the social solution to housing during the inter-war and post-war periods in Europe and elsewhere, and very large housing estates were built – such as the Karl Marx Platz in Vienna, a housing block that is 5 kilometres long and includes many small businesses within its walls. In developing countries, the heyday of public rental housing was in the immediate post-World War II period when 'homes for heroes' and accommodation for the new urban workers were needed.

Along with other aspects of the state, public housing was originally available for everyone; but in many countries it is now increasingly targeted towards low-income earners and those with social problems. Large estates have, therefore, become major zones of exclusion, and the low incomes of the residents have damaged their financial viability so that increasing levels of subsidy have been required to meet basic costs such as maintenance. As shown in Chapter 5, these residualized areas have become recognized as the 'new slums' in some countries, with residents sometimes being ashamed to admit their addresses to outsiders.[71]

As one writer points out:

> *The British example demonstrates that the state, under certain conditions, can plan, produce and deliver high quality housing. It also demonstrates that, under other conditions, the state can become a slum landlord and can provide housing which is directly or indirectly a source of social exclusion and disadvantage.*[72]

On ideological grounds, the stock of public housing in many countries has either been sold off at a large discount to existing tenants (in the UK and many of its former colonies, and in some transitional countries where it was transferred outright) or semi-privatized into housing associations (in The Netherlands and the UK).[73] The results of this exercise are still not clear; but lack of coordination and the ability to place tenants across the stock has become an issue.

Informal rental

Informal renting can take many forms, from occupying backyard shacks in public housing in South Africa, to subtenants in squatter housing in the *favelas* of Brazil, to pavement dwellers in India who make regular payments to someone in authority in order to keep their position. This group, along with new squatters, have the most fragile housing situation, short of having no shelter. They are able to live where they do until someone moves them along.

The subtenant category continues to be significant largely in sub-Saharan Africa. Backyard shacks and other forms of subletting are commonplace throughout much of sub-Saharan Africa. Some German and Venezuelan cities, as well as Trinidad and Kuwait, also have significant proportions of subtenants. Subletting appears also to be on the increase in those transitional countries where new housing investment has virtually been discontinued.

Private renting, both formal and informal, is the main alternative to home-ownership throughout much of the world. It is capable of providing accommodation not only to those with transient lifestyles, but also to those with limited resources who would not otherwise be able to afford the capital required for owner-occupied housing. However, most of the households who pay high proportions of their incomes on housing are private renters. While some countries make providing housing for rent difficult through rent controls, higher rates of tax on rental incomes, and legislation that makes recovering rented property from tenants very difficult, the importance of rental housing is likely to increase during the next few decades as incomes continue to fall behind the cost of providing formal-sector housing.

Customary tenure

Parts of many cities, particularly in Africa, have no state-formalized ownership of land and the land is not marketable. Instead, it is held by traditional leadership entities, such as chiefs, in trust for the community and its use is controlled through leases that allow rights of surface use for a fixed period (or in perpetuity to members of the local community). Some customary systems have central administrations in which documents are kept and can be consulted in case of dispute (as in the Asantehene's Lands Office in Kumasi, Ghana), while others do not. In the latter case, clouded titles (where the real owner or user is difficult to trace and there may be many conflicting claims) are a frequent problem. Customary and formal title can co-exist although this can cause much confusion.

Tenure distribution

Estimates of the incidence of different tenures worldwide are presented in Table 6.3 and Figure 6.3.[74] These estimates include all housing: slums and non-slums. It shows that about 19 per cent of households worldwide are in squatter housing (including those paying rent), about 42 per cent are in formal ownership and about 34 per cent are formal renters. On a

Table 6.3

Broad tenure categories, 1998 (percentages)

Region	Formal owner	Formal rental	Squatter (including informal rent-paying)	Other
Africa	25	23	38	15
Asia (without China)	29	19	45	7
China	35	50	9	6
Eastern Europe and Central Asia	65	34	1	3
Latin America and the Caribbean	48	21	25	6
Western Europe and others HICs	40	57	2	1
World	42	34	19	5

Source: Estimated from UNCHS (Habitat), 1996c and UN-Habitat, 2002f by Flood, 2001.

regional basis, ownership levels are now highest in the transitional countries because of the substantial privatization programmes that have taken place during the 1990s, and rental is highest in the developed countries. There is a small residual group of customary tenures, family houses, homeless people, etc, which is most significant in Africa.[75]

Squatter housing is most prevalent in Africa and South Asia and is now only a small proportion of the stock in South America, following substantial regularization programmes. Formal rental, both public and private, is most common in the high-income areas.

Slums and tenure insecurity

The relationship between slums and tenure insecurity is not immediately obvious, particularly in the Western world where slums actually developed within a context of defined tenure rights. However, the situation in the rapidly urbanizing developing world is rather different. Large visible tracts of squatter or informal housing have become intimately connected with perceptions of poverty, the negative effects of globalization, and lack of access to basic services and insecurity.

Many people living in informal settlements have been subject to continual harassment by authorities in their endeavours to provide themselves with appropriate and affordable housing. The unsatisfactory tenure of the majority of the urban poor has long been recognized, as access to secure tenure has often been a prerequisite for access to other opportunities, including credit, public services and livelihood. The ownership of land is a major area of gender discrimination. It is estimated that one out of every four countries in the developing world has a constitution or national laws that contain impediments to women owning land and taking mortgages in their own names. These are highest in Africa (41 per cent of cities), the Middle East and Northern Africa (29 per cent) and Asia and Latin America (24 per cent).[76]

Work in informal settlements in Peru and elsewhere was influential in encouraging international agencies to engage in large-scale formalization programmes.[77] For example, security of tenure issues received high priority in the housing sector policy development, emphasizing that its lack led to underinvestment in housing and reduced housing quality.[78] *The Habitat Agenda* stated unequivocally:

> *Access to land and security of tenure are strategic prerequisites for the provision of adequate shelter for all and the development of sustainable human settlements. It is also one way of breaking the vicious circle of poverty.*

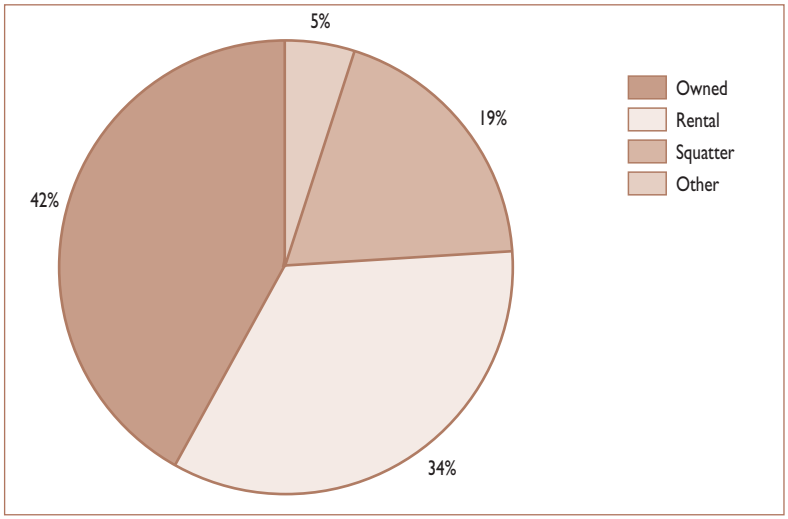
One study identifies bureaucracy and elaborate red tape as major mechanisms that exclude the poor from participating in legal enterprises and legal ownership of dwellings.[79,80] These requirements mean that the poor do not have the resources to register enterprises or dwellings; therefore, they simply do not bother and stay outside of the legal system – thereby restricting legality only to the privileged few. An 'impenetrable bureaucracy bounds the formal economy' that is not interested in increasing wealth, just its redistribution.

