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**THE DETERMINANTS AND CONSEQUENCES OF MAKESHIFT SETTLEMENTS
IN URBAN AREAS AS A FRAMEWORK FOR THE FORMULATION OF
POLICIES RELATING TO HOUSING, INFRASTRUCTURE
AND SERVICES FOR LOW-INCOME GROUPS */**

*/ Prepared by the Joint ECLAC/UNCHS Human Settlements Unit.



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I. SALIENT CHARACTERISTICS OF MAKESHIFT SETTLEMENTS: DETERMINANTS AND CONSEQUENCES

In opening any discussion or exchange of ideas on housing and its relationship with the social and economic aspects of development, it is necessary to make an initial effort to sketch, although only schematically, the global picture in which this set of problems is found because often the complexity of a specific problem and the urgency with which a better solution to it is sought obscure the way in which it relates, in terms of determinants and consequences (causes and effects), with other aspects of reality.

In the first place something should be noted which everybody knows but does not always bear in mind: housing is a combination of structures and physical objects, as well as supplementary services, which together represent the practical and temporal expression of one of man's basic functions --the function of habitation.

This function is, in turn, one element of the basic historical process (which is demographic, social, economic, political and cultural in nature) of the settlement of a population in a territory. Both population and territory have their own characteristics which identify them and distinguish them from other populations and other territories.

This process of occupation, alteration, equipping, utilization and construction of the geographic environment by man is called the process of human settlement (in the singular) and differs from the socio-spatial entities which result from it and which are known as human settlements (in the plural).

It must be borne clearly in mind that the dynamic and structure of the process of human settlement of one social group on the one hand and the structural, functional, institutional and cultural modalities (in the anthropological meaning of the word) adopted by that social group, as well as the continuous alterations of those modalities, on the other hand, are somewhat similar to two sides of the same coin. They are part of the same historical phenomenon generically known as social change which in certain conditions constitute development. They interact on a permanent basis, mutually determining and affecting each other. It is in this context that the analysis of the so-called "habitation problem" must be carried out.

This analysis must, however, also be carried out within the context of the socioeconomic and spatial phenomenon which has come to be known as "makeshift settlements".

In this connection, and with no attempt made to come up with a rigorous definition in the scientific sense, it may be noted that what is meant by "urban makeshift settlement" is a group of buildings, possibly buildings designed to serve as dwellings, built by their occupants using unconventional techniques and methods, on land which is usually occupied illegally, has poor environmental characteristics, lacks infrastructure services and community facilities and is inhabited by a subgroup of the urban population which lives in conditions of poverty and suffers from a high degree of precariousness and fails to meet basic living standards and

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needs. It is a complex socio-spatial phenomenon which is part of the broader historical societal processes known generally as "social change", and has a direct effect on the physical makeup of cities.

What are known as "urban makeshift settlements" are not a new phenomenon; in actual fact, inadequacy at four levels of life --satisfaction of basic needs, access to land, provision of services and environmental conditions-- seems to have been a permanent feature of vast sectors of the urban population from time immemorial. It is not incorrect to argue that the indicators of quality of life (according to the evaluation criteria now accepted universally) have shown a decided and sustained improvement throughout the history of society as a whole.

Therefore the phenomenon not only is not new but, in addition, in general terms, has obviously advanced socially and economically, largely as a result of scientific and technological progress.

What may indeed be termed as "new" is first --to put it in very simple terms-- the accelerated increase in the gap between the quality of life of those with greater possibilities for access to the benefits of the scientific and technological progress referred to above, to knowledge and to information and those without such access and also the growing size, in absolute terms, of this second group, which might be designated as "the urban poor".*/

Although the gross domestic product of Latin America grew at an annual rate of 5% and its per capita income at a rate of about 2.3% a year, between 1950 and 1960 and at rates of 5.6% and 2.6%, respectively, between 1960 and 1970 and 6.1% and 3.3%, respectively, between 1970 and 1977, the situation as regards distribution of income showed negative progress, at least in so far as the 20% of the population in the lowest income bracket is concerned, participation in total income by the poorest 50% of that group remaining practically stable.

