

SOCIAL MOBILITY AND CLASS FORMATION: AN ANALYSIS OF THE HOUSING MARKET IN COLOMBO, SRI LANKA

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Abstract

The main focus of the paper is on understanding the emerging relationship between state, market and social classes in the city of Colombo in the context of emerging housing market and citizens' access to a livable house in the city and its suburbs. This main objective is achieved through the questions of enquiry, listed as: to identify the role of state on formulating various housing policies and their implications; to describe emerging institutional mechanisms, public or private, in facilitating, developing and implementing land and housing properties; to investigate the housing market and its socio-economic impacts on the residents to examine residential patterns and formation of social classes in the communities; and to enquiry into the nature and forms of relationships among the state, the market and social classes in regard to urban setting. The study reveals that the rising demand especially among middle and upper income groups for private housing colonies, selling their products (flats) along with multiple amenities, has resulted into a steep rise in land prices, hence making the private housing out of reach for the low income groups, who then look for government housing schemes. Also, the profile of housing status and urban renewal of Colombo City is not different from several so-called developing countries (including India) where a few mega cities are now competing to be the 'world class' cities, and in the process their States are losing control on (or withdrawing from) basic human services meant for average citizens. The whole process has led to the emergence of urban classes very distinct from one another and drawing an identity from the housing structures.

Keywords: *Urban Housing, Housing Market, Social Actors, Social Mobility, Social Classes*

Introduction

In this paper, we draw our attention to analyze the social mobility and social classes of the localities in urban areas which have sprung up as a result of the behavior of government and the housing market in Sri Lanka. In the traditional perception, the house not only fulfills shelter needs but is also symbolic to social status, personal identity and other psychological sentiments. Raskin (1974: 22) says, "...from a contemporary view point a person's house is the visible evidence of his/her income level or class, his/her life style, his/her family relationships, his/her aspirations and his/her feelings about his/her fellow men". It is important to realize that people expect to encode their human qualities and some other environmental qualities in places they live. Also, housing is one of the most important aspects of social development; it is not just a matter of shelter and space, but also something that has access to other material and social

resources. In most cases, it can influence consumption patterns and household incomes, affecting what people can do and who they can become. Also, housing is traditionally considered as a responsibility of households. However, with increasing urbanization and change of economic environment, households alone cannot fulfill their housing requirements. Several institutions, both public and private sectors, have an important role to play in the development of housing for a nation. In the developed world, housing has become a marketable commodity where developers and financiers are working together to construct houses for sale in market. However, in the developing world, due to low income levels, households cannot depend on the market alone. In these countries, housing development is a responsibility of several parties of stakeholders. The most states in advanced capitalist countries have actively intervened in housing provision, although the degree and mode of state intervention vary according to socio-political conditions. Thus, an analysis of urban housing policy in Sri Lanka offers insight into the state and the market role in social development.

Objectives and Methodology

The main research objective of this study was to understand the relationship between state, market and social classes in Colombo in the context of urban housing policy in Sri Lanka. It also had four other related sub-objectives. They were as follows: (1) To identify the role of the state on formulating the urban housing policy; (2) To identify the main groups and their role in the existing housing markets; (3) To investigate the impact of state's housing policy on the residents under focus; and (4) To examine the formation of residential mobility and social classes in urban areas.

The present study is exploratory in nature. It has focused on three-selected major urban housing complexes, which were implemented by both the state and private sector in the Colombo Metropolitan Region. They are: (a) 'Sahaspura' – A Relocated Low-Income Housing Complex /Condominium as a government new project adopted in the 1990s; (b) 'Mattegoda' - A Lower Middle and Middle Class Housing Complex as a government project adopted in the 1980s; and (c) 'Millennium City' - A Middle Class and Higher Middle Class Housing Complex as a private sector new project adopted in the 2000s. The choice was mainly based on all the income categories of the residents/actual inmates (e.g. lower, middle, and higher). The field work was carried out in three-selected housing communities, which were based on their different characteristics with reference to income categories as well as objectives of the housing projects.

