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# HOUSING POLICY AND THE URBAN POOR IN PENINSULAR MALAYSIA

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Housing policy in Peninsular Malaysia has evolved over several decades and reflects a variety of influences that have affected urban growth and residential development. Current policies are based on attitudes, developed during the colonial era, that have become entrenched in government programmes since Independence. Policy ranges from eviction and eradication of squatter dwellings, experiments utilising current concepts in the provision of low-cost accommodation and, by and large, involves administrative structures, bureaucratic procedures and sometimes actual policy packages 'borrowed' from overseas. Despite considerable inroads into the physical provision and improvement of housing stock there are still noticeable housing shortages, which largely affect low income families. One result has been the rapid growth of squatter settlements in most Malaysian cities<sup>1</sup> with the attendant (perceived) problems for local administrations.

This paper examines the nature and evolution of housing policy in Peninsular Malaysia, particularly in so far as it has affected the urban poor. It will focus on those aspects of public involvement in housing which have largely been concerned with the control, clearance and resettlement of squatters and, as a result, indirectly, with ensuring the unhindered growth of the modern urban sector including the private construction industry. It is a basic premise of this paper that in order to analyse the role that urban policy has played in Malaysia one needs to comprehend the total structure of the housing industry. As I have shown elsewhere<sup>2</sup> conventional capitalist production is responsible for the macro-organisation of space and for the spatial, structural and social distortions that occur in housing provision, whereby construction is highly concentrated in larger cities, limited to only small sections of the population and controlled by a small number of integrated companies.<sup>3</sup> This distortion is illustrated by the fact that of the conventional dwellings built by the private sector (two thirds of the total) 52 per cent were concentrated in Kuala Lumpur conurbation; over 40 per cent were built by the 22 largest companies (representing only five per cent of the total firms); and the dwellings built were too expensive for over 90 per cent of the population.<sup>4</sup> The construction of low cost accommodation is left mainly to individuals, particularly squatters who construct housing illegally, or petty-commodity producers. The proliferation of unconventional housing<sup>5</sup> over the past thirty years,<sup>6</sup> in response to the shortages of cheap conventional dwellings, has evoked a variety of responses from both the general public and governments at various levels. The concern here is primarily with policies directed towards unconventional housing, in particular squatting, and the paper will attempt to show, in the context of the Malaysian economy, how policy has generally worked to the detriment of the urban poor, those groups towards whom it was initially directed.

It is also necessary, however, to examine briefly some broader aspects of government

involvement in housing. This occurs with the indirect involvement through the juridical system which establishes and enforces the laws that control the development of land and residential construction; and a direct involvement through financing and developing public housing schemes. The legal instruments and administrative mechanisms used by government to regulate residential development affect a wide variety of areas. These include the acquisition and subdivision of land, the development of urban infrastructure, the establishment and supervision of building standards and the monitoring and control of illegal land uses. In addition, the Government monitors and controls the licensing and operation of housing development firms, regulates the direction of commercial capital investment and enacts laws stipulating the power and jurisdiction of local, state and federal agencies involved with residential development. Moreover, public agencies such as the Urban Development Authority (UDA) and the State Economic Development Corporations (SEDCs) actually build housing for both lower and middle income groups, thereby acting as 'price-dampers' in the overall development of housing. Finally, government provides finance directly to public employees for home purchase and indirectly to the general public through such agencies as the Employers Provident Fund (EPF) or Malaysian Building Society (MBSB). Each of these initiatives forms part of consecutive governments' housing policy aimed at enhancing home ownership through its goal of a 'property owning democracy'. These less visible institutional influences, as well as the important relationship between the public and private sectors will not be discussed here, unless they relate to squatting.

### *Housing Policy and National Development Planning*

Housing policy in Peninsular Malaysia began with a basically 'laissez-faire' stance<sup>7</sup> in which the Government permitted the unrestricted operation of market forces in the housing system, and developed into an approach based on direct public involvement in the provision and financing of housing. Prior to independence the Government's main concern was for public health and safety. To this end a series of municipal and local council housing ordinances, based on the English statutory planning tradition, had been introduced. There was, however, no overall official policy and the Minister responsible stated that his department 'has no knowledge of what it can do and how it can help' to solve existing housing problems.<sup>8</sup> Private construction was largely controlled by town planning ordinances, and a series of municipal by-laws relating to buildings, streets and sewerage.

Despite the creation in 1952 of the Housing Trust, which was empowered to develop housing schemes, public provision of accommodation was limited. After independence the operations of the Trust were changed and the Government undertook 'to provide State Governments with loan funds at subsidised rates of interest for public housing on condition [that they] provided land on nominal terms and the infrastructure in the form of developed sites.'<sup>9</sup> This arrangement, with some financial and administrative modifications, has remained the mainstay of public intervention in the provision of accommodation and has appeared in all Malaysian development plans. The Housing Trust, primarily a technical and supervisory agent dependent on the cooperation of state governments, constituted the first direct Federal intervention in the sphere of public housing provision. By the time it was disbanded in 1975, as a result of the formation of a Ministry of Housing, it had constructed 27 000 dwelling units, most of which were low cost.<sup>10</sup> The maximum construction occurred in the election year of

1969 (over 10 000 units) during which the provision of low cost housing became a political tool. Up until 1975 the majority of low cost public housing schemes in Malaysian cities were developed through the Housing Trust, although several municipalities had initiated their own projects as early as 1955.

The First Malaysian Plan<sup>11</sup> re-emphasised the goals first established with the Housing Trust and between 1966 and 1970 government involvement was seen in the expansion of the activities of the Housing Trust, the creation of the Ministry of Housing and Local Government, and the adoption of the principle of minimum standards for low cost quarters. In addition, a series of statutes relating to land acquisition and development were introduced to control residential growth. The Government also considered the question of squatter settlements for the first time and initial action was associated, particularly in Kuala Lumpur, with the construction of cheap living quarters for evicted squatters.

In the Second Malaysia Plan housing policy was more clearly stated:

Public housing constitutes a major element of the national housing programme. Basically this programme caters to the needs of the low income groups of all communities, irrespective of race. It is designed to eliminate slum dwellings and squatter living, as well as resolve other socio-economic problems associated with rapid growth of the urban centres in the country. The Government will place emphasis on housing for low income groups as such ventures do not appeal to private developers whose activities cater mainly for the middle and higher income groups . . .<sup>12</sup>

The subsequent Third Malaysian Plan basically reinforced these goals and, although the total amount allocated by public sources to housing was absolutely higher than the previous plan (\$212 million compared to \$78 million), the proportion for low cost projects was small compared with other categories. Thus, for example, housing allocation for the police and armed services was \$1191 million, for SEDC programmes (mainly medium cost dwellings) \$313 million was allocated while only \$212 million was provided for Federal low cost housing designed to meet the needs of the urban poor. This latter figure represented 11 per cent of the total housing budget, yet was designed to service the 60 to 70 per cent of the population most in need. In fact, the allocation made to low cost projects in 1976 was the smallest ever, being only 1.1 per cent of total budget allocation compared with 1.6 per cent in the previous plan and a high of 2.1 per cent in the 1961–1965 plan. Despite this a variety of alternative strategies, some based on the ‘self help’ principle, were initiated and received Federal finance and were further enhanced in the recent Fourth Malaysia Plan. In general, however, the recent initiatives are of an experimental or pilot nature and not only have not been systematically implemented, but due to the small number of new projects involved cannot, as yet, be easily assessed for their general applicability.