A more recent study has taken the argument a stage further, stating that the granting of secure tenure is the single most important catalyst in mobilizing individual investment and economic development, since it is the foundation upon which capitalism has been established.[81] It argues that the substantial increase of capital in the West over the past two centuries is the consequence of gradually improving property systems. This has not happened in the developing world, where eight out of ten people hold their assets outside of the formal system, resulting in an estimated US$9.3 trillion of 'extra-legal' real estate assets in the form of 'dead capital', which is not transferable or fungible.[82] It cannot be accessed for other purposes, such as businesses, since it is held in a defective form without title.

A number of authors have been quick to refute the above arguments, saying that they misrepresent the situation in irregular settlements and underestimate the ability of informal systems to deliver, as follows:[83]

Figure 6.3

Housing tenure, 1998



- Within most informal settlements, property is regularly traded according to some form of *de facto* titling system, which is based heavily on official systems. Formal titling is expensive, slow and subject to dispute where the land is privately owned in the formal system, and establishing formal title does not make much difference to the turnover of capital.[84] Housing turnover may not increase following legalization.[85] The importance and value of being able to transfer ownership rights increases with development, as skills become more hetero-geneous.[86]
- Access to informal credit is also a feature of most informal settlements. Formal finance is not forthcoming after legalization in the places where it has occurred.[87] The poor are, often for good reasons, suspicious about borrowing from banks in many countries.[88]
- Formal titling draws housing within the ambit of the land tax system, which the poor may not wish to pay.[89]
- While a minimum level of security is necessary before households will upgrade or undertake repairs, the literature showing the relationship between tenure and property maintenance is complex.[90]

The pro-tenure improvement arguments outlined above have also been said to misrepresent the situation in developed countries:

- Property and tenure rights in Europe grew from feudal and bourgeois concerns and not from any desire to tap the capital controlled by the poor. There have been healthy self-build and cooperative sectors in many developed countries; but most urban housing policy has concentrated on mobilizing the surplus income and capital of the middle class, either by building or subsidizing social housing with tax receipts, or by encouraging private landlords to invest in low-cost housing.[91]
- Home-ownership tends to be a preoccupation of formerly frontier societies such as the US and Australia, and of agricultural societies. Home-ownership is actually at lower levels in Europe than in most of the developing world. There is a well-known inverse relationship between levels of home ownership and GDP in Europe, with the richest countries tending to have the lowest levels of ownership.[92]
- Until the liberalization of mortgage markets during the 1980s, it was not an easy matter in most countries to borrow against owner-occupied housing for other purposes. This required high levels of equity and attracted penalty interest rates and other costs. Property rights and economic growth have tended to advance hand in hand. If anything, economic growth has acted as a precondition for distributing capital more widely, to the point, recently, where financial institutions have felt safe in providing universal instruments with low transaction costs, allowing households to access the capital in their homes for other purposes.[93]

Excessively complex, restrictive or inefficient systems of housing and land provision have a deleterious effect on both housing supply and housing prices and rents that, while appearing to improve conditions for existing occupants, actually reduce housing security for prospective and existing occupants.

Security of tenure and security of supply are, therefore, not necessarily complementary, since:

- There appears to be an upper limit beyond which increasing security of tenure may be counterproductive. In countries with formal supply systems, the poor have relatively few resources to invest in housing, and only the middle classes tend to supply housing capital. Many developed countries have, therefore, chosen to limit security of tenure in order to maximize housing supply, thereby encouraging the middle class to invest in housing for private tenants.
- As a particular example, the experience with draconian forms of rent control has been poor in all countries, resulting in poor supply, little or no housing maintenance or investment and overcrowding.[94]
- The practical experience with formal titling in irregular settlements has not been encouraging. As already discussed, some writers suggest that formal titling is of doubtful benefit to the poor, slowing and formalizing supply, and in some cases dramatically reducing affordability.[95] Better targeted partial changes to tenure rights can often avoid the undesirable effects of full-scale titling.
- There is no doubt that formal titling increases the value of properties; but there are cases where formal markets do not appear following regularization, and it is difficult for owners to realize the improved value.[96] There are too many areas where housing is not routinely marketable, especially in sub-Saharan Africa, for markets to be an assumed norm. Even where there are markets, regularization may simply raise the price of housing and reduce affordability across the board.

Legality is not particularly valuable to the poor; many of the outcomes of legality are desirable, but can be achieved in different ways.[97] There are differences between legitimacy and legality, and a number of tenure arrangements stop well short of formal titling while providing the desired benefits. Others discern a trend in interventions from tenure regularization towards security of tenure, recounting other strategies that achieve similar benefits to formal titling but without the costs:[98]

> *Secure* de facto *tenure is what matters to their inhabitants first and foremost – with or without documents. It is the security from eviction that gives the house its main source of value.*[99]

Not only is it unclear under what conditions improving formal security of tenure will improve the conditions of the majority of slum dwellers; but there are also very many

people who do not live in slums and still have insecure tenure. Conversely, there are many individuals who live in slums who have legal tenure and/or are not poor. In addition, customary forms of tenure, which exist throughout sub-Saharan Africa and elsewhere, provide reasonably secure tenure even though these rights may not be recognized explicitly by the state.[100]

What is generally agreed is that secure tenure represents a bundle of different rights and is related to a number of other important issues. The specific legal rights to which tenure refers include the right to occupy/use/enjoy; to restrict who develops or uses the property; to dispose/buy/inherit; to cultivate/produce/sublet/sublet with fixed rent; to benefit from change in value; to access services; and to access formal credit. The tenure types that carry with them combinations of some or, ultimately, all of these are pavement dweller, squatter tenant, squatter 'owner', tenant in unauthorized subdivision, owner in an unauthorized subdivision, legal owner of an unauthorized building, tenant with a contract, leaseholder, and freeholder. These have progressively more rights.

The tenure figures in Table 6.3 have been used to obtain broad measures of insecure tenure, as in Table 6.4 and Figure 6.4. These estimates are bound to be approximate; but they are probably fairly indicative of the relative magnitude of the tenure types. About 28 per cent of households live in insecure tenure worldwide. Some 17 per cent of these are renters (7 per cent in informal tenure), while another 7 per cent are squatters who pay no rent.

In the light of the figures presented in Table 6.4, it may seem strange that so much attention has been lavished, over the past decade, on self-help for non-rent paying squatters. As there are so many more renters than squatters, it is strange that there are so few programmes that assist tenants with their rights and/or assist informal landlords to mobilize capital and participate in housing supply or estate improvement in various ways. It has been pointed out that helping someone to build their own dwelling is rather inefficient as it only results in one dwelling. Contrarily, if a successful self-builder decides to build dwellings for a business, the same agencies cannot help, and many official obstacles are put in the way of such small businesses.[101] There is a great need to assist small-scale enterprises in the construction sector – which probably provide the majority of all new dwellings – so that their methods of supply are as efficient as possible. At the same time, consumers need advice and knowledge on what represents good workmanship and value for money. The single householder–house interface represented by assisting self-help builders should be replaced by the twin interfaces of contractor–house and householder–contractor.[102]

While the importance of informal capital has been exaggerated, self-help has had the merit of producing innovative solutions to improve tenure conditions. The tenure data do not necessarily invalidate arguments regarding informal capital, although they clearly weaken them.[103] The few studies that have attempted to find out just where all of this informal capital for rental housing is coming from demonstrate that owners who build rental rooms are often little better off than the renters, especially where traditional or shack housing is constructed. Most also continue to live in part of the house with their tenants, or close by.[104] Recent studies describe the considerable enterprise of slum dwellers; one major livelihood opportunity for women, in particular, is in providing rental housing.[105]

Aid programmes for rental tenure remain a neglected element of international assistance, and knowledge about informal landlords and tenants and the kinds of programmes that might benefit them are rare. Data relating to secure tenure are, overall, quite poor, even in those countries with established statistical systems, and the Millennium Goals programme offers a good opportunity to improve knowledge regarding housing tenure and the kinds of programmes that will improve the situation of those in insecure tenure.