The sample for the quantitative survey was selected by using the random sampling method. The sample size was kept at 325 units (respondent-head of the households) from three-selected communities. It formed 10 per cent of the total number of households from the Sahaspura community. Also, it formed 15 per cent from the Mattegoda and Millennium City communities, respectively. According to that, out of 671 households, 100 units were selected from the Sahaspura community. Out of 1122 households, 112 units were selected from the Mattegoda community. And, out of 755 households, 113 units were selected from the Millennium City community. The following main research tools were employed for the data collection among the respondents of the selected housing communities: (1) Sample Survey (using an interview schedule); (2) In-depth interviews (particularly informal interviews); and (3) Non - Participant observation. Data for this study, both quantitative and qualitative, were collected within eight

months between 01-02-2010 to 30-09-2010. The research has been based on both the quantitative and qualitative methods and survey design.

Urban Housing, Market and Classes

In the beginning, a few sociologists had, in their studies, concentrated on analyzing the effects of urban living on individuals. This emphasis was also to study the alienation and anomie in such individuals due to the break-up from the traditional rural community (Park, 1915, Wirth, 1938, and Simmel, 1903). However, Rex and Moore (1967) have proposed the idea of housing classes as a key factor in urban society. According to them, 'Membership of a housing class is of first importance in determining a man's associations, his interests, his life-style and his position in the urban social structure.' Using Burgess's (1925) concept of the zone of transition and Weber's theory of social classes, Rex and Moore claimed that housing was not distributed by the 'Market Forces' but by a 'class struggle' between different housing classes, a competition for the most desirable form of housing in the suburbs. While a social class is usually based on occupation, a housing class in their analysis was based on a group's ability to satisfy the rules and regulations of either the Building Societies (in the private housing market) or the Local Authority (in the public housing market). Pahl (1969, 1975) and Rex and Moore's (1967) theses did, however, show that the distribution of urban resources was the result not just of market forces but the actions and decisions of a wide variety of urban managers in both the private and public sectors. Such a revelation led Pahl to propose the managerial thesis that the key people, controlling the distribution of such urban resources as housing, were the building society managers, bankers, planners, etc. (Statterey, 1985: 33). Pahl (1975) has argued that these urban managers had sufficient autonomy in the allocation of scarce urban services to constitute an independent influence upon urban patterns of social and economic inequality. Professional officers or urban managers were thus deemed capable of pursuing policies relatively independent of both electoral constraints and interests. According to the neo-Marxist approach, it is indeed the responsibility of governments under monopoly capitalism for making the provision of urban goods, housing and services, urban planning and policy (e.g. urban system¹). Thus, the state becomes through its arrangement of space the real manager of everyday life of the people. There has arisen general recognition that the political orientation of the regime in power has considerable impact on housing. Also, considerable effort has gone into the study of local power structure as an important dimension of housing policy. Thus, Castells (1977) has argued that the distinctive social function of the city in late capitalism was as the principal site for the reproduction of labour power.

According to Weber (1982: 69), class situation derives from market position. Class, therefore, refers to 'all persons in the same class situation'. He has focused on three broad class types: property classes, based on ownership of property; commercial classes, based on earning and spending power in the market; and social classes, which define the range of class positions within which individual and generational mobility typically occurs. Also, Weber (1982: 71) sets out four major social classes which group together people who share common class situations.

¹ The term 'urban system' refers to the relation between elements in the spheres of production (e.g. factories), exchange (e.g. transport facilities), and consumption (e.g. housing), as well as in the political system (the 'management element' in the urban system whose function is to regulate relations between the first three, e. g. urban planning agencies like: state, state agents) – (Cited in Pickvance, 1976: p. 24).

These are the working class, the petty bourgeoisie, the intelligentsia or specialists, and the privileged classes. The last two categories are particularly interesting, given the way that class analysis has more recently been challenged by the shift from manufacturing to services and the growth of the new middle class. Weber (1982: 71) includes among the class of 'propertyless intelligentsia and specialists' a range of 'technicians, various kinds of white-collar employees, civil servants-possibly with considerable social differences depending on the cost of their training'. He also notes that the privileged classes derive their position not only from property but from education. Thus, education is becoming a crucial determinant of one's occupation and income, and thus one's social class position. The role of education in the social class system of modern society is changing. Also, social mobility refers to a change in social position over time. This may involve a change in job or occupational, social class or status, educational level, income level, or wealth (Allen, 2008: 12). It is still true that our society is affected significantly through the influence of the class.

