

DOMINANCE OF PRIVATE SECTOR IN THE PROVISION OF HOUSING, RISE OF INFORMALITY AND RIGHT TO HOUSING FOR THE POOR: TOWARDS A THEORETICAL MODEL*

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ABSTRACT

With the implementation of neoliberal economic policies in many of the developing countries, the role of state has changed from provider to enabler in the provision of goods and services (UNESCAP, 1997); it is either the market forces that have filled the vacuum as “provider” in this regard, while those who are unable to afford services provided by the market are catered by channels termed as “Informal” in literature. Although “informal” is pitched as opposite to “formal” or “Legal”, however, the boundaries are not quite clear; it is not a simple case of duality in terms of legal vs Illegal; it is a complex situation (Roy, 2005; Varley, 2012).

To better understand the phenomena of “informality” in spatial terms, theorization of the process is important. Focusing on the housing sector, the practical aspects regarding the rise of market forces and its impact on the poor, the rise of informality has been explored by many, while the absence, failure and in-capacity of the state institutions have been discussed, however, there is a need to theorize the whole process, especially in connection with the basic concepts of Power, Space and Society.

The market forces in the form of private land owning agencies, authorities and similar sort of institutions with various levels of powers, working on profit basis are active in the housing provision scene at the moment in Karachi. This article, in the background of provision of housing to the public, aims to understand the rise of market forces and of informality under the dormant umbrella of the state power, by theorizing the whole process in connection with the theoretical perspective of right to the city.

Keywords: Housing, informality, institutions, Karachi.

1. INTRODUCTION

Rise of neoliberal policies has changed the role of state,

from provider to enabler (UNESCAP, 1997); it is either the Market that has filled the vacuum as “provider” or, on the contrary side, the remaining non-affording groups are catered by channels termed as “Informal” given the dormant state of government. Although, “informal” had been pitched as opposite to “Legal”, however, it is not a simple case of duality in terms of legal vs illegal (Roy, 2005; Varley, 2012). The literature around informality and rise of capitalism and neo-liberal policies links both the processes indirectly. Roy (2009), Weinstein (2008) and others see the globalizing capitalist processes as the forces that trigger exploitation by state and non-state actors through informal means to benefit financially and politically, while on the other hand, Marxist writers like Lefebvre (1968), Harvey (2008) and others look at capitalist forces and processes as the reason of class based divisions and socio-spatial and economic exclusion and suffering of the urban poor. However, there is a need of a theoretical model that could link all of these debates together in connection with each other more comprehensively and within the same spatial context.

This paper tries to theorize the processes by first generalizing the whole socio-spatial context in terms of its basic components i.e. Space, Society and the Controlling power. By doing this; the aim is to understand, analyze and theorize the processes of provision of goods and services by the state, the market forces and the informality as a singular and linked process. The second section looks at the housing demand and supply in Karachi followed up by discussion that apply the theoretical framework developed in the first section to reflect on the roles of state, the market forces and the informal sector in housing sector of Karachi.

2. CONCEPTUAL FRAMEWORK

The available literature on informality is of diverse nature. Many see informality as “generalized mode” of urbanization in global south (Roy, 2005) and inevitable future for the developing world (Davis, 2004), while others see it beyond

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global south and north divide, when it is considered an equal concern for the developed world (Hall and Pfeiffer, 2000), and for international planners concerned with distributive justice (Roy, 2005). The earlier literature on informality oscillates between debates of legality and illegality which has been termed as “simplistic dualism” and “binary thinking” by Varley (2012). Substantial literature could be categorized as either praising or demonizing informality, with researchers like Amos (1984) and De Soto (1989, 2000) looking at informality as poor people’s initiative, terming it “heroic entrepreneurship”, “creative response” etc., representing informality and informal settlements as a ‘self-help project’ of the poor. Similarly, Budhani et al. (2010) note that many researchers think that informality has done in providing goods and services to the urban poor when the state and market failed to do so, while on the other hand, many writers look at informality as a threat to the developed countries (Hall and Pfeiffer, 2000) and that it makes cities difficult to govern (Hasan, 2010).

Another direction in informality literature points towards its weak link with space production. Many of the commentators agree that informality represents the absence, failure or inaction of government or state power (Amos, 1984; De Soto, 1989; Roy, 2005; Kudva, 2009), but they are unable to inform that, then who fills the vacuum created by the absent state power? Since, inaction, failure or inability cannot form the basis of production of space (e.g. informal settlements) and society, but it requires an action, an action by a power similar to that of formal state power, given that the production of space is a social phenomenon (Lefebvre, 1974). Although many writers including Roy (2009) and Weinstein (2008) inform about the presence of informal actors (powers), in the form of middle men, political parties, drug gangs, organized crime groups etc., who create informal systems, bring order and discipline in the poor masses and control the settlement to fulfil needs of the poor and of themselves. It is important to fill this gap in order to better theorize the whole situation.

