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DORRA McDONNELL'S GOLDEN RESORTS

Hamburgers, Houses and Politics in Vijayawada, Andhra Pradesh

A reply to Stephen Malpezzi

Robert-Jan Baken



**Institute for Housing and Urban Development Studies
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Institute for Housing and Urban Development Studies

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DORRA McDONNELL'S GOLDEN RESORTS

Hamburgers, Houses and Politics in Vijayawada, Andhra Pradesh

In the early 1990s, Jan van der Linden and I wrote a critique on World Bank thinking as regards low income housing in Third World cities. It was published in the *Third World Planning Review* (1993). In a personal commentary in the same journal, Stephen Malpezzi, a leading World Bank consultant, gave his critical comments on our article (1994). Later on Gareth Jones's rejoinder added yet another dimension to the debate (1996). I didn't intend to write a direct response to Stephen Malpezzi's commentary, not even on the occasion of this publication¹. There was a quotation of the words of Alain Bertaud in his article, however, that made me set out to write a story, a mix of fiction and non-fiction. This quotation was meant to underscore the argument that, if only regulatory frameworks did not 'tilt profitability away from the bottom of the market' private developers would naturally start building houses for the poor since they constitute 'the bulk of the market' (1994:459).

"Who makes more money in the restaurant business - McDONALD'S, or -----?"
(fill in the blank with the name of any high-priced restaurant.) "Why isn't it the same for housing?" (ibid)

The framework of the story, describing the whereabouts of a rather naive, but strangely intelligent and flexible-minded Dutchman who became one of the leading land brokers in a South Indian city, subsequently turned to politics, and finally became an international development guru, is fiction. The story is intended to be satirical and to add some local colour, and metaphorical quality to the article. My conversations with the main character as well as the excerpts from his writings evolve around 'facts', data collected during my fieldwork in Vijayawada² (1992-1997). The last part of this article is largely made up of fairly common practices

¹ This paper is dedicated to Jan van der Linden, Originally, it was one of the contributions compiled in an edited volume which was to be published on the occasion of his attainment of the position of Professor at Free University, Amsterdam. Unfortunately, serious health problems withheld him from enjoying his much deserved promotion. The volume was not published.

² Vijayawada is a trading town situated in the delta of the Krishna River, in Krishna District, Andhra Pradesh. Over the past two decades its population has more than doubled. At present, the city has some 900,000 inhabitants.

and events in local politics that together form a fictitious account given by the main character.

When I embarked on writing the story, I had in mind presenting a fundamental critique based on a confrontation with Malpezzi's reality with the practice in one of the two cities in Andhra Pradesh, India, which I had selected for my research on the allocation of urban land. Although I agree with many of Malpezzi's points, there is a rather fundamental difference in perception. In Malpezzi's view 'it is the responsiveness of private markets which determines housing conditions, and ... public actions can greatly affect this responsiveness for good or ill' (1994:451). It is clear that he strongly believes in the wholesome impacts of the market. To some extent, I share his belief. As far as intermediate Indian cities are concerned, however, I don't think the main problem is that markets are greatly hampered by inadequate government regulations and interventions resulting in supply bottlenecks and unnecessarily high prices. In my opinion, 'the market has been enabled too much'. It has even been enabled to take over typical public, market-transcending roles which it cannot deal with. De facto, the government seems to have transferred its responsibilities in the field of urban planning and land management to commercial land brokers. To a large extent, they determine the allocation of land between various uses and income groups: the shape and structure of the city of tomorrow. In terms of output, the performance of the private land 'development' sector over the past twenty years or so has been excellent. It has thrived on the waves of speculative investment which ultimately have led to rapid land price increases and a great underutilisation of residential land in the middle and high-income segments of the market.

Even land delivery for low-income housing has not been among the market-transcending public concerns. Apparently, the fact that, in terms of land delivery, low-income households are dependent on the illegal occupation of residual public land, has not been a sufficient reason for a public attempt to somehow improve on this issue. The legal void surrounding low-income housing, and the absence of clear plan or policy guidelines offer ample opportunities for individual political entrepreneurs who organise, guide or support low-income households in their occupation of land in return for political support, votes, property and money.

To put it bluntly, by and large, the government has allowed or 'enabled' the allocation of urban land to slide into a state of chaos, in which only the power of money seems to count. To me, this seems to be the 'real' problem. It is all the more serious because those who should be remedying it, are part of its cause: politicians. In fact we have two issues here. The first is the problematic state of affairs in the field of the allocation of urban space. The second, includes the more encompassing and fundamental problems involved in the tenuous relation between politics and policy. While the first problem will be addressed in the first two parts of the story, the second problem will be dealt with in the third and concluding part.

To conclude, in order to prevent misunderstanding, it seems important to stress that the main character in the first part of the story (Dan McDonnell) does not represent Stephen Malpezzi (or any other World Bank associate). Dan's ideas and actions are rather naive and unbalanced because, for the sake of the story, he has to make mistakes which imply a fair degree of ignorance. In order to make himself clear, in the last part of the story Dan resorts to quite extreme and simplified examples and

analogies. They are not meant to ridicule people or ideas, but to show that some of these ideas are misplaced. In this respect I largely agree with Dan. I have to admit though, that if he hadn't been there, I probably would have expressed myself more carefully.

1 HAMBURGERS AND HOUSES

In 1992 I was in Vijayawada. It was an evening in June. The monsoon had just started and, although it wasn't raining, the air was full of moisture. There was a meeting of one of the local Rotary club circles in a garden compound situated on the banks of one of the irrigation canals cutting through the city. When I arrived, the members, all males, had just finished their South Indian meals. While their women and children still sat at the dining tables, the men had gathered behind a curtain, a provisional wall which was meant to prevent the outside world from seeing that the most respectable men of the city indulged in drinking beer and whisky.

Dan could hardly be overlooked: a huge white man in some sort of tennis outfit. He seemed to be in fierce debate with Sharma, the ex-mayor. He was sweating heavily, using his arms to underline his arguments.

- Clearly, you can change your food habits, now can't you? It is a scientifically proven fact that without a healthy daily portion of meat, people develop all kinds of diseases. Do I look weak? My God, I even survived the Vijayawada summer! And I feel better than ever. Why? ...Animal proteins!

Sharma smiled politely.

- Dear Mr McDonnell, I really think you've missed my point. We've been vegetarians for ages. It is true that some middle class families have recently started eating mutton on Sundays, but, as I told you last year, you won't be able to persuade them to eat beef and hamburgers.
- But.. the poor..
- The poor ?! Yes, that's a different matter. These low caste fellows do eat beef. But as you've found out yourself they like their Andhra-style curries. They want to chew the bones. They've never had something like a Big Mac before. Moreover, they don't pay thirty rupees for a Mac if they can get a full meal for ten.

Dan looked worn out, defeated.

- All right, all right.. I've already resigned.. What do you think of the burger distribution. Your MP was delighted and I..

- Now, of course, you're free to distribute your left-over stock of burgers among slum dwellers, but we're all afraid that it will turn out to be a rather embarrassing affair. I think the MP made a big mistake by linking it up to our party campaign. In fact, I'm pretty sure that a great number of our most loyal supporters will disapprove of it.

It was one of the weirdest conversations I ever happened to witness. When Dan finally saw me, a fellow westerner in an alien environment, he came over. He introduced himself as 'a citizen of the world'. Like myself, he had spent most of his life in Holland. He was born and raised in Rotterdam. His mother was Dutch, his father Scottish. He often stayed in Edinburgh, his 'second home town', where the larger part of his father's family lived. For some years, he had studied in the United States. Subsequently he had set-up a large firm in Holland. At the age of 46 he had decided to move to India, where he had lived for a year or so.

He must have guessed that I overheard his talk with Sharma and started to explain. He told me about what he half-jokingly called 'his sacred mission to spread the burger food ideology among the masses of the world'. How he ended up in one of the hottest cities of India remained unclear. There was this rich Anglo-Indian friend of his with family roots in Vijayawada though. Most probably he had something to do with it. By the time he got to 'his miserable failure and his stupid resistance against introducing vegetable and muttonburgers' he was almost in tears. The sweat was running down his earlobes and nose and his shirt was wet through. He hardly listened when I told him about my background. He seemed to wake up when I started talking about my land and housing market research, the reason why I was in Vijayawada. He became enthusiastic. Some minutes later he disclosed the source of his excitement. His preoccupation with ham and beef had brought him into contact with a great number of poor, low caste families. He was confronted with their poverty and their living environment. Although initially this seemed to have been a source of genuine concern, it ultimately resulted in a wild plan for another business venture.

While the abundant quantities of Indian whisky began to affect the coherence of his story he started exclaiming.

- Yes!... the fight against poverty can be a profitable undertaking.. and I will prove it! It's a huge market... enormous potential.. and they want it. They really do.

- They want what?

He started whispering conspiringly.

- Houses... They want houses..

I guess his words made no sense to me. I initially misunderstood the nature of his new mission. I assumed he would attempt to set up a hard-core business like an import-export firm to earn the money needed for his 'humanitarian' housing activities, but I got it all wrong. He explained.

- No, no... It'll be a financially independent commercial venture. In fact, I'm sure it will soon make me one of the richest entrepreneurs in town.

I tried to talk him out of it, but he wouldn't listen.

Houses: 'it's all a matter of neutralising supply bottlenecks'

The next morning he came to my hotel room. He apologised for his 'bad behaviour'. We talked over a cup of sweet south Indian coffee.

- Look,... the plan I told you about yesterday may seem unrealistic, but I know what I'm talking about. I remember you saying something about the limited purchasing power of the poor and about high land prices. That's okay... I mean, it makes sense... but, you see, it takes more than a semester of economics to be good at housing market analysis... I've had the privilege of studying at the Dallas School of Advanced Real Estate Studies. There I developed my passion for burgers. During my studies I started working for one of these Burger King restaurants. In the end that kept me from pursuing a career in real estate. I guess this is the right time to return to the job I was trained in.
- That's fine Dan... Don't get me wrong, but it all sounds a bit naive. We're not in Dallas, Texas or in Rotterdam. This is India! You must have noticed some differences over the past year. What you've learnt during your studies may be helpful... At the same time it may cloud your understanding of what is going on here...
- I know perfectly well what is going on. It's this incompetent, corrupted government, poking its big nose into all matters of life, frustrating all private initiatives. Talk to a builder, he'll tell you about all these silly rules and procedures which drive up prices. Supply bottlenecks! Believe me, it's all a matter of neutralising supply bottlenecks... and I think I'm capable of doing that.

He started talking slowly, carefully looking at me to be sure I wouldn't miss the point.

- I'll create my own free-market zone here. As you said, this is India... Things can be informally arranged. You may have noticed that I have my contacts. Well,... I may not be totally freed of formal obligations, but, at least they can be bent into fairly harmless obstacles.
- You're not the only one Dan. It's common...
- With my financial reserves I can make a change, boost supply to unprecedented levels. Prices will decline. They must... Unavoidable.
- You seem to think that there is a shortage of residential land. But if you look at it strictly in terms of numbers, there is an oversupply... That is, if you balance supply against housing need.

- Impossible! How can supply exceed housing need at these price levels.
- It is possible... Look around you and you'll find out. Have you ever been to one of the surrounding villages: unoccupied plots as far as your eye can reach. They've all been sold, but nobody lives in these places. Of course, land has been spread over the population very unevenly. People with money have put it in plots, particularly the unaccounted part of their income. And they've been proven right to do so. I'm not saying that everybody bought plots out of speculative investment motives. Such motives played an overriding role though. In fact, they form the most important explanation for the enormous bubbles of inflated land prices. I suppose this implies that the selling of plots can be a very profitable undertaking. But you want to supply houses, don't you?

Dan produced an Indian-style nod, gently wagging his head.

- Now, that would be something new. Here, people look after the construction of their houses themselves. There are independent builders constructing apartments, but they started only recently. Their output is limited...and they don't cater for the poor.
- I know, but somebody has to make a start and I thought...
- I don't understand how you want to make money by selling houses to the poor. At present they squat, buy or rent a plot in a squatment. Can you come up with an equally cheap, but more attractive alternative? You can't expect them to be interested in moving to a low-income colony in the middle of nowhere where land prices may still be moderate. And unserviced land on adequate locations is sold at rates of two monthly incomes of construction workers per square yard! How on earth do you want to make your houses affordable... and what about your profits?

My last words seemed to have given rise to some renewed excitement.

- Affordable houses!... Prefab houses. But better than the usual boxes. I have it all figured out. Last month I met a foreign consultant who showed me some of his prefab house plans. I arranged everything for the production of the parts. Construction will be fast, and easy ...and cheap too. Not more than 25,000 rupees³ per unit. I think that's quite reasonable.

He hesitated.

- I know that many people here are very poor... But, you see, I thought about everything. I have recently set-up my own financing company. Yes!... I will not only provide houses, but housing finance as well... What do you think of that.

³One rupee = US \$ 0.033 (1993-94).

I felt tired. It was getting hot and I had a lot of work to do. When Dan had left, I roughly calculated what his houses would cost him: at least some 100,000 rupees (excluding illicit payments). According to his own statements his target group would have a household income of 9,600 to 18,000 rupees per year of which they could spend only a limited share on housing. Maybe the obvious affordability problems implied by these figures were only minor obstacles compared with the other issues Dan had to resolve. He had to find suitable sites, go through the paper work, activate his network to avoid administrative impediments, make sure that his contractor wouldn't deceive him, and last but not least, he had to think of a means of selecting his clients.

2 'DORRA McDONNELL JOINS TDP'

It was Christmas eve, 1994. I had just arrived in the city after a long railway journey from Delhi. The weather was beautiful and it felt good to be back. In the hotel I took a shower and put on a lungi. From my balcony I watched the traffic, the hundreds of cycle rickshaws, auto rickshaws and scooters which tried to find their way through the clutter. When my eyes moved upwards, I noticed that a new office had opened across the road. It looked bright and shiny, with marble steps, lots of 'golden' ornaments and dark windowpanes. I was stunned when I finally managed to decipher the Telugu lettering on the neon board. 'DORRA McDONNELL'S GOLDEN RESORTS' it said.