The Housing Market in the City of Colombo and Its Suburbs

At the beginning as an argument, we are required to subject our consideration towards the city of Colombo where this housing market is being functioned. The city of Colombo is a post-colonial city. After gaining independence from Britain the city of Colombo was controlled by the local rulers (UNP/SLFP coalition governments) and even their urban development activities can be seen as patch-up works performed within the western oriented projects for urban planning. In this context, the urban housing complexes selected for this study deserve consideration in the socio-spatial and historical background of the city of Colombo. Also, we are required to consider the fact that under the process of globalization many cities in the world were transformed into a one system of capitalist economy (an independent city). Because of that reason cities interconnected to each other by the market, based on capitalism were converted into one capitalist market place. Sociologists like Wallerstein (1974) Sassen (1991), Friedmann (1995) Abrahamson (2004) have given an in depth analysis and their ideas also very well could be used in our analysis. Therefore, I would like to present as an argument that the socio-economic changes and economic network within global cities have impacted upon the rearrangement of the class structure in the city of Colombo and its suburbs.

Also, we firmly agree that in any country, housing development could be possible only if it is based on the relationship between the states of that country with other social actors. The social actors could be cited as groups like state, large capitalists or the business class, capital, labor force or labor class, middle class, bankers and developers/builders, etc (Park, 1998: 272-88). Thus, when we look at the urban housing development in western or eastern countries (e.g. Singapore, Hong Kong, Sweden, etc.), it could be seen that at least one group of these social actors would have contributed in such efforts.

In Sri Lanka, the private sector to a certain extent contributed to these urban housing supplies during the decades between 1940 and 1960, However, during the period 1970-76, because of the 'closed economic policy' that has been followed as an economic strategy these social actors did not come forward and because of the government policies they did not take any initiative to provide houses. However, the government that came into power in 1977 was very keen in supplying houses for urban population though it was a problem for the government to supply

houses single handedly in the face of the new demand for the same. Housing has always been a major problem in Colombo. However, since 1979, the introduction of tax concessions and bank loans under the open economy policy caused the private sector to rejoin in the supply of houses. It is evidence that the recent trends that have taken place in the housing market of the Colombo metropolitan region. In presenting those factors we took into consideration the diverse actors those who make the composition of a housing market based on the identifications made by Harvey (1973). They are as follows: (1) Occupiers, (2) Estate Agents, (3) Land Lords Operators, (4) Developers, (5) Financial Organizations, and (6) Government Institutions. However, in explaining the nature of a housing market even a better practical presentation of facts has been done by Allen and Hammett (1991). These two scholars have pointed out that in identifying the housing market, it is important to understand the mutual relationship that is being built between the buyers and the sellers. What is meant by this is the way the producers and consumers do housing transactions. According to their view, it is more important to understand the housing production than the housing consumption.

Thus, the structure of the housing market in the city Colombo has consisted of the following social actors. We have identified that the National Housing Development Authority (NHDA) is the main responsible actor for housing development in the country. At present, it undertakes housing development programs for the benefit of different groups such as urban and low-income families. The Urban Development Authority (UDA) is responsible for general urban planning, including provision of land and infrastructure for urban development. With regard to housing, UDA's main task is in the clearance and redevelopment of slums and shanties. In 1998, a new company called, the Real Estate Exchange (Pvt) Limited (REEL) was formed under "Sustainable Township Program" with the objective of clearing and redeveloping the slum and shanty areas in the city of Colombo. The shareholders of REEL were the UDA, NHDA, SLLRDC and Colombo Municipal Council (CMC).

At present, State Mortgage and Investment Bank (SMIB) grants about 12,000-13,000 housing loans per annum and its total loan portfolio stands at about SLRs: 10 billion. Although the bank has no upper limit in granting mortgage loans, its main clientele is the lower and middle income groups of the country. On the other hand, the Housing Development Finance Corporations (HDFC) also grants about 9,000 mortgage loans per annum with a total value of about SLRs: 10 billion. The HDFC benefited through the implementation of two projects funded by the Asian Development Bank: (ADB), (a) Housing Sector Development Project (1987-92), and (b) the Second Urban Development Project (1994-99). The interest margins from the two projects helped HDFC to strengthen its capital base. The main clients of HDFC are also the middle and lower middle income earners. The most commercial banks of the country and a few other specialized banks such as the National Development Bank (NDB) are now involved in providing loans for housing purposes on mortgage terms. The access however is still limited to high and upper middle income groups as the traditional lending practices of banks view the poor as a high risk category. Further, investment in housing complexes was provided with special incentive packages under the Board of Investment (BOI) law. As a result, since mid 1990, a lot of local and foreign investments have gone into urban housing.

