

THE POLITICAL ECONOMY OF HOUSING IN UGANDA  
AND PAPUA NEW GUINEA : LESSONS FROM EXPERIENCE.

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## INTRODUCTION

Comparatively little scholarly attention has so far been given to the analysis of political economy of a nation as an important underlying determinant of certain facets of the Third World housing problem. The political economy of housing concept here refers to: the structural availability of opportunities for access to housing as a function of political and economic forces at work in a nation's rural-urban arena. The introduction of this concept leads us to an identification of the following class stratum: political elite, bureaucracy (civil servants), land lords, and the urban poor. An important point to note about this mode of class formation is that the strength or weakness of each strata in relation to its political and economic positions invariably determines the ways in which it is able to gain access to particular forms of housing.

Burgess (1978) and Turner (1978) have independently touched on the issues identified above. Burgess has argued that the housing issue is intricately linked to the ~~sinews~~ <sup>sinews</sup> of a nation's economic system; and his theme of analysis suggests that an effective solution of the housing problem lies in coming to terms with the operational economic forces. Turner, on the other hand, points an accusing finger at the bureaucracy and argues a case for prospective households to gain autonomy in the provision of their own housing. Although Burgess and Turner's analytical orientations are conceptually divergent,



structurally they share two fundamental problems. First, their expositions of the realms of linkages between political and economic forces are less instructive. Thus, Burgess is mainly concerned with the ways in which the economic system operates and gives comparatively little attention to the impinging effects of governmental forces into the housing arena; and Turner's position is vice-versa. Second, both commentators fail to explicate the political economy system of a nation as a significant determinant of the Third World housing problem.

Conceptually, however, Burgess and Turner's works provide a useful point of entry into the analysis of political economy as an underlying determinant of a nation's housing problem. This paper is addressed to the issue in question. And, to demonstrate its operational scope we shall explore comparative situations in Uganda and Papua New Guinea. The exploration will focus on three analytically distinct but mutually related factors, namely: access to finance, access to land and access to shelter, and this will be done in a fashion which highlights the significance of the class structure identified earlier.



## THE UGANDAN CASE

At the turn of this century, Uganda became fully integrated into the Western capitalistic system through the operation of the British colonial rule and allied mercantile institutions. From a structural perspective, this in essence created a form of dependency development process which some commentators (e.g. Brett, 1973; Kabwegyere, 1974) have identified as the basis for the country's underdevelopment. The process of capitalistic integration also resulted in the evolution of a structurally loose class strata, namely: political elites, civil servants (bureaucrats), land lords and the urban poor. The last stratum is constituted mostly by 'absentee peasants' (migrants) whose easily accessible employment opportunities are predominantly located in the informal sector of the urban economy (Odongo, 1978). It is this class structure, as will be demonstrated shortly, which institutes the framework of the political economy of housing in Uganda: a framework which invariably generates certain traits of the housing problem. In testing this proposition, the ensuing analysis will be built alternatively around the three models of accessibility fashioned earlier.

### Accessibility to Finance

The actors in the strata outlined above have various means of gaining access to finance for housing. First, we examine the strategy used by the political elites and bureaucrats (hereafter where appropriate, the two classes will be referred





to together as the Government).

Due to the underdeveloped form of the Ugandan economy the Government does not obtain a viable revenue from tax resources. In consequence it has over the years given a relatively low priority to investment in the housing sector; the argument being that the sector is economically unproductive. The main policy emphasis has therefore been on the development of the so-called leading sectors of the economy, namely: agriculture and industry (Uganda Government, 1972). This has been backed by the rationale that: investment in the leading sectors would improve the level and consolidate the base of economic development which through the operation of forward and backward linkages would in turn provide a leverage to an equitable provision of housing opportunities. But no one is sure of when that stage will be reached, as much as development economists are uncertain about the structural stages modelled by Rostow (1960).

As a result of the difficulty of getting access to finance for housing, the Government has customarily assigned the major responsibility for the production of housing to the private investment sector and individual household heads. The main problem with this strategy is that it does not offer any realistic investment guidelines - a weakness which is shared by most developing countries.

Appended to the Government are the banking and building society institutions; appended in that the ways in which they operate



are invariably controlled by various forms of official legislations which are centrally geared to a 'rational' regulation of monetary supply. Lodged within that framework and in combination with profit generation motives, these credit institutions have devised house-loan policies which favour the political elites plus the upper and middle echelons of the bureaucracy, and strongly discriminate against the urban poor (e.g. Lubegar, 1970) because they are regarded as investment risks. This strategy is in essence linked to the conditions of borrowing from the western capitalistic system.

The next class we focus attention on is constituted by private investors in the housing arena. We refer to them here as land lords: some of whom are in the Government cadre and others are self-employed entrepreneurs. The former category invest partly in formal housing through gaining access to finance loaned by the credit institutions; and partly in informal housing (slum and squatter settlements) through personal savings. The latter category relies extensively on personal savings and invests in the informal housing arena for reasons that will be explained in the later parts of the paper.