The literature on the rise of processes of economic globalization and urbanization link these processes with the processes of capitalism (Lefebvre, 1968; Sassen, 1999; Purcell, 2002; 2003; Harvey, 2008; Marcuse, 2009). Rise in control of such capitalist powers, in the form of neoliberal economic policies, have resulted in weakened control of state, commodification of land (UNESCAP, 1997); and alienation of citizens from the decision making processes about their city (Purcell, 2002: 100-101; Brown, 2013; 958-959), as these processes emphasize on privatization, abolishing of cross subsidies for non-affording masses and

emphasize on market based survival of all citizens without acknowledging varying socio-economic classes generated as a result of the capitalist processes itself.

The provision of goods and services on the basis of affordability, under market forces, ultimately creates a society and spaces of injustice in which the non-affording citizens are excluded socially and spatially leading to issues of disjunctive citizenship and deprived rights to the city. The concept of right to the city aims to bring the deprived citizens to be in the central position and in control of the decision making, especially, about their space leading to control over the future of city and their lives (Purcell, 2002: 101-102; Purcell, 2003: 577-578; Harvey, 2008; Purcell, 2013).

The concept of power is important to understand as, it forms the backbone of the theoretical framework being discussed here. In social sciences, Power represents a social relation and it refers to the ability to influence individual or group behavior and actions according to one’s own agenda, with or without the consent of the individual or group under the influence. Simmel (1950), Weber (1946), Goldhamer and Shils (1939), Bierstedt (1950), Gerth and Mills (1953), Luke (1974), Foucault (1982), Gaventa (2003, 2006), Vermeulen (2005) and others seem to agree to this widely accepted definition with slight variations; e.g. Luke (1974) sees power “as the imposition of internal constraints, and those subject to it acquire beliefs that result in their consent or their adaptation to domination by either coercive or non-coercive forms” Lorenzi (2006: 88). While exploring informality from a theoretical perspective, one finds that variables related to control and exploitation of resources also hold important ground in this discourse. The notion of controlling and exploiting resources are usually covered within the domain of political economy as described by Gaventa (2003), “the political economy approach sees power as the ability to command control over resources, and may be especially useful for conceptualizing ‘powerlessness’ as well as power.” Conclusively, Power refers to a relative superior position (Moral, knowledge based, Legal, Institutional, Physical, resource based, religious, social, cultural, etc.), having ability to influence and control individual or group’s behavior, its resources and actions, with or without consent of the people under influence, in order to achieve ‘desired objectives’. Furthermore in literature, ‘power’ is either considered agency based or structural however, the theoretical model should be able to accommodate both. So the state, the capitalist controlling structures, the feudal structures, the gangs, political parties, organized crime groups or individuals could be defined as power, either formal or informal depending on the nature of the structure or agency. Power is defined

through the controlled individual or society, whereas, the controlling power and the controlled are linked through space, in that territoriality represents the spatial dimension of power within which the power is exercised to control resources.

Based on literature, we can understand different types of powers, social controls and resultant space production, according to the following categories:

i. Formal Powers:

The powers legally legitimated by the law are supposed to be formal powers, e.g. the government represents the formal legal legitimate power supported by the law of state to control the society through its institutions and planning tools, "it is realized off course that a degree of benign social control is at the heart of any public planning activity" (Yiftachel, 1998: 395). It is taken for granted that the governments exercise their powers for the betterment of society and is reformist in nature. However, Yiftachel (1998) shows that, the government powers can also be "oppressive" in nature and can utilize its power, institutions and planning tools to benefit a particular group and to marginalize the 'other'. Furthermore, different Marxist writers, including Lefebvre and Harvey, have highlighted the role of governments in state with capitalist economy to be anti-poor and responsible for inequality and deprived right to the city and in spatial terms leading to rise in slums and informal settlements against the excluded enclaves of the rich. The dominating and powerful group in a society always try to get the legitimate power to control the system. Taylor (1994) elaborates that the state, its law, policies and institutions become a tool for the controlling elites through which they maintain their control over the decision making power and the resources.

ii. Informal Powers:

Informal power refers to the controlling groups, individuals, organizations and collaborations, whom the state law does not give the right to exercise their controlling powers and activities of planning, development and territorialization, but society and the people under their control accept their position as the controllers, contract enforcers, the mediators and leaders because of; (a) the socio-cultural dynamics of the society i.e. the informal power can be representatives of ethnic, religious groups or particular profession which establishes because of identity concerns, or because of concerns related to safety and security against the dominant groups. Such groupings and controls usually resort to the

benign controls or are of reformist nature and are not exploitative in majority of the cases, and uses religious or ethnic ideologies for controls which the followers usually internalize and follow voluntarily. In addition, these controllers can be second in tier of power after the state being on top and are usually from the society itself, and in many situations, the state accepts the role of such powers in society for example the role of customary leadership in sub-Saharan Africa in controlling land (UN-Habitat, 2008) (b) The relatively weak position of people as immigrants, informal settlers, poor or illiterates; and the absence of state and its institutes create a niche for actors to gain power as the controllers, the contract enforcers, the mediators, and the service providers etc. in the project of territoriality to exploit the resources in the territory. Here the resources mean, the monetary gains, the geographic area and society as market for 'goods', people as political loyal supporters, the human resource etc. The controllers vary from political parties, religious groups, gangs, drug dealers, organized crime groups etc. These controllers use different socio-cultural characteristics of the people to activate their 'identity' leading to boundary mechanism and territory making in response to the 'collective others' e.g. using religious and ethnic and religious identities for the political projects, poverty and unemployment in youth for drugs businesses, immigrants and other legally unsafe sections for political obedience against promises of giving them legal status etc. Such groups can be an outcome of states absence in an existing society or the power could lead to the creation of new settlement. Such situation in a divided society leads to creation of contending 'controlling powers' which follow "attack and defense" mechanisms leading to violence and segregation as described by Tilly (2004).