I had been in Vijayawada a number of times after I had met Dan, but since nobody seemed to know whether he was still around, I thought he had gone home. I suppose, I asked the wrong people. Obviously the 'dorra'-thing was new to me. I had been addressed as 'dorra' in Andhra on some occasions myself. Since 'dorra' seemed to refer to the colour of my skin and simultaneously expressed a sense of deference on the part of the user of the term, I found it quite embarrassing. 'White Master' would probably be too strong a translation, but it has a similar meaning. Still, I remember thinking that 'Dorra McDonnell' sounded nice. At the same time, it was somehow clear to me that the 'Golden Resorts' were not the low-income colonies Dan had intended to build.

The room boy brought me my Andhra meal and a local edition of the Indian Express. After finishing my meal, I had a look at the paper. On the local page, I found an interesting article. It immediately attracted my attention because of the photograph that was printed above it. I saw NT Rama Rao, the ex-Chief Minister and leader of the regional Telugu Desam Party shaking hands with Dan McDonnell. Dan looked like a typical Indian politician. He wore an apparently new dhoti and a kurta. His hair was oiled. For the occasion he was hung with a string of flowers.

'DORRA McDONNELL JOINS TDP'

Today Mr. Daniel McDonnell, a native Dutchman who is locally known as Burger Dorra, has joined the TDP. For this occasion a special function was organised in Hotel Ilapuram. He was welcomed to the party by its president NT Rama Rao. In his speech NT Rama Rao stated that he was delighted to finally meet the man he had heard of so much. 'The man who had built up such a good reputation among the poor through his well known burger donations, has finally come home'. NTR revealed that in the coming state elections, Mr. McDonnell would be the sole party candidate to contest the Vijayawada East seat. He added that, if the TDP were to

come into power, Mr. McDonnell would be given the ministerial responsibility over the urban development, municipal administration and housing departments. 'With a degree in advanced real estate studies from Dallas University, Dorra can be regarded as a scientific heavyweight on whom we can count in matters of policy making. He is not a real Indian politician, but given the current state of affairs, we should admit that this is an electoral advantage rather than a curse'. At the end of his speech NTR addressed Mr. McDonnell personally, stating that he felt a personal bond because of their shared film actor background. He argued that such a background had become a great advantage in Indian politics. The speech was followed by a brief video show, in which we saw a young Daniel McDonnell dressed up as a cowboy, being chased by a group of Indians. Mr. McDonnell himself seemed a bit embarrassed by the show. According to well-informed sources Mr McDonnell has played a number of villain parts in German westerns.

Because of a sudden power cut and an out of order hotel generator, the last part of NTR's speech could not be understood by the majority of the listeners.

Mr McDonnell told the press that in his previous life as a real estate man he had come to the conclusion that the downtrodden of the earth could only be reached through strong and uncompromising government intervention. He said he would give up his business, sell his new office at Bandar Road and devote the rest of his life to politics. As a politician he wants to concentrate on the issue of low-income housing. 'As a real estate developer, I found out how intensely weak and corrupted the government apparatus in the field of urban development and housing is'.

The gardener and the land broker

The next morning I took an auto rickshaw to Dan's residence. Everybody seemed to know where 'Burger Dorra' or 'Donnell Dorra' lived. I was brought to a big house in Labbipeta, the richest neighbourhood of town. A gardener, a poor, humble man in dirty shorts, was cutting the lawn with a broken colonial lawn mower. By the look in his eyes I could tell that he had no idea what a lawn was good for. His half-hearted attempts at attacking the grass with his blunted device resulted in an inch-wise progress. It would take him at least two days to complete the job.

A meticulously dressed maid opened the door. 'Master' was taking a bath. I was asked to wait on the veranda. Dan was wearing a lungi, hair still wet, spreading a scent of sandalwood soap and coconut oil. He seemed pleased to see me. I told him that I had seen his office and had read yesterday's newspaper.

- I was shocked to find out about your new political career. I guess your low-income housing plans have failed. You may have been disillusioned, but I don't see what good it will do to turn to politics.
- Listen, politicians make laws and policies and should see to it that they are properly implemented. Ultimately, they are responsible for this mess. I can't beat them, so I thought I might as well join them and see what I can do from within the system. By the way, this NTR seems all right. His concern with the poor is not just show. They love him!
- But he has been a Chief Minister before. He didn't succeed in...

- Okay, Okay.. you may disagree, but this is something I have to do. You see, I have always thought it was wrong of the government to try to control everything. I still do. But, I found out that government controls in urban planning and land development only exist on paper. In practice, the allocation of land seems to lack any rationale.
- So, you seem to have changed your mind. I wonder, did you actually implement any of your low-income housing schemes..
- I did...well, more or less..I tried.

He sighed.

- The problem with these low-income families is that they are goddamn poor. Take my gardener, he makes only 600 rupees per month. One of his children collects and cleans empty bottles and earns another 150 rupees. If I weren't there to support his family in times of crisis they would probably starve. He drinks regularly. He's often ill, but he refuses to go to the government hospital. He says they have treated him badly in the past. So he goes to see a private doctor. I pay for it... no problem.
- Where does he live?
- Aah... in a nearby slum on the banks of Bandar Canal. Dreadful place.... small hut... mosquitoes... no water... You know. Well, anyway, how can people like my gardener ever afford a regularly supplied house. He can barely pay the rent of his hut... 100 rupees a month!
- So... Your scheme...
- Yes, all right... Of course, I knew people were poor etc... But, I guess that only through these individual cases you start seeing what it means to be poor... In many respects my gardener is privileged. He has a regular income, he gets some clothes and food and I'm always there to protect him. There are many who can't turn to someone like me in times of crisis.. They live from day to day. Accidents, illness, dowry, debts can be real disasters. They can't cope with it.
- I know. I've met quite a number of such people during my fieldwork. But.. how did you deal with it?
- What do you mean? 'Deal with it'?... Aah, yes... the scheme. I appraised the situation before I actually started. I reached two conclusions. One: families with an income of less than 1500 rupees per month are hopeless cases. I decided to cater for the somewhat better-off among the poor. Two: to make my products affordable I had to select a site beyond the municipal limits.

Dan had sensed my disbelief.

- Yes, you're right. Now I know it doesn't work.. Trial and error... I found a site and started negotiating with the land owners. I followed the well-tried local method of land brokerage and entered into sale agreements. My clients would

have to pay the bulk amount I needed for the land. Also, in this manner, I avoided paying stamp duty. I mean I didn't register the land in my name.

- But I thought you would offer them loans, and..
- Yes, I wanted to, but the initial down payment I would have asked them for was sufficient to pay for the land. The problem was that I couldn't find clients belonging to my target group. I went to a great number of slums and tried to persuade people to move to my scheme area. Everywhere I came people were enthusiastic. They kissed my feet. 'The white man has come to give us houses' they said. Again and again I had to explain that my houses were not for free. The loans were another source of confusion. I was warned that the only loan schemes these people know of, public schemes, all end up as gift schemes. So I told them I would kick them out of their houses if they wouldn't repay their loans. In most cases this stopped the initial excitement. But the kissing of my feet increased. People went home and returned with their physically handicapped sisters, brothers and mothers.. They started begging me to do at least something for them. Begging! Embarrassing... very embarrassing. In any case it became clear to me that even the richer part of the slum population didn't find the location of my colony appropriate. Even tenants preferred their rented houses in the city over a house of their own in a fully-fledged colony. Also, they didn't like my house plans.
- So, what did you do?
- Well, in the meantime the land owners had started threatening me with court cases. I gave up and sold my land to middle and high-income families. No houses, just plots.
- Must have been complicated. With the change of your plans... I mean, you had to get your plans approved.
- No, no. Getting my layout plans approved by the Urban Development Authority was easy. Of course, I had to pay some bribes, but, compared to the profits I earned, these were only small amounts. My surveyor took care of it. Officially, you're not supposed to start selling your plots before they have inspected the site.. That is, after you have realised your plan at ground level. But in practice, the selling of plots starts even before draft approval. Given the circumstances it makes sense. I mean, in a way..
- What circumstances?
- Well, as a layout developer you're supposed to develop your site: water supply, tar roads, electricity, avenue plantation and all that. The point is, that nobody really expects you to do so. As long as you stick to some basic informal version of the official rules and pay your bribes they all seem satisfied.

Dan leaned back and put his hands behind his head.

- I simply relied on my business experience and made one subdivision after the other. I followed the example of the big real estate organisations and started working with commission agents. Hundreds of them. I offered an instalment facility as well. Sold thousands of plots..to anybody..People from villages, businessmen, and government employees. Some bought ten, twenty plots. None of them has been occupied so far. Like my colleagues I started supporting the governing party.. Mutual dependency.. You see, I became totally obsessed with making money. I suppose this shared starting point formed the basis of my contacts with politicians. You can also see it as some sort of problem prevention. Strictly speaking, hardly any of the subdivisions in this town were developed according to the rules. It mostly doesn't lead to problems, but if you operate on a scale like I did, you run a lot of risks.
- But now you seem to condemn your past activities.
- Condemn?!.. You can't blame entrepreneurs for their urge to make money. Without it the market mechanism wouldn't work. It would be wrong of them not to follow their instincts. But these instincts have to be channelled.

Dan's face expressed a hopeless anger.

- For God's sake Robert, we're not talking about hamburgers, but about urban space. You can't just leave its allocation to a hotch potch of uncoordinated opportunistic political and profit seeking forces.. That reminds me.. You must read my booklet. I've recently written it to order my ideas and prepare myself for the coming policy debates. Wait I'll get it.

Considering that Dan's booklet was printed by one of the city's oldest workshops, it looked rather glossy. The author himself, sitting in the midst of a great number of brightly painted wooden toy houses, smiled at me from the cover. The title wasn't very original: 'An analysis of urban land and housing problems in Vijayawada, Andhra Pradesh'. Dan told me he had contemplated more witty ones. He particularly liked the sound of 'Huts, Houses and Hooligans'. But he dropped it because he didn't succeed in linking it to the contents of his writings.

That evening, I read it. I finished it in one hour. It was very good. In the introduction Dan explained that 'his study' was based on his own experience as a land broker and a number of primary data he had collected. I was surprised: Dan had conducted his own research. To a large extent, his findings matched those of my own. Below I will give an uncut version of the analytical part of his 'Executive Summary' which, after having briefly touched upon the issue of low-income housing, focuses on land delivery and price movement in the regular, middle and high income segment of the local land and housing market in which Dan himself had been a quite active participant.

An analysis of land and housing problems in Vijayawada

1. Being dependent on a household income not exceeding Rs 2000 per month, some 40% of the Vijayawada population can be considered poor. 35% earn less than Rs 1500 and 20% have an income below Rs 1000⁴.
2. Apart from renting a small unit in an existing land invasion, low-income households have never had any other housing option than squatting upon a marginal site. Over time, nearly all vacant government land has been occupied. More than 90% of all squatters residing in the 120 squattments of the city live on such land. They have occupied the riverbed, the banks of the three irrigation canals and the slopes of three big hills.
3. The widespread practice of squatting by poor households implies a causal relation between poverty and illegality in housing. Given the scale of this problem one can speak of a clear friction between law and urban practice. By guiding, supporting and organising land invasions local politicians partly resolve this friction.
4. In addition to the unwillingness and/or incapability of politicians (policy makers) to bridge the gap between law and urban practice by amending laws and policies, one of the most obvious reasons behind the above situation is that there is a great disparity between the incomes of the poor and the prices of residential land supplied through the regular market.

Land delivery and prices in the regular market

5. The commercial private sector operating within the 'regular market' consists mainly of land brokers who (a) assemble land; (b) enter into sale agreements with the land owners; (c) start selling plots; (d) use the money of their clients to pay for the land; (e) subdivide the land into plots; and (f) register the plots in the names of their clients.
6. The private delivery of residential land is not significantly hampered by 'supply bottlenecks', inadequate rules and regulations, and a lagging provision of services and infrastructure.
 - 6.1. None of the above land brokers follow the formally stipulated procedure of land development. Whereas officially they are allowed to sell their plots only after a site inspection has shown that they have subdivided their land and provided infrastructure, and services according to plan (final approval), plots are sold even before the paper lay-out plan is approved (draft approval). Although they don't provide the prescribed infrastructure and

⁴According to my own calculations the minimum monthly income for a 4 member household needed for bare survival would be around Rs 860. This amount only covers the day-to-day needs: food, fire wood, soap, other grocery items, milk and a modest rent. It excludes the costs of clothing and education for the children. Moreover, it doesn't take into account unforeseen events (such as illness) and occasional expenses (e.g. for marriage / dowry).

services, the majority of their layouts are approved. Compared to the profits generated, the costs, i.e. illicit payments, for the smoothing of procedures and the relaxation of rules are only nominal. The land broker system prevailing in Vijayawada and most other Indian cities, which financially relies on the inputs of clients, can only thrive if expediency is somehow ensured. Its tremendous output over the past 20 years or so is the best evidence for the relative insignificance of regulatory obstacles.

- 6.2. Fieldwork data revealed that even more serious legal obstacles didn't have a decisively negative impact on the quantity of land delivered. Notwithstanding the introduction of the Urban Land Ceiling Act⁵ (1976), the ban on the registration of all peripheral land under agricultural use (1983), and the limitation on land ownership of fake or real co-operative house building societies (1983), which, in theory should have completely lamed the private land development sector, commercial land delivery had increased unabatedly.

The developments in Vijayawada contradict the commonly held conviction that the land ceiling had effectively frustrated or even blocked all private land and housing initiatives. By and large, the introduction of the act had the opposite effect. It induced land owners to somehow get rid of their land. This is not surprising. Land owners were confronted with a government trying to confiscate their 'excess land' against a nominal compensation. This proved hardly enforceable because of the non-fulfilment of rather basic preconditions, such as adequate land records. Moreover, the act provided a number of escape routes and was implemented in an environment that traditionally condones 'unauthorised' land subdivisions. Even if land owners had never thought about selling their land before, the mere announcement of such an act was enough to make them subdivide and market their land. In retrospect, this reasoning seems a plausible explanation for the increase in private land supply after the enforcement of the act.