When we study the functioning of the housing market of the city of Colombo we substantiated by presenting relevant facts that by today, or present times, private sector is at a for more

advanced position than that of the state sector. It has happened this way because the government cannot meet the high demand posed by middle class buyers or consumers in the housing market of Colombo. For example, 'Inter Census information shows that approximately 100,000 houses had been constructed annually in the country. Approximately 80 per cent of these houses had been constructed by the private sector. During the 1990s, the ratio of private and public sector housing construction has shown a further reduction with the public sector contribution restricted to about 15 per cent of the total houses constructed, while the private sector increased to about 85 per cent of the total' (The Report of National Housing Policy, 2009: 5). A significant number of builders/developers (about 2265) have established over all nine provinces in the country in 2006. However, most of them, about 35 per cent (about 800) have been scattered in the Colombo Metropolitan Region (CMR). On the other hand, in Colombo even the realtor is not required though now the realtor is emerging as a powerful and visible figure. In Colombo, one may get a loan from a bank or some mortgage institution and deal with the seller or the seller may also make the loan available as part of the deal. A lawyer/realtor comes into the picture to see that both sides are well served and they get a fee or commission. Our observations reveal that whatever the price or the standard of quality or the condition of those supplied houses, the buyers/consumers had to take residence in the houses that are being produced by the housing market (government and the private sector) in the city of Colombo.

Main Findings

The following pages contain main research findings that emerged out of the present study. The selected three housing complexes, Sahaspura, Mattegoda and Millennium City are situated in the Colombo Metropolitan Region. Sahaspura is a heterogeneous community. It has been segregated by people of Sinhalese, Tamils and Muslims. In contrast, Mattegoda and Millennium City are homogeneous communities. The majority of the people living in these localities belong to the Sinhalese. The researcher found that the history of the three selected housing communities is as long as or more than five years. All the people who are living in the Sahaspura housing complex have full residential ownership. On the other hand, out of the 112 heads of households, 86.6 per cent of the people in Mattegoda and out of the 113 heads of households, 85.0 per cent of people in the Millennium City have full residential ownership. According to the overall picture and the analysis of the data on education, income and occupation, the three main determinants of Socio-Economic Index (SEI), leads the researcher to conclude that the majority of residents of Sahaspura belong to the lower or working class. Basically, the residents of the Mattegoda and Millennium City communities belong to the middle class. However, residents of the Millennium City community can be rated with higher socio-economic status (e.g. the middle-middle and higher middle class) than the Mattegoda community (e.g. the lower middle and middle-middle class).

The following are instances in point that indicate the fact that a number of social and economic factors are causative for migration of people to these housing complexes. These factors influencing migration into the housing complexes differ from one head of household to another as per socio-economic background in one's social milieu. However, when these factors are subjected to overall analysis it reveals the general fact that not one but several socio-economic conditions operating in one's social milieu are causative for migration of people to these housing complexes. Factors that influenced migration of people to housing complexes are as follows: (1)

Opportunities are plentiful to enjoy the benefits of many facilities available because the city of Colombo is the main commercial and administration centre of Sri Lanka; (2) All kinds of modern facilities are concentrated in Colombo and therefore by living in Colombo it offers access to these facilities; (3) It is useful to live near Colombo because it helps the children to find a source of employment; (4) Living in Colombo helps parents to admit their children to a popular or leading school; (5) Business opportunities are plentiful in Colombo, hence living there facilitates easy access to the diverse kinds of businesses; (6) Transport facilities are readily to reach the state and private sector places of employment; (7) Newly married couples find it easier and more profitable to buy a house in a housing complex instead of building a house; (8) A house in a housing complex is a self-contained unit with modern facilities like electricity, telephone, and pipe-bored water; (9) When buying a house in a housing complex it is possible to pay total value by instalment plan through a bank. There is no need to pay the cost of the house outright; (10) It is productive to those living in a house on rent or lease, to buy a house in a housing complex instead of building a new house; (11) A house in a housing complex is a safe place to live for unmarried women, divorced women, widows, and minorities because each housing complex provides regular security of life and property, day and night; (12) A house in a housing complex provides safety and facilities for aged people. Because the children of aged people who live in near by Colombo could visit their parents constantly; and (13) Land disputes, different kinds of private clashes and conflicts, abuse and insults identifiable as a common feature in a rural society are completely absent in a housing complex. This is because all houses in a housing complex are built according to approved plan on blocked out with a limited space.