Moreover, although it is true that between 1960 and 1970, that percentage of the population of Latin America which was living in poverty and indigence fell --from 51% to 40% in the first case and from 26% to 19% in the second, it is estimated that in absolute terms that population grew in the decade in question from approximately 113 million to roughly 130 million or even 140 million.

This situation is not, however, stable, and, as a result of the international economic crisis which has been having a marked effect on the region since the end of the 1970s, the relative values have grown, so that the absolute values are higher. The growth of the gross domestic product in the period 1981-1984 was negative for the majority of the countries and nil for the region; the per capita gross domestic product showed a cumulative negative rate of about -9%, and the accumulated external debt for the region rose from US\$ 151 billion in 1978 to US\$ 360 billion in 1984.

*/ This term has been adopted in spite of its lack of precision and the fact that it takes no account of substantial internal differences and differences between countries in so far as this socioeconomic group is concerned.

As for urban poverty as such, some studies indicate that people who are living in poverty in the metropolitan areas of the region make up 40% of the population of those areas --a figure which increases by 10% annually; this means that if this trend continues, two-thirds of the inhabitants of the large cities of Latin America will be living in poverty around the year 2000.

It is not, however, only the economic and demographic factors implicit in the information sketched in above which are responsible for the upsurge and expansion of urban makeshift settlements. This phenomenon is part of an accelerated process of urban development being undergone by the population and by economic activities and, as has been hinted at above, is due to the rapid growth of the metropolitan areas of the region.

Studies carried out by international experts and United Nations bodies show that the world population began to increase rapidly in 1750. In 1800 England and Denmark were the only countries with over 9% of their population in cities of less than 100 000 inhabitants. In 1850, a bare 4.3% of the world population resided in cities of more than 20 000 inhabitants, but by 1950 the inhabitants of such cities represented 20% of the world's population, and in 1970, 25% of the world's inhabitants were living in cities of this size.

Whereas in 1850 there were only three cities with one million or more inhabitants (London, Pekin and Paris), in 1950 there were 77 cities of that size and in 1980 there were 235; the projections that have been carried out indicate that in the year 2000 there will be 439 such cities and that 86 of them will be inhabited by over 4 million people.

Latin America differs from the other developing regions in the intensity, magnitude and socioeconomic complexity of its urbanization process and, in particular, as has already been noted, in the emergence and accelerated growth of large cities.

It is estimated that in the year 2000, over half the population of Latin America will be living in some 600 cities with 100 000 inhabitants or more and that 50% of the total urban population of the region will be living in 57 cities with a population of more than one million, the most notable of which will be immense agglomerations, such as Mexico City, which might well be one of the largest cities of the world in the year 2000, with some 30 million inhabitants.

There are many reasons for the acceleration of the processes of urban development and metropolitization; however, the following three may be regarded as being the most important:

a) The characteristics of the region's agrarian structures, notably the structure of land tenancy and the technological modalities which prevail, in combination with a labour situation characterized on the one hand by relatively low monetary incomes for the majority of the population engaged in agricultural activities and, on the other, by a low capacity to absorb labour.

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b) The intensification of income-substitution-oriented industrial development, at a time when world conditions were favourable to such development, which resulted in the channeling of more investments to urban areas and in the concentration of administrative, financial, service and cultural activities, which, in turn, made conditions favourable for a new wave of concentration. The economies of scale and of agglomeration which resulted provided the impetus for still more concentration and above all for the rural-urban migration of people who believed they would find better living conditions in the cities.

c) The technological changes of recent decades have given rise to two additional phenomena:

- i) the absorption of less labour in the agricultural sector resulted in an increase in population migration;
- ii) in the industrial sector, greater productivity as well as "openness" and transnationalization have resulted in a marked relative expulsion of industrial labour.