- 6.3. Most land brokers involved in the transformation of agricultural land into residential sites do not provide basic services. They roughly level the ground and provide a connection to the main road network as well as an internal road structure consisting of gravel or dirt roads. Water is provided by the settlers themselves through individual or shared hand and motor pumps. On request, the electricity network is extended quite expediently by the Electricity Board (after payment of the costs of extension, individual connection charges and the unavoidable 'gifts'). This servicing 'system'

⁵ Basically, the act put a ceiling to the private ownership of land in the city and its surrounding areas (1500 square metres) and allowed the government to take over the 'excess' or ceiling land against a nominal payment (well below the market value). The government was meant to develop excess land for low income housing or public use and thereby promote a more equitable use of urban land and curb speculation and black money transactions. The act failed to fulfil its aims completely. In Andhra Pradesh, it was considerably relaxed in the end of 1988.

may not be optimal, but has proven to create an environment that fulfils the basic conditions for settling.

- 6.4. It can be asserted that the supply of housing has been even more flexible than the supply of land. Being largely a self managed process, the construction and supply of houses could not be more efficient. In general people can build houses suited to their particular needs and financial resources. They can overcome the lack of (institutional) finance by building incrementally and adding rental units to their houses. In practice, building byelaws do not stand in the way; they are largely evaded. In fact, unless individual house builders need official approval, they tend not to go for building plan approval and simply wait for the building inspector to come to settle things informally.
7. A reconstruction of the local land delivery history revealed that in between 1971 and 1993 no fewer than 45,000 plots had been delivered in the high and middle-income segment of the market that according to a gross estimate includes some 60% of the present urban population. In the same period some 18,000 housing units were constructed in pre-1971 high and middle-income settlements. If one allowed for an absorption of added middle and high income population (1971-1993) in the above housing units and, subsequently, evenly spread the remaining share over the plots supplied after 1970, one would arrive at a hypothetical plot density level in post 1970s land subdivisions of 3.8 persons. Compared with plot density levels in fully-fledged middle and high-income colonies (13.3) this is very low. In the large conglomerates of subdivisions which were created in the 1970s and early 1980s 40% of the plots have remained vacant until the present day. In the more peripheral subdivisions this percentage is substantially higher and of the thousands of remotely located plots delivered by the comparatively recently established real estate organisations which typically operate on a large scale, make use of a network of commission agents, and offer instalment facilities, none has been occupied so far.
8. Land price increases have been substantial. Over the period 1975-1993, real land prices in the conglomerates of subdivisions which emerged in the eastern and western periphery of the city in the mid 1970s have gone through a steady, 19-fold increase. In the same period real incomes have grown by only 65%. By 1993 the price of an average plot in one of the above subdivisions equalled more than 40 yearly incomes of an unskilled construction labourer.

If one were to go back in time and follow the gradual spread of subdivisions in a 'rural' direction while recording land price levels prevailing in the initial stages of subdivision development, the resulting rates of real land price increase are 260% and 680% in the eastern and western periphery respectively. Given the fact that in terms of the quality of living and location the urban frontier of 1993 offered much less attractive conditions than the peripheral urban area of 1975 did, these rates can be considered rather high.

9. In the Vijayawada context rising land prices have not formed a disincentive, but an incentive to invest in land. In a situation in which speculative investment dominates the market, land price inflation is caused by a self-reinforcing cycle in which, other things being equal, increasing land prices lead to an expectation

of high future returns on investment in land, a rise in demand, and, consequently, to increasing land prices.

9.1. A number of fieldwork findings clearly point to the importance of speculative investment motives in the buying and selling of land. To begin with, the fact that some 18 years after the subdivision and sale of land in the urban periphery of 1975, 40% of the plots were still vacant, shows that in all probability a large share of the original plot owners were not mainly motivated by a desire to construct and own a house. During a brief ground-level enquiry in two commercial subdivisions in the eastern periphery it was found that 75% of the occupied plots had changed hands at least once after the original sale. A tentative enquiry about the real property ownership of absentee plot owners revealed that less than one third of these owners did not own additional real property: 23% was said to own more than 5 plots. Finally, representatives of the major local real estate organisations were unanimous in their estimates concerning the share of speculative investors among their clients: '75% or more'.

9.2. There are a number of factors that have been instrumental in the emerging importance of speculative investment in land:

- (a) the rapid growth of the urban population.
- (b) the traditional inclination of people to invest in land and the absence of equally attractive avenues for speculative investment.
- (c) the relative growth of the urban middle and upper classes.
- (d) the emergence of a rather aggressive 'modern' business class that doesn't have a specific professional commitment and tends to step into any sector which allows quick and easy gain.
- (e) the increasing flows of unaccounted money which needed laundering.
- (f) the organisation of land delivery and settlement development:
 - The clear separation between land and housing supply without which speculative investment would most probably have taken a different, more limited form.
 - The initially rather undeveloped state of subdivisions and the limited availability of formal housing finance, preventing plot owners from settling immediately after buying their plot.
 - The common phenomenon of incremental settlement development that in itself has an increasing effect on land prices.
- (g) the buoyancy of the market, the comparatively low risks, and the high marketability of real property.

10. Some of the problems with the unbridled private land development which has dominated the land market for the past 20 years are mentioned by the Urban Development Authority: extreme forms of leap frog development, poor infrastructure, legal complications, non-registration of plots and high rates of

speculative investment (VGTUDA, 1986:6). One can add some more: high and rapidly increasing land prices, a road network which at various places seems devoid of any logic, and the lack of any rationale, other than 'money', behind the allocation of land over various uses and income groups.

11. Clearly, the idea that in a competitive market land will automatically be put to its most value generating use does not hold true for Vijayawada. Focusing on housing markets, many proponents of this idea assume the existence of a well-developed, commercial housing sector operating in a dynamic and self-regulating market, which uses land as an input to ultimately offer consumers the best houses at the lowest possible prices. The problem is that this assumption is not in keeping with the Vijayawada situation. It is not that government interventions greatly hamper the functioning of the market and drive up prices unnecessarily. In a way, the issue is much more elementary: over the past 20 years the production of houses has been largely a non-market activity. House construction was confined to individual plot owners who constructed houses for their own use. The part of the housing sector which was abundantly exposed to the 'beneficial' impact of the market mechanism was responsible for the 'wholesale and retail trade' in land. As a result profit generation within a market context was separated from the creation of housing value. Indeed, although land suppliers determined the use of land, they did not effectively put it to use. Moreover, the highly speculative market in which they operated lacked competitiveness and therefore did not force them into the innovative and economising behaviour which is typically thought to be of major importance for a positive market outcome. It is not that there were explicit price agreements among land suppliers. But it is obvious that none of them was interested in a down-ward adjustment of the spirals of land prices that formed the very source of their profits and a main attraction for a large share of their clients. If one equated values with prices, the added value of land brokers and their speculative clients would be tremendous. In fact, apart from speculative value they did not add much. The 'real' added value was derived from a largely non-market motivated public and private investment in and around the initially unserved subdivisions in which they played a part.

The role of the government

12. The above problem of speculative investment and the related separation of the market-trade in land from the non-market production of housing, is, in a way, part of a much more encompassing and serious problem: the failure of the government to create the necessary guiding framework within which the activities of the private land and housing sector are made to serve public concerns which the market does not take into consideration.
13. All over the world, the idea that urban land is a permanently fixed, inherently scarce, community resource the value of which is largely socially created has led to the recognition of public obligations: a public caretaker role. Even in countries in which the distribution of goods and resources is primarily left to the market, a number of fundamental decisions with respect to the allocation of urban land across competing uses are taken by public organisations.

14. There are at least three things that the private sector cannot accomplish:

- (a) a legal and administrative framework that takes care of the protection, recording and transfer of property rights.
- (b) a harmonious order or pattern in the use of urban land, which serves the 'communal needs and interests' of the urban population at large. This includes the provision of basic infrastructure and services, and the prevention or elimination of forms of widespread speculative investment which run counter to the above public interests.
- (c) a more or less equitable or just distribution of land across income groups. While the market may be a remarkably efficient and dynamic distributive mechanism; it shows no concern with equity. It can balance the interests and needs of various groups of people against one another only in terms of money.

In Vijayawada, the housing needs of some 40% of the population are supported by an income that doesn't allow for a translation of these needs into effective demand in the regular market. Whether speculative investment dominates the market, government interventions constrain supply, and the lack of institutional housing finance restricts demand or not, commercially supplied land or housing in Indian cities will not move down to the large groups of people who because of their poverty can only survive on rather central (expensive) locations, but still, can hardly afford to spend Rs 100 or Rs 200 per month on housing. The reason is simple: there are no profits to be gained. In this context, the above mentioned idea that in a competitive market land will naturally be put to its most value generating use, seems to imply that, as far as the market is concerned, low-income housing is of comparatively little value, in any case less than housing for middle or high income groups. This, however, would mean that, in the end, the value (utility) generated by a household's residential use of land would be largely a reflection of its income.

15. As already mentioned above, in Vijayawada, the government has completely failed to adequately deal with the above concerns:

(ad a) the basic legal framework for transferring and recording property rights does not function satisfactorily, e.g. the land records are updated until 1956. This results in insecurity with respect to land ownership, disputes, and the widespread use of semi-legal means of transferring land.

(ad b) There is a Master Plan, stipulating the use of land and showing the future form of the urban structure. It was drafted in the late 1960s in the highly bureaucratic environment of the State Town Planning Department; in an idiom that was popular in Britain and America more than a generation ago. It is based on the control of land use and layout design rather than on generating positive forces of development. As far as low-income housing is concerned the plan deals solely with the 'eradication' or 'rehabilitation' of existing slums. Where, and in what manner the future low-income population should be housed remains unclear.

Apart from an unrealistic plan design, which lacks vision and local popular support, there are a great number of problems in the implementation of the plan:

- the lack of decision making power, finance, and administrative continuity among the local level organisations involved in the implementation of the plan.
- the absence of a coherent land policy and the inadequacy of legal and administrative tools needed to support plan implementation (e.g. in the field of land acquisition and land registration).
- the spread of vital tasks, responsibilities and information over various organisations operating on state and local levels and the lack of co-ordination between these organisations
- the great number of ad hoc, sometimes contradictory Government Orders with respect to land, planning and housing, resulting in a great discontinuity in planning practices, confusion and indecision.
- the widespread, systematic corruption, combined with political intervention in the implementation of Government Orders, laws and plans.

As a result of these drawbacks, planning is largely a symbolic exercise. Since plans are unrealistic, cannot be implemented, and have been largely superseded by urban practice, planning doesn't seem to have any other purpose but to generate flows of illicit payments.

(ad c) While the market shows no concern with equity, the Master Plan of Vijayawada does not either. Public involvement in low income housing largely takes the form of national/ state and foreign government financed slum improvement, relocation and housing loan schemes which are largely unrelated to the practice of town planning. In fact, there is no coherent policy framework or plan within which these schemes get their wider meaning or purpose. Slum improvement and relocation do not solve the land delivery problem. Neither do housing loan schemes. Moreover, the number of loans distributed has been insignificant and the results have often been counterproductive: high debts and displacement among the beneficiaries.

Public low income housing strategy (local level)

16. As a result of the above situation, local low-income housing strategies can roughly be described as 'let the slums emerge and clean them up whenever there is money to do so'. 'Clean them up' in this respect means either improve the infrastructure and sanitary conditions, or clear the slum and relocate or evict the dwellers. Note that, since the late 1950s, public relocation schemes have affected 7 to 10% of the present population of Vijayawada.
17. This approach may have the advantage of reaching the target group. At the same time, for squatters, it implies years of hardship and harassment. It relies on a process of slum formation taking place outside the legal framework; a process which may ultimately lead to improvement, but to relocation too. Both the squatters and the local authorities operate in a legal void. In fact, squatters can be regarded as outlaws. There is no security, no basis for claiming services. At the same time there are no official guidelines for the authorities.

18. Moreover, it is not a particularly cost-effective approach. Slums typically form on the most impossible locations slopes, low lying, swampy areas, canal banks etc.. In the process of occupation nobody takes the cost and difficulty of improving the settlement at some later stage into account. As a result, slum improvement is generally more expensive than conventional housing and involves more serious cost-recovery problems. In the case of relocation, even mentioning the issue of cost recovery is politically unacceptable. Furthermore, relocation involves considerable additional costs and hardships for the families affected.

To conclude

19. While over the past 20 years or so commercial land brokers have produced an over-supply of plots in the middle and high income market segment, low-income squatters had to divert their colonisation of residual land to more and more marginal places, e.g. the (floodable) river bed. The majority of the added low-income population, however, was absorbed in old, existing squatments. Wherever possible, squatters extended their hill settlements in an up-hill direction; squatments were stretched further along the canals, roads and railway tracks. Moreover, many squatments went through a process of densification. While the private sector did not show any inclination to serve the poor, the government did not come up with a viable alternative either. State/ national and foreign public funds were used for the physical improvement of slums and the mostly unsuccessful relocation of thousands of households. There were no initiatives to get land delivery for low-income housing out of the realm of illegality.²

3 INTERNATIONAL FAME

It was not until November 1996, that I met Dan again. By that time he had built up quite a reputation in the international development community. Anthropologists and sociologists expressed his name with respect, or veneration even. They had started using his words and many of them preached his gospel. Indeed, whether he liked it or not, he had become a development guru. I even came across some economists who seemed charmed by Dan's new teachings. Dan's dramatised amazement concerning the lack of political analysis behind most development directives in the field of land management, however, had provoked a number of annoyed reactions from mainstream economists who dismissed his ideas as 'vague and unbalanced'. Dan contented that since they were addressed at the bodies of governments without taking into account the political logic and organisation determining the orders coming from their heads, such directives are rather useless.

I must admit that I was fascinated by Dan's career as well. He was no longer a politician. He had become a visiting professor at the Delhi School of Economics and he toured the world to share his 'enlightenment' with others in lectures and discussions. His ideas were the products of a flexible mind challenged by an ever-changing perspective. During his political life, he had been confronted by the seemingly unbridgeable gap between his western democratic concept of politics and the harsh reality of money-centred patronage politics of Andhra Pradesh. This had further shaped his insights and gave them a cross-cultural profundity. I guess one of the refreshing aspects of Dan's contributions to development thinking was that he avoided using the well-tryed and rather meaningless development sector terminology which was shot-through by either the tautological truth of neo-classical economic wisdom or the virtues of 'integrated and participatory approaches' which had become a critique-proof frontage behind which the hard material components of development projects were allowed to slide down to utter failure.