As we discussed earlier, the massive increase in construction work during the post-free economy period (1978-1985) in Sri Lanka and the resultant increase of land and property value in an unprecedented manner have come into reality today. During this period the main market for land and property was mainly concentrated in Colombo city and in the surrounding suburban zone. The inevitable result of this market growth was a rapid upward trend of land value. This high price of land was not an affordable price for those whose income was medium. Even, cost of building materials, labour cost and service charges are very high at present in the market in Sri Lanka. With such economic background to buy a land in Colombo city or urban areas and build a house, a person would have to invest a large sum of money. Under the prevailing market conditions of land value and building costs the motivation of the middle class people was to buy a house complete with facilities in a modern housing complex and to live in there is no random event. Thus, the present trend in Sri Lankan milieu is to buy a house in a housing complex, because it is now not necessary to pay in full amount or price for the house. Also it eliminates the need for many people to buy land afresh and build houses there.

Another fact is that these housing complexes are located in the suburban zone of the Colombo city which motivates prospective buyers. Such factors as availability of facilities to easily access the places of work in Colombo, availability of built-in installations like water, pipe line, electricity, telephone and the location of medical centre, trade stalls and the presence all other modern conveniences needed by the residents within the housing complex area itself can be identified as factors that determine a buyers' choice of a house in a housing complex. Similarly, many public and private leading schools are considered to be popular in Colombo. It is the wish of every parent to see their children study without any social class discrimination in such school

atmosphere. Therefore, the inevitable outcome of such a situation is migration in large numbers and thereby accommodation problem in Colombo becomes acute.

We found that as a solution to these problems people tend to live in an affordable and convenient house in a housing complex. Thus, it is the dream of many people of present Sri Lankan society to live in a modern middle class house in an urban area. This trend could be the outcome of a long term urbanization and liberalization process in Sri Lanka. Hence, within the urbanization process, even some of the rural people are motivated to sell all their movable and immovable properties in the village and purchase a house in a Colombo housing complex. Thus, most of the residents of these housing complexes are of the opinion that buying a house in a housing complex in an urban area is more economically sound.

Another aspect taken into consideration in the course of our study of government housing schemes was the family structure of the occupants of these housing units. According to one of the state policies, the selection for allocation is based on the nuclear family. Therefore on this basis, the physical structure of the houses that are built gives an environment suitable to a typical small family. When this aspect is considered from a socio-psychological perspective, it signifies a situation that the state has created, where the occupants are unwittingly removed from emotional attachments to their social relations and directed them to live depending on external neighbourhood organizations.

The study found that the state sector housing complexes and condominium/apartments exhibit a monotonous physical structure and appearance. This is due to the fact that state's attempt was to provide houses with limited living space (area) at low cost. Likewise, priority was given to state and private sectors when people were selected for allocation of houses. As a result of this selection procedure, people belonging to lower class and lower middle class came to reside in housing units in the Sahaspura and Mattegoda Housing Complexes, respectively. What is clearly discernible is that the majority of the people who obtained the housing-units in these complexes, by virtue of their economic level have engaged in the process of making structural changes and refurbishing their houses to suit to the aspirations of the typical middle class people and to their satisfaction. Hence, in such a background, a situation how different social classes have sprung up is discernible in this sample of study.

But, housing complexes constructed by the private sector do not have a monotonous physical structure and are attractive in appearance, catering to the preferences of the middle class people. The Millennium City Housing Complex of our sample is a celebrated example of this type. However, the cost of construction and physical structure of these houses is to a great extent different from one another (e.g. house type, style, model, etc.). Because of this reason those people employed in the state and private sectors as well as business people have taken residence in these houses in the Millennium City Housing Complex. Therefore, it can be generalized that people belonging to the middle class and upper middle class live in the housing units of this housing complex.

Hence, one conclusion we could arrive at, as per this housing complex is that the existing procedure of providing houses by the housing developers has contributed to the creation of a system of social class at different levels of affluence by creating optimum conditions for the

evolution of suitable environment for living when people opt to choose these houses. In this manner our study has enabled us to identify a specific instance that has been created by the housing market, in effecting a process of social gradation in the city of Colombo.