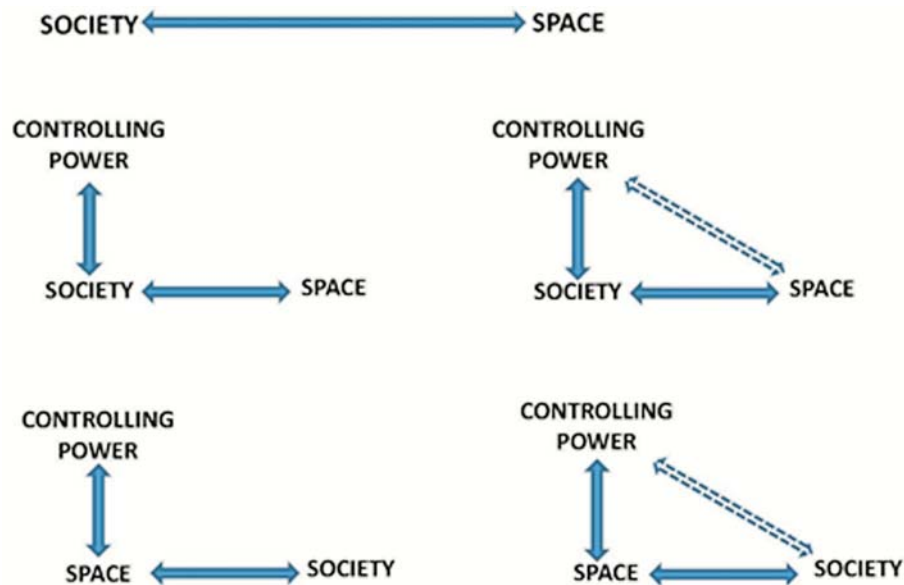
3. THEORIZING THE PROCESS

Power, Society and Space comes out to be the basic actors through which production and nature of space and society is defined, while through the link between them, the controlling power is defined, analyzed and understood. These three main actors and their inter-relationship is able to explain the processes of market based processes, informality and the role of state in the background of housing sector.

The link between controlling power, society and space has been explored by different writers but in a disjointed manner. The link between society and space is explained by Lefebvre (1974) when he elaborates that the space is a social product, supported by Soja (1980) when he explained 'socio-spatial dialectic' that space and social relations are interlinked and

affect each other mutually (Figure-1). The same logic forms the basis of Harvey's (2008) demand for controlling one's life by controlling decision making over space. Literature on power highlights that the power is a social relation and that the power originates from its subjects, and that there can't be a power relation without subjects, highlighting a two way relation between power and society (Figure-2). Literature related to space production and control informs that control over space gives bundles of powers to the controller of space (Peluso and Lund, 2011), so power

produce space and vice versa (Figure-3). All three variables are interlinked and interdependent in a two way relationship. We can call it the power-society-space nexus or the triangle of control (Figure-4). However, once the control is established it becomes a cyclic relation without any central element i.e. all produce themselves and other elements at the same time, making it a dynamic process. The power-space-society nexus is so strong that each actor is defined by the other (Figure-5).



Figures-1 to 3: Graphical Representation of Socio-Spatial Dialectic to Power-Space-Society Nexus

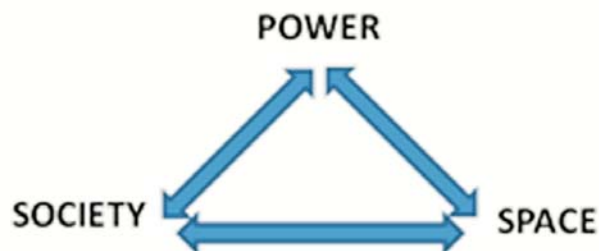


Figure-4: Power-Society-Space Nexus

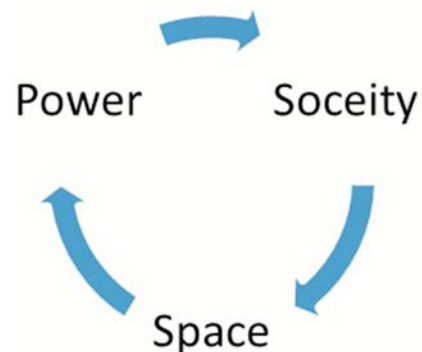


Figure-5: Dynamics of Control

Yiftachel (1998) identifies “state-space-society” while exploring the “dark side” of planning, which, in simple word is that the state power imposes controls on society to create an ordered, disciplined and obedient society that helps in production of controlled space. Although, this relation has been explored in the background of state as formal power, but it can be generalized for any power interested in the project of production of space and control over society. Similarly, take the example of three basic ingredients of capitalism i.e land-labor-capital, this also points towards a generalizable link between the controlling power (capitalist power or structures that possess capital), the controlled society in the form of labor and the space or the geographic confines that enables the controlling power to practice its rules over the controlled society (labor) in the form of productive land along with all the resources within it. Furthermore, these three basic actors are able to explain the feudal society as well, in which the feudal lords serve as the controlling power over the peasant society and exploit resources of the controlled productive land where peasant society exists (Figure-6).