This notwithstanding, I couldn't help thinking about hamburgers whenever I heard his name. Still, as a kind of homage to a distant friend, I never disclosed anything about Dan's hamburger past when I was among colleagues.

Dan had come to Amsterdam to give a lecture at Free University. He had been asked to give an account of his adventures as a local Indian politician. The whole national development sector seemed to have gathered in a small lecture hall on the twelfth floor of the big concrete university building in the south of the city. There were not enough chairs and the room temperature was tropical.

After introducing himself, Dan started giving a description of the housing situation in Vijayawada. This roughly coincided with the executive summary of his booklet given above. He appeared to be a good lecturer, adding a number of funny anecdotes to illustrate his main points. He started explaining that when he became a politician, he wanted to realise at least one concrete aim.

A simple, concrete land use plan, focusing on housing

‘I thought that the beginning of a structural solution of the main problems in urban planning and housing could be made only on a local level. In my eyes, the wholesale institutional and legal change needed for a state-wide solution was not feasible. Moreover, I was convinced that the most important things missing were practicable local housing plans.

So I proposed to design and implement a pilot project for Vijayawada which would enable the local government to make its own 5 year housing plan: a simple concrete land use plan, focusing on housing; A plan based on local needs and opportunities; taking into account public and private interests, and financial and physical-spatial constraints. For this purpose it would be allowed to take over a number of state level responsibilities; to directly control the public finance available for housing and urban development; and to use and enforce existing legislation in a flexible, creative manner. The Municipal Corporation would be put in charge of the project. It would harbour cells with senior Urban Development Authority and Revenue Department officers, dealing with town planning and land issues respectively.

As far as new low income housing initiatives are concerned, my personal priority was to get them out of the sphere of illegality: to direct low income households in search of a place to live to rudimentary serviced subdivisions on locations which allowed for relatively easy infrastructure and service provision. In this respect, one can think of forms of guided squatting on public land or on land assembled by government-guided private land brokers and registered in the names of low income households through public-private mediation. In this manner I hoped to avoid the usual problems with public land acquisition, such as disputes, court cases and price escalation.

In order to confine speculation, land price increases, leap frog development and the great underutilisation of residential land, the plan had to put an end to the unbridled, unplanned subdivision and sale of land in the middle and high income segments of the market.’

There was a reaction from some people in the audience: ‘Why would one want to hamper supply?’. Dan seemed a bit annoyed.

‘I already explained that a large share of the residential land supply over the past twenty years didn’t serve a housing purpose; that its impacts ran counter to a number of important public concerns. I mean, by 1995, the use of land in an area that was sufficiently large to house the urban population of the city in 2050 or so was already largely determined. But there was no logic!.. I mean, land had been allocated without plan: highly unbalanced and inequitable, ..or unjust, if you want. In the past, let’s say before 1975, there were still a few commercial land suppliers,

land owners - not brokers - catering for the somewhat better-off among the poor. Before independence, 1947, the colonial government had even guided low-income squatters in their occupation of plain land. Over time, in terms of quality as well as quantity, low-income land delivery has been more and more marginalised. In the city of tomorrow it will be even worse than it is at present. In fact, as I said, the structure is already sketched-out on the ground and the only thing one can do in order to reserve land for uses other than speculative investment or high and middle income housing, is to look for holes in the large conglomerates of private subdivisions, or to assemble residential plots instead of raw, agricultural land.'

Although Dan's answer didn't seem to have satisfied those who had asked the question, he went on.

'I thought it was not too late to turn the tables. In order to actually turn them I considered it necessary to establish a public-private partnership in land development within the context of a mutually agreed-upon plan stipulating which places could be developed and which not. Apart from assembly, subdivision and sale of land, developers would have to take care of basic infrastructure and service provision. This, combined with the activation of a long forgotten, but still existent vacant land tax provision should have discouraged people from leaving their plots vacant'.

Again people interrupted. This time, Dan got angry, and overreacted:

'Look!,... can you please stop this! How would you react if the planning and housing conditions in your own city took on forms similar to those in Vijayawada? Would you not try to throw out the politicians responsible for it; ask the government to take its regulatory role seriously and reinstate some seriously neglected 'supply bottlenecks' serving public purposes? Then, why would you argue differently in the case of Vijayawada? How to deal with useless politicians may not be a matter you're professionally acquainted with.... But it is a serious problem in India. It is directly related to the issue I was asked to discuss with you. So, if you would allow me.....' Dan's temper had returned to normal.

Political feasibility

'Anyway, it was just a plan. Of course there were many other things which had to be taken care of...land records, for example. The points I mentioned were just the basic starting points. At present, I have my doubts regarding some specific issues. But I still think that if it had been politically feasible to implement it, on the whole, my plan would have been a contribution to solving a number of pressing problems.

It was only after discussing my plans with a number of my political colleagues, that I seriously started thinking about political feasibility. Now and then my thoughts had briefly touched upon the issue, but my mind rigidly focused on what should be done instead of on what could be done. I kept avoiding the latter issue. I was not fully aware of that though. Moreover, The late NT Rama Rao, the seemingly unchallengeable leader of my party, was right behind me. He assured me he would support my plan on any occasion. The others didn't share his enthusiasm. They told me that my plan would hurt too many commercial and political interests. My quest for decentralisation would take away the decision making power from high level

patrons, they said. It would affect senior bureaucrats, and ministers who had gone through intense and sometimes violent political clashes and had spend a lot of money to attain their positions. It would prevent the flows of illicit payments from reaching their headquarters. Even on a local level it would lead to a total realignment of the political structure. The Chairman of the Urban Development Authority, a politician, had spend several hundreds of thousands of rupees in order to be able to establish his lucrative control over land development. He would be put almost completely out of business if my plan were be realised. Big real estate developers, basically land brokers, wouldn't like my plan either. That was obvious. In fact, I have been one of these land brokers myself. I knew they could easily disturb my plans by activating their contacts with high level politicians.. Ministers!

This may sound a bit foolish, but these considerations made me set out on a kind of crusade. I wanted to edify people: politicians.. land brokers.. slum dwellers. I wanted to convince them of the advantages of a more or less planned allocation of land. But I no longer tried to hold on to my own version of a 'housing plan'. Although it came only gradually, at some stage I saw the light: I fully understood that it didn't matter what form the plan would take, as long as it represented a planned response to concrete, roughly quantifiable problems. More important than the contents of the plan, was that it was linked to local politics...that politicians and senior public servants could be held responsible for the success or failure of the plan; that there was some kind of democratic control over plan implementation. In fact, now that I mention this democratic control issue, I realise that what I basically tried to do was to train everyone involved in the application of a modern, western concept of democracy.'

This last statement provoked an uneasy, inarticulate, mumbling in the anthropological corner of the lecture hall. A shy man in a completely Indian ensemble made a remark of which only the words 'undue ethnocentrism' could be heard. Dan smiled cordially and continued his lecture.

'This change of mind: my urge to teach them a lesson in politics, didn't come out of the blue. It was the result of my abundant exposure to electoral politics. It was not that I didn't know it was bad. But what I came across during my first months as an active politician is beyond imagination. Combining the words of Wade and Myrdal who have extensively studied Indian politics one could say that it is a power-game permeated by caste and particularism in which mediocre men band together to keep other mediocre men out of office; a game which lacks any rationale of programme or public purpose and in which the only thing that counts is money (Wade, 1985:487; Myrdal, 1968:287). For those of you who are not acquainted with Indian politics this may sound a bit harsh, but I can't think of a more appropriate brief summary.'

Complete silence.

The 1995 State election campaign

'Now you may think: 'Why didn't he turn away from this perverted world of politics' or 'Why did he want to involve politicians in plan formulation instead of attempting to exclude them?'. The answer is that politicians, or better, their particular brand of politics, is one of the most essential causes of the concrete

problems I wanted to solve. To try and solve these problems without involving politicians, would be to leave the heart of these problems untouched. Moreover, although it is relatively easy not to involve them in plan formulation - they are not interested in plans - it is impossible to prevent them from interfering in plan implementation.

Anyway, my ambitious attempts to set up a more or less western democratic system of plan formulation and implementation, coincided with the campaign for the 1995 state elections. I was standing for the Vijayawada East constituency. The city president of my party urged me to start canvassing. In fact, I had already begun: I had launched an awareness campaign among slum dwellers; explaining to them the 'true' role of politicians in a democratic system of government and how this was related to my new housing plan. Invariably, I ended up talking to people who called themselves leaders. Most of these leaders appeared to be associated with higher level leaders: councillors, members of the state legislative assembly and members of the national parliament: Leaders like myself. I learned that slum leaders acted as mediators between slum dwellers and the administrative and political apparatus. They mediate in nearly all matters involving the government: e.g. getting a license, an identity card or a ration card; dealing with the police in cases of arrest or fines; getting welfare, housing or other public scheme benefits. In addition, they arbitrate in private conflicts.

I was stunned to come across a number of leaders who contended that I was their patron. They were complete strangers to me! I soon found out that NTR was behind these machinations. I heard he regarded me as his own son. Being afraid that my inexperience in Indian local politics and my alien approach towards nursing the electorate would result in a debacle, he had ordered the city TDP president to strategically supply the usual spoils and favours to slum dwellers and their leaders on behalf of me. Indeed, spoils and favours were what they expected. They didn't understand anything of what I said about policy or plan. They knew about some specific schemes and, in this context, never failed to ask me whether I could arrange something for them. In fact, their only question about my plan was whether there was something in it for them. For the rest, the scenes that evolved in front of my eyes were similar to those I had encountered when, as a land developer, I went to slums to look for clients for my low income housing schemes. Women crawled through the dust to touch my feet. The only difference with my first slum experiences, was that I had got used to these displays combining misery with submissiveness. I had witnessed them regularly in the offices of public servants. I knew they were part of an ancient game. People were not ashamed to degrade themselves in front of an audience. It was their way of asking for their right that they mistook to be a favour, or it was simply a part of their survival strategies.

I soon came to the understanding that my plan alone would not be sufficient to gain the confidence of the slum dwellers and their leaders. I had to come up with some kind of mixture, offering both direct relief with respect to the confined demands of the slum population, and a city-wide plan to tackle these demands in a more structural manner. Even though my plan for a pilot project was rather concrete, its idiom seemed too universalistic to suit the numerous expressions of particular interests I encountered during my campaign.

Gradually I started comprehending the generally uneasy co-operation between slum dwellers, their leaders, public servants and politicians... The distrust and deceit... the 'you cheat us- we cheat you' attitude. There were a number of objective factors that made the urban poor a relatively easy prey for opportunistic political agents. By far the larger part of them were uneducated and unfamiliar with the functioning of the political and administrative system. Even within one city of barely 900,000 inhabitants, the poorer part of the electorate was highly fragmented, both ethnically and geographically; there were no bonds based on common material interests or ideology. Moreover, poverty was widespread and compelled the majority of the low-income households to live from day to day, making short run material benefits attractive.

Against this background, quite rationally, the poor were willing to accept immediate material benefit or simply the promise of assistance when they needed it, in return for their support and vote. In this respect 'vote bank' is an apt term. 'A single vote may not seem much of a possession. But to a poor man or woman with few others, a vote - deposited in a bank - can constitute a significant asset. Interest is provided to the depositor in a variety of possible forms: food, drink, loans, jobs' (Robinson: 1988:45-46).

To cut a long story short, I spent huge amounts out of my own pocket to provide these forms of interest, even before people had deposited their votes in my bank. Mostly this went together with hassling about the price I had to pay, and about whether it should be paid before or after the flag hoisting programme which generally marked the political surrender of slum communities.

During these negotiations I never left an opportunity unused to promote my project or plan. It seemed to work. Somehow my own blend of indigenous and imported politics seemed to raise enthusiasm. I was doing very well. Slum leaders who previously had been connected to the Congress Party candidate, defected to me. Public and private agents operating in the fields of planning and housing, however, started a vigorous campaign against me. Because of my growing popularity among the mass electorate, they acted largely behind the screens. I was surprised to find out that even in my own party an anti-dorra faction had emerged. In public they carefully avoided using arguments related to the source of their resistance. They claimed that a Telugu state could not be ruled by a foreigner who didn't even belong to any of the local castes. They labelled my political activities as 'neo-colonialism', aimed at establishing the rule of foreign capital.

In the meantime, my main rival, the Congress candidate who was still in office, had resorted to the unsubtle tactics to which quite a number of Indian politicians turn to in times of 'crisis'. I knew Suresh - that is his name - maintained a gang which indulged in extortion from local shop owners and which actively supplied marginal plots on hill slopes and canal banks against payment. There even were a host of political murders that were commonly ascribed to some of the main gang members. Suresh himself had been an arrack (cheap liquor) dealer before. He had de facto expropriated one of the public stone quarries in his constituency. For years he had been the chairman of the urban development authority. As the political head of the organisation he was said to have earned millions of rupees. His political rule over the constituency had not really been challenged for a decade or so. Even the municipal commissioner, a senior bureaucrat of the national, elite administrative

service, was overruled and transferred when he tried to counteract Suresh's manoeuvring with respect to the relocation of slum dwellers.

I was just one of his many victims. It all started when one of 'my' slum leaders who had been on his side before was attacked. Two of his fingers were cut-off and he had to be treated in hospital for a serious head injury. I lost his support. But I went on. Even the murder of one of my most loyal slum brokers didn't stop me from pursuing my political ambitions. To the contrary, I was more determined than ever to stop the 'democratically' established terror of Suresh and his gang. For me, my political career and my pilot project became primarily an instrument of political change.

It was not Suresh who finally defeated me. It was my own party. The anti-dorra faction, had linked-up with the faction of NTR's son-in-law who had started openly opposing NTR's claim on the position of chief minister. It became clear that NTR had lost ground, and large groups of TDP politicians flocked around the newly emerging power-base. I had already drowned in the tidal wave of factional politics, when Suresh defected to the TDP. The anti-dorra faction welcomed him warmly. NTR's position had become pretty hopeless. There was not much he could do to prevent Suresh from taking my place. Of course, I could have joined another party. But I knew Suresh's political instinct that had always guided him to the sources of patronage power, would not deceive him during the 1995 elections. After the elections, he became one of the forty ministers of the cabinet. Ironically he was put in charge of the department of social and political education.'