The bottom class is constituted by the 'absentee peasants' who are inclined to invest either in urban or rural homeownership. Results of empirical investigations conducted by Odongo (1978) and Odongo and Lea (1977) reveal the following socio-economic facts: an inclination towards investment in urban vis-a-vis rural areas is dependent on the length of



time spent in urban residence; the investment finance is essentially derived from personal saving sources; and while the rural-oriented investment behaviour improves living conditions in the rural hinterland, that which is urban-oriented contributes to the growth of slum and squatter settlements.

### Accessibility to Land

The colonial land and agricultural development policies brought about some profound structural changes in Uganda's rural sphere. In the former 'kingdom states' which are located in the southern and western regions of the country, the colonial administration enacted land policies which granted substantial land-ownership rights to the ruling elites. The statutory provisions enabled the kings and their deputies (chiefs) to lay absolute claims to exclusive areas of land within their jurisdictions (Kabwegyere, 1975; Mukwaya, 1953; West 1973: 11 - 99) where in most cases they acquired land of good agricultural value (Mafeje, 1968: 41). Most peasants then became tenants who had access to relatively poor and insufficient land resources for both subsistence and cash crop farming; relatively poor and insufficient because a number of political elites subdivided their estates and sold them off to private investors. The post-colonial governments inherited the framework of the colonial policy and have since left it virtually intact (Kanyehimba, 1973).

A notable consequence of the land policies identified above has been the emergence of a landless class of peasants who have thus been forced to migrate to towns in search of more viable economic opportunities, (Kabwegyere, 1975). Most of these migrants have become permanent urban



dwellers and some have had the opportunity to invest in the incumbent informal housing sector.

In the rest of the country the colonial land policy was much more flexible. It encouraged voluntary registration of land titles on the basis of the Torrens System. Combined with the cash-crop centred agricultural development policy however, this policy strategy resulted in greater need for individualization (or family-centred) pattern of land ownership whose chain reaction has over the years been: fragmentation of land-ownership rights which were under the custodian of the clan jural domain, creation of an environment which stimulates rural-urban migration in search for more stable source of income, and fostering urban-rural links to preserve the traditional social security base. It is out of operation of this link that the 'absentee peasants' category of migrants referred to earlier has evolved: a category which popularly prefers urban rental accommodation in balance with their inclinations to invest in rural home-ownership.

At the urban sphere stringent planning standards provide both opportunities for as well as constraints against access to land for housing. Within the gazetted urban areas, access to land is gained through the acquisition of a lease-hold title which is tied up with high building covenants. This in essence introduces the affordability factor into the urban housing process; thus it is mainly the political elites and bureaucrats who are able to acquire serviced land and meet the stipulated building standards.

At the peripheries of the gazetted urban areas planning regulations are absent. Hence, access to land is relatively easy for profiteering landlords and the urban poor. It is this ease of access which invariably leads to the development of slum and squatter settlements.





### Accessibility to Shelter

At the urban sphere accessibility to shelter is dependent primarily on the operations of political and economic forces. These have, over the years, moulded the development of the formal and informal housing sectors.

First, we examine the formal sector. In this sector there are institutionalized actors at work who on the basis of their politically and financially sensitive policies regulate access to shelter. One group of such actors is the government. Access to government housing is based on the criteria of 'entitled' and 'eligible', criteria which were fashioned by the British colonial administration and have without much questioning been adopted by the post-colonial governments. Those who are entitled to government housing are the political elites and senior beauracrats; and those who are 'eligible' are mainly graduate civil servants below the senior rank. A point worth noting about government housing is that it is highly subsidised (Lubega, 1969); and this indicates that the political elites and beauracrats are enjoying special housing privileges. But they are priviliges, so the government argues, which are a part of inducement for their much valued services.

The other notable group of actors in the formal urban housing sector is the National Housing Corporation established in 1964 and was renamed the National Housing and Construction Corporation in the 1974 by Amin's government decree. The primary function of the Corporation is 'to develop, build and manage housing estates and to sell houses upon such terms of payments as the Board may prescribe or to let houses at economic rents' (Uqanda Government, 1974).



A major problem which has over the years faced the corporation is that, it does not get sufficient funding from the Government. In consequence, it has to borrow capital from the international market. But the terms on which such capital is acquired is stringent: considerably high interest rates and short-repayment period, normally five years. These have forced the Corporation to build houses which can be afforded only by the political elites and the 'entitled' as well as some of the 'eligible' bureaucrats. Meanwhile, the urban poor have been left to hunt for housing opportunities in the informal sector.

This sector as we noted early provide housing that can be afforded by a majority of the urban poor, and it is where private landlords play a major 'social welfare' role.

At the rural sphere access to shelter is comparatively easy: as materials, construction costs, and land are cheap. This in a way explains the rationale behind the 'absentee peasants' popular inclination towards investments in rural home-ownership. The houses built are intended for use during retirement and leave periods. Although the 'absentee peasants' investments contribute to the improvement of housing conditions in the rural sphere, they also have a negative effect in the urban sphere in that they drain away capital which could have been used to invest and thus improve housing conditions there. The reason investment in rural home-ownership is popular with the Ugandan town-dwellers is a lack of urban-based social security system.