3.1. Concept of Right to the City

The concept was first coined by the French philosopher Henry Lefebvre, in his book *La Droit a la Ville* in 1967 (English version: *Right to the City*, 1968) (Purcell, 2002; 2013; Brown, 2013). Lefebvre questioned urbanization and new forms of social and political forces in connection with the capitalistic production (Purcell, 2002: 101-102; Brown,

2013: 957-958). Lefebvre identified the transformation of city, from a traditional city, having emphasis on social value, to a capitalist city emphasizing exchange value; a city where citizenship rights and opportunities get linked with the ownership of property (Purcell, 2003: 578; Harvey, 2008: Simone, 2010: 59; Brown, 2010; Brown, 2013: 958; Brown and Kristiansen, 2009: 14-15). The exchange value not only converted the land into commodity but it also divided the society according to economic status and buying power, eventually leading to, exclusion of those not having formal property. Lefebvre, wanted to revert back to the previous state of society and the city, Lefebvre (1968). Purcell (2013) highlights that the return to traditional city is not in a literal sense, in fact Lefebvre calls the desired space as “urban” rather than city. The urban entails the possibility of self-governance, participation and opportunity to shape the city by the citizens themselves, Lefebvre (1968).

The concept emphasizes equal access to all that urban life offers to its residents, without any discrimination and requirement of ownership of land (Simone, 2010: 59); furthermore Brown and Kristiansen (2009: 16) declare that “it is not part of a human rights regime, but rather an approach for urban change”. It wants the common citizen in the place of power through participation (in the power-society-space nexus, in Figure-7) leading to production of space and eventually control over social relations (Dikec and Gilbert, 2002: 70). If materialised, it will lead to reduction of triangle of control in a simple two way relation between space and society, in which the citizens are controllers of their social

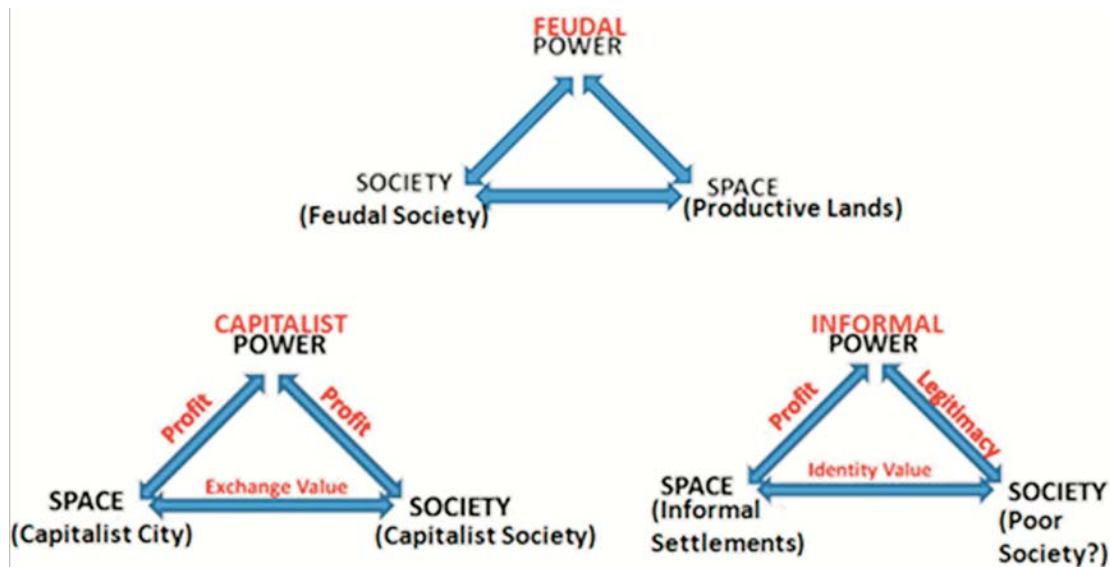


Figure-6: Controlling Power Defining Society and Space

relations and the space, a stage of autogestion in which the social value dominates the exchange value. However, the question arises about the outline of the system through which this would be undertaken.

3.2. Linking the State Power, the Market Power and the Informal Power:

Foucault (1982: 784) considers state as the power developed around the promise of providing “worldly” aims of health, wellbeing, security, protection, etc. However, with the rise of liberalizing of economies the role of the state has transformed from being provider of the above mentioned goods and services equally to its subjects rather, to enabler (UNESCAP, 1997) in other words, it has stopped its right of exercising power for providing the afore mentioned goods and services without any discrimination, creating a space for a new power to exercise the same responsibilities. The place is given to the market force legally, which works on the concept of profit making and consumerism. The emergence of market power developed a new power dynamics in society, it generated class based groupings i.e. groups on the basis of buying power and their standing in the overall market society in which the capitalist is on top of the pyramid (Figure-8). The society became a society in a market rather

than market in a society (Mitchel, 1991). This society is placed in space where only those are allowed to live who have the money to buy the goods and services being sold. The capitalist class forms the main power in such society as explored by Lefebvre (1968), Harvey (2008) and other Marxist writers. Even the state is controlled by them indirectly or invisibly (Yiftachel, 1998); this situation is very well explained by the “Third dimension” of power by Steven Luke (1974).