Politics and policy

The audience had enjoyed Dan's story. The latter part of it, however, had clearly raised some disbelief. The manner in which Dan handled the situation showed that he had been prepared for this:

'Many of you may think that I got lost in rather exceptional situations. I can assure you that this is not the case. All the things I described are fairly common. Political murders don't happen everyday. But they are not extraordinary events. They are not confined to Vijayawada. They occur all over India. The same holds true for many other forms of political terrorism: assaults, jailing people without a proper, valid reason, or locking them up in mental hospitals, extortion. Although these ingredients make a nice story and deserve attention in themselves, I hope my descriptions of such 'picturesque' events are not the only things you will remember. I hope that, although I didn't always explicitly relate the problematic land and housing situation in Vijayawada to the state of affairs in local politics, it is clear that these two matters are connected. I suppose you understand that underlying the political violence, the extreme forms of political contest, there is nothing but a naked urge for power and money. There is no higher purpose. The worrying point is that politicians get away with what they do. This implies that their role in society is fundamentally different from what we expect from politicians in our own countries. In a way they act like feudal landlords who rigorously exploit their control over scarce resources.'

No response.

'Only after I seriously started reading about politics in Andhra Pradesh, did I understand, that the transformation from a more or less feudal power structure to a democratic form of government had been not as absolute as many people suggest. Indeed, in many respects, the political stratagems I had witnessed on the occasion of the 1995 state elections, seemed part of an older world, structured according to an ancient socio-economic organisation based on caste, karma and dharma in which those in control of scarce resources held a culturally sanctioned exploitative, or parasitic position. In feudal times the agents in control were the big land owners. In a sense, the wealth of these land lords was based on the absolute and cringing poverty in the midst of which they lived. They were not related to the poor by kinship and their ties with them emphasised social inequality and strengthened economic disparity. They ruled their villages by custom and consent.

The fact that the present organisation of state politics, in particular the role of politicians vis-à-vis the mass electorate, strongly resembles the role of the old rural landlords in their villages, is not just accidental. Indeed, very soon after independence, state politics was completely controlled and shaped by representatives of the dominant land holding castes. In my opinion, their personification of a modern politician, which later on was reproduced by politicians from other ethnic and socio-economic groups, can be largely regarded as an extension of their dual exploitative and 'philanthropic' role in the old village order. It was, and still is, supported by the same cultural and religious notions and more or less accepted by the mass electorate.⁶

Dan briefly paused. He seemed to have lost his way.

'I guess, in Holland, politicians actively participate in the formulation of concrete plans and bear political responsibility for the success or failure of these plans. This may be 'normal' in western Europe, but if this became common practice in India, it would be locally regarded as a political revolution. In India politicians are specialised in selling their mediating services to people or groups of people who either want to evade public regulations, policies, schemes and laws, or who want to benefit from them. By and large, they are not interested in formulating coherent policies or plans that should tackle a problem in a systematic manner. And the majority of the people who vote for them do not expect them to do so.

The problem with many analyses concerning land and housing problems in India and other Third World countries, accusing governments of having dealt with a number of issues inadequately, is that they implicitly seem to assume that governments have been misled by either a wrong conceptualisation of problems, or have, by mistake, inadequately translated the outcome of problem analyses into action, or both. If one doesn't take the political rationality that to a large extent determines this conceptualisation, translation and implementation process into account, they may seem right. If one does, they are probably wrong.

Political rationality or feasibility plays a role in policy formulation and implementation in the US, in Western Europe and in India. What is politically

⁶For an elaboration on these issues see Baken, 1996.

rational or feasible in the US and Western Europe, however, may be totally irrational and unfeasible in India. India is not just a different country, but a different world in which the game of politics is played according to fundamentally different rules, according to a different logic and along the lines of different forms of organisation. For these reasons it makes sense to include politics in the analysis of development issues, particularly if the very nature of these issues implies a necessarily strong government involvement.

The account I gave you describes my personal discovery of a general and total lack of political will to make a change. A lack of political will should not lead to the conclusion that you might as well do nothing, or start preaching the revolution. Neither should it lead to avoiding politics. Most of you are involved in development projects, or development-related research. You may be a director of a slum improvement project, an irrigation scheme, an urban infrastructure programme. You may be a consultant prescribing an economic, town planning or a low-income housing strategy. If you work in a country with a political system similar to the one I sketched before, I guess you've found out yourselves that if you don't deal with local politics, it will uninvitedly and disrespectfully deal with your project and negatively affect its course.

I found out that, as a relatively insignificant politician you can't make a change. You can't play the game and simultaneously change its rules. As an outsider, controlling significant flows of finance, however, you may be able to organise things in such a manner that political agents are more or less forced and guided into playing different roles than they are used to. They could learn that successful policy, plan, or scheme implementation can be politically beneficial. I'm not saying it's easy. You see, I don't expect development experts to launch a campaign for wholesale political change. But, I hope, they will at least try to contribute to the establishment of a more policy oriented form of politics.

Dan looked as if he was already convinced that his hope was in vain.

Conclusions: enabling the land and housing market?

'Now, to conclude I want to briefly return to the subject I started with: land and housing. I want to relate it to the centrality of market efficiency in development thinking. At present, there are quite a number of experts whose solution for pressing development problems can be roughly summarised as 'enabling the market'. The basic idea behind this solution is that in a competitive market scarce resources are automatically put to their optimal use. While this idea is questionable in itself, it seems clear that enabling the markets for 'ordinary' consumer goods, say hamburgers, is incomparable with enabling the market for urban space and housing. Enabling the market for hamburgers can be largely equated with enhancing market efficiency. Market competition is thought to ultimately serve the interest of the consumers, the community at large. This doesn't mean that the market for hamburgers should not be regulated at all. In Holland, for example, there are regulations that are designed to protect consumers from eating rubbish instead of fresh hamburgers. By and large however, these regulations do not stand in the way of market efficiency.

By contrast, in the production and allocation of urban space and housing, market efficiency is explicitly subjugated to a grander scheme: a public plan. In other words, market efficiency is not a primary goal in itself. I don't think there are many people who believe that a free competitive market will produce a desirable allocation of urban space over various uses. Enabling the market then means enabling the market to contribute to a politically determined, optimal or desirable allocation and use of urban space. Market efficiency may be one of the many public concerns that play a role in making laws, plans and policies concerning urban land and housing. It is not more than that. It may be sacrificed for the sake of justice, environmental concerns, a more efficient flow of traffic, the creation of a park etc.. Indeed, it is willingly forfeited for things which are thought to be more desirable, or politically more attractive. At least, this is what the situation is like in most western countries.

The market cannot and will not produce a balanced allocation of urban space which fulfils the needs and interests of the community at large, without an efficiently and effectively handled public care-taker role. Now one may argue that the care-taker role should be a market enabling one. You may not immediately see it, but this is a rather strange suggestion. Why does a government intervene in the market in the first place? Why does it fix standards, make land use plans, provide subsidies and take an active part in the production and allocation of land and housing? Because, for good reasons, it thinks that the private sector does not take care of the public concerns safeguarded by these public interventions. Indeed, by and large, the public role in urban land and housing matters is a market confining one. Then, what does one mean if one argues that the government should enable the market? The best I can make of it is that it should not unnecessarily hamper market efficiency. But, what is unnecessarily?

The more sensible among the market efficiency proponents, such as the World Bank, argue that the object of their contributions to development thinking and practice is not to produce perfectly efficient markets, but to improve their operations⁷. Still, the perfectly efficient market remains at the centre of the normative theoretical framework through which they look at reality. Partly as a result of this, they rather narrowly focus on private sector costs of government interventions and the partly hypothetical implications of these costs in terms of demand, supply and prices, without being able to adequately deal with the potential 'non-market' benefits of such interventions for the community at large or for particular groups within this community. Their pre-set solutions are in conformity with their limited definition of the problem: enhancing market efficiency by 'getting the incentives right'; by removing regulatory 'roadblocks' to private sector developments.

Now, don't get me wrong! I do believe in the existence of such roadblocks. But I think that some of these roadblocks serve a commonly accepted 'higher' purpose. Moreover, I know that, in practice, private entrepreneurs do not necessarily take the blocked roads. Most of them follow alternative routes that are not or only partly blocked. Finally, I try to understand why these roadblocks, particularly the

⁷ Jones, 1996:247

obviously unnecessary ones, exist; why they haven't been removed. In fact, these widely circumvented roadblocks are part of the much wider problem of persistent, rather serious policy failure. This does not only affect the private sector. It directly concerns the urban community at large, in particular, the low income segment of the population. Vijayawada is a good case in point.

Market efficiency proponents do not offer a positive explanation for this policy failure. Their theoretical framework only allows for a normative analysis of government functioning. Since, in a way, they jump to standard conclusions or solutions, even before the problem is analysed, it may be hard for them to understand that as far as the allocation of urban space and housing is concerned, the laws, policies and schemes designed by the local politicians and bureaucrats they are supposed to advise are not entirely based on their neo-classical economic model centred around market efficiency. Now one may think that this is wrong, but it is a fact... Maybe it's a fact, which can be ignored because it's wrong.

Anyway, in many developing countries the laws and policies in the field of land and housing are not consistent with urban practice. It all started when colonial governments left behind pieces of legislation which were not in keeping with local practices. The first post-independence governments were often so eager to modernise, that they refused to see that they lived in a largely traditional society in which both local customs and poverty formed serious obstacles to attaining the modern standards they prescribed. Then there were a lot of problems in politics and administration. For a number of reasons, which I will not discuss here, local politicians and public servants started exploiting their public positions. They largely neglected their legislative role. There was no political feedback... no correction. Defunct laws, plans and public organisations continued to exist. New laws, policies, schemes, regulations were implemented without replacing the old ones. This resulted in even more inconsistencies. Notwithstanding the gap between law and urban practice, people needed a roof over their head. Hence, it was only natural that the law was widely evaded. Instead of bridging the gap between law and practice, politicians specialised in helping people to evade or manipulate the law.

In a nutshell, this is the complex of causes of the wider problem of chronic policy failure of which the 'roadblocks' to private sector development form only a minor part. As I see it, proposals to remove these roadblocks and enhance market efficiency won't help in solving this problem. Even if they were successfully implemented, a host of other pressing issues would be left untouched. .. Unless, of course, one believes that somehow all land and housing related problems will be solved once the government has got the private sector incentives right.

Given the simplified historical context I sketched out, it is more likely that proposals to enhance market efficiency will fall victim to the political forces perpetuating the failure of policies. Probably, they would lead to unintended results. The local political and administrative meaning of a market enabling role may not coincide with the meaning the market enabling proponents attach to it. Also, it is not easy to blend the norms and ideas underlying such a role with the often complex aggregate of norms and ways of doing things that emerged from old indigenous, and imported, colonial, post-colonial and previous foreign expert traditions. Finally, one can't expect politicians and public servants not to interfere

in the enforcement of the improved, enabling rules. Also, one can't prevent them from coming up with new regulations that are inconsistent with these rules.

Are you still with me?'

Dan laughed

It may all be a bit abstract. But against the background of the case of Vijayawada, it may still be clear to what kind of practical matters I refer. Speaking of Vijayawada and market efficiency, I have to tell you an anecdote.

There was this student exchange programme between the Delhi School of economics and the Free University of Amsterdam which I happened to be involved in. In fact, I volunteered to support the Amsterdam student in his research on the costs of public intervention in the land and housing market of Vijayawada. Of course, the choice of Vijayawada was not entirely incidental. His Indian exchange counterpart had a similar assignment. He was stationed here, in Amsterdam. At the end they were supposed to write a joint, comparative report.

After the Dutch student had settled in Vijayawada I hardly ever saw him. He was a rather stubborn young man...pretty sure of himself. He was in a victorious mood when, after two months, he came up with his draft report. His conclusion boiled down to the following argument: public interventions, in particular the Urban Land Ceiling Act and related legislation entail substantial costs and delays, making private land development problematic and rather unattractive. Over time, this has led to supply lagging behind demand. Ultimately this resulted in tremendous increases in land prices. When I presented some crucial facts which didn't fit into his mindset, he resisted... Initially! Later on he seems to have changed his mind. In the end he wrote a report entitled 'Massive Supply thanks to Market Efficiency: the benefits of pragmatic flexibility in enforcing land and housing regulations in Vijayawada City'. He contended that the Vijayawada land and housing market was the most efficient he ever saw and argued for a formalisation of the de facto situation.

According to my colleagues in Amsterdam, the Indian student was a prototype of what many Indians would call an arrogant Brahmin, aspiring to a job at a leading public housing finance organisation in Delhi. His ideas and attitude roughly matched those of my Dutchman. Before he started his research he was repeatedly told that government interventions are not designed to enable the market or the private sector per se... and that Holland with its strong public role in the allocation and development of land is a good case in point. Still, in a lecture he gave for Dutch planners and land specialists he stuck to his one-dimensional approach. He asserted that Dutch government interventions imply fantastic costs, raise and distort prices, and prevent a smooth interplay of supply and demand. They laughed at him. An experienced, senior planner came up with a host of benefits of the Dutch system. He admitted that it was not ideal but that the benefits for the community at large by far outweighed its costs. He even seems to have said that promoting market efficiency in itself could be harmful, and politically unfeasible. Our Indian friend didn't have much of an answer. Judging by the end report he wrote with his Dutch counterpart, the confrontation with the planners had hardly any impact on his ideas. The title is telling. It is something like: "Vijayawada and

Amsterdam, a comparative study on land and housing market efficiency: Government complaisance and successful private sector response versus government control, inflexibility and inefficiency”.

Conclusions: Western fundamentalism

Dan had concluded his lecture. He asked whether there were any questions. Peter Nientied, a staff member of the Institute of Housing and Urban Development Studies, Rotterdam, raised his voice.