The importance of government low cost housing provision has gained impetus through four Malaysian development plans, particularly as it has become associated with the clearance and resettlement of squatters and slum dwellers in the major cities. Although the need to build cheap accommodation in the smaller cities was stressed, and implemented from 1966 to 1970 during what became known as the ‘Crash Programme’, most low cost housing was built in large urban centres. In spatial terms public housing has been, and still is, highly concentrated. Almost 80 per cent of the total was built in the four largest metropolitan areas which accounted for only 47 per cent of the total urban population. Slightly less than 50 per

TABLE 1 *Growth in population and residential construction in three selected Malaysian cities*

	<i>Kuala Lumpur</i>	<i>Kuantan</i>	<i>Alor Setar</i>
Population 1975	738 258	63 000	75 000
% growth p.a. 1970–75	7.6	8.5	2.6
Unconventional housing as % total 1970 <sup>1</sup>	42	62	61
% growth in conventional construction 1969–76	7.4	4.2	3.2
Number low cost public units built:			
1950–1975 <sup>2</sup>	15 467(38)	545(1.3)	397(.09)
1971–1975	6 836(40)	445(2.6)	120(.07)
1976–1980	16 994(20)	606(.07)	1000(1.0)
Construction–population ratio <sup>3</sup>	345	111	67
% households unable to afford cheapest public housing <sup>4</sup>	50–80 <sup>5</sup>	60	65

1 Unconventional housing—c.f. Notes and References 5.

2 Figures in parenthesis are proportion of total.

3 Number of low cost public dwellings built per 1000 new households added to population 1970–1975.

4 Cheapest rental or purchased public housing available in city.

5 Varies depending on size and tenure.

Source: Johnstone, M. A. (1979b), *op. cit.*

cent was concentrated in the Kuala Lumpur conurbation. This figure emphasises the unbalanced distribution of such housing in relation to urban population and the manner in which small cities have been by-passed in public schemes. Although the absolute need for low cost accommodation is greatest in the largest cities, for example in 1976 there were approximately 146 000 people in Kuala Lumpur squatters settlements,<sup>13</sup> the relative need is often greater in smaller centres. Thus Table 1 indicates that not only was the proportion of substandard unconventional dwellings in smaller cities, such as Kuantan and Alor Setar, higher than the national capital but the rates of conventional construction and proportions of low cost housing were considerably lower. In Kuantan, for instance, the population increased by 4000 new households between 1970 and 1975, yet less than 1500 new conventional dwellings (mainly medium and high cost) and 445 low cost public units were built. The number of low cost units per 1000 new households added in Kuala Lumpur between 1970 and 1975 was more than three and five times as large as in Kuantan and Alor Setar respectively (Table 1). Moreover, although the proportion of the total public housing built in Kuala Lumpur fell in the Third Malaysia Plan period (1976–1980), the relative share of Selangor (the state with the most urban residents) actually increased to the detriment of other states and cities. State capitals, such as Alor Setar, Kuantan and Kota Bahru have thus clearly received a disproportionately low share of the total public housing built in relation to their size and growth (see Fig. 1 for location of cities).

The residential development programmes of both municipal and state governments has done little to alter this pattern and the main feature of the state governments' activities is that many of the dwellings built are not low cost but directed to middle and upper income groups.

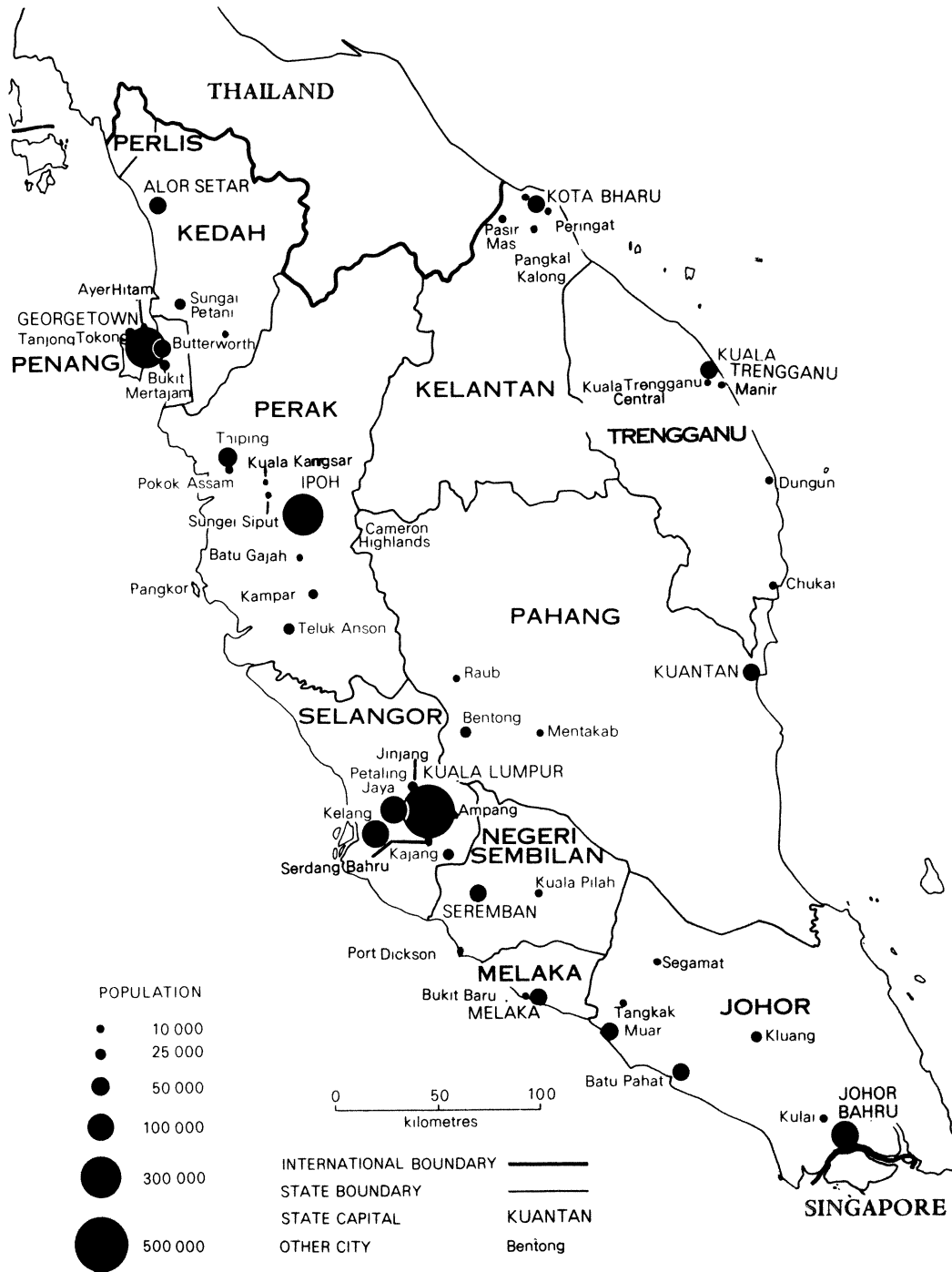


Fig. 1 Cities over 10 000 population, Peninsular Malaysia, 1970

For example, at least 60 per cent of houses built by the Selangor State Development Corporation cost over \$20 000 and, therefore, were too expensive for the bulk of urban households. Under these conditions scarce public funds are being utilised to build housing for those who are more able to purchase from the private market rather than for low income groups who can only afford to purchase lower cost dwellings. Given that the majority of population added in most cities were low income migrants and that the backlog of substandard dwellings has not been cleared, levels of public provision are totally inadequate. The majority of the urban poor, therefore, have limited access to the public housing which is, at least in official policy, designed to meet their needs. Moreover, since 1969 the loan terms, under which dwellings are built, have changed, with interest rates on Federal loans to state government increasing from two per cent to five per cent. These increases are passed on to the customers who pay between five-and-a-half and six-and-a-half per cent per annum, depending on type of unit, location and length of repayment. Together with the increases in construction costs, and therefore prices, such changes have made it increasingly difficult for low income, and even lower middle income, households to afford low cost public housing. Indeed, data show (Table 1) that over 50 per cent of households in three cities surveyed could not afford, at current prices and interest rates, even the cheapest rental or purchased public dwellings available.