This market based capitalist-consumer power relation represents a “bilateral power” as termed by Goldhamer and Shils (1939), in which both support each other i.e. the capitalists provide goods and services while the consumer return the profits on the capital, however this bilateral power does not represent a balanced situation since the capitalist has the upper hand and has all the resources and approach to the policy tools and decision making bodies and spaces (Yiftachel, 1998), whereas the consumer gives them the power and behave as subjects.

The market power has its jurisdiction, a geographic boundary, a territory, just like state or any other power, where it controls its subjects and where class based society lives. This geographic boundary or territory allows only those to live

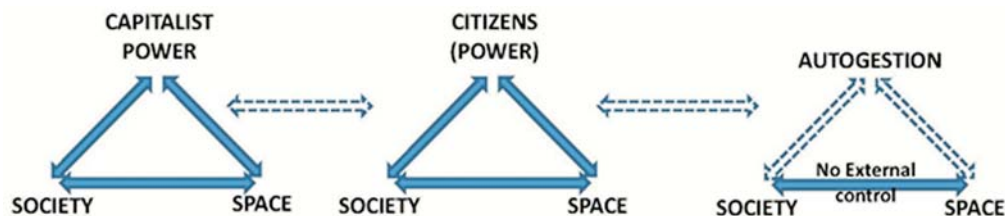


Figure-7: Aim of R2C-Citizens as the Controller of Society and Space

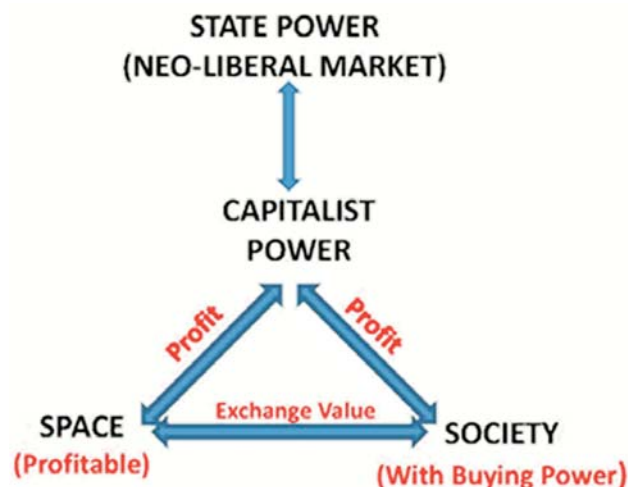


Figure-8: State Power under neoliberal market Conditions

in it, who can afford to pay for the land in it. Similarly the market provides good and services to those who can afford it, whereas others are not considered worth servicing so they are discarded and excluded from the territory of the market society in the name of development, urban regeneration, urban renewal etc. This has been explored by Lefebvre (1968) and Harvey (2008) who term it “dispossession” or “creative destruction” (Figure-9).

The people, not having the required buying power are sent to places according to their affordability or to places having no worth at all, a powerless space where neither state nor the market exercises its power, as they don’t consider it worth exercising power and abstain intentionally since the investment cannot be returned with profit, or the representatives of the state intentionally abstain because they seem to have an opportunity to benefit financially and politically behaving like a private sector looking for profits abandoning the concept of welfare, such actors work through informal means, and such space represents place where there is a vacuum of power. Since, power is everywhere (Foucault,

1978) and there cannot be a vacuum of power in a society, the social group, the need of the people attracts actors having the potential of fulfilling their needs and having ability to fill the gap and “substitute” the formal power, a power having no legal legitimacy to control the resources of the particular geographic territory of particular social composition, in order to keep the resultant goods and services affordable. Sometimes it’s a natural voluntary process of developing and accepting actors as power, while in other situations it is forced process where informal actors controls the space, its people and the resources by force, like the case of Nicaragua explained by Rodgers (2005). In any case, these “dispossessed” people render their obedience and loyalty in return to fulfilling of their needs, the needs of shelter, services, goods, security, contract enforcement and the promise of bringing them back in the jurisdiction of formal power, i.e. the market power, and the state power by formalizing the territory (informal settlement) or giving them rights of the property where they reside, and the cycle continues with other people at other locations (Figure-10).