Social Mobility and Class Formation

This study focused on residential segregation and class formation which occurred due to open economic policy of the country and how the present housing market is catering to the changing needs resulting from such kind of social changes by considering lower class and middle class as a whole. It is found out that the houses supplied by the existing housing markets are mostly prototypes. Specially, the prototype housing units provided by the government were seen as poorly catering to changing housing needs in urban areas. It was seen that certain houses supplied by the government sector in the studied housing complexes do not suit the socio-cultural background and pattern of living of lower class and middle class people. The analysis of the evidence presented in this study confirms that the occupants of the studied housing complexes have experienced some kind of social relationships after initially establishing themselves in the respective housing complexes, and have changed their perceptions on certain elements of individual house designs, such as outer appearance of house, floor area, internal and external finishes and room arrangement consequently. The concern on qualitative attributes of house designs, such as individuality, variety, security, privacy, etc. have become more in line with their socio-economic advancement. Therefore, it can be concluded that socio-economic status and social mobility of occupants have lead to a situation of very significant changes on different elements of individual houses as well as on the physical composition of the houses as a whole.

It was further identified that reflecting a self image and change of façade as two inter related phenomena. Therefore, it can be concluded that socio-economic mobility of occupants have lead to a situation of very significant changes on different elements of individual houses as well as on the physical composition of the house as a whole. In other words socio-economic mobility of people has become a determinant in housing adaptation especially in the middle class people.

The findings of the present study reveal that adaptation of residence is more evident than shifting to another residence in the context of Sri Lankan middle class housing complexes. The Sri Lankan middle class people, particularly those who belong to middle and higher middle classes are relatively space bound and tend to adapt their housing by responding to socio-economic advancement rather than moving to another suitable place. This conclusion is based on the information gathered from above mentioned study areas especially in the Millennium City and the Mattegoda Housing Complexes.

It is also emphasized that changes are necessary in the present housing delivery system in order to supply houses which suit a category of people who experience dynamic changes in their socio-economic status. The researcher found out that the existing support-based housing policy, government's involvement in providing housing today is very minimum and indirect. Therefore, the people belonging to the lower middle class, middle class and upper middle class are expected to fulfil their housing needs on their own or mainly depending on the private sector. The two alternatives involving some government support is either engaging in a self built or buying a house from the private sector by using mortgage finance provided by the government banks or

various housing loan schemes offered by the private sector financing institutions. Since all people in the middle class cannot afford the services of the private sector, the government sector should deviate from its present attitude of minimum intervention and should be sufficiently involved in supplying housing for the lower class and middle classes. In order to facilitate changing housing needs, the housing market should offer more flexible housing options in terms of income of the customer, land, space, physical structure, and infrastructure facilities.

It was noticed that although the housing policy of the government has been mainly focused on providing housing for the poor, yet the major beneficiaries of the various housing programs and related policies (e.g. bank policies, housing loan schemes, etc.) seem to be the middle and the higher middle income groups. The poor seemed to have benefited only marginally. The main vision of the future housing policy shall have to be on adequate provision of land (space) at appropriate locations to low income settlements and the provision of supportive infrastructure along with security tenure, as the urban poor are not out-priced but also denied access to land. It will also be necessary to ensure an increased flow of financial resources for housing and specially incorporating the lower income group in the process. Most of the residents who were living in the public housing complexes feel that their houses are not spacious enough. The researcher felt that what is important is that the house should satisfy the needs of the people who occupy it. Therefore, affordable housing should not be just based on cost or price considerations alone but also should take cognisance of consideration of creating desirable social and physical environment necessary for healthy growth of the individuals and the community.

One of the special features discernible in this study is the nature of changes that have taken place in the urban housing market during recent times. Hence, it can be said the state and the private sectors have catered to the housing market in a relative and competitive way. But, within the housing market it is clearly evident that the private sector commands a major role as leader. Thus, the necessary base for a house construction class of people has also been set. Another special feature is that the state as well as the private banks have merged with the housing market by financing or giving loans of money for construction of housing complexes, But, conditions laid out by the financing banks have created an exclusive situation for middle class people, enabling them to purchase a house of their choice, But, the common man of the urban society has no choice other than depending on the governments housing complexes to get their houses. Evidently this selection has created a need for lower income groups of people to solely depend on government housing complexes to get a house.