The low level of public investment in housing in Malaysia has been a function of a general lack of funds and the low priority given to this area in development budgets. Despite an expressed ideal of a 'home owning democracy' policy makers, as in many other Third World nations, have seen housing as an expensive consumer good, an item on which scarce resources are spent but which is not productive. This sentiment was first expressed in the First Malaysia Plan which stated:

... the programme will enable an integrated phase of housing development to take place so that the immediate problems posed by the housing shortage ... will be met. Progress in this *sphere of social and community services*, however, necessarily has to be *subordinated to the economic objectives of the Plan*.<sup>14</sup> (author's emphasis)

Housing was seen as part of social welfare, a sector whose improvement and growth has been dependent on economic expansion. Though this attitude still remains, the more recent Malaysia Plans did try to relate problems of shelter to broader issues of urbanisation<sup>15</sup> and structural imbalances in Malaysian society.<sup>16</sup> As part of the New Economic Policy, plans have emphasised the provision of housing as an important component of programmes designed to eradicate poverty and restructure society, and in particular to increase Malay participation in urban economic activity. Based on an average cost (in 1975) of \$12 000 per dwelling, and a shortfall in the construction industry of some 20 000 dwellings per annum since 1970, it would have required an estimated \$1200 million to meet low cost housing needs in 1975.<sup>17</sup> However, as has been previously shown, the finance needed to achieve these goals was not allocated in sufficient quantities during any plan and there has been little integration of housing programmes with broader socio-economic development projects.

The third Malaysian Plan also highlighted the need 'to exercise such supervision as may be necessary to ensure planned and orderly development of housing by the private sector'.<sup>18</sup> Thus the need for increased government control of the private sector has become an important consideration in recent policy, and has resulted in stricter licensing laws for private

developers. These include the establishment of a quota system whereby 30 per cent of all sales by developers must be to *bumiputra* purchasers. In addition it has been suggested that a proportion of all dwellings built by the private sector should be low cost units and the creation of joint enterprises with private companies to build low cost accommodation has been encouraged. An example of this latter initiative is discussed below. These measures represent an attempt by government to direct some private sector construction to areas of social need, to curb the excesses of private enterprise, particularly profiteering, and at the same time, encourage continued growth of the conventional building industry.

Public policy and legislation serves to protect and support the private construction sector, particularly the large development firm which often benefits from the special arrangements and public subsidies provided by government agencies. Such arrangements include reductions in taxation and provision of cheap serviced land to private developers who construct in particular localities or build in joint ventures with government. In addition, public servants receive loans (from Federal funds) with interest rates considerably below commercial levels (4 per cent versus 11.5 per cent), thereby ensuring that private builders can sell a significant proportion of the dwellings constructed. In 1975 almost a third of all privately built houses were sold to public servants, who could not afford to buy without such cheap loans.<sup>19</sup> In effect a public subsidy is provided to both well paid employees and the building industry. Such arrangements often produce results different from those intended by policy makers. For example, public intervention designed to ensure a 'responsible' pattern of residential development by the private sector—one in which house types and prices fit the needs of the population—has not resulted in any increase in the quantity of low cost housing built by this sector. In fact there has been an increase in the proportion of higher priced dwellings built and the profits earned by development firms.<sup>20</sup> Moreover, many conventional construction projects in peripheral urban locations have contributed to urban sprawl which has had costly repercussions, both social and economic, for the public and government authorities involved. In addition, in its endeavours to encourage home ownership the Government has instructed the banking system to extend more finance to individuals. Although this results in continued middle class home purchase the main beneficiaries are the private development firms which would have a greatly reduced market without the existence of such financial arrangements. Finally, legislation designed to ensure orderly land use, by restricting the sale of land, has had the effect of inflating the costs of development and therefore increasing house prices. For example, land in Petaling Jaya (the satellite of Kuala Lumpur) cost about \$70 000 an acre in 1976, and in 1980 almost \$150 000. In the same period average house prices increased by between 20–25 per cent per annum.<sup>21</sup> Increased government involvement in housing has resulted in a large and costly bureaucracy, the expense of which is finally transferred to the consumer.

Overall, despite well expressed intentions of providing real low cost accommodation for the urban poor, the government programmes have not succeeded in fully reaching their target population. The programmes have failed to achieve the construction goals set, with only half of the Second Malaysia Plan and 70 per cent of the Third Plan targets being met, and have constructed only a small proportion of dwellings priced below \$10 000. This situation has arisen because of increases in land prices, technical difficulties, bureaucratic and organisational delays and, sometimes, material or labour shortages. For example, a recent report noted that a housing project usually takes between two and four years to get approval,

having passed through some 40 steps in between 15 to 20 different Government departments.<sup>22</sup> Increasingly, public housing is being occupied by those households with incomes over \$400 per month or by families whose rentals are subsidised by their employers. One reflection of this is talk of bribes as high as \$10 000 on public units costing \$18 500.<sup>23</sup> This is not surprising given the competition for the limited public housing offered: for example, in 1980 there were over 3000 applications for 99 SEDC houses in Klang. To some degree this situation fits into one of the goals expressed by an important public agency: 'to build houses for those families who have the potential to be absorbed into, or are already part of, the industrial labour pool'.<sup>24</sup> But this will only serve to perpetuate existing structural inequalities rather than alleviate them. If current trends continue, public housing in Malaysia will not be low cost by any measure, and the low income population for whom it was originally intended will be further removed from the only source of conventional accommodation which could possibly come within their reach.

### *Policies Toward Unconventional Housing*

#### COLONIAL ANTECEDENTS

Examination and interpretation of official reports and records from the period after 1945 reveals that the attitudes of colonial administrators were influenced by several factors. These included the beliefs that the law must be seen to be upheld and that any attempt to flout this law must be interpreted as a threat to established order, and that illegal occupation of land was in conflict with the demands for urban space of the expanding, and officially encouraged, 'modern' economy. (This latter belief has been at the root of most of the actions towards squatters since 1945.) In addition the reactions to squatting were based on a conviction, one upheld by theories of marginality,<sup>25</sup> that squatters were a source of social disorder, disease and political unrest. Moreover, their settlements were viewed as physical 'eyesores' that should be removed.