Figure-9: The process of exclusion

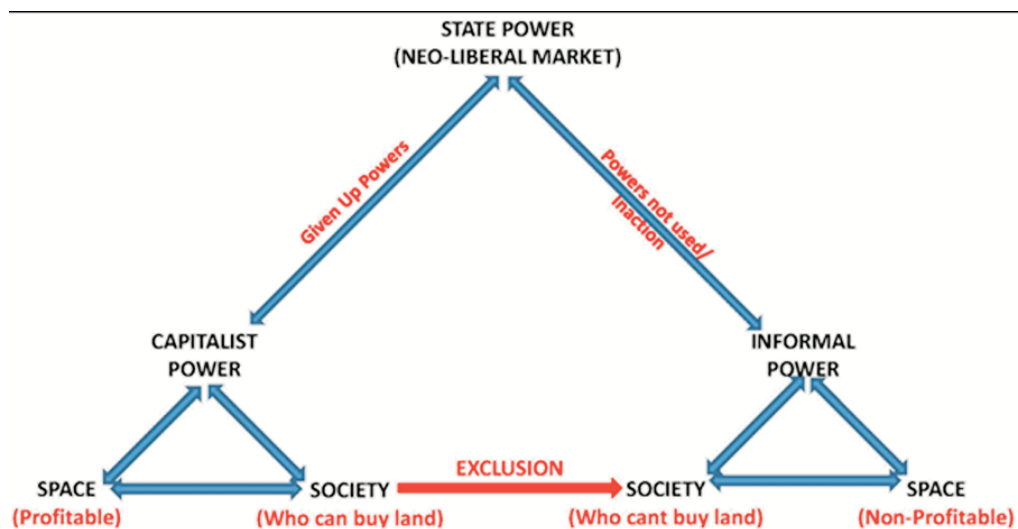


Figure-10: The Link between State, Capitalist Powers and Informal Powers

3.3. Understanding Informal Settlements and Informal Land Controls

Informal settlements are indicators of power which emerges after the failure or intentional refusal of state (legitimate power), to exercise its power (responsibilities) over a certain geographic territory having certain social characteristics, Roy (2009) has identified such acts like processes of un-mapping indicating the intentional refusal of exercise of power or intentional creation of vacuum of power. The legally non-legitimate power gets there to fill the vacuum of power and control the people and the territory, in addition it starts exercising powers like enforcing contracts, controlling land transactions, mitigating disputes amongst the subjects etc., as discussed by Budhani et.al (2010), Utas (2012) and others. This process basically reflects “informal land control” i.e. the settlement is being controlled by power that is not legally legitimate and is performing the functions of state or is able to provide the goods and services which usually the state power is responsible for. Informal land control is not about struggle or revolution against the state power, it is about controlling the people, a territory and its resources against certain trade-offs with the people e.g. legitimacy, support and obedience against the basic protection, contract enforcement, utility services and goods.

4. HOUSING DEMAND AND SUPPLY IN KARACHI; AN OVERVIEW

The housing demand and supply with respect to income levels clearly identifies the role of state, market forces and the dominant informality prevailing in Karachi city (Table-1). KSDP-2020 clearly identifies the demand for new housing units according to income level categories from year 2005 till 2020, in that the demand for housing for the poor dominates with 60%, while middle income group requirement is around 30% and the upper income group demand remains under 10% (Table-2).

The statistics, related to housing supply in Karachi, in KSDP-2020 (Table-3) seems to point that the supply is almost equal to demand, however later in the report, KSDP-2020 mentions that the majority of the housing schemes (Table-4) have already been floated in the market and the majority of the plots have been sold and currently laying vacant because they have been bought for speculation by middle and upper income investors. In addition, the housing supply for the upper income groups is around 17%, while remaining housing units are mentioned as for both the low and middle. The latest housing scheme announced by the public sector was in 1996, while the schemes announced since 1970s have not reached their capacity (Table-4).

Table-1: Housing Demand and Supply in Karachi. (Hasan, 2011)

Category	Housing Units	Percentage
Demand	80,000	100
Formal Sector Supply	27,600	34.5
Katchi Abadis	32,000	40
Densification	Remaining is met through densification process.	

Table-2: Demand identified by KSDP-2020 for 2005-2020 (KSDP-2020, Draft Report)

Household Category	% Total	No. HHs	Avg. Plot Size
Low Income	62%	1,000,333	120
Middle Income	31%	502,026	240
High Income	7%	114,081	500
Total	100%	1,616,440	-

Given the dormant state of the public sector housing supply, the formal sector supply of housing has been dominated by the private sector enterprises that includes the private builders, developers and also including the army related establishments of DHA and other six cantonments in the city (Azmat, 2013). The latest and largest housing supply in formal sector has been by either by Defense Housing Authority, which is developing 12000 acres of land outside the city with the name of DHA city, while the other private developer is “Bahria Town” with their already sold-out 100,000 plots; both schemes catering to the elite (The News, 2014). The

bulk of formal sector housing supply are either for the middle income groups or for the high income groups. No housing scheme for the poor has been reported within the private sector supply pool, however, it is an accepted fact that 50% of the population in the city is living within informal settlements. On the other hand, densification, in the formal and informal settlements, forms the alternative for majority of families in the city.