#### The Papua New Guinea Case

Since Papua New Guinea share a number of development processes which are



similar to those of Uganda, in relation to political and urbanization experiences (See e.g. Amarshi, et al, 1979; Levine and Levine, 1979) it would not serve any useful purpose to delve into greater details here of the Papua New Guinea political economy system via-a-vis the concomitant housing issue. The most convenient approach we shall adopt then is to highlight the significant differences between the housing development strategies which have been pursued by the two countries. The approach will be focussed on three models of accessibility fashioned earlier.

#### Accessibility to Finance

In Papua New Guinea as in Uganda access to finance for the production of formal housing is geared to the credit institutions. But the Papua New Guinea strategy is much more sensitive to the needs of the urban poor. Thus the government through the operational mechanisms of the National Housing Commission and the Department of Urban Development provides loans and grants to the urban poor (Papua New Guinea Government, 1973). However, the main difficulty with this form of financial assistance is that it does not adequately cover the cost of building a house, and a number of building constructions therefore remain unfinished.

An important point to note about the Papua New Guinea approach is the Government's political and economic wills to come to terms with the inevitable process of rural-urban migration and the concomitant housing problems. In contrast, the Ugandan government has adopted a laissez faire mode of behaviour towards such problems.

#### Accessibility to Land

There has been a growing shortage of land within the Papua New Guinea



urban sphere. It is however an 'artificial' rather than an 'actual' shortage. Much of the land owned by the Government within the gazetted urban areas has already been developed; thus the major problem now is the difficulty of acquiring customary land for housing development. This difficulty is acute in Goroka and Rabaul in particular.

Most of the customary land owners are reluctant to sell their property; and relatively few who decide otherwise usually ask for very high prices. At the same time, it has become a common practice for the land-owners, like those in the peripheral sections of the Ugandan urban areas to lease part of their property to migrants. This has resulted in the proliferation of uncontrolled settlements within the gazetted urban areas which pose a variety of health and social problems. The reluctance of the land-owners either to dispose of, or grant government usufruct rights over their property, has also from time to time hindered the implementation of squatter and settlement improvement programmes in various urban areas.

The Papua New Guinea experience in essence articulates the clash between traditional cultural values in land which incorporates some of the urban economic forces and the formal application of the urban planning and management rituals. This form of articulation is not achieved in the Ugandan situation where land within the gazetted urban areas is leased out by the responsible Town Council.

#### Accessibility to Shelter

Until recently, the Papua New Guinea mode of access to government housing was similar to that of Uganda. Since 1978, following the influential report of an appointed Committee (Papua New Guinea Government, 1978) the government has pursued a policy course to sell off its housing stock





to the incumbant civil servant at a reasonable price (at K11,000). The main rationale behind this policy was that it was too costly for the Government to maintain its housing stock. The same case applies to the Ugandan situation but the difference is that there the Government has not yet made a policy decision along the Papua New Guinea line of approach.

The main problem with the sale of the Government housing stock, as aired out in the proceedings of 1979 Waigani Seminar is that "... the sale would most likely favour those who could not afford to buy the houses being offered at favourable costs, and this in the long run would result in sharpening the patterns of social segregation and inequalities which were already emerging in the housing arena'. (Batho, et al, 1979: 227).

At the lower layer of the housing process, the Papua New Guinea Government, unlike that of Uganda, has vigorously pursued the policy of self-help. This is being spearheaded by the Department of Urban Development and the National Housing Commission. The policy involves giving financial assistance and technical advice to prospective investors in urban home ownership. For the financial reason cited earlier, this policy strategy has so far not been successful. In addition the ways in which Papua New Guinea urban dwellers maintain links with their rural areas and the ramifications of this behavioural tendency in the housing arena, have been substantially overlooked by the policy makers.

### Conclusion

In conclusion, it is now appropriate to synthesize the lessons which derive from the ways in which the political economy of housing operates



in Uganda and Papua New Guinea. The lessons are:

- (a) Part of the housing problem is manifested by the ways in which the international capitalistic system in association with the national government development priorities indiscriminately impinge on the housing process. Perhaps some useful remedies for this lie in:
- The Government giving less weight to site-and-service schemes and the so-called self-help or low-cost housing, (which in most cases provide housing investment opportunities for the political cities and bureaucrats); and placing greater emphasis on training of housing manpower and improvement of the local building industry.
  - The Government reorganizing its political economic system and national investment priorities. This might involve rationalizing pressures which political elites usually exert on the bureaucrats at the expense of the urban poor.
- (b) Housing standards and the credit institutions' lending policies are mutually self-servicing. This invariably excludes the urban poor from the formal housing market sector. Yet, the contribution of this class to the national development process has never been sufficiently evaluated.
- (c) The operational political economy of housing to the extent that it is buttressed on development standards which are not sensitive to the realities of the social and economic changes which are



taking place within the national vis-a-vis the international orders, unwittingly encourages investment in the slum and squatter settlements. This in essence suggests one of the reasons the housing problem in the Third World cannot be solved.

These lessons it is hoped will serve as a basis for a fruitful discussion.

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