When the British administration returned to Malaya in 1945 officials were determined to reinforce law and order speedily and promote British economic interests. There was concerted urban development through the revival of plans that had lain dormant for some years. However, illegal occupation of valuable land by squatters made it clear to the newly established civilian authorities that squatting was a problem which required attention. Despite the conviction that squatters were a barrier to planned development, no cohesive policy was devised because there was little understanding of the needs of squatters. Decisions, therefore, were often based on the personal feelings of the individual officials involved. One senior officer demanded, for example, that squatter dwellings be removed because they were visible from his residence and were 'unsightly' and 'unsanitary'.<sup>26</sup>

The main, and often justifiable, concerns of the local authorities were with the physical character of squatter settlements, the possibilities of epidemics and fires, and the absence of adequate health and sanitary facilities. The *Report of the Health Officer* for example, stated: 'that it can not be too strongly emphasised that the erection of squatter hutments in urban areas, without proper drainage, alignment, sanitary conveniences and with rooms of adequate size and lacking in light, constitutes a real and grave danger to public health.'<sup>27</sup> These sentiments, some of which recognised real problems, were found in many other official documents



between 1945 and 1957, but few policies were recommended, apart from occasional attempts to evict settlers from land needed for development.

The attempts to evict squatters established two important precedents involving the payment of compensation to those who had to vacate land and the principle of providing alternative accommodation and/or land to evicted squatters. Both of these are still part of squatter policy. Although these principles became the base of official policy in the late 1940s, they were not always implemented. In fact, despite the increase in town planning ordinances and the decision not to sanction any further temporary buildings in Kuala Lumpur, there appeared to be a tendency to allow new squattments to emerge without any action being taken against them. This was, in many cases, related to the tacit approval to agricultural squatters.

In 1948 the Emergency brought a change in attitudes and policy. The concern with health and sanitation gave way to anxiety over the risk of political unrest and insecurity which squatter settlements appeared to contain. For the Government there were two aspects to the problem: that communist insurgents could use squatter areas as hiding places and as a base for operations and that evicted squatters might become discontented with the Government and support the insurgents. These fears were particularly directed toward Chinese squatters and, as Cham suggests, 'the ruling groups strengthened their unity and co-operation by shifting the blame of the Emergency . . . to the lower class of the Chinese community . . . therefore aggravating communal distrust.'<sup>28</sup> Many people urged strong action and, as one officer stated, . . . this town is suffering from an influx of Chinese of a very low type. It is obvious that the town requires a thorough clean up of these insidious individuals. Moreover . . . these squatters have not the slightest right to impose their will upon the town authorities.<sup>29</sup> In a modified form these sentiments reflected the views of most officials at the time. However, one official did suggest the construction of temporary housing to accommodate newcomers and to this end the Municipality requested funds from the Federal Government. There was no funding in this regard, and very little action against squatters, with fewer than 250 dwellings being demolished in both 1953 and 1954.<sup>30</sup>

Major government initiatives began in 1953 with resettlement projects established expressly 'in order to deal in part with the problem of providing suitable land for overcrowded and squatter housing',<sup>31</sup> but there was little doubt that these schemes were a move to defuse the security problems associated with Chinese squatters. In 1953 the *Committee on the Kuala Lumpur Squatter Problem* was established and directed its attention to those groups against which action was thought to be justified on security grounds. As one observer points out 'without this justification no Government financial support could be expected'.<sup>32</sup> Surveys conducted in the 1950s indicated that squatting was predominantly a Chinese phenomenon (over 70 per cent of the total) and it was claimed that there were between 70 000 to 140 000 squatters in the city (depending on the source).<sup>33</sup> For the Government the major fear at the time was that the squatter population was 'deeply infested by Communists'.<sup>34</sup> Thus clearing the Chinese squatters became important because 'the layout of settlements made police supervision a matter of great difficulty, interfered with public and private development and because they were a real problem from the point of view of the Emergency'.<sup>35</sup>

By 1955 the policy of evicting and resettling squatters had resulted in a number of resettlement schemes, the most comprehensive of which was the Petaling scheme affecting 2000 families. This figure represented less than 10 per cent of the total squatter population.<sup>36</sup>

TABLE 2 *Squatter rehousing schemes, Kuala Lumpur, 1955–1963*

<i>Name of scheme</i>	<i>Year Completed</i>	<i>Dwelling units built</i>	
		<i>Number</i>	<i>Type</i>
Ayer Panas <sup>1</sup>	1956	49	Terrace
Kp. Data Keramat <sup>1</sup>	1957	200	Wooden houses
Ulu Klang <sup>1</sup>	1957	150	Wooden houses
Suleiman Court <sup>1</sup>	1958	274	High-rise flats
Jalan Sungei Besi	1962	168	Medium-rise flats
Jalan Loke Yew	1963	392	High-rise flats

<sup>1</sup> Schemes in which squatters from the Gombak fire were rehoused.

Source: KLM *Commemorative Handbook*, Kuala Lumpur (1972).

The other schemes involved resettlement in new villages, rural villages or several small low cost projects in the city. Thus, while the Municipal Council had the legal power to clear squatter huts, there was little demolition. A limited response occurred because state and Federal governments avoided tackling the squatter issue despite the fact that the former was directly responsible for land matters. In addition, the process of eviction required expensive and lengthy court action which made it difficult for local councils to be effective.

#### EVICTION AND RESETTLEMENT 1956–1969

It was a disastrous fire in the centre of Kuala Lumpur in 1956, which destroyed 275 homes and left 2000 people homeless, that brought about new policy initiatives. For immediate relief the Municipality constructed transit quarters to rehouse the victims, but for a longer-term solution made a request to the Federal Government for funds to build low cost accommodation. In response \$10 million was allocated to the Municipality, to be administered by the Housing Trust.

This action represented a distinct change in policy, because the Municipality now became dependent on Federal funds for its housing and squatter clearance programmes. For the Federal Government it meant intervention in matters that were beyond its constitutional jurisdiction. Several schemes, involving some 670 mainly wooden and terrace dwellings, were developed to rehouse the Gombak fire victims but after their completion in 1958 (Table 2) there were no new initiatives in Kuala Lumpur until 1962. The main reason was the intricate three-tiered system of government in which relations were complex and cumbersome, particularly in the sensitive area of squatter resettlement. New legislation, which empowered municipalities to demolish squatter huts and evict their inhabitants, while not proving to be very effective (because it gave no legal powers to the authorities), introduced a new principle into squatter policy by restricting its purview to recent squatters. Established squatters could not be evicted unless the land they occupied was required for essential purposes and alternative accommodation was provided. In effect, the municipalities' long standing commitment to providing alternative accommodation to evicted squatters was to be linked with a sustained programme of low cost housing. The Federal Government, however, had cut off funds by 1959 because the money provided after the Gombak disaster had dissipated and the State Government did not provide more land for new schemes. An impasse had been reached in squatter policy. This was partly overcome by the Municipality financing (and

completing) some small low cost, medium and high rise, schemes but there were no new initiatives to implement policy (Table 2).

The creation of the *Squatter Clearance Committee* in 1966 brought further policy initiatives. Although some information on squatters was then available, mainly from surveys undertaken in 1966, the principles stressed by the Committee were the same as those used for 20 years. But before any recommendations were made, the Committee was disbanded and replaced by a special sub-committee of the National Operations Council which was formed in the aftermath of the disturbances of 13 May 1969.