The housing schemes mentioned as to target low/middle income groups are infact meant for the upper middle income

Table-3: Large Residential projects on the market in pipeline (KSDP-2020)

Name Of Scheme	Authority	Total HH	Percentage	Target Group
Taiser Town	MDA	246,840	14.9	Low/Middle Income
Taiser Extension	MDA	48,000	2.9	Low/Middle Income
Halkani	LDA	461,604	27.87	Low/Middle Income
Hawk's Bay	LDA	137,400	8.30	Low/Middle Income
Shah Latif	MDA	90,000	5.43	Low/Middle Income
Ghagar Phatak/ New Malir	MDA	72,000	4.35	Low/Middle Income
Sch. 33	CDGK	312,312	18.86	Low/Middle Income
DHA Phase 9	DHA	72,000	8.69	High Income
Islands	PQA	72,000	8.69	High Income
Total		1,512,186	100	

Table-4: Recent Public Sector housing Schemes (KSDP-2020)

Sr. No.	Name Of Scheme	Year Of notification	Current occupancy status
1	Scheme No.25-A	1980	05%
2	Scheme No.33	1971	20%
3	Scheme No.42	1983	05%
4	Scheme-43	1986	0%
5	Scheme-45	1986	05%
6	Scheme No.25-A	1980	05%

groups, as the prices are proved to be far beyond the buying capacity of the low income group, and in many cases, even beyond lower middle income groups (Hasan et al, 2013). The low income groups remain with no option but to take loan, and that is almost impossible for them from the formal sector, as the banks and house building finance company (HBFC) require property mortgage and follow a very cumbersome procedure. The low income groups remain with no option but to either sell their valuables, or take loan from the informal lender on high interest rates and stringent conditions.

5. DISCUSSION

The housing sector situation in Karachi and the rise of spatial informality can be understood through the theoretical framework developed. The statistics indicate the state as dormant, while the market based private sector are the only formal sector available that are catering to the needs of the people who are able to afford the goods and services offered. Other groups who are priced out or, in other words, are unable to afford housing options that the formal market has to offer, fulfill their needs through informal markets.

The State is supposed to be the ultimate power having the ability and resources to cater to the needs of its subjects (Foucault, 1982). However, in the case of housing in Karachi the state has failed to meet the needs of poor, as almost all the housing options for the poor have failed by missing out on the target groups, or the development was not timely, or the prices were high, or the upper income groups bought all the plots for speculation (Majid, 2014; Khan, 2014). It is difficult to assess that whether the failure is intentional or un-intentional, but it is a fact that needs of the affording masses are being met in one way or the other pointing towards state's partial failure, in fact, it is the same situation which UNESCAP (2008) identified as the role of state being changed from provider to enabler i.e. although the state is not providing but it has delegated its responsibilities, in this case, to the private sector to cater to the needs of the people. The state's failure in many of the cases is found to be intentional, as the government representatives running the affairs of the state are found to be involved in profit making through informal means (Roy, 2009; Weinstein, 2008), and their profitability depends on the un-availability or failure of subsidized housing options provided by the state.

The dormancy of the state institutions and giving away its responsibilities to private sector, is in a way like the government has transferred its controlling powers to the market forces, as then the market forces have an influence

on policy formation (Yiftachel, 1998), this could easily be understood through the different policy adoption by the city governments, like 17 corridors of the city were commercialized and its floor area ratio (FAR) increased to allow high rise buildings (Anwar, 2010). Furthermore, for facilitating the builders and developers, high density law was passed in assembly approving the recommendations of the board assigned for its assessment (Maher, 2014).

The power of the private sector, the only formal housing sector, could be seen in the infrastructural projects initiated by private sector builder and developer "Bahria Town" in which it has given billions of rupees to Karachi Metropolitan Corporation to develop a web of roads, underpasses and overhead bridges to facilitate its project of a skyscraper at Clifton Karachi (The Express Tribune, 2014). In addition, the same builder has developed a billions worth of project to initiate a public transport infrastructure and service from its proposed housing scheme on the periphery of Karachi to the city centre (Bahria Town, 2014).

The private sector, which is the only active formal sector, with its inherent need of profit making and having non-welfare nature, has done well in providing housing to its target groups. Infact, the statistics in previous section shows that the private sector is over supplying housing units to its target groups. Housing in the private sector is strategically located within the city, for example DHA, which abuts the sea, has larger plot sizes and has scenic views, while others are within city or are connected with the city infrastructure very well. Furthermore, the facilities provided and the credibility of the builders/ developers fetch them prices so high that are far beyond the reach of the lower middle and low income groups making them priced out and out of the competition for such options.

The oversupply in private sector and the vacant public sector housing schemes gives the impression that there is no demand-supply gap in the housing sector in the city and all the housing needs of the citizens are being met. In fact those, who are unable to find solution in either the public sector projects or the private sector projects are neglected and are not documented by any means, in reality, they are excluded by market mechanisms resembling the second dimension or hidden powers (Luke, 1974), just because such groups, in this case, are unable to fit in the business models of profit making. In addition, they are unable to tap on to financial solutions provided by the public or private sector. As a result, such groups are excluded from the possible territories (land markets) that are controlled by the private (capitalist) markets. They are unable to prove their

right to live in those controlled territories, as they don't have the capital to invest, neither they can fetch profits for the builders and developers, nor, they are considered trust worthy by the formal financial solution providers, consequently, they have no option but to find territories (land) where they are accepted and made to live in exchange of what they have to bargain i.e. the money in instalments, the vote, the human resource for the informal groups, bargain of luxury, visual order and aesthetic against the possibility to possess one's own property, and the resilience to withstand odds of unavailability of utility services to threats of evictions and political victimizations.