Table 6.4

Insecure tenure by region (percentages)

	Squatters, no rent	Renters	Other	Total
Southern Africa	8	16	6	29
Rest of Africa	13	30	7	50
China	5	2	8	15
East Asia and Pacific, excluding Australasia	7	26	9	41
South and South-eastern Asia	14	31	5	50
Middle East	8	28	6	42
Western Europe	2	19	4	25
Northern America and Australasia	1	10	4	16
Latin America and Caribbean	11	17	6	34
World	**7**	**17**	**4**	**28**

Source: Flood, 2001.

Renting in slums

> *When their grandfathers and great grandfathers arrived in Sydney, they went, naturally, to Shanty Town, not because they were dirty or lazy, though many of them were that, but because they were poor. And wherever there are poor you will find landlords who build tenements, cramming two on a piece of land no bigger than a pocket handkerchief, and letting them for the rent of four.*[106]

There is a great need to assist small-scale enterprises in the construction sector – which probably provide the majority of all new dwellings – so that their methods of supply are as efficient as possible.

Figure 6.4

World security of tenure

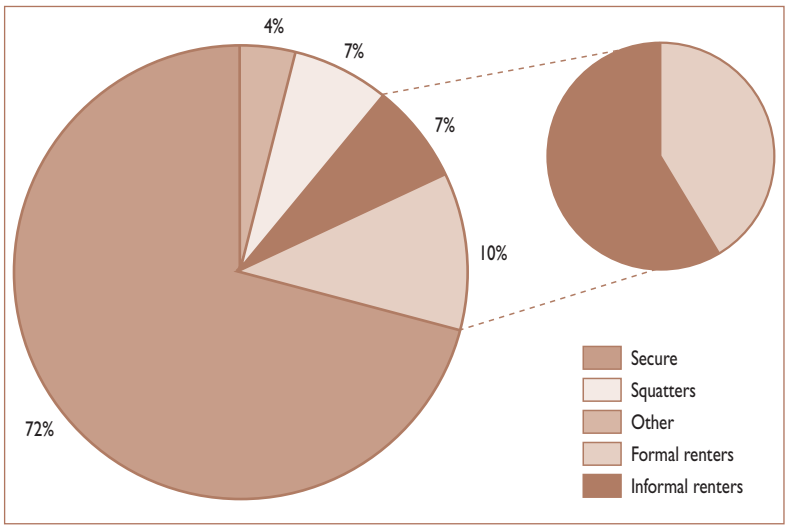


Table 6.5

Changes in annual rent and household income of renters, 1993 to 1998[i]

Region	Median rent (US$)		Renter's median household income (US$)		Rent to income (%)	
	1993	1998	1993	1998	1993	1998
Africa	293	455	971	940	30.3	50.3
Asia and the Pacific[ii]	4664	4792	3543	4237	82.0	71.7
Latin America and the Caribbean	881	1390	3098	3378	32.1	38.4

Notes: i Includes only those 69 cities for which all numbers were available or could be estimated. ii Includes a number of Korean cities. In the Republic of Korea, rents are primarily paid in a lump sum, which can be half the cost of the house (Hannah et al, 1993).

Sources: UNCHS, 1996c; UN-Habitat, 2002f.

The caricature of the exploitative landlord or landlady is as much a part of the mythology of the slum as the desperate battlers or the evil crimelord; but it is unwise to generalize. An early source writes:

> *For the landlady to the London poor is too often a struggling, cheated, much-worried, long-suffering woman; soured by constant dealing with untrustworthy people; embittered by loss; a prey to the worst lodgers, whom she allows to fall into debt, and is afraid to turn out, lest she should lose the amount they owe her; without spirit or education to enable her to devise improvements, or capital to execute them – never able, in short, to use the power given her by her position to bring order into the lives of her tenants.*[107]

Most people who rent out rooms in their own houses (for example, the 'bedspacers' of Manila or the backyard shack dwellers of Soweto) have been found to be as poor as their tenants or subtenants and often do not have better tenure security. Some studies that have researched the details of incomes of both landlords and tenants have found that landlords may have higher households than their tenants, but they are likely to have lower per capita incomes.[108] There is often little difference in incomes between those who do own a house (and can let rooms) and those who do not.[109] Such landlords perform a valuable service to the community and the labour market, giving slum dwellers a mobile base from which they can access fluid employment opportunities easily and cheaply, and providing affordable backup housing when formal or squatter building opportunities prove inadequate for urban growth. The supply of cheap rental housing is an essential component of the continued existence of a cheap urban labour force.[110]

However, while the informal landlord is an important player in new settlements, institutions, corporations and even the aristocracy tend to dominate the scene in more established slums. Christian churches and philanthropic institutions, in particular, have been major owners and on-leasers of tenement housing in the West. In economic recessions, the smaller landlords are more integrated within the community and are much less likely to have either the resources or the desire to evict tenants.[111] Consequently, they tend to fall by the wayside, lose their properties and are replaced by corporate and absentee landlords. Capitalist depressions, therefore, cause a shakeout in informal or small-scale landlordism. In the same way, they affect poor tenants disproportionately.

The previous section highlights the fact that the bulk of better-quality slum housing is built by landlords for profit, as a retirement scheme or because it is their only income-earning opportunity. Landlords have provided much of the capital for urban expansion in almost the same way that this occurred in the highly industrialized countries during their own periods of rapid urban expansion. Yet, until recently, their role has largely been ignored in aid programmes.[112]

This is probably because landlords who intend to make a profit from their tenants tend to be unacceptable beneficiaries of state-funded self-help programmes. Low-income owner occupiers, both *de facto* and *de jure*, are much more acceptable to both the left and the right and it is much easier to mobilize actors and appeal to popular support for them. However, lack of information about the situation has also contributed to the unpopularity of landlords, much as is the case of the developed world until the 1980s, when improved awareness of the role played by private rental housing led to a more sympathetic approach. Thus, assistance was given to private renters without inhibiting the ability of landlords to participate and invest in housing. This remains a major area for policy investigation in the developing world.[113]

Rents analyses also yield contradictory results. According to the figures collected internationally, rents have risen dramatically in many of the 69 cities for which data are available, as Table 6.5 shows. Of regions with a significant sample, only in the transitional countries are rents affordable (in fact, this represents a huge rise in rents over those during the socialist period). Furthermore, rents are very high compared with incomes: Latin America has median rents almost 40 per cent of median income of renters, and in Africa the figure is nearer to 50 per cent. However, where data on rents are available alongside income data for specific households, much lower rental levels than this are found. One extreme example is in Ghana where rents, under a long-standing rent-control regime, are typically between 2 per cent and 5 per cent of expenditure (a more accurate proxy for income than income data themselves).

The difference in the data presented in Table 6.5 is probably in how data are collected. It is likely that rents for formal-sector self-contained dwellings are collected rather than the sublet portion of the house, often a single room occupied by the household (73 per cent of households in Kumasi, for example).[114] Rents paid in Accra in 1992 were typically equivalent to UK£2 per month, which gives a figure of only about one twelfth of the 1993 figure in Table 6.5.[115] Other empirical studies in Africa have found low percentages of income spent on rent, even outside of rent

Table 6.6

Housing affordability by region: house prices and household incomes[i]

Region	Median house price (US$) 1993	Median house price (US$) 1998	Median household income (US$) 1993	Median household income (US$) 1998	Price to income (%) 1993	Price to income (%) 1998
Africa	13,030	15,832	1419	1385	9.2	11.4
Asia and the Pacific	30,482	39,650	7354	9048	4.1	4.4
Latin America and the Caribbean	26,874	29,579	4851	5278	5.5	5.6

Note: i House prices are supposed to be obtained by taking a weighted average of formal and informal prices, and then dividing by median household incomes of occupants in each group. However, the figures indicate that this has not been done. The prices more nearly reflect the formal market than costs of informal dwellings.