#### POST-1969: CLEARANCE AND REHOUSING

In the aftermath of the communal disturbances in May 1969 the *Sub-Committee of the National Operations Council on Squatter Rehousing and Resettlement* was established and it summarised the problem created by squatters in the following manner:

- (a) squatters challenge the status of governments as agencies for maintaining law and order;
- (b) the predominance of squatting in Kuala Lumpur as the capital city reduces its image both at home and overseas and increases the sensitivity of the population;
- (c) squatting results in an increase in crime, juvenile delinquency and a wide variety of social problems;
- (d) squatter areas are the seedbeds for thugs, secret societies and other racketeers to operate their activities;
- (e) squatting results in the loss of substantial revenue in the form of assessment rates, taxes etc. to the government;
- (f) as the number of squatters increase, their influence and resistance to eviction grows and as officials demonstrate their inability to grapple with the issue, still more brazen squatting occurs, taking advantage of official helplessness or acquiescence;
- (g) squatting not only affects the physical development of Kuala Lumpur, but also its economic, social and political stability;
- (h) squatting huts are generally fire hazards as well as a menace to public health . . .

The attitudes of the Sub-Committee closely resembled those expressed by its many predecessors. The main difference was its public statements on the threat posed by squatters to society; feelings that were widely supported, partly as a result of a vigorous press campaign. For example, the *New Straits Times* reported in 1972: 'replacing these places with red tiled concrete structures and housing them in multi-storied flats would be reflective of a 'progressive', 'clean' and 'modern' society, not those blighted patches that punctuate the skyline.'

Many of these views were strongly reinforced by the riots of 1969 and the perceived squatter role in them. This resulted in 'alarmist' policies<sup>37</sup> from both municipal and state governments which advocated the eviction of squatters from their homes, eradication of squatments and resettlement, often to distant locations. These strategies, which eventually resulted in changes in the location pattern of squatting, have formed the base of public policies against squatters since 1969. In that year the *Emergency (Clearance of Squatters) Regulations 1969* were enacted and added to the powers already held by the municipalities by permitting the demolition of squatter huts on both public and private land. Squatter clearance was then undertaken with great vigour by all levels of government. The harshness of

TABLE 3 *Squatter eviction programme by Kuala Lumpur municipality 1969–1975*

Year	<i>Dwellings demolished</i>	<i>Persons evicted</i>	<i>Families evicted</i>	<i>Proportion of families</i>	
	Number	Number	Number	Chinese %	Malay %
1969	415	2813	624	76.0	12.5
1970	1352	8355	1745	69.0	5.5
1971	212	1393	293	62.1	15.7
1972	250	1651	344	50.6	28.2
1973	138	999	165	61.2	13.3
1974–1975	423	2893	590	40.0	37.0
Total	2790	18104	3761	62.8	14.8

Source: KLM 'Squatter evictions and resettlement programme 1969–1975', unpublished records, Research Division, Kuala Lumpur, 1969.

these strategies was mollified only by the long standing commitment to providing alternative accommodation and/or payment of compensation to established squatters, particularly those moved from private land. To some extent these requirements inhibited full implementation of the policy because the Municipality was unable to provide housing for all the evicted settlers, but they did not restrict the actual clearance operations.

The first large-scale clearance programme encompassed settlements throughout Kuala Lumpur, particularly in the central area. Amongst these areas, privately owned land was given priority because, it was argued that squatting on private property should be viewed as having more serious implications than squatting on public lands. Tolerance of such seizures reduces confidence in government and threatens the breakdown of law and property rights.<sup>38</sup> As a result between November 1969 and February 1971 over 2600 squatter families, 11 200 individuals (Table 3), were evicted from 20 different locations. Of these only 31 per cent were rehoused by the authorities.

The official reasons for clearing squatter areas comprised actions designed to ease the mounting pressure on the Government from landlords who wanted their property cleared and to increase public confidence in the face of past government inaction; as well as those which would allow a new programme of public works to be undertaken in the city. To these explicit reasons, other more implicit rationale can be added, including the desire to improve Kuala Lumpur's image as the national capital and the need to avoid ethnic conflict. Statements such as 'the drive to Kuala Lumpur is meaningless if unsightly squatter dwellings occupy positions of prominence along main highways' (*sic*) attest to the importance of these goals of the squatter clearance campaign.<sup>39</sup> The main goal of the campaign was to stop the residential activities of a group of the urban poor whose need for land conflicted with the spatial demands of the expanding modern sector—both private and public. Consideration of the socio-economic or housing needs of squatters was of secondary importance although, in contrast to policies in other Asian cities,<sup>40</sup> such needs were partially taken into account. The strategy resulted in increased restrictions for those evicted squatters who were forced into high-rise flats, because the new housing was too small or too expensive. In addition many were resettled on unimproved sites on the urban fringe which were far from employment sources.

By 1972 the joint squatter clearance programme of the Kuala Lumpur Municipality and the State Government had evicted 6000 squatter families (28 000 people), most of whom were Chinese. This represented 23 per cent of the established squatter population in the city.<sup>41</sup> Of this total 18 000 people were evicted by the Municipality (Table 3) who rehoused over 34 per cent of these in low cost housing schemes financed by the Federal Government<sup>42</sup>. Another 1500 families were resettled in seven land schemes developed by the State Government in conjunction with the District Land Office.<sup>43</sup> Of the 3944 lots developed in these schemes, only 1600 had been occupied by 1972, mainly by squatters removed from the inner city district. Thus by the end of 1972, after three years of concerted action, fewer than 2800 of the 6000 squatter families evicted in the campaign coordinated by the NOC had actually been resettled or rehoused. In fact, of the 2230 low cost public flats made available between July 1969 and December 1972, only 44 per cent went to former squatters, with the remainder being allocated to members of the protective services and low level government employees. This suggests either that there was some reservation on the part of the authorities in fully implementing the rehousing principle, or that the cost of Government flats may have discouraged squatters from moving into them. The programme evicted 6000 squatter families and had cleared the central city of many of its 'worst slums', but by 1973 the total squatter population of Kuala Lumpur was as large as it had been in 1969 before the campaign began because many evicted squatters simply settled in other parts of the city and because of the rapid growth of the squatter population, particularly the Malays.

The creation of the Federal Territory in 1974 brought with it administrative, juridical and political changes which have affected the manner in which squatter policy has been implemented, but which have had little effect on actual policies. The clearance of squatters has slowed down, but it is still a basic component of current policy. For example, between January 1975 and April 1976, 816 eviction notices were issued to squatters and 371 houses were demolished.<sup>44</sup> Similarly the rehousing of squatters continues, although the proportion of public housing units allocated to them is small. Thus of the 1586 units completed between 1973 and 1976, only 21 per cent were allocated to squatters.<sup>45</sup> Although the main tenets of squatter policy remain the same, some new strategies have been proposed since 1976.

#### NEW INITIATIVES 1976–1980

The Third Malaysia Plan presented a two-part low income housing policy based on the continuation of existing public programmes and new strategies of 'aided self-help'.<sup>46</sup> These new initiatives of *kampung improvement* and *sites and services* have been accepted by the authorities in Kuala Lumpur as strategies which can be used for dealing with the problem of squatting, although as yet their implementation has been on an ad hoc basis. The Fourth Malaysia Plan reinforced these goals, though (at time of writing) little had been done to implement and extend these policies systematically. Several other initiatives, each discussed below, have also been taken (see Fig. 2 for location of eviction and resettlement sites named in text).