The exclusion of non-affording masses or the poor from the formal land, and the formal administrative structure leaves behind a society that reside on that formal land, having formal rights to live on the particular property, administered by the formal power structures of state institutions, completing the formal power-society-space nexus in which the power represents the market forces or the capitalist structures within the larger umbrella of the state power. Although, it is not a quite clean process in the case of Karachi, as formal and informal land and services overlaps and sit side by side to each other, however, theoretically it confirms to the model.

The "excluded territories" represent the excluded land, the excluded society and the informal actors who are responsible for developing, managing and defending that excluded territory in reference with the formal market forces, forming its own Power-Society-space nexus. This triangle of control (informal) is in parallel to market based power-society-space nexus or formal control triangle. The controlling powers responsible for creating informal territories are considered informal and not illegal, as they are supposed to be entrepreneurs who are directly or indirectly linked with the actors responsible for running of state and its institutions (Hasan et al, 2013), so this gives such actors a possibility of political entrepreneurship (Gazdar, 2011). As a result, informal settlements on dangerous zones, peripheries, agricultural lands, abutting high income areas on the right of way of railway land or in dangerous zones and on land with low market values are readily found, except for some cases. Just because the formal private sector would not allow informal settlements on profitable land or if found could partnership with the government officials to evict or burn such informal settlements, to bring it to its jurisdiction of controlled land.

The whole situation of formality representing market based capitalist powers in housing sector in Karachi, is responsible for violating the right to the city of the poor who cannot

afford to access costly properties, although the state consider them as equal citizens and gives rights to live in the country. While the whole framework of having capital and ability to have formal property rights is creating a social divide amongst those who could afford and those who cannot; it is against the basic rights of citizens as money (capital) cannot be the decisive factor and base to be able to avail a decent living.

In a way, along with many other indicators, informal settlements in Karachi are a symbol of dormant state, active market powers, presence of informal (non-state) actors and deprived right to the city.

6. CONCLUSION

It is clear that, in housing sector, rise of private sector and informality are connected to each other directly: the stronger the market forces the larger the informal sector given inactive behavior of state. In addition, the strong private sector leads to exclusion of poor and depriving their equal rights to the city goods and services. The analysis of interrelation between controlling powers, the space and society helps in understanding the processes of market based and informal processes and helps in defining informality as well as informal settlements.

Karachi is experiencing a dominating private sector in housing, and given the inactive role of the state in the provision of housing options for the poor, the poor have no other choice but to resort to housing options provided by the informal sector.

To improve the situation in the city, the state will have to play a role to support the poor section of the society, in fact, the state will have to play a role of welfare state in this background in order to minimize the informal sector and to ensure rights to the city for the excluded groups. In addition, the market forces also need to support the poor by introducing solutions for this deprived group, or the state could force and bind the market forces to share their profits with the larger groups in the city to ensure inclusive development (Figure-11).

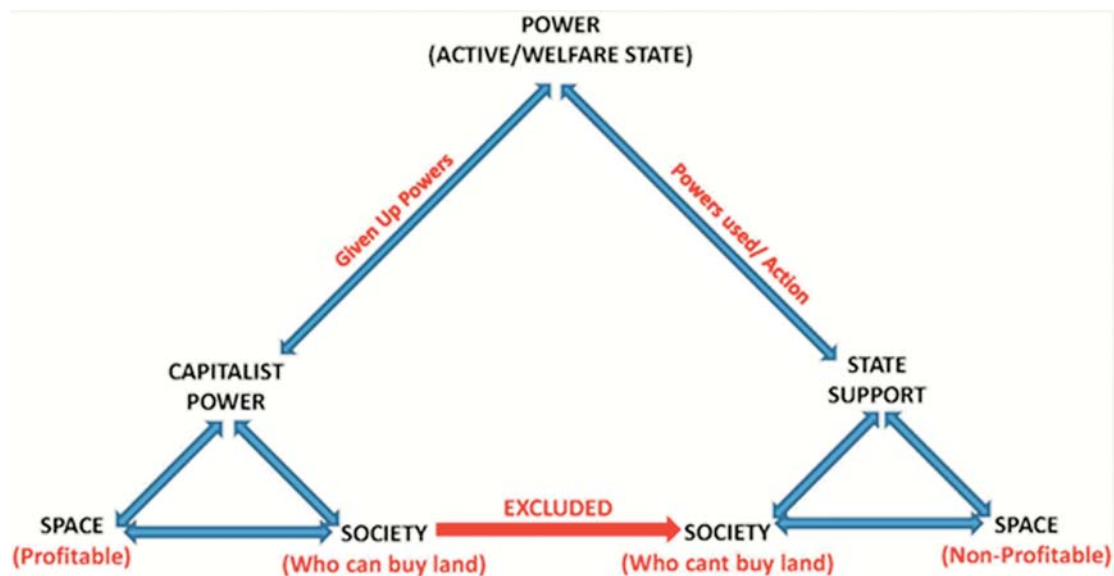


Figure-11: State as the Welfare State

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