Sources: UNCHS, 1996c; UN-Habitat, 2002f.

control (in Lilongwe, this was 10 per cent; in Ibadan, 7 per cent; in Nairobi, 10 per cent; and 15 to 29 per cent in the private sector in Benin City, Nigeria).[116] In addition, we cannot assume that rents increase in real terms across the board through time. Rents decreased in Nairobi between 1975 and 1987.[117]

There can be no doubt about the importance of rental housing to low-income people in developing cities. Quite substantial majorities of low-income households, and even of all households, rent their rooms or dwellings. Although this might not be a very palatable idea after many decades of promoting owner occupation through loans, self-help schemes of various kinds and other initiatives, it remains likely that rental housing is the accommodation of choice or necessity for half of the world. While they might dream about owning a dwelling, the need to carry out much of the development through their own initiative, to pay cash and to build much more than a single room prevents most renters from fulfilling their dreams. Where they do manage to own, it is often in middle years after many years of renting.

In addition to renting, however, we must acknowledge the role of rent-free accommodation among the very poor. Many would-be households who share may not be included in this category, and so its size may be larger than statistics suggest. However, about one in four households in urban Nigeria[118] and in Kumasi,[119] 10 per cent in Pakistan[120] and 14 per cent in Bangkok live rent-free.[121] Most of these households are probably related to the house owner or are part owners in some tenuous way of an inherited property (a family house)[122] and are likely to be more common in slums than elsewhere. This tenure is a powerful welfare measure, ensuring that the old, the young and other households who would have difficulty in paying market or fixed rents are accommodated. Still others make the decision to eschew shelter altogether in order to save money and send it home to relatives or use it for other consumption (at the extreme, alcohol or drugs). Many street dwellers and rough sleepers find succour in slum streets and open spaces, especially in the inner-city areas.

Home-ownership in slums

There are two stories on housing affordability and they tend to be contradictory. The one that compares median household income to median house price shows serious problems. The one that examines current housing supply is more optimistic. These are taken in turn.

As can be seen from Table 6.6, housing is not at all affordable in most parts of the world, even for the median household (50 per cent up the income rank). Multiples of more than about five times annual household income are not affordable to new market entrants, even when good housing finance systems are in place (and in most places they are not).

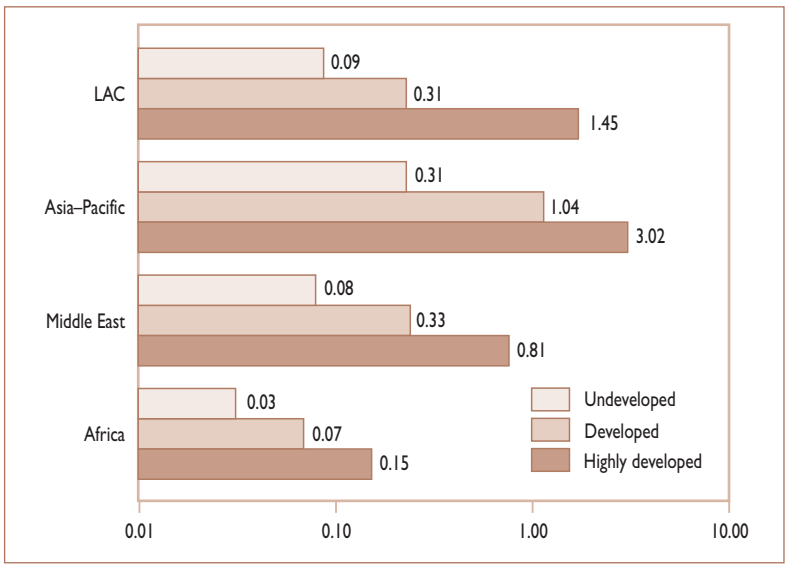
Table 6.6 shows that housing is not becoming more affordable. Of 100 cities included in both Global Urban Indicators Database (GUID) samples (1993 and 1998), 66 report rising house prices and 33 report stationary/falling prices. In Africa, the price increases have been accompanied by falling incomes in three-quarters of cities. Incomes have been falling in most transitional countries as well; but this has been accompanied, in a majority of cases, by falling house prices as populations decline and housing markets begin to develop. However, the fall in house prices has not matched the decline in incomes and, overall, prices have become less affordable. Rents are unequivocally more expensive – two-thirds of transitional cities showed rising rents and falling incomes between 1993 and 1998.

For the lowest-income groups, a formal serviced dwelling on its own plot is out of the question. These individuals have several options. They can build a dwelling themselves on vacant land for a cost of about a year's income, which is often affordable; the money can usually be borrowed from relatives or friends, or from loan sharks at exorbitant interest rates.[123] They can rent, choosing from one of the many options that are usually available. An option adopted by many households with incomes around the median and below, especially in sub-Saharan Africa, is to rent part of someone else's house, often a single room.[124] Work in Ghana found that renters of single rooms had relatively similar incomes to the owners of their multi-

Figure 6.5

Land price to income ratio

Note: Median land price of 1 square metre of urban land with various levels of services provided, divided by average annual household income



	Floor area per person (m^2)	Permanent dwellings (%)	In compliance with regulation (%)
Region			
Sub-Saharan Africa	8.0	61.4	48.6
North Africa and Middle East	12.6	84.1	74.1
Asia	9.5	72.9	58.8
Latin America and the Caribbean	14.7	80.0	73.6
Development level (City Development Index, CDI)			
Low	6.8	50.7	43.9
Low to medium	8.3	70.8	48.7
Medium	10.3	73.1	64.9
High to medium	16.6	91.7	82.6
High	29.3	98.3	97.9

Source: UNCHS (Habitat), 1996c.

Table 6.7

Housing adequacy, by region and development level, 1993

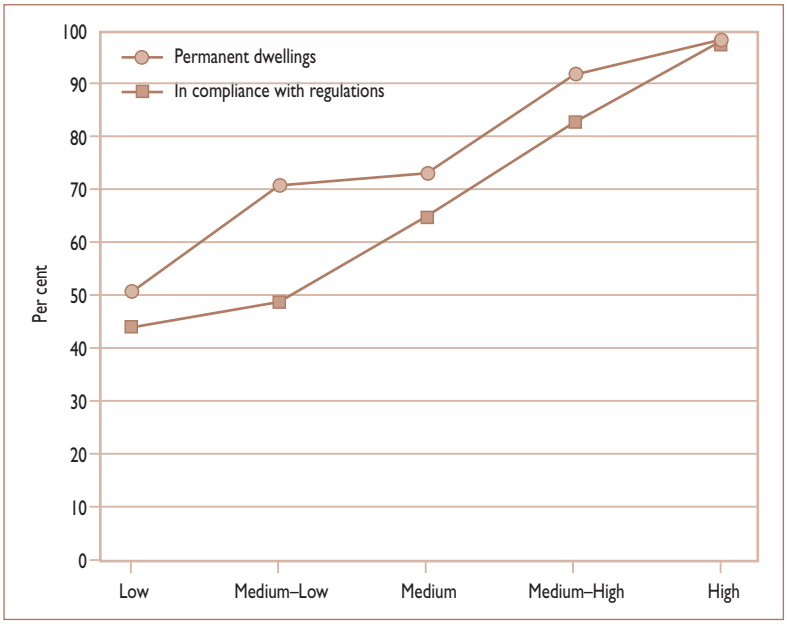
household compounds, but very different incomes from owners of single household dwellings. Thus, it recommended that policies that encouraged renters to become owners of multi-occupied traditional compounds are likely to be much more successful than policies that advocate the building of single household dwellings.[125]

Land prices

Most cities have no strategy for the timely provision of land based on projections of household formation. The development of land can be a bureaucratic tangle involving dozens of agencies, each with their own requirements, delays and, possibly, bribes. This is reflected directly in unreasonably high formal land prices, with up to a 900 per cent markup on the direct costs of provision.[126] Only a few countries have developed an adequate system of bringing land onto the market in time for the people that need it – and that has taken a great deal of streamlining.[127] Land becomes available only after many years of frustration, and it is not surprising that most builders of dwellings find it less risky to bypass the law and occupy otherwise useless land. As the authorities are generally equally unsuccessful in finding out that this has been done, the squatters may have several years before they are questioned, by which time a substantial community will have arisen.