‘I want to ask a rather fundamental question. See, you told us that during your election campaign you were led by the urge “to teach them a lesson in politics”. Somebody here reacted by labelling such behaviour ‘undue ethnocentrism’. You ignored him. But maybe he is right. The question is whether your perception of the problems in land allocation and low-income housing and local politics is shared by the population of Vijayawada. The great majority may not see a problem where you see one. And, if they do see your problem they may define it differently. What makes you think you’re right?

Now, at least, you seem to be aware of the cultural border which separates your world from theirs. Moreover, you only tried to convince them.. I guess, that is only natural.. In brief, I think your ethnocentrism was pretty harmless; tempered by an understanding of local conditions and a blending of western and indigenous ingredients in your thoughts and actions.

But what about our own western government representatives, our large development and donor organisations whose political and financial support can really make a change? They seem to rigorously promote our model of market production and parliamentary democracy. On many occasions they show no concern with local conditions, age-old social structures and customs, and insist on a strict adherence to our political and economic - neo-classical - insights. I personally think that this is a form of fundamentalism... Call it ‘Western fundamentalism’.

Dan looked a bit puzzled. He hesitated.

‘It is indeed a rather fundamental problem. I don’t know where to begin. It is a rather complex matter.... As regards the first part of your question, the part concerning my own ‘ethnocentrism’ as you wish to call it, I can be brief. I do admit that the most important and explicit aim of my Vijayawada venture - to structurally improve the legal housing status and living conditions of the poor - was not shared by the bulk of the population. As I told you, even the poor themselves didn’t fully understand my structural approach. Yet, many of the problems at ground level are locally experienced as real by substantial parts of the population: poverty, inadequate services -particularly water supply, high land prices, patronage politics, corruption, and deficient town planning. The attitude towards these problems is mostly ambiguous. ‘It is not good that they are there, but one can’t do much to alleviate them’. In fact, one is often engaged in activities which perpetuate these problems. Partly, this ambiguity is the result of the all encompassing authority vacuum in Indian society. I will illustrate this point with a simple example concerning Indian traffic, the organisation of which roughly reflects some crucial aspects of the organisation of Indian society at large.

While the organisation of society is laid down in a contract between man and man, a constitution, to be enforced by the government, the organisation of traffic basically concerns a complex of traffic rules to be enforced by the traffic police. Speaking of the Indian traffic, however, you run a great risk if you stick to these rules and start from the idea that others do the same. Even police constables don't seem to understand the basic meaning of the rules. Most of them do not even know them. Still they are able, or even expected to exploit their discretionary power in enforcing the rules for their personal benefit. The result is an authority vacuum: Indian traffic is a fight of all against all in which the big - the drivers of buses and trucks - take more than they are rightfully entitled to at the cost of the safety of the small - the cyclists and pedestrians.

The authority vacuum, or crisis, in Indian society at large takes a similar form. People cannot rely on and don't believe in the neutrality and integrity of the government. They don't have faith in public justice. If the government doesn't live up to the rules, and on many occasions expects them to co-operate in law breaking practices, then why should they attempt to be righteous and thereby thwart their own chances of progress? There are other factors which prevent the majority of the people from looking beyond their own personal business and more or less force them into a pragmatic 'take what you can get' attitude. Right now, I can think of poverty and the ethnic and social heterogeneity imposed on the population by the caste system.

I'm pretty sure that most of the inhabitants of Vijayawada would agree with my simplified analysis of their equivocal attitude towards the common good. This partly explains their feelings towards 'my' problems. Of course, this explanation doesn't give me the right to force any of my plans upon them. But, as you correctly pointed out, that wasn't my intention

Now, 'your' western fundamentalism is something entirely different. I mean, I still may have some ideals, but I'm not a fundamentalist. Speaking of this western fundamentalism, the matter that immediately enters my mind is closely related to the issue of market efficiency and the allocation of urban space which I discussed before. Indeed, it is a clear case of market fundamentalism.

On the behest of leading international donor organisations, India presently follows a general economic policy of "opening up and enabling the market". Apart from asking the question of whether such far-reaching interference in local political affairs is warranted, it seems in place to point to the shortcomings and potential dangers of this new policy.

As my Dutch student's analysis of the allocation of urban space in Vijayawada shows, Indian politicians and public servants are extremely good at enabling the private sector. They're so good at it, that they put private sector interests (including those of their own) above those of the urban community at large. They're pretty bad at carrying out essential public tasks. If this doesn't change - without a change in the form of politics it won't - I don't see how market enabling approaches can be prevented from becoming a modern equivalent of trickling down strategies. My good friend Sharma, the ex-mayor of Vijayawada always came up with the same remark whenever we talked about these issues. It is a bit simplistic, but there is some truth in it.

"Who has benefited more from the enabling public role vis-à-vis the Vijayawada land and housing market - the rich, the poor, or the urban community as a whole? Why wouldn't it be the same for Indian, market enabling, economic policy at large?"

As far as I'm concerned, this proposition would be a good starting point for a discussion'.

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Paper No. 4

DORRA McDONNELL'S GOLDEN RESORTS

Hamburgers, Houses and Politics in Vijayawada, Andhra Pradesh

A reply to Stephen Malpezzi

Robert-Jan Baken



**Institute for Housing and Urban Development Studies
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DORRA McDONNELL'S GOLDEN RESORTS

Hamburgers, Houses and Politics in Vijayawada, Andhra Pradesh

In the early 1990s, Jan van der Linden and I wrote a critique on World Bank thinking as regards low income housing in Third World cities. It was published in the *Third World Planning Review* (1993). In a personal commentary in the same journal, Stephen Malpezzi, a leading World Bank consultant, gave his critical comments on our article (1994). Later on Gareth Jones's rejoinder added yet another dimension to the debate (1996). I didn't intend to write a direct response to Stephen Malpezzi's commentary, not even on the occasion of this publication¹. There was a quotation of the words of Alain Bertaud in his article, however, that made me set out to write a story, a mix of fiction and non-fiction. This quotation was meant to underscore the argument that, if only regulatory frameworks did not 'tilt profitability away from the bottom of the market' private developers would naturally start building houses for the poor since they constitute 'the bulk of the market' (1994:459).

"Who makes more money in the restaurant business - McDONALD'S, or -----?"
(fill in the blank with the name of any high-priced restaurant.) "Why isn't it the same for housing?" (ibid)

The framework of the story, describing the whereabouts of a rather naive, but strangely intelligent and flexible-minded Dutchman who became one of the leading land brokers in a South Indian city, subsequently turned to politics, and finally became an international development guru, is fiction. The story is intended to be satirical and to add some local colour, and metaphorical quality to the article. My conversations with the main character as well as the excerpts from his writings evolve around 'facts', data collected during my fieldwork in Vijayawada² (1992-1997). The last part of this article is largely made up of fairly common practices

¹ This paper is dedicated to Jan van der Linden, Originally, it was one of the contributions compiled in an edited volume which was to be published on the occasion of his attainment of the position of Professor at Free University, Amsterdam. Unfortunately, serious health problems withheld him from enjoying his much deserved promotion. The volume was not published.

²Vijayawada is a trading town situated in the delta of the Krishna River, in Krishna District, Andhra Pradesh. Over the past two decades its population has more than doubled. At present, the city has some 900,000 inhabitants.

analogies. They are not meant to ridicule people or ideas, but to show that some of these ideas are misplaced. In this respect I largely agree with Dan. I have to admit though, that if he hadn't been there, I probably would have expressed myself more carefully.

1 HAMBURGERS AND HOUSES

In 1992 I was in Vijayawada. It was an evening in June. The monsoon had just started and, although it wasn't raining, the air was full of moisture. There was a meeting of one of the local Rotary club circles in a garden compound situated on the banks of one of the irrigation canals cutting through the city. When I arrived, the members, all males, had just finished their South Indian meals. While their women and children still sat at the dining tables, the men had gathered behind a curtain, a provisional wall which was meant to prevent the outside world from seeing that the most respectable men of the city indulged in drinking beer and whisky.

Dan could hardly be overlooked: a huge white man in some sort of tennis outfit. He seemed to be in fierce debate with Sharma, the ex-mayor. He was sweating heavily, using his arms to underline his arguments.

- Clearly, you can change your food habits, now can't you? It is a scientifically proven fact that without a healthy daily portion of meat, people develop all kinds of diseases. Do I look weak? My God, I even survived the Vijayawada summer! And I feel better than ever. Why? ...Animal proteins!

Sharma smiled politely.

- Dear Mr McDonnell, I really think you've missed my point. We've been vegetarians for ages. It is true that some middle class families have recently started eating mutton on Sundays, but, as I told you last year, you won't be able to persuade them to eat beef and hamburgers.
- But.. the poor..
- The poor ?! Yes, that's a different matter. These low caste fellows do eat beef. But as you've found out yourself they like their Andhra-style curries. They want to chew the bones. They've never had something like a Big Mac before. Moreover, they don't pay thirty rupees for a Mac if they can get a full meal for ten.

Dan looked worn out, defeated.

- All right, all right.. I've already resigned.. What do you think of the burger distribution. Your MP was delighted and I..

- No, no... It'll be a financially independent commercial venture. In fact, I'm sure it will soon make me one of the richest entrepreneurs in town.

I tried to talk him out of it, but he wouldn't listen.

Houses: 'it's all a matter of neutralising supply bottlenecks'

The next morning he came to my hotel room. He apologised for his 'bad behaviour'. We talked over a cup of sweet south Indian coffee.

- Look,... the plan I told you about yesterday may seem unrealistic, but I know what I'm talking about. I remember you saying something about the limited purchasing power of the poor and about high land prices. That's okay... I mean, it makes sense... but, you see, it takes more than a semester of economics to be good at housing market analysis... I've had the privilege of studying at the Dallas School of Advanced Real Estate Studies. There I developed my passion for burgers. During my studies I started working for one of these Burger King restaurants. In the end that kept me from pursuing a career in real estate. I guess this is the right time to return to the job I was trained in.
- That's fine Dan... Don't get me wrong, but it all sounds a bit naive. We're not in Dallas, Texas or in Rotterdam. This is India! You must have noticed some differences over the past year. What you've learnt during your studies may be helpful... At the same time it may cloud your understanding of what is going on here...
- I know perfectly well what is going on. It's this incompetent, corrupted government, poking its big nose into all matters of life, frustrating all private initiatives. Talk to a builder, he'll tell you about all these silly rules and procedures which drive up prices. Supply bottlenecks! Believe me, it's all a matter of neutralising supply bottlenecks... and I think I'm capable of doing that.

He started talking slowly, carefully looking at me to be sure I wouldn't miss the point.

- I'll create my own free-market zone here. As you said, this is India... Things can be informally arranged. You may have noticed that I have my contacts. Well,... I may not be totally freed of formal obligations, but, at least they can be bent into fairly harmless obstacles.
- You're not the only one Dan. It's common...
- With my financial reserves I can make a change, boost supply to unprecedented levels. Prices will decline. They must... Unavoidable.
- You seem to think that there is a shortage of residential land. But if you look at it strictly in terms of numbers, there is an oversupply... That is, if you balance supply against housing need.

I felt tired. It was getting hot and I had a lot of work to do. When Dan had left, I roughly calculated what his houses would cost him: at least some 100,000 rupees (excluding illicit payments). According to his own statements his target group would have a household income of 9,600 to 18,000 rupees per year of which they could spend only a limited share on housing. Maybe the obvious affordability problems implied by these figures were only minor obstacles compared with the other issues Dan had to resolve. He had to find suitable sites, go through the paper work, activate his network to avoid administrative impediments, make sure that his contractor wouldn't deceive him, and last but not least, he had to think of a means of selecting his clients.

2 'DORRA McDONNELL JOINS TDP'

It was Christmas eve, 1994. I had just arrived in the city after a long railway journey from Delhi. The weather was beautiful and it felt good to be back. In the hotel I took a shower and put on a lungi. From my balcony I watched the traffic, the hundreds of cycle rickshaws, auto rickshaws and scooters which tried to find their way through the clutter. When my eyes moved upwards, I noticed that a new office had opened across the road. It looked bright and shiny, with marble steps, lots of 'golden' ornaments and dark windowpanes. I was stunned when I finally managed to decipher the Telugu lettering on the neon board. 'DORRA McDONNELL'S GOLDEN RESORTS' it said.

I had been in Vijayawada a number of times after I had met Dan, but since nobody seemed to know whether he was still around, I thought he had gone home. I suppose, I asked the wrong people. Obviously the 'dorra'-thing was new to me. I had been addressed as 'dorra' in Andhra on some occasions myself. Since 'dorra' seemed to refer to the colour of my skin and simultaneously expressed a sense of deference on the part of the user of the term, I found it quite embarrassing. 'White Master' would probably be too strong a translation, but it has a similar meaning. Still, I remember thinking that 'Dorra McDonnell' sounded nice. At the same time, it was somehow clear to me that the 'Golden Resorts' were not the low-income colonies Dan had intended to build.

The room boy brought me my Andhra meal and a local edition of the Indian Express. After finishing my meal, I had a look at the paper. On the local page, I found an interesting article. It immediately attracted my attention because of the photograph that was printed above it. I saw NT Rama Rao, the ex-Chief Minister and leader of the regional Telugu Desam Party shaking hands with Dan McDonnell. Dan looked like a typical Indian politician. He wore an apparently new dhoti and a kurta. His hair was oiled. For the occasion he was hung with a string of flowers.

'DORRA McDONNELL JOINS TDP'

Today Mr. Daniel McDonnell, a native Dutchman who is locally known as Burger Dorra, has joined the TDP. For this occasion a special function was organised in Hotel Ilapuram. He was welcomed to the party by its president NT Rama Rao. In his speech NT Rama Rao stated that he was delighted to finally meet the man he had heard of so much. 'The man who had built up such a good reputation among the poor through his well known burger donations, has finally come home'. NTR revealed that in the coming state elections, Mr. McDonnell would be the sole party candidate to contest the Vijayawada East seat. He added that, if the TDP were to

- Okay, Okay.. you may disagree, but this is something I have to do. You see, I have always thought it was wrong of the government to try to control everything. I still do. But, I found out that government controls in urban planning and land development only exist on paper. In practice, the allocation of land seems to lack any rationale.
- So, you seem to have changed your mind. I wonder, did you actually implement any of your low-income housing schemes..
- I did...well, more or less..I tried.