##### *Kampung improvement*

A recent Malaysian report stated that *kampung improvement*, or squatter settlement upgrading, 'is a technique to improve conditions in existing squatter settlements through the provision of public utilities, infrastructure and community services. This approach is appropriate . . . where land is not needed immediately and alternative housing cannot be

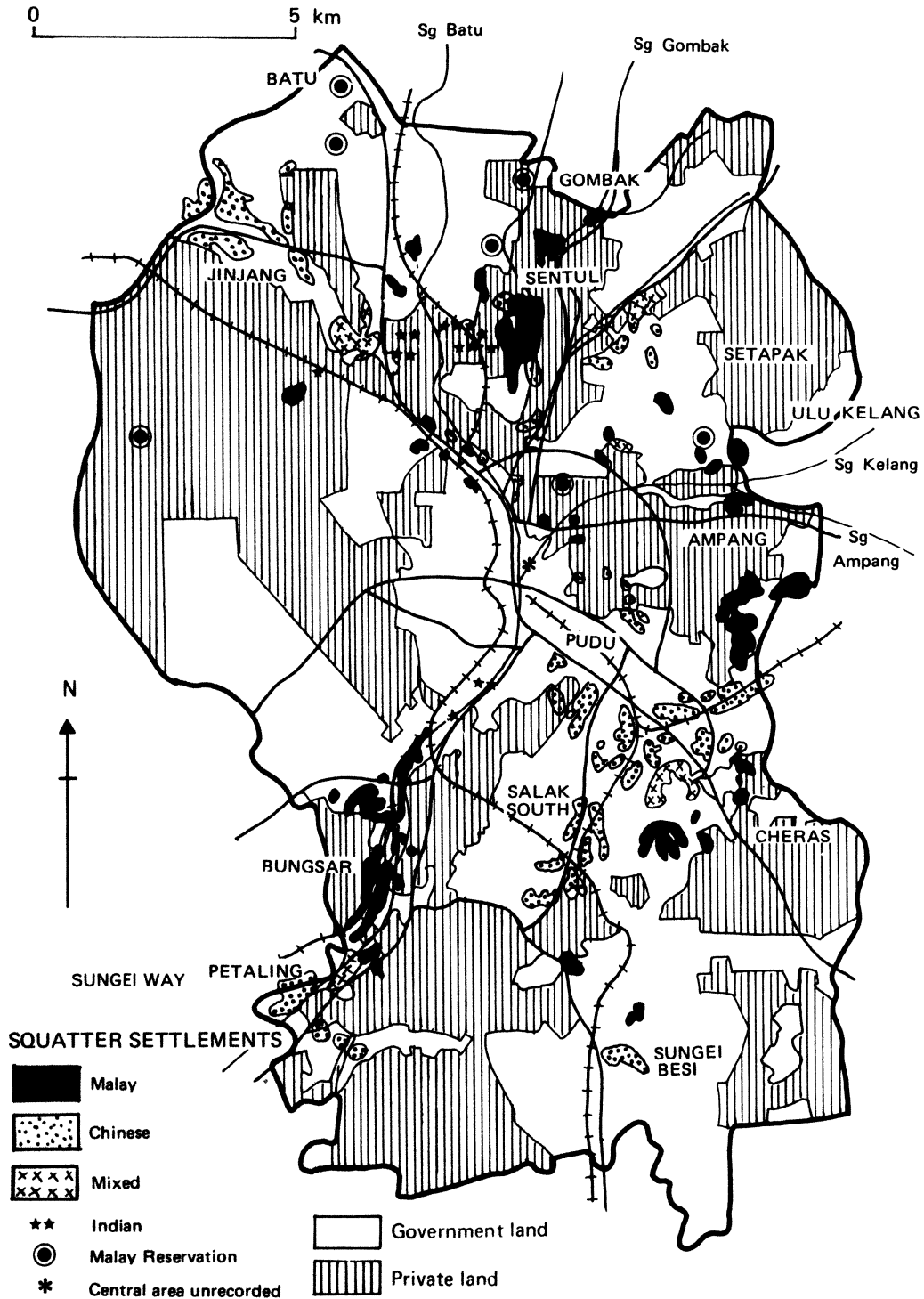


Fig. 2 Location of squatter settlements, eviction and resettlement sites in Kuala Lumpur and the Federal Territory, 1976

provided'.<sup>47</sup> Since 1974 Kuala Lumpur Municipality has carried out improvements on basic infrastructure, that is roads, drainage, street lighting and water standpipes, in over 60 squatter areas. The financial commitment has, however, been small, totalling less than \$750 000. Moreover, 56 per cent of this sum has been used in seven areas which are predominantly Malay, primarily to mollify local pressure groups and to satisfy political goals of improving the position of urban Malays.

Although the strategy has been used to upgrade infrastructure and social facilities, little has been done to improve housing conditions. These services have improved the quality of the general *kampung* environment at minimal cost and effort to the authorities, one of the main advantages of such a strategy, but improvement of the actual dwellings has been left to the individual owners. In 1980, however, the Kuala Lumpur Municipality allocated M\$4.5 million to upgrade 911 squatter dwellings in four selected settlements<sup>48</sup> suggesting that the authorities do recognise the importance of residential improvement. Significantly in each of the settlements concerned this upgrading has been associated with the granting of some tenurial security and the land occupied, a factor noted by Ward<sup>49</sup> in Mexico City to be crucial in such programmes.

Whether the Malaysian authorities consider *kampung* improvements to be more than a temporary solution, until more comprehensive housing programmes can be implemented, is not clear. The UDA report cited above<sup>50</sup> suggests that the strategy may be viewed as only a 'stop gap' solution intended to ameliorate the worst aspects of squatter settlements and make them liveable until such time as the land they occupy is required. Despite this, carefully implemented *kampung* improvement schemes can help create a residential environment in which squatters are encouraged to improve their own housing conditions, particularly when official improvements are linked to recognition of de facto land rights.

#### *Site and services*

The essential component of this strategy is the provision of building plots with basic infrastructure, utilities and access to social services to low income households who can construct their own dwellings using one of several standard designs. Established building and planning regulations, relating to lot sizes, road widths and other standards, are waived or modified so that the project as a whole, including the houses, can be developed inexpensively. Final costs will be recovered from the inhabitants through long-term (20 years) and low interest repayments. 'The basic ingredient of the strategy', official reports state, 'is that squatters are given an added incentive to pay by receiving in return the title to their land'.<sup>51</sup>

This strategy, strongly propagated by international development agencies,<sup>52</sup> has been widely accepted in Malaysia as a new 'solution' despite the fact that similar schemes were developed in the 1950s and 1960s. Thus officials at both the Ministry of Housing and Village Development and the National Development Planning Council have endorsed this approach which, it is believed, will 'no doubt rectify the shortcomings of the past'.<sup>53</sup> A pilot project implemented by UDA in conjunction with City Hall in the Salak South area (Fig. 2) was established as part of a large World Bank financed highway construction scheme and initially was due for completion late in 1977. However, due to disputes between UDA, City Hall and the contractors involved the project was only completed in 1980.

This scheme has involved the provision of 316 core houses of 400 square feet each on a serviced site, with an all-in construction cost of M\$6000. Units were sold to low income

families for \$6500, with over 90 per cent of the cost being covered by a loan from the Malaysian Building Society over 15 to 20 years at 5.5 per cent interest. An additional loan of M\$1000 was also provided for the purchase of materials to extend the core dwelling. In May 1980 290 of the total of 316 households had already undertaken some form of extension. Most of the families occupying these units were in fact in the lower-middle income bracket (\$300–400), since only such households could afford repayments.<sup>55</sup>

The Salak South project was a relatively small-scale scheme which did 'not address itself to all the elements of a proper sites and service program'<sup>54</sup> and was intended primarily to resettle squatters displaced by the nearby motorway construction. Nevertheless, it is expected that the experience here will be utilised elsewhere in the city, although there are no specific plans to do so.