Figure 6.6

Permanent dwellings and housing in compliance, by development level



Even when adjusted for local variations in income, residential land prices vary a great deal by region. They tend to reflect investment pressure on land resources, which, in the developing world, is lowest in Africa and highest in Asia–Pacific. Relative land prices are 10 to 20 times as high in Asia as in Africa, while the transitional countries are somewhere near the geometric mean of the two.

It is not only the price of land that is a major concern, but also the registration of existing land. In many countries, local registration is held in the form of ancient volumes with no backup in the event of fire or war. The registrations are only spasmodically updated, which makes property tax impossible or uneconomic to collect. Transfers are also made difficult, thereby reducing supply, leaving local governments without any real income base or the means to fund local improvements. Only very recently have a few countries sought to improve, through various innovative approaches, or to computerize their cadastral records – although it is generally agreed that this is eminently achievable.[128] 'Weak cadastral registration and tenure records have made efficient land operations next to impossible.'[129]

Adequacy: extent of housing disadvantage

Housing disadvantage is a complex concept. It usually refers to the adequacy of the structure and associated services; but it may also include aspects of security of tenure and affordability. On a global basis, the only representative sources of information about cities and their facilities are the UNCHS (Habitat) databases GUID 1 (Base Year 1993) and GUID 2 (Base Year 1998), which were developed for Habitat II and Istanbul +5, respectively.[130]

The three most common indicators of housing adequacy are:

1. Space per person.
2. Permanent structures.
3. Housing in compliance with local standards.

The average value of each in different regions is presented in Table 6.7.

It is clearly evident from Table 6.7 that there is a strong and positive correlation between development level in a country and the quality of housing enjoyed by its citizens. Furthermore, the differences are very great: about fivefold in floor space per person between the very low and the highest. In addition, the physical quality of dwellings is much poorer in the countries with lower development indices. It is obvious, within this, that slums (impermanent dwellings and those without compliance) are a major part of the housing stock in the many countries with less than medium levels of development. The continent-wide data demonstrates how prevalent impermanent and non-complying housing is, especially in Africa and Asia.

Figure 6.6 shows that about half of the housing in least developed cities is made of non-permanent materials of various kinds. Such housing might be expected to last for less than ten years and must be replaced or substantially renovated quite soon. As in the developing world, about half

Table 6.8

Connections to infrastructure (percentage)

Region	Water connection	Sewerage	Electricity	Telephone	Access to water
Sub-Saharan Africa	48.4	30.9	53.9	15.5	73.5
North Africa and Middle East	79.1	65.9	91.8	42.0	88.0
Asia and the Pacific	65.9	58.0	94.4	57.1	94.8
Latin America and the Caribbean	83.7	63.5	91.2	51.7	89.1
City Development Index (CDI) quintile					
1	40.6	19.7	61.6	17.4	71.8
2	67.2	44.1	83.2	40.1	85.0
3	86.8	77.5	97.1	55.6	92.9
4	92.8	84.4	97.3	61.1	98.0
5	97.4	90.6	96.2	87.6	97.8
All developing countries	75.8	64.0	86.5	52.1	88.9

Note: Water connection refers to percentage of households with a piped water connection. *Access to water* means having potable water within 200 metres of the household (eg standpipes, wells, etc), and includes water connections (since most countries presume that piped water is potable).

of the housing is not in compliance with regulations; it seems evident that regulations are quite out of touch with local reality.[131] However, it does imply that by Western standards half of the housing in the world is inadequate according to this measure.

Networked services

The levels of household connection to networked infrastructure are major indicators of urban adequacy and the level of city development. The level of connection of each type of infrastructure tends to reflect the relative cost per household of providing that service and its relative importance to low-income households. Thus, access to potable water (which can be arranged fairly cheaply using communal standpipes) and electricity connections tend to advance most rapidly with development level. Sewerage (which is the most expensive) and telephone connections (which are something of a luxury item) increase more slowly, as Table 6.8 shows.

The difference among the levels of services largely owes to the availability of revenue. Cities in developed countries have 32 times as much money per person to spend on infrastructure and other urban services as cities in least developed countries. Dealing with service provision to large numbers of people has proved difficult because of the large capital investments required, inadequate cost recovery, use of inappropriately high standards and technologies, and little attention to maintenance and life-cycle issues. Nevertheless, the level of provision of urban services increased very rapidly during the 1990s across the whole development distribution, to the levels shown in Table 6.8. It was particularly rapid in cities of medium levels of development. This is a major achievement of the decade.

Connections to infrastructure in informal settlements are substantially lower than in cities, as a whole, as Table 6.9 shows. As seen in Figure 6.8, on average there is about half the level of connections to networked infrastructure in all categories.

Data are not available to calculate City Development Indices (CDIs) separately for informal settlements; but Figure 6.8 strongly indicates the differences between the poorer and the better parts of cities. The differences between informal and formal settlements become more pronounced at lower levels of development, especially for the more expensive services. The relative proportions of connections are much the lowest in Africa, and in less developed regions more generally (see Figure 6.8).

Water

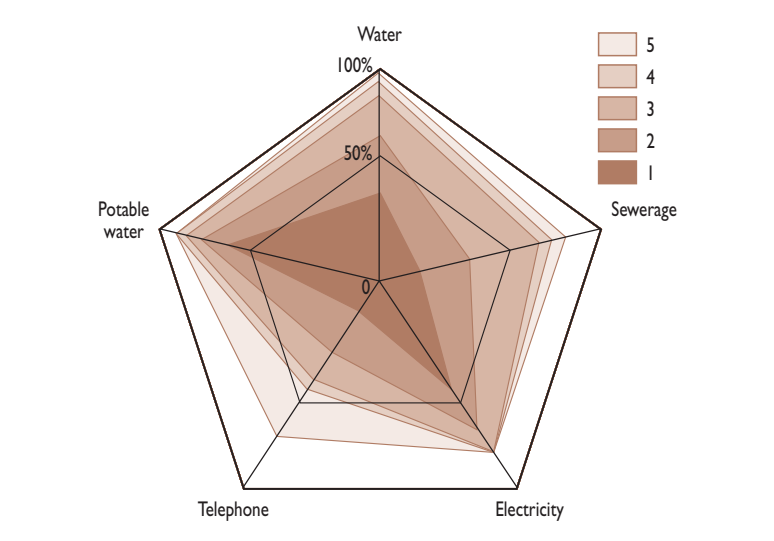
Water is one of the great necessities of human life. A supply of clean water is absolutely necessary for life and health; yet, many people of the world do not have access to clean water or can only obtain it at high prices in time and/or money. Many cities do not have a constant, potable water supply. Even in cities which are supplied with clean water, households in some informal areas that are not connected to the network can only buy water from vendors at up to 200 times the tap price, so that much of family income is spent on water.[132]

Availability of potable water in urban areas increases rapidly with development. Around 70 per cent of households have access to clean water in the developing country cities; but only 40 per cent of households in their informal settlements have access, as Tables 6.8 and 6.9 show, while almost everyone in developed cities has access. As with most other forms of consumption, water consumption is much higher in cities with higher incomes; but water price generally falls with the level of development. Typically, people