Because of the entry of the private sector to housing market, fluctuations of price quotations for houses have created a keen competition among the middle class people when they purchase houses. For these reasons, it can be said that this study has helped us to identify the trend in the housing market regarding construction of house units by the builders and a trend in advanced bookings by the urban middle class community whenever they purchase houses. Also under the prevailing market conditions, the increase of urban land prices and allied service costs has become inevitable. Thus a phenomenal trend where the middle and the upper middle class groups of population seem to concentrate in urban areas while lower income groups of people tend to move away from the Colombo urban areas to other regions where land value is less is evidently clear, at present.

As discussed earlier, a growth of state and private sector services in the city of Colombo and its suburbs is clearly discernible too, especially after the introduction of the 'Open Economic Policy' of the government. The reasons for such thinking by various governments in power were their 'urban biases in operational work of the development affairs as per government policy. Because of the state policy of liberalization of the economy, the mobility of the large labour force into the city had to be contained in the city. Because the politicians knew that via state and private sector housing programs, the large labour force would be of advantage in order to maintain stability of vote base for their government. According to analyses of neo-Marxists, governments tend to perform in this manner in order to concentrate the large work force in the city and thereby maximize profits under the policy of liberalization of economy.

A special feature in the governments in power after 1977 was that people loyal to these governments were appointed to high administrative positions in the government departments and the corporations, and thereby carried out departmental work as per government policy. These executives to a great extent were eligible people having suitable levels of academic and professional attainments and assisted the minister concerned in development work, in matters concerning urban development, housing and planning work. What these administrative officers and planners say ensured Minister's approval. It can be argued that for the process of formation of social classes in the Colombo Urban Area, the preferences and views of these officers had influenced to a great extent. It is noteworthy, that a process of this nature has been considered by the neo-Weberian, Pall in his treatise of 'Urban Analysis'.

Investment of a large capital is required to regularize the execution of housing development as per planned programs. As discussed in Chapter 3, and Chapter 4, large sums of money, domestic and foreign currency, have been invested in Sri Lanka's development work. This money has been released at concessionary interest rates by the state banks as well as the private banks in the city to builders or developers and individual buyers. However, the average man in the society (commoner) cannot afford to obtain a housing loan facility on the terms and conditions stipulated by the lending banks. Though, it is a much debatable point yet ample proof and evidence are available that the middle class people and the upper middle class people are able to obtain bank loans when purchasing houses in urban housing complexes.

Conclusion

Rapid changes in urbanization, liberalization of the economy, and the latest trend in labor market, have all contributed their due share directly for the current heavy demand for residential houses in the city of Colombo and its suburbs. As per reasons cited above, several special characteristics are evident in the urban housing market. With such a background in the urban areas, an atmosphere has been built, and well set conducive for the creation of a business class of urban housing developers and an allied subculture. As a result of this trend in the marketing of houses a keen competition is seen to prevail among the ranks of urban housing developers for house construction work and for marketing the completed houses to their customers. This in turn is a contributory cause for the creation of middle class and upper middle class housing complexes in urban areas and the birth of a similar culture.

In such a background as discussed in the preceding pages, the increase of land prices in urban areas and the corresponding increase of prices of building material are phenomenally inevitable. Thus, the lower income groups of people in these urban areas have been motivated to such a situation as to seek redress from government to solve their housing problem, that is, to obtain a house in the government housing complexes or government flats. But, to a large extent such housing complexes are located outside the city limits, as alternate housing facilities for the low-income people while housing complexes for the lower middle class people are built in identified locations in the city by the government. Hence, the prevailing situation is that the middle class and the upper middle class people tend to take residence in areas of the Colombo city and its suburbs that are economically important, while the lower income groups of people tend to concentrate in areas that are of less economic importance.

Finally, due to the gathering of large number of people, there is a built up environmental problem (e.g. garbage, etc.). However, with the introduction of these housing complexes in the suburbs, infrastructure facilities have been made available to them. Due to the new housing complexes, it seems that the areas (e.g. suburbs and urban fringe areas) have been developed. Due to these factors, density of the population has been increased while the middle class and the upper middle class people are migrating towards these housing complexes. Due to the above process, modern suburbs have arisen in those areas and formed a new type of social stratification.

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