#### *Other recent initiatives*

Kampung improvement and site and service schemes have been the mainstay of recent public policy, but two other new initiatives can be noted. First, the Municipality together with the Selangor State Economic Development Corporation, as part of a more comprehensive squatter resettlement programme, have developed several areas of temporary 'transit quarters' designed to house squatters evicted from their homes prior to relocation in public housing. One such scheme, at 10th mile Sungei Way (Fig. 2) has 74 blocks of wooden long houses with 10 one-roomed units in each, and accommodated some 2500 people in transit to more permanent accommodation. The authorities are building 800 medium density units, on the site of the old squatter settlement, which will be sold to residents for approximately \$12 500. Loans, with an interest rate of 5.5 per cent, will come jointly from the MBSB and the EPF. This project represents a new initiative in so far as it recognises the need for integration of the various stages in squatter rehousing—eviction, temporary accommodation rehousing and provision of finance. As such it connects a variety of pre-existing activities, by introducing one new component—large-scale transit quarters. Despite the apparent success of the project detailed here, one word of caution has been expressed: there are already signs that many squatter families cannot afford the new housing built for them and, as a result, are staying in the 'transit' quarters on a more long term basis than was intended.

The second initiative involves cooperative joint ventures between the public and private sector in providing low cost accommodation. The main pilot project of this type, built at Cheras (Fig. 2) in Kuala Lumpur, involved the construction of 676 two-bedroomed, double storeyed cluster link houses. The Municipality provided prepared land at the subsidised price of \$1 per square foot and reduced the required building, sanitation and planning standards. The result is high density housing (58 units per acre) covering 90 per cent of the lot, with each unit costing \$7500 to build, thus making them the cheapest type of conventional dwellings built in the city. Despite this, rentals on these cluster-units, for which over 3000 applications were received, are \$68 per month which makes them among the most expensive public units in the city, and out of the range of most low income families. Indeed (in May 1980) over 10 per cent of residents in this scheme were in arrears with their rent, a further indication that costs were too high. Despite this, the Cheras project does indicate that truly cheap conventional dwellings can be built by the private sector, and this experiment has no doubt created a useful precedent.



TABLE 4 Proposed squatter policy package, Federal Territory

Proposed action	Identifying criteria	Requisites of the action to be taken	Squatter dwellings affected	
			Number	Proportion of total %
1 Resettlement and clearance	<ul style="list-style-type: none"> <li>● Land required for public works</li> <li>● Flood risk is high</li> <li>● Land value is high (\$3 per square foot)</li> <li>● Site is not appropriate for residential use</li> </ul>	<ul style="list-style-type: none"> <li>● Alternative housing should be provided to evicted settlers before clearance</li> <li>● Alternative accommodation should be located within 2 miles of previous site</li> </ul>	4060	18.0
2 Improvement	<ul style="list-style-type: none"> <li>● Land is required for public purposes in the future (over 5 years)</li> <li>● Site will not be appropriate after the surrounding areas are developed</li> </ul>	<ul style="list-style-type: none"> <li>● Minimal investment in water supply, roads and fire protection</li> <li>● Renewable land leases should be given to settlers for 3–5 years</li> </ul>	2920	13.0
3 Upgrading	<ul style="list-style-type: none"> <li>● Land is not needed for public purposes</li> <li>● Site is appropriate for residential use</li> <li>● Site has low flood risk</li> <li>● Land value is low (\$3 per square foot)</li> </ul>	<ul style="list-style-type: none"> <li>● Planned lots with long-term leases are to be given to settlers</li> <li>● Infrastructural improvements including roads, sewers, lighting and water supply</li> <li>● Loans for house improvement to be available for settlers</li> </ul>	13 187	58.6
4 No action	<ul style="list-style-type: none"> <li>● Settlement occupies private land and therefore is not under government jurisdiction</li> <li>● No threat to health or safety exists</li> </ul>		2341	10.4

Source: Wehbring, op. cit.

*Comprehensive planning for squatters*

While the two strategies noted above have been implemented in individual schemes, they have not yet been accepted as the basis for a comprehensive housing policy which addresses itself to the wider issues of housing provision, the eradication of poverty and the redistribution of income and employment opportunities. However, a United Nations report<sup>56</sup> recommended that squatter upgrading and sites and services be incorporated into an integrated policy package based on an evaluation of the conditions in, and needs of, individual settlements. Wehbring, thus, classifies all existing squatter areas in the Federal Territory into four categories using a set of identifying criteria which determine the potential of the land in each settlement for residential use and its appropriateness for public purposes. The value of the land and its susceptibility to flooding were also considered. On this basis squatter settlements in which the land is required for public works, is subject to flooding and/or is too valuable for on-site improvement to be considered, are classified as suitable for resettlement and clearance. On the other hand, upgrading is recommended 'for areas that are appropriate for residential use . . . [where] the land is not needed for a specific public purpose . . . and land costs are below \$3 per square foot'.<sup>57</sup> The four proposed categories of action, summarised in Table 4, are complemented by a number of alternative housing strategies including sites and services, low and medium density and low cost accommodation, the provision of migrant hostels in the city to act as transit centres, and finally the introduction of preventative measures to control the spread of squatting.

Overall this United Nations supported proposal involves the acceptance, institutionalisation and rationalisation of the variety of strategies already used in Kuala Lumpur into one policy 'package'. The main asset of the proposal is that it recognises that squatting is a manifestation of broader socio-economic structures in Malaysia and does not view the problem as one which has to be removed at all costs. However, in operational terms, the proposal has several distinct defects. The criteria used to classify the four strategies focus on how the land or development potential may be threatened by the continued existence of squatters. Where land value and development potential are high, the policy recommends that squatters should be cleared or, at best, given permission to remain only temporarily. Where land value is low the plan suggests that continued residence, including upgrading, be permitted. However, areas classified as suitable for upgrading may be reclassified in the future if the land occupied is needed. In this respect these strategies are essentially ameliorative actions used until such time as modern development requires the land.

In addition Wehbring's analysis does not consider the physical condition of the squatter dwellings in the settlements examined when classifying different areas. The standard of construction and amenity of squatter housing varies widely. The proposal thus fails to recognise that squatter settlements have their own 'development' momentum in which different areas can be differentiated by housing quality and the amount of internally generated investment in housing and infrastructure that occurs in each. The encouragement of self-help housing strategies as proposed by Wehbring, can also be criticised on ideological grounds. The notion of 'self-help' is confused with the fact that the urban poor have no choice in their housing because of the socio-economic structure of the Malaysian social formation. Thus, although sites and service and *kampung* improvement schemes ameliorate the physical attributes of the residential environment, they do not alter the socio-economic position of squatters and thus their capacity to invest in housing improvement still remains limited.