Most cities have no strategy for the timely provision of land based on projections of household formation

Figure 6.7

Access to networked infrastructure by CDI quintile



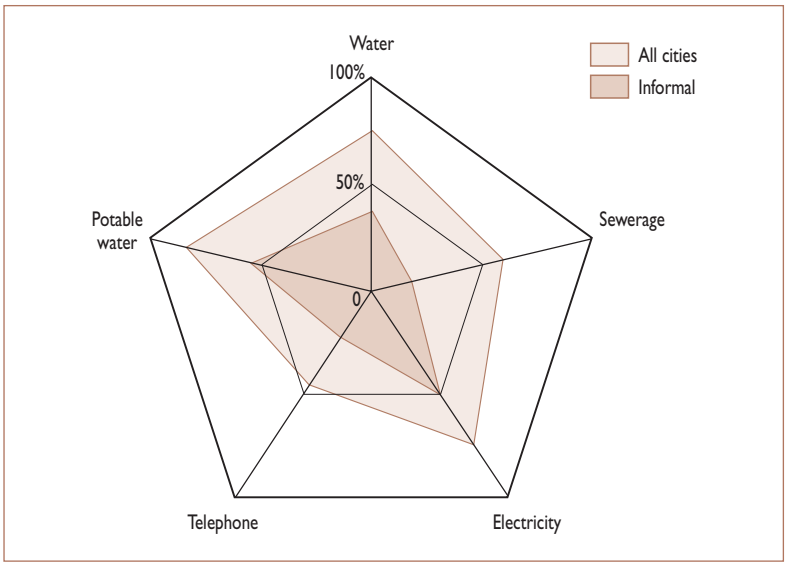


Figure 6.8

Connections to networked infrastructure, informal and all developing cities, 1998

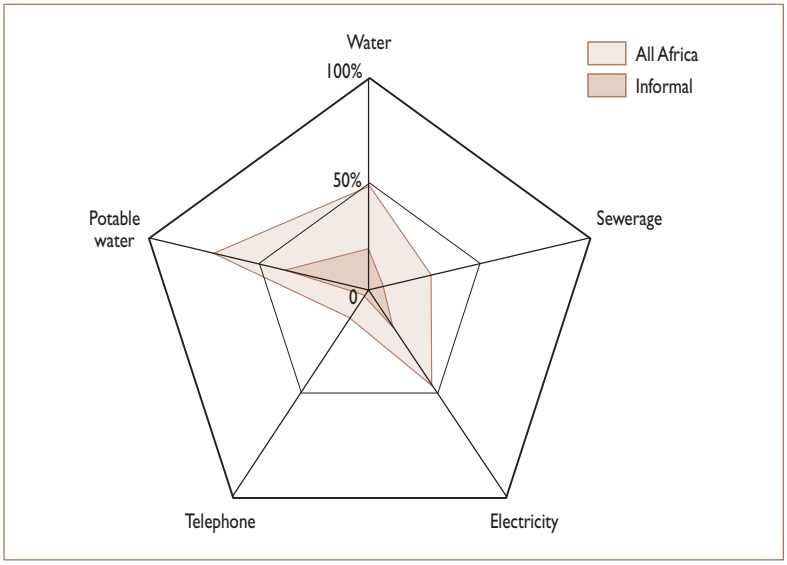
in developed cities use about 220 litres per day, while the average in Africa is 50 litres per day: less than one quarter.

Households in informal settlements use less than half of the amount of water as the average usage in the same cities, owing to poorer availability and greater costs. The median water price in informal settlements is almost five times the average price. This is primarily due to the high price of water in African informal areas.[133]

Although there has been substantial investment in water supply during the 1990s, there is some evidence that access to clean drinking water has not been keeping pace with urbanization. There was a growth of 30 per cent, or 62 million individuals, in the number of urban households without access to water during the decade.[134]

Figure 6.9

Networked services in Africa, formal and informal settlements



Waste management

Waste management is the component of the CDI that advances most slowly and is most difficult to improve with increasing development. While there are many advantages in urban living – primarily involving the cheaper provision of physical and social infrastructure and the greater availability of employment – the major disadvantages relate to congestion and to the problems of disposal of solid and liquid wastes from people living at high densities, as well as local environmental degradation and the propensity for health risks that this causes. Densely settled urban areas produce massive concentrations of environmental pollution, overwhelming the absorptive capacity of the natural ecosystem.[135] Human waste is the most toxic substance with which most people come into contact; so there is a great need for its disposal to be safe and efficient.

As with networked infrastructure, the effectiveness of environmental management increases rapidly with the level of development. Table 6.10 shows that only 8 per cent of wastewater is treated and 12.5 per cent of garbage is disposed of formally in the least developed cities. Even in a city such as Manila, out of a total of 4000 tonnes of garbage generated daily, only 1500 tonnes reach dump sites. The rest is left on the streets, dumped in storm drains, creeks and canals, burned (creating air pollution), collected and recycled by scavengers, or eaten by animals. High-income groups also contribute through the disposal of plastics and other wastes that cannot be recycled.[136] In cities of highly developed countries, 95 per cent of solid wastes are formally disposed of and 19 per cent are formally recycled. In transitional countries, 75 per cent of solid wastes are tipped onto open dumps. Industrialization also leads to the dumping of toxic wastes in many of the waterways of the world. Less than 35 per cent of cities in the developing world have their wastewater treated. In only one out of every five African and Latin American cities, and in one out of every three Asian cities, is wastewater undergoing some form of treatment. Of course, slum dwellers are the most vulnerable in this process, as they suffer not only their own uncollected garbage, but often that of richer people dumped near their homes as well.

Adequacy of housing and inadequacy of planning

Housing is generally regarded as a basic human need and an inalienable right; but a significant proportion of the urban housing in the world does not meet local regulations. Is this the fault of governments or of people, or simply a mismatch of expectations as to what can be achieved on very limited

Table 6.9

Connections to infrastructure: informal settlements (percentage)

Region	Water connection	Sewerage	Electricity	Telephone	Access to water
Sub-Saharan Africa	19.1	7.4	20.3	2.9	40.0
North Africa and Middle East	35.7	21.5	35.9	30.0	42.7
Asia and the Pacific	38.3	7.4	75.7	25.4	89.1
Latin America and the Caribbean	57.9	30.3	84.7	32.0	66.8
All developing regions	37.2	19.8	59.1	25.4	57.6

Note: This data may contain inaccuracies as sample sizes are small and measurement is uncertain.

incomes?

Adequacy is perceived very differently by different social groups and different cultures. A high rise flat would be regarded as an unacceptable place to bring up a family in Australia; but it is the usual thing in Lisbon, New York or Munich. Space of 10 square metres would not be enough for a child's bedroom in the US; but it would be regarded as adequate for a family in some developing countries. Houses with no water connection and a communal composting toilet would be unthinkable in urban Europe; but are acceptable in much of Africa and Asia.

In particular, formal housing is a middle-class preoccupation. Once adequate basic shelter is obtained and potable water and electricity are available, it has been repeatedly found that low-income households give higher priority to other needs, such as livelihood opportunities, consumer goods and education for their children, than to improving their housing conditions. Poor rural–urban immigrants, in particular, are so accustomed to self-built shacks, no facilities and crowded living with extended families that more than that can seem like an unnecessary luxury. This is not to say that low-income people do not want or should not have formal housing; but it does suggest that middle-class planners should not pre-judge the priorities of different social groups and should take account of their priorities in allocating scarce resources.