He sighed.

- The problem with these low-income families is that they are goddamn poor. Take my gardener, he makes only 600 rupees per month. One of his children collects and cleans empty bottles and earns another 150 rupees. If I weren't there to support his family in times of crisis they would probably starve. He drinks regularly. He's often ill, but he refuses to go to the government hospital. He says they have treated him badly in the past. So he goes to see a private doctor. I pay for it... no problem.
- Where does he live?
- Aah... in a nearby slum on the banks of Bandar Canal. Dreadful place.... small hut... mosquitoes... no water... You know. Well, anyway, how can people like my gardener ever afford a regularly supplied house. He can barely pay the rent of his hut... 100 rupees a month!
- So... Your scheme...
- Yes, all right... Of course, I knew people were poor etc... But, I guess that only through these individual cases you start seeing what it means to be poor... In many respects my gardener is privileged. He has a regular income, he gets some clothes and food and I'm always there to protect him. There are many who can't turn to someone like me in times of crisis.. They live from day to day. Accidents, illness, dowry, debts can be real disasters. They can't cope with it.
- I know. I've met quite a number of such people during my fieldwork. But.. how did you deal with it?
- What do you mean? 'Deal with it'?... Aah, yes... the scheme. I appraised the situation before I actually started. I reached two conclusions. One: families with an income of less than 1500 rupees per month are hopeless cases. I decided to cater for the somewhat better-off among the poor. Two: to make my products affordable I had to select a site beyond the municipal limits.

Dan had sensed my disbelief.

- Yes, you're right. Now I know it doesn't work.. Trial and error... I found a site and started negotiating with the land owners. I followed the well-tried local method of land brokerage and entered into sale agreements. My clients would

- I simply relied on my business experience and made one subdivision after the other. I followed the example of the big real estate organisations and started working with commission agents. Hundreds of them. I offered an instalment facility as well. Sold thousands of plots..to anybody..People from villages, businessmen, and government employees. Some bought ten, twenty plots. None of them has been occupied so far. Like my colleagues I started supporting the governing party.. Mutual dependency.. You see, I became totally obsessed with making money. I suppose this shared starting point formed the basis of my contacts with politicians. You can also see it as some sort of problem prevention. Strictly speaking, hardly any of the subdivisions in this town were developed according to the rules. It mostly doesn't lead to problems, but if you operate on a scale like I did, you run a lot of risks.
- But now you seem to condemn your past activities.
- Condemn?!.. You can't blame entrepreneurs for their urge to make money. Without it the market mechanism wouldn't work. It would be wrong of them not to follow their instincts. But these instincts have to be channelled.

Dan's face expressed a hopeless anger.

- For God's sake Robert, we're not talking about hamburgers, but about urban space. You can't just leave its allocation to a hotch potch of uncoordinated opportunistic political and profit seeking forces.. That reminds me.. You must read my booklet. I've recently written it to order my ideas and prepare myself for the coming policy debates. Wait I'll get it.

Considering that Dan's booklet was printed by one of the city's oldest workshops, it looked rather glossy. The author himself, sitting in the midst of a great number of brightly painted wooden toy houses, smiled at me from the cover. The title wasn't very original: 'An analysis of urban land and housing problems in Vijayawada, Andhra Pradesh'. Dan told me he had contemplated more witty ones. He particularly liked the sound of 'Huts, Houses and Hooligans'. But he dropped it because he didn't succeed in linking it to the contents of his writings.

That evening, I read it. I finished it in one hour. It was very good. In the introduction Dan explained that 'his study' was based on his own experience as a land broker and a number of primary data he had collected. I was surprised: Dan had conducted his own research. To a large extent, his findings matched those of my own. Below I will give an uncut version of the analytical part of his 'Executive Summary' which, after having briefly touched upon the issue of low-income housing, focuses on land delivery and price movement in the regular, middle and high income segment of the local land and housing market in which Dan himself had been a quite active participant.

services, the majority of their layouts are approved. Compared to the profits generated, the costs, i.e. illicit payments, for the smoothing of procedures and the relaxation of rules are only nominal. The land broker system prevailing in Vijayawada and most other Indian cities, which financially relies on the inputs of clients, can only thrive if expediency is somehow ensured. Its tremendous output over the past 20 years or so is the best evidence for the relative insignificance of regulatory obstacles.

- 6.2. Fieldwork data revealed that even more serious legal obstacles didn't have a decisively negative impact on the quantity of land delivered. Notwithstanding the introduction of the Urban Land Ceiling Act⁵ (1976), the ban on the registration of all peripheral land under agricultural use (1983), and the limitation on land ownership of fake or real co-operative house building societies (1983), which, in theory should have completely lamed the private land development sector, commercial land delivery had increased unabatedly.

The developments in Vijayawada contradict the commonly held conviction that the land ceiling had effectively frustrated or even blocked all private land and housing initiatives. By and large, the introduction of the act had the opposite effect. It induced land owners to somehow get rid of their land. This is not surprising. Land owners were confronted with a government trying to confiscate their 'excess land' against a nominal compensation. This proved hardly enforceable because of the non-fulfilment of rather basic preconditions, such as adequate land records. Moreover, the act provided a number of escape routes and was implemented in an environment that traditionally condones 'unauthorised' land subdivisions. Even if land owners had never thought about selling their land before, the mere announcement of such an act was enough to make them subdivide and market their land. In retrospect, this reasoning seems a plausible explanation for the increase in private land supply after the enforcement of the act.

- 6.3. Most land brokers involved in the transformation of agricultural land into residential sites do not provide basic services. They roughly level the ground and provide a connection to the main road network as well as an internal road structure consisting of gravel or dirt roads. Water is provided by the settlers themselves through individual or shared hand and motor pumps. On request, the electricity network is extended quite expediently by the Electricity Board (after payment of the costs of extension, individual connection charges and the unavoidable 'gifts'). This servicing 'system'

⁵ Basically, the act put a ceiling to the private ownership of land in the city and its surrounding areas (1500 square metres) and allowed the government to take over the 'excess' or ceiling land against a nominal payment (well below the market value). The government was meant to develop excess land for low income housing or public use and thereby promote a more equitable use of urban land and curb speculation and black money transactions. The act failed to fulfil its aims completely. In Andhra Pradesh, it was considerably relaxed in the end of 1988.

of high future returns on investment in land, a rise in demand, and, consequently, to increasing land prices.

9.1. A number of fieldwork findings clearly point to the importance of speculative investment motives in the buying and selling of land. To begin with, the fact that some 18 years after the subdivision and sale of land in the urban periphery of 1975, 40% of the plots were still vacant, shows that in all probability a large share of the original plot owners were not mainly motivated by a desire to construct and own a house. During a brief ground-level enquiry in two commercial subdivisions in the eastern periphery it was found that 75% of the occupied plots had changed hands at least once after the original sale. A tentative enquiry about the real property ownership of absentee plot owners revealed that less than one third of these owners did not own additional real property. 23% was said to own more than 5 plots. Finally, representatives of the major local real estate organisations were unanimous in their estimates concerning the share of speculative investors among their clients: '75% or more'.

9.2. There are a number of factors that have been instrumental in the emerging importance of speculative investment in land:

- (a) the rapid growth of the urban population.
- (b) the traditional inclination of people to invest in land and the absence of equally attractive avenues for speculative investment.
- (c) the relative growth of the urban middle and upper classes.
- (d) the emergence of a rather aggressive 'modern' business class that doesn't have a specific professional commitment and tends to step into any sector which allows quick and easy gain.
- (e) the increasing flows of unaccounted money which needed laundering.
- (f) the organisation of land delivery and settlement development:
 - The clear separation between land and housing supply without which speculative investment would most probably have taken a different, more limited form.
 - The initially rather undeveloped state of subdivisions and the limited availability of formal housing finance, preventing plot owners from settling immediately after buying their plot.
 - The common phenomenon of incremental settlement development that in itself has an increasing effect on land prices.
- (g) the buoyancy of the market, the comparatively low risks, and the high marketability of real property.

10. Some of the problems with the unbridled private land development which has dominated the land market for the past 20 years are mentioned by the Urban Development Authority: extreme forms of leap frog development, poor infrastructure, legal complications, non-registration of plots and high rates of

14. There are at least three things that the private sector cannot accomplish:

- (a) a legal and administrative framework that takes care of the protection, recording and transfer of property rights.
- (b) a harmonious order or pattern in the use of urban land, which serves the 'communal needs and interests' of the urban population at large. This includes the provision of basic infrastructure and services, and the prevention or elimination of forms of widespread speculative investment which run counter to the above public interests.
- (c) a more or less equitable or just distribution of land across income groups. While the market may be a remarkably efficient and dynamic distributive mechanism, it shows no concern with equity. It can balance the interests and needs of various groups of people against one another only in terms of money.

In Vijayawada, the housing needs of some 40% of the population are supported by an income that doesn't allow for a translation of these needs into effective demand in the regular market. Whether speculative investment dominates the market, government interventions constrain supply, and the lack of institutional housing finance restricts demand or not, commercially supplied land or housing in Indian cities will not move down to the large groups of people who because of their poverty can only survive on rather central (expensive) locations, but still, can hardly afford to spend Rs 100 or Rs 200 per month on housing. The reason is simple: there are no profits to be gained. In this context, the above mentioned idea that in a competitive market land will naturally be put to its most value generating use, seems to imply that, as far as the market is concerned, low-income housing is of comparatively little value, in any case less than housing for middle or high income groups. This, however, would mean that, in the end, the value (utility) generated by a household's residential use of land would be largely a reflection of its income.

15. As already mentioned above, in Vijayawada, the government has completely failed to adequately deal with the above concerns:

(ad a) the basic legal framework for transferring and recording property rights does not function satisfactorily, e.g. the land records are updated until 1956. This results in insecurity with respect to land ownership, disputes, and the widespread use of semi-legal means of transferring land.

(ad b) There is a Master Plan, stipulating the use of land and showing the future form of the urban structure. It was drafted in the late 1960s in the highly bureaucratic environment of the State Town Planning Department; in an idiom that was popular in Britain and America more than a generation ago. It is based on the control of land use and layout design rather than on generating positive forces of development. As far as low-income housing is concerned the plan deals solely with the 'eradication' or 'rehabilitation' of existing slums. Where, and in what manner the future low-income population should be housed remains unclear.

18. Moreover, it is not a particularly cost-effective approach. Slums typically form on the most impossible locations slopes, low lying, swampy areas, canal banks etc.. In the process of occupation nobody takes the cost and difficulty of improving the settlement at some later stage into account. As a result, slum improvement is generally more expensive than conventional housing and involves more serious cost-recovery problems. In the case of relocation, even mentioning the issue of cost recovery is politically unacceptable. Furthermore, relocation involves considerable additional costs and hardships for the families affected.

To conclude

19. While over the past 20 years or so commercial land brokers have produced an over-supply of plots in the middle and high income market segment, low-income squatters had to divert their colonisation of residual land to more and more marginal places, e.g. the (floodable) river bed. The majority of the added low-income population, however, was absorbed in old, existing squatments. Wherever possible, squatters extended their hill settlements in an up-hill direction; squatments were stretched further along the canals, roads and railway tracks. Moreover, many squatments went through a process of densification. While the private sector did not show any inclination to serve the poor, the government did not come up with a viable alternative either. State/ national and foreign public funds were used for the physical improvement of slums and the mostly unsuccessful relocation of thousands of households. There were no initiatives to get land delivery for low-income housing out of the realm of illegality.'

3 INTERNATIONAL FAME

It was not until November 1996, that I met Dan again. By that time he had built up quite a reputation in the international development community. Anthropologists and sociologists expressed his name with respect, or veneration even. They had started using his words and many of them preached his gospel. Indeed, whether he liked it or not, he had become a development guru. I even came across some economists who seemed charmed by Dan's new teachings. Dan's dramatised amazement concerning the lack of political analysis behind most development directives in the field of land management, however, had provoked a number of annoyed reactions from mainstream economists who dismissed his ideas as 'vague and unbalanced'. Dan contented that since they were addressed at the bodies of governments without taking into account the political logic and organisation determining the orders coming from their heads, such directives are rather useless.

I must admit that I was fascinated by Dan's career as well. He was no longer a politician. He had become a visiting professor at the Delhi School of Economics and he toured the world to share his 'enlightenment' with others in lectures and discussions. His ideas were the products of a flexible mind challenged by an ever-changing perspective. During his political life, he had been confronted by the seemingly unbridgeable gap between his western democratic concept of politics and the harsh reality of money-centred patronage politics of Andhra Pradesh. This had further shaped his insights and gave them a cross-cultural profundity. I guess one of the refreshing aspects of Dan's contributions to development thinking was that he avoided using the well-trying and rather meaningless development sector terminology which was shot-through by either the tautological truth of neo-classical economic wisdom or the virtues of 'integrated and participatory approaches' which had become a critique-proof frontage behind which the hard material components of development projects were allowed to slide down to utter failure.

This notwithstanding, I couldn't help thinking about hamburgers whenever I heard his name. Still, as a kind of homage to a distant friend, I never disclosed anything about Dan's hamburger past when I was among colleagues.

Dan had come to Amsterdam to give a lecture at Free University. He had been asked to give an account of his adventures as a local Indian politician. The whole national development sector seemed to have gathered in a small lecture hall on the twelfth floor of the big concrete university building in the south of the city. There were not enough chairs and the room temperature was tropical.

land owners - not brokers - catering for the somewhat better-off among the poor. Before independence, 1947, the colonial government had even guided low-income squatters in their occupation of plain land. Over time, in terms of quality as well as quantity, low-income land delivery has been more and more marginalised. In the city of tomorrow it will be even worse than it is at present. In fact, as I said, the structure is already sketched-out on the ground and the only thing one can do in order to reserve land for uses other than speculative investment or high and middle income housing, is to look for holes in the large conglomerates of private subdivisions, or to assemble residential plots instead of raw, agricultural land.'

Although Dan's answer didn't seem to have satisfied those who had asked the question, he went on.