Several other cities have developed policies similar to those utilised in Kuala Lumpur, most notably the larger state capitals, such as Ipoh, Georgetown and Johor Bahru (Fig. 1) which are undergoing rapid growth. Data from Ipoh are used to illustrate this point. The *Perak State Committee on Squatters* has a system of classifying squatters into 'new' and 'old' settlers, with June 1975 being the determining date.<sup>58</sup> Under this policy new squatters, estimated to number 1500 families, are scheduled to have their houses demolished, although it is unclear how this will be implemented because the State Government has declared that no demolition will occur until alternative sites are available. Moreover, the Perak State Secretary has stated that 'only deserving squatters would be given land lots . . . and squatter settlements occupying areas other than mining land would take some time to develop.'<sup>59</sup>

Despite this uncertainty, the initiative is an ambitious one, designed to meet the demands from both public and private sources for action against squatters and future squatting. The programme has designated 13 areas covering 485 hectares in and around Ipoh, often near existing squatter settlements, as resettlement sites. These will be developed into housing lots to be distributed to the approximately 50 000 squatters in the city.<sup>60</sup> It was hoped that 10 000 lots, with basic amenities, would be ready by the end of 1977 and to achieve this goal a special Squatter Resettlement Unit was created. Moreover, the State Government plans to urge the Ipoh Municipality to relax some of its housing by-laws to enable squatters to build legal dwellings on the lots distributed to them. By January 1978, however, only 560 squatter families had been resettled, although the reasons for this slow progress are not known.

The initiative of the Perak Government is not new in itself because the principles on which it is based are the same as those which have been influential in Kuala Lumpur. What is unique is the fact that a state government has taken an initiative on a matter that has generally been left to local authorities and district land offices. The scale of the proposed scheme, essentially a simplified sites and services programme, is larger than anything proposed elsewhere in Malaysia and in addition is based on on-site resettlement with some settlers provided with temporary shelter during the development phase.

#### *Low cost housing finance*

Until recently most policy relating to the urban poor focused on the physical provision of housing or the eradication of existing (squatter) dwellings. Yet, as shown above, many many projects were too expensive for the poor, those for whom they were intended. In an attempt to overcome this problem, a new scheme providing low cost housing finance was introduced in 1977. The Low Cost Housing Finance Programme (LCHFP) is financed by the Federal Government through the Malaysian National Bank (*Bank Negara*) and the EPF administered by the MBSB and directed to households with incomes below \$500 per month who wish to purchase a home costing less than \$20 000. Between 1977 and 1980 almost \$400 million was allocated to the LCHFP, which has approved over 18 000 loans valued at almost \$120 million. (This does not mean, however, that an equal number of low cost houses have been built, only that loans are approved).<sup>61</sup> The average loan was \$12 360 but as Table 5 indicates the proportion of loans in the highest bracket (\$14–18 000) has risen to over 70 per cent of the total. The percentage of houses costing over \$18 000, on which loans were approved, has risen to a similar level. Thus in the first year of operation, although the LCHFP has succeeded in providing the first really low cost housing finance, it has become increasingly impossible for those on lowest incomes to afford even this finance. For the majority of the urban poor, with

TABLE 5 *Operations of the low cost housing finance programme 1977-1979*

	Number of Loans	Proportion of loans to families with incomes sized				Proportion of Houses priced	
		\$300	\$300-500	\$10 000	\$14 000	\$10 000	\$18 000
1977	2648	24	61	23	18	20	13
1978	8595	20	64	18	45	10	44
1979	6858	13	68	13	71	9	73
Total	18 101						

Source: Malaysian Building Society 'Analysis of income, purchase price and loans approved', unpublished records, (May 1980)

monthly incomes below \$300, the maximum loan permitted by the LCHFP would be \$14,000. Yet by 1979 over 70 per cent of loans were over this figure. Moreover, detailed analysis of expenditure patterns among squatter households indicate that the proportion of family income required to service a LCHFP loan, generally 25-30 per cent, is too high. The point to be stressed here is that the poor are already unable to utilise LCHFP, leaving it as a resource for the regular low income earners (\$300-500) who are, nonetheless, needy of cheap housing finance.

### *Conclusions*

The Third and Fourth Malaysian Plans have continued to emphasise the need to supply dwellings at standards and prices which low income households can afford. This is evident in a number of new initiatives such as site and service schemes, squatter settlement upgrading projects and joint ventures with private enterprise. Most measures attempting to effect cost reductions focus on reducing the cost of land; the introduction of flexibility in application of infrastructural and building standards; rationalisation of the supply-demand relationship for major building materials; the use of public agencies involved in housing and construction to act as 'price leaders' to influence the price of houses built by the private sector; and the streamlining of bureaucratic and administrative procedures involved in residential development.

For the government programmes to come within reach of the lowest income groups, costs must be reduced significantly and/or repayment terms will have to be made substantially easier. It would require at least a 50 per cent reduction in prices, together with a lengthening of the mortgage repayment period to 25 years and a subsidised interest rate of five or six per cent, to enable households with monthly incomes between \$100 and \$199 to purchase the cheapest public house. An even greater reduction would be required to meet those earning below \$100 who constitute some 10 per cent of the urban population. Although changes in mortgage arrangements can be effected, such as those of the LCHFP, general commercial rates are unlikely to be reduced. Furthermore, although effective housing demand is sensitive to changes in borrowing terms, it is affected more significantly by reducing the cost and price of dwelling units. Several aspects of public housing construction are conducive to cost reductions. These include land preparation and cost, infrastructural and building standards, labour and material costs, and the implementation capacity of state authorities.

Although the policies in the recent Malaysia Plans place the continued existence of squatters in the context of poverty and inequality, squatters and their houses are still seen as a problem. The solutions offered revolve around the same central principle: that the problem posed by squatters will disappear once their dwellings have been removed. Even in cities where legally sanctioned mechanisms exist which permit the construction of low cost unconventional dwellings squatters continue to exist and, in some instances, proliferate.

This paper has indicated that the pattern of squatter policy established in Malaysia is an amalgam of introduced and local concepts some of which have evolved over a long period while others have been initiated recently. Public policy, as it is developed, has supported and facilitated expansion of the urban economy by encouraging the construction of higher cost housing and clearing land required for development. Squatter settlements as a socio-residential environment were, and still are, seen as a threat to this expansion. Where necessary policy has been formulated to enable clearance and eradication of squatter settlements to make way for 'modern' development. Squatter areas, and the activities within them have been removed, or 'dissolved' to use McGee's term,<sup>62</sup> as part of the changing structure of Third World cities. Housing policy in Malaysia has concentrated particularly on the problems associated with squatters and, despite the adoption of a broader based approach in recent years, including funding for low cost home purchase, administrators and policy makers continue to misunderstand the processes involved in the creation and construction of this type of unconventional housing. It is still assumed that unconventional housing is largely the product of auto-construction by the urban poor, often migrants, who cannot find other shelter. Yet, as I have discussed elsewhere,<sup>63</sup> not only is unconventional housing acquired and built through a variety of means including speculative development by large scale enterprise, the operation of small-scale (though widespread) artisans and construction firms, but the squatter population is far from being homogeneous. Though squatters are generally poor and restricted in their access to jobs, income and other resources, they also include the regularly employed, police and military personnel and even quite well off ('opportunistic') public servants, all of whom use squatting as a means of avoiding the high costs and restrictions of the conventional housing market and/or as a means of saving. For policies to be both effective for government and meaningful for the urban poor, a deeper understanding of the squatter phenomenon is required: one which comprehends the context within which squatting evolves, one that reflects the inability or unwillingness of the private sector to build low cost housing and the uneven nature of growth and change in a developing economy such as Malaysia. Basically, however, it must be reiterated that there are still those among the urban population who cannot afford even the cheapest legally authorised housing. Squatting provides such people with the means to establish themselves in a city, releases them from the burden of continued expenditure on housing and provides a socio-economic milieu with the potential for considerable economic growth and residential improvement.

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