It would seem that most low-income earners, without subsidy and given a choice on how to spend their limited budgets, would choose the cheapest housing that meets their basic requirements for shelter, security and access to income and cultural opportunities. It is likely that such a choice would favour informal housing that does not meet the high building standards developed for more affluent households.[137] The housing stock of cities in less developed parts of the world reflects this profile.

However, the quality of housing occupied by a majority of the poor is not regarded as acceptable in most parts of the world. The gap between societally required and effectively demanded housing is known as 'housing needs', or the housing gap.[138] There are few cities that are prepared to endorse informal or self-help solutions to the housing problem, since they are not legal and not acceptable. It would make good sense for most countries to establish and monitor affordable health, environmental and building standards that are appropriate to local conditions. However, this would necessitate ensuring that land is available to meet projected housing needs, and providing advice and assistance to new arrivals in establishing first-stage housing. Instead, most cities tolerate the growth of illegal settlements that are substandard by any reckoning, then harass the inhabitants once they are established in their houses and communities through forced relocations and slum clearing. This is partly a problem of governance, since few lower-income countries have the staff or resources to establish locally inspired codes and monitoring frameworks. It is also based on misconceptions of what is appropriate to enable people to carry out their lives, and partly on a dislike of new settlers, in principle.

Where physical solutions using less-than-standard services or structures have been tried, they tend to be only pilot projects and are not directed at a resolution of the whole urban housing problem. They also tend to be unpopular with politicians who prefer high-profile 'modern' approaches that will provide a suitable monument to their efforts.[139] Thus, there is a significant problem of a lack of political will. In cities that have admitted what the problems are and that have come to a social consensus about how to solve them with a clear strategy, it has generally been found that the problems can be solved and will partly solve themselves through the efforts of everyone involved in meeting the consistent vision. Examples of some of these are contained in subsequent chapters.

Table 6.10

Urban waste management by region and development level, 1998 (percentage)

Region	Wastewater treatment	Formal solid waste disposal
Sub-Saharan Africa	21.7	31.4
North Africa and Middle East	32.0	44.3
Asia and the Pacific	33.7	58.9
Latin America and the Caribbean	19.8	66.3
City Development Index (CDI) quintile		
1	7.8	12.5
2	13.0	40.5
3	30.9	43.0
4	65.5	54.5
5	82.4	85.2
All developing	34.6	46.4

Source: UN-Habitat, 2002f.

In cities that have admitted what the problems are and that have come to a social consensus about how to solve them, the problems can be solved through the efforts of everyone involved in meeting the consistent vision

NOTES

1 This chapter draws on the background paper 'Urban Slums and Poverty in Context', prepared by Joe Flood of Urban Resources, Australia.

2 This is the proportion of the population that is economically active.

3 Bloom and Williamson, 1998.

4 Producer services are services to business, finance and real estate, including much of the knowledge economy. Drennan et al (1996) show that US cities that specialized in producer services were the big gainers during the 1980s, and this was the main source of income divergence between cities and regions.

5 Flood, 2000a.

6 DINKYs are households that usually have two professional-level incomes and substantial disposable income and bidding power for land, housing or other assets.

7 This is partly due to changing social attitudes towards the family and, paradoxically, to increasing overall wealth and better pensions, which have made it possible for even low-income people to live away from relatives.

8 Hamnett (1994) states that professionalization has been the major effect, and presents evidence to show that much of the restructuring would have occurred in any case, without the re-opening of global trade. This is confirmed in Sydney by Baum (1997).

9 Kesteloot and Meert, 1999.

10 Kloosterman et al, 1999.

11 Prior to the 'dot-com collapse'. It has been estimated that some 40 per cent of programmers in Silicon Valley have been imported from Asia, mostly India.

12 ILO (2002): www.ilo.org/public/english/employment/strat/kilm/kilm08.htm.

13 Sik and Wallace, 1999.

14 Te Velde and Morrissey (2001) find wages with international firms in five African countries to be 20–40 per cent higher; Lipsey and Sjöholm (2001) find an advantage for Indonesian non-production workers in

manufacturing enterprises; and Aitken et al (1996) find a similar result for Mexico and Venezuela. Dunning (1993) finds this to be generally true, though the use of more skilled workers and better capital equipment explains most of the difference.

15 Hart, 1970; ILO, 1972.

16 Peattie, 1987.

17 Berger, 1996; Sethuraman, 1976.

18 It would be a mistake to assume that all such enterprises are small in horizon. For example, traders from West Africa travel to Europe; collect money from contacts in London, Amsterdam, Frankfurt or Paris; purchase large amounts of clothing, car spares, second-hand goods, etc; air-freight them home; sell the produce; and return, sometimes twice a week. Many of the clothing manufacturers in Bolivia import cloth and designs, and export finished items of clothing all around Southern Latin America. Carpet manufacturers in Central Asia export throughout the world, as do better quality handicrafts from many countries.

19 ILO, 1993.

20 Tokman, 1978; Lipton, 1980.

21 Chen et al, 1999.

22 There are now more home-based enterprises in the growth information, financial advice and consultancy industries in the HICs. Taxation mechanisms have begun to tighten around small enterprises as a result, providing what many regard as an unacceptable compliance load.

23 Many other forms of registration or taxation have not proven financially worthwhile. In non-metropolitan areas of The Philippines, land titles can be many years out of date because of the costs of updating, and property taxes cost more to collect than they actually recover. In Kenya, highway taxes were discontinued because skimming by collectors was creating an overall loss.

24 Vega and Kruijt, 1994. This depends largely on the type of enterprise. A shop with five employees is quite large, while a manufacturer with ten may still be small; see Berger, 1996.

25 Featured by Bromley and Gerry, 1979.

26 Mezzera, 1996.

27 Tokman, 1978. A related phenomenon is the 'fast food delivery' industry in the HICs. Initially, employers had a fleet of cars; but then it was discovered that parents would provide cars for their children to give them some work experience under conditions of high youth unemployment, thereby subsidizing delivery costs.

28 Robinson, 1977; Souza, 1979. These niches can be very large, indeed, even extending to, for example, all convenience retailing.

29 Tokman, 1978.

30 Mezzera, 1996.

31 Vega and Kruijt, 1994.

32 Moser et al, 1993.

33 UNCHS (Habitat)/ILO, 1995.

34 Gallagher, 1992.

35 During the structural adjustment in the Democratic Republic of Congo (then Zaire) in the 1980s, the civil service reduced from 429,000 in 1980 to 289,000 in 1985.

36 Vega and Kruijt, 1994.

37 Moser, 1978; Mies, 1986.

38 Moser, 1978; Mies, 1986.

39 de Soto, 1989.

40 This is most prominently expressed by de Soto, 1989. See also World Bank, 2000a.

41 de Soto, 1989.

42 Maldonaldo, 1995.

43 Berger, 1996.

44 For example, Mezzera, 1996.

45 Mezzera, 1996.

46 The term *jua kali* means 'hot sun'. Originally, this comprised metal-working and welding shops, conducted in the open. It now comprises all forms of informal manufacture, many of which have a good export base; Barasa and Kaabwe, 2001.

47 Uganda, Government of, 2001. In Kenya and Uganda, the 'informal sector' is defined as the same as small-scale industry.

48 *The Economist*, 1993.

49 Informal employment figures tend to be underestimated and concealed in developed countries because of compliance requirements.

50 UNESCAP, 2001.

51 According to Frijns and van Vliet–, 1999.

52 These are enterprises with less than 11 employees.

53 Cited by Daniels, 1999.

54 UNESCAP, 2001.

55 Daniels, 1999.

56 Funkhouser, 1996.

57 Escobar, 1996. Such data are subject to considerable errors, especially when used comparatively between countries or, over time, as collection practices vary. Funkhouser (1996) and Mezzera (1996) argue that the informal sector (not including domestic service) remained roughly constant at about 20 per cent of non-agricultural employment in Latin America from 1950 to 1980.