'I thought it was not too late to turn the tables. In order to actually turn them I considered it necessary to establish a public-private partnership in land development within the context of a mutually agreed-upon plan stipulating which places could be developed and which not. Apart from assembly, subdivision and sale of land, developers would have to take care of basic infrastructure and service provision. This, combined with the activation of a long forgotten, but still existent vacant land tax provision should have discouraged people from leaving their plots vacant'.

Again people interrupted. This time, Dan got angry, and overreacted:

'Look!,... can you please stop this! How would you react if the planning and housing conditions in your own city took on forms similar to those in Vijayawada? Would you not try to throw out the politicians responsible for it; ask the government to take its regulatory role seriously and reinstate some seriously neglected 'supply bottlenecks' serving public purposes? Then, why would you argue differently in the case of Vijayawada? How to deal with useless politicians may not be a matter you're professionally acquainted with.... But it is a serious problem in India. It is directly related to the issue I was asked to discuss with you. So, if you would allow me.....' Dan's temper had returned to normal.

Political feasibility

'Anyway, it was just a plan. Of course there were many other things which had to be taken care of...land records, for example. The points I mentioned were just the basic starting points. At present, I have my doubts regarding some specific issues. But I still think that if it had been politically feasible to implement it, on the whole, my plan would have been a contribution to solving a number of pressing problems.

It was only after discussing my plans with a number of my political colleagues, that I seriously started thinking about political feasibility. Now and then my thoughts had briefly touched upon the issue, but my mind rigidly focused on what should be done instead of on what could be done. I kept avoiding the latter issue. I was not fully aware of that though. Moreover, The late NT Rama Rao, the seemingly unchallengeable leader of my party, was right behind me. He assured me he would support my plan on any occasion. The others didn't share his enthusiasm. They told me that my plan would hurt too many commercial and political interests. My quest for decentralisation would take away the decision making power from high level

problems I wanted to solve. To try and solve these problems without involving politicians, would be to leave the heart of these problems untouched. Moreover, although it is relatively easy not to involve them in plan formulation - they are not interested in plans - it is impossible to prevent them from interfering in plan implementation.

Anyway, my ambitious attempts to set up a more or less western democratic system of plan formulation and implementation, coincided with the campaign for the 1995 state elections. I was standing for the Vijayawada East constituency. The city president of my party urged me to start canvassing. In fact, I had already begun: I had launched an awareness campaign among slum dwellers; explaining to them the 'true' role of politicians in a democratic system of government and how this was related to my new housing plan. Invariably, I ended up talking to people who called themselves leaders. Most of these leaders appeared to be associated with higher level leaders: councillors, members of the state legislative assembly and members of the national parliament. Leaders like myself. I learned that slum leaders acted as mediators between slum dwellers and the administrative and political apparatus. They mediate in nearly all matters involving the government: e.g. getting a license, an identity card or a ration card; dealing with the police in cases of arrest or fines; getting welfare, housing or other public scheme benefits. In addition, they arbitrate in private conflicts.

I was stunned to come across a number of leaders who contended that I was their patron. They were complete strangers to me! I soon found out that NTR was behind these machinations. I heard he regarded me as his own son. Being afraid that my inexperience in Indian local politics and my alien approach towards nursing the electorate would result in a debacle, he had ordered the city TDP president to strategically supply the usual spoils and favours to slum dwellers and their leaders on behalf of me. Indeed, spoils and favours were what they expected. They didn't understand anything of what I said about policy or plan. They knew about some specific schemes and, in this context, never failed to ask me whether I could arrange something for them. In fact, their only question about my plan was whether there was something in it for them. For the rest, the scenes that evolved in front of my eyes were similar to those I had encountered when, as a land developer, I went to slums to look for clients for my low income housing schemes. Women crawled through the dust to touch my feet. The only difference with my first slum experiences, was that I had got used to these displays combining misery with submissiveness. I had witnessed them regularly in the offices of public servants. I knew they were part of an ancient game. People were not ashamed to degrade themselves in front of an audience. It was their way of asking for their right that they mistook to be a favour, or it was simply a part of their survival strategies.

I soon came to the understanding that my plan alone would not be sufficient to gain the confidence of the slum dwellers and their leaders. I had to come up with some kind of mixture, offering both direct relief with respect to the confined demands of the slum population, and a city-wide plan to tackle these demands in a more structural manner. Even though my plan for a pilot project was rather concrete, its idiom seemed too universalistic to suit the numerous expressions of particular interests I encountered during my campaign.

service, was overruled and transferred when he tried to counteract Suresh's manoeuvring with respect to the relocation of slum dwellers.

I was just one of his many victims. It all started when one of 'my' slum leaders who had been on his side before was attacked. Two of his fingers were cut-off and he had to be treated in hospital for a serious head injury. I lost his support. But I went on. Even the murder of one of my most loyal slum brokers didn't stop me from pursuing my political ambitions. To the contrary, I was more determined than ever to stop the 'democratically' established terror of Suresh and his gang. For me, my political career and my pilot project became primarily an instrument of political change.

It was not Suresh who finally defeated me. It was my own party. The anti-dorra faction, had linked-up with the faction of NTR's son-in-law who had started openly opposing NTR's claim on the position of chief minister. It became clear that NTR had lost ground, and large groups of TDP politicians flocked around the newly emerging power-base. I had already drowned in the tidal wave of factional politics, when Suresh defected to the TDP. The anti-dorra faction welcomed him warmly. NTR's position had become pretty hopeless. There was not much he could do to prevent Suresh from taking my place. Of course, I could have joined another party. But I knew Suresh's political instinct that had always guided him to the sources of patronage power, would not deceive him during the 1995 elections. After the elections, he became one of the forty ministers of the cabinet. Ironically he was put in charge of the department of social and political education.'

Politics and policy

The audience had enjoyed Dan's story. The latter part of it, however, had clearly raised some disbelief. The manner in which Dan handled the situation showed that he had been prepared for this:

'Many of you may think that I got lost in rather exceptional situations. I can assure you that this is not the case. All the things I described are fairly common. Political murders don't happen everyday. But they are not extraordinary events. They are not confined to Vijayawada. They occur all over India. The same holds true for many other forms of political terrorism: assaults, jailing people without a proper, valid reason, or locking them up in mental hospitals, extortion. Although these ingredients make a nice story and deserve attention in themselves, I hope my descriptions of such 'picturesque' events are not the only things you will remember. I hope that, although I didn't always explicitly relate the problematic land and housing situation in Vijayawada to the state of affairs in local politics, it is clear that these two matters are connected. I suppose you understand that underlying the political violence, the extreme forms of political contest, there is nothing but a naked urge for power and money. There is no higher purpose. The worrying point is that politicians get away with what they do. This implies that their role in society is fundamentally different from what we expect from politicians in our own countries. In a way they act like feudal landlords who rigorously exploit their control over scarce resources.'

No response.

rational or feasible in the US and Western Europe, however, may be totally irrational and unfeasible in India. India is not just a different country, but a different world in which the game of politics is played according to fundamentally different rules, according to a different logic and along the lines of different forms of organisation. For these reasons it makes sense to include politics in the analysis of development issues, particularly if the very nature of these issues implies a necessarily strong government involvement.

The account I gave you describes my personal discovery of a general and total lack of political will to make a change. A lack of political will should not lead to the conclusion that you might as well do nothing, or start preaching the revolution. Neither should it lead to avoiding politics. Most of you are involved in development projects, or development-related research. You may be a director of a slum improvement project, an irrigation scheme, an urban infrastructure programme. You may be a consultant prescribing an economic, town planning or a low-income housing strategy. If you work in a country with a political system similar to the one I sketched before, I guess you've found out yourselves that if you don't deal with local politics, it will uninvitedly and disrespectfully deal with your project and negatively affect its course.

I found out that, as a relatively insignificant politician you can't make a change. You can't play the game and simultaneously change its rules. As an outsider, controlling significant flows of finance, however, you may be able to organise things in such a manner that political agents are more or less forced and guided into playing different roles than they are used to. They could learn that successful policy, plan, or scheme implementation can be politically beneficial. I'm not saying it's easy. You see, I don't expect development experts to launch a campaign for wholesale political change. But, I hope, they will at least try to contribute to the establishment of a more policy oriented form of politics.

Dan looked as if he was already convinced that his hope was in vain.

Conclusions: enabling the land and housing market?

'Now, to conclude I want to briefly return to the subject I started with: land and housing. I want to relate it to the centrality of market efficiency in development thinking. At present, there are quite a number of experts whose solution for pressing development problems can be roughly summarised as 'enabling the market'. The basic idea behind this solution is that in a competitive market scarce resources are automatically put to their optimal use. While this idea is questionable in itself, it seems clear that enabling the markets for 'ordinary' consumer goods, say hamburgers, is incomparable with enabling the market for urban space and housing. Enabling the market for hamburgers can be largely equated with enhancing market efficiency. Market competition is thought to ultimately serve the interest of the consumers, the community at large. This doesn't mean that the market for hamburgers should not be regulated at all. In Holland, for example, there are regulations that are designed to protect consumers from eating rubbish instead of fresh hamburgers. By and large however, these regulations do not stand in the way of market efficiency.

obviously unnecessary ones, exist; why they haven't been removed. In fact, these widely circumvented roadblocks are part of the much wider problem of persistent, rather serious policy failure. This does not only affect the private sector. It directly concerns the urban community at large, in particular, the low income segment of the population. Vijayawada is a good case in point.

Market efficiency proponents do not offer a positive explanation for this policy failure. Their theoretical framework only allows for a normative analysis of government functioning. Since, in a way, they jump to standard conclusions or solutions, even before the problem is analysed, it may be hard for them to understand that as far as the allocation of urban space and housing is concerned, the laws, policies and schemes designed by the local politicians and bureaucrats they are supposed to advise are not entirely based on their neo-classical economic model centred around market efficiency. Now one may think that this is wrong, but it is a fact... Maybe it's a fact, which can be ignored because it's wrong.

Anyway, in many developing countries the laws and policies in the field of land and housing are not consistent with urban practice. It all started when colonial governments left behind pieces of legislation which were not in keeping with local practices. The first post-independence governments were often so eager to modernise, that they refused to see that they lived in a largely traditional society in which both local customs and poverty formed serious obstacles to attaining the modern standards they prescribed. Then there were a lot of problems in politics and administration. For a number of reasons, which I will not discuss here, local politicians and public servants started exploiting their public positions. They largely neglected their legislative role. There was no political feedback... no correction. Defunct laws, plans and public organisations continued to exist. New laws, policies, schemes, regulations were implemented without replacing the old ones. This resulted in even more inconsistencies. Notwithstanding the gap between law and urban practice, people needed a roof over their head. Hence, it was only natural that the law was widely evaded. Instead of bridging the gap between law and practice, politicians specialised in helping people to evade or manipulate the law.

In a nutshell, this is the complex of causes of the wider problem of chronic policy failure of which the 'roadblocks' to private sector development form only a minor part. As I see it, proposals to remove these roadblocks and enhance market efficiency won't help in solving this problem. Even if they were successfully implemented, a host of other pressing issues would be left untouched. .. Unless, of course, one believes that somehow all land and housing related problems will be solved once the government has got the private sector incentives right.

Given the simplified historical context I sketched out, it is more likely that proposals to enhance market efficiency will fall victim to the political forces perpetuating the failure of policies. Probably, they would lead to unintended results. The local political and administrative meaning of a market enabling role may not coincide with the meaning the market enabling proponents attach to it. Also, it is not easy to blend the norms and ideas underlying such a role with the often complex aggregate of norms and ways of doing things that emerged from old indigenous, and imported, colonial, post-colonial and previous foreign expert traditions. Finally, one can't expect politicians and public servants not to interfere

Amsterdam, a comparative study on land and housing market efficiency: Government complaisance and successful private sector response versus government control, inflexibility and inefficiency”.

Conclusions: Western fundamentalism

Dan had concluded his lecture. He asked whether there were any questions. Peter Nientied, a staff member of the Institute of Housing and Urban Development Studies, Rotterdam, raised his voice.

‘I want to ask a rather fundamental question. See, you told us that during your election campaign you were led by the urge “to teach them a lesson in politics”. Somebody here reacted by labelling such behaviour ‘undue ethnocentrism’. You ignored him. But maybe he is right. The question is whether your perception of the problems in land allocation and low-income housing and local politics is shared by the population of Vijayawada. The great majority may not see a problem where you see one. And, if they do see your problem they may define it differently. What makes you think you’re right?’

Now, at least, you seem to be aware of the cultural border which separates your world from theirs. Moreover, you only tried to convince them.. I guess, that is only natural.. In brief, I think your ethnocentrism was pretty harmless; tempered by an understanding of local conditions and a blending of western and indigenous ingredients in your thoughts and actions.

But what about our own western government representatives, our large development and donor organisations whose political and financial support can really make a change? They seem to rigorously promote our model of market production and parliamentary democracy. On many occasions they show no concern with local conditions, age-old social structures and customs, and insist on a strict adherence to our political and economic - neo-classical - insights. I personally think that this is a form of fundamentalism... Call it ‘Western fundamentalism’.

Dan looked a bit puzzled. He hesitated.

‘It is indeed a rather fundamental problem. I don’t know where to begin. It is a rather complex matter.... As regards the first part of your question, the part concerning my own ‘ethnocentrism’ as you wish to call it, I can be brief. I do admit that the most important and explicit aim of my Vijayawada venture - to structurally improve the legal housing status and living conditions of the poor - was not shared by the bulk of the population. As I told you, even the poor themselves didn’t fully understand my structural approach. Yet, many of the problems at ground level are locally experienced as real by substantial parts of the population: poverty, inadequate services -particularly water supply, high land prices, patronage politics, corruption, and deficient town planning. The attitude towards these problems is mostly ambiguous. ‘It is not good that they are there, but one can’t do much to alleviate them’. In fact, one is often engaged in activities which perpetuate these problems. Partly, this ambiguity is the result of the all encompassing authority vacuum in Indian society. I will illustrate this point with a simple example concerning Indian traffic; the organisation of which roughly reflects some crucial aspects of the organisation of Indian society at large.

"Who has benefited more from the enabling public role vis-à-vis the Vijayawada land and housing market - the rich, the poor, or the urban community as a whole? Why wouldn't it be the same for Indian, market enabling, economic policy at large?"

As far as I'm concerned, this proposition would be a good starting point for a discussion'.

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