58 Escobar, 1996. Women are also more likely than men to spend their earnings on family staples rather than on own entertainment (Levin et al, 1999), which limits the disposable income of women-headed households, but improves food security.

59 However, urban women are much more likely to leave children at home while they work; see Levin et al, 1999; urban women also make use of childcare arrangements with greater frequency (Ruel et al, 1999).

60 Levin et al, 1999.

61 Agbola and Jinadu, 1997.

62 UN-Habitat, 2001b.

63 Higher quality housing is inevitably more expensive; as a result, improving adequacy reduces affordability. Furthermore, if housing is more widely available it is usually cheaper from the functioning of supply and demand.

64 Moser, 1996.

65 See www.unhabitat.org/tenure/tenure.htm.

66 Flood and Yates (1989) note that, in Australia, home-owners aged over 65 have considerably more valuable housing than the general population, while renters aged over 65 occupy considerably less valuable housing than the average, although their average cash incomes are similar. However, the very large dwellings occupied by many owners after their children leave home could be regarded as a maldistribution of the stock. In developing country contexts, many elderly people actually extend their dwellings in their old age to house their grown-up children or to use the now vacant rooms as rented rooms to supplement their income; see Tipple, 2000.

67 UNCHS (Habitat), 1996a.

68 NIMBY suggests a desire for necessary urban externalities, or other activities that potentially reflect negatively on house prices, to be located elsewhere in the city. This is often complemented by the more obstructive BANANA: build absolutely nothing anywhere near anyone.

69 Private renters eventually end up paying the full capital cost of dwellings through their rent, as well as all of the other costs of ownership. They also have to meet the management costs and risk/vacancy premium of the landlord, which an owner does not have to pay. Most significantly, they do not receive any direct benefit from capital gains and pay higher rents as property values inflate. In some cases, however, landlords do not make a good return from their rooms and sometimes voluntarily charge less than market prices for rooms out of social concern for renters. They may also allow family members to live rent-free. See Tipple and Willis, 1991; Willis and Tipple, 1991.

70 Payne, 2002.

71 Hall, 1997.

72 Murie, 1997.

73 Priemus and Dielemann, 1997, 1999.

74 It is clear that these estimates are not perfect, especially given the many intermediary positions in the formal–informal continuum; but they are the only ones available. Furthermore, housing tenure varies a great deal between otherwise similar or neighbouring countries, depending upon social attitudes and the policies that have been followed, so diversity is very considerable within each region. For example, home-ownership is around 70 per cent in North America and Australia, and is even higher in some countries where most people still live in rural areas; but it is under 50 per cent throughout Europe.

75 Amole et al, 1993.

76 UN-Habitat, 2002f.

77 Especially Turner, 1976; de Soto, 1989.

78 For example, World Bank, 1993.

79 de Soto, 1989.

80 In Egypt, acquiring and legally registering a lot on a state-owned desert land involves at least 77 bureaucratic procedures at 31 public and private agencies. In Peru, building a home on state-owned land requires 207 procedural steps at 52 government offices, says de Soto (1989). In The Philippines, establishing legal ownership takes 168 steps, and between 13 and 25 years. In Haiti, obtaining a lease on government land – a preliminary requirement to buying – takes 65 steps. Similar numbers of procedures surround the registering of legal business enterprises. In Mozambique, for example, registering a new business requires 19 steps and five

months, and costs more than the average annual income per capita (World Bank, 2001a).

81 de Soto, 2000.

82 This value was stated by de Soto (2000) without demonstrating the method, and has been criticized by Woodruff (2001), Gilbert (2001) and Payne (2002) as a considerable overestimate. However, the number is widely quoted in UNCHS (Habitat) (2001b): www.un.org/ga/Istanbul+5/32.pdf.

83 Including, Payne, 1998, 2002; Gilbert, 2001; Angel, 2001.

84 Payne, 2002. In fact, self-help housing is only rarely traded in Columbia, according to Gough (1998), and is not well suited to commodification.

85 Gilbert, 2001.

86 Deininger and Binswanger, 1998.

87 Gilbert, 2001.

88 Payne, 2002.

89 Angel, 2001.

90 Angel, 1983, 2001; Deninger and Binswanger, 1998.

91 The cooperative movements and assisted self-build initiatives have been widely encouraged in a number of countries in a situation of housing shortages.

92 For example, UNCHS (Habitat), 1996a.

93 It remains to be seen exactly what the effects of this relaxed lending regime will be; but the current high stock market valuations can be partly attributed to liberalized mortgage and finance markets.

94 Malpezzi and Ball, 1991.

95 Angel, 2001; Fernandez, 1998; Payne, 1997, 2001, 2002.

96 Gilbert, 2001.

97 Payne, 2002.

98 Durand-Lasserve and Royston, 2002.

99 Angel, 2001.

100 Durand-Lasserve and Royston, 2002.

101 Usually on the grounds that public money would be helping a few entrepreneurs to make profits.

102 Tipple, 1994.

103 de Soto, 2000.

104 Kumar, 1996; Tipple and Willis, 1990.

105 de Soto, 2000; Gilbert, 2000.

106 Australian novelist Ruth Park (1948) in *The Harp of the South*.

107 Hill, 1883.

108 Tipple et al, 1999; Tipple, 2000.

109 Kumar, 1996.

110 UN-Habitat, 2002a.

111 According to Dennis, 1995.

112 UN-Habitat, 2002.

113 Kumar, 1996, 2001; Rakodi, 1995.

114 Malpezzi and Ball, 1991; Tipple and Willis, 1989.

115 Tipple et al, 1999.

116 Rakodi, 1995.

117 Amis, 1990.

118 Oruwari, 1990.

119 Tipple and Willis, 1991; Tipple and Korboe1989.

120 Kalim1990.

121 Wandeler and Khanaiklang, 1992.

122 Amole et al, 1993.

123 Self-building usually involves at least some input from tradesmen in the construction industry and is often entirely entrusted to small firms in the informal sector.

124 Tipple, 1994.

125 Tipple and Willis, 1991; Tipple and Korboe, 1989.

126 This entails agricultural land price plus cost of services.

127 In Australia and Malaysia, it took at least five years during the 1970s to pass through a web of over 50 bureaucratic hurdles before agricultural or government land could be formally occupied. Following substantial review, the time was brought down to three to six months by the 1990s.

128 This includes the creation of spatial information about the land prior to titling (Uganda) and the development of land administration systems where people's rights are adjudicated without titling (Mozambique), and the awarding of starter titles exclusive of planning and adjudication (Namibia).

129 UN-Habitat, 2002.

130 See UNCHS (Habitat), 1996c; UN-Habitat, 2002f.

131 For example, Yahya, Agevi et al, 2001.

132 UNCHS (Habitat), 1996c; UN-Habitat, 2002f.

133 UNCHS (Habitat), 2001c.

134 It is estimated that the rate of access to adequate water supplies fell from 91.8 per cent in 1990 to 90.7 per cent in 2000. Such estimates need to be treated with care since different countries use very different measures of adequacy. For example, in India all piped water is regarded as potable although it is generally not drinkable. In Thailand, which is regarded as having good water, most of the middle class use bottled water for drinking. The urban proportion with access to drinkable water according to Western standards would be less than 50 per cent.

135 UNESCAP, 1997, p37.

136 UNESCAP, 1997, pp59, 124.

137 It is surprising, given neo-liberal preoccupations, that studies examining the choice process and its urban outcomes have not been undertaken, given the large number of housing choice studies conducted in more developed countries. The extent to which lower-income households actually make the trade-off between location, housing quality and security of tenure, or even whether rational choices are made at all, rather than simply ones of expediency, is an unexplored area.

138 In Latin America, in particular, housing gap calculations are a major determinant of housing policy.

139 See Mackay, 1999.