Another element of the problem and one which lies at its root is the incapacity shown by the leading systems of production and urban socio-cultural structures in the countries of the region to integrate the entire population economically and socially. The generation of employment has remained lower than the growth of the labour force in the region in "normal" years, and this situation is expected to get worse in these years of crisis, especially because one of the characteristics of the present crisis is the fact that it will probably be of long duration. Thus, this steady increase in unemployed labour will not only guarantee a supply of labour at low cost but, what is more, will tend to make the social crisis more acute, which will obviously spell danger for the region's political and institutional stability.

In actual fact, the figures show that far from progress being made towards the solution of the problems encountered, the situation as regards the standards of living of the great masses of poor people of Latin America has deteriorated, largely because (in addition to the insufficient generation of jobs, accelerated demographic growth and the rural-urban migrations mentioned above) of the volume of resources required to meet minimum requirements in this field, the indiscriminate application of technologies and industrial and financial organizational models designed for use in situations different from those which prevail in the region, and the existence of systems of development which tend to produce spatial and economic concentration.

The phenomenon briefly described in the paragraphs above has, in conjunction with other socioeconomic processes, resulted in a sharply defined social and spatial stratification in cities, which is reflected in the coexistence of totally differentiated social, economic, cultural and physical conditions.

The social space of Latin American cities, especially in the areas between cities and in metropolitan areas, is actually made up of a series of different subsystems which are integrated through the operation of mechanisms for appropriation and management. The marked stratification of the city in terms of

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areas of settlement, use of physical resources, provision of services and distribution of income and the benefits of development (in short, in so far as the many dimensions of the quality of life and the environment are concerned) results in a heterogeneity which makes the divergencies in the social structures of countries stand out. In essence, this is due to a special process of human settlement which must be subjected to thorough interpretative analysis if action strategies are to be designed. It must be borne in mind that the process of intra-urban social differentiation referred to has not differed from what has taken place in rural areas of Latin American countries.

It is necessary to point out, however, that the situation described is not found exclusively in large urban concentrations. What happens is that in them the inequalities inherent in today's socioeconomic structures are revealed more clearly, and measures are being taken to exert pressure to change these structures.

In any case, in the cities of the countries of the region, and particularly in those of larger size, two parallel and interrelated systems of access, ownership, use and equipping of urban land are to be found.

At one extreme, there is the so-called "formal" sector, in which access to the land is usually had by operating within the market and making use of private financial systems in which the State occasionally intervenes, only by establishing general rules for their regulation; acquisition is made in conformity with the laws in force in each case, acquisition of legal ownership of the land occupied or acquisition of the right to use the land by paying rent for it; land use is governed, at least formally, by adhering to the rules laid down for its use, and it is normally equipped by purchasing services from third parties specialized in this area, which are engaged in the practice of modern construction techniques and generally speaking are capital-intensive and make use of imported materials or of materials whose manufacture involves a high degree of imported inputs.

The other sector, at the opposite end of the scale, is the "informal" sector, in which access to the land is largely obtained either by de facto occupation or by means which make its ownership legally precarious; it is used without regard for technical standards and equipped gradually by resorting to labour-intensive techniques appropriate to the local situation since materials derived from a vast range of sources are employed.

There can be no doubt as to the magnitude of the latter sector, it having been shown by studies carried out in a number of Latin American metropolises that dwellings built by the informal sector account for 60% of total urban construction in those cities.

Although the means employed with regard to access, ownership and equipment of urban land as described above are characteristic of what are known as "makeshift settlements" they must not be regarded as being responsible for the phenomenon, which in fact has its roots in the structural characteristics of the styles of development which now prevail.

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It is also necessary to draw attention to another element which must be borne in mind in studying this field and proposing alternatives for action in it; this is the marked heterogeneity of this phenomenon, not only as between countries and cities but also within one and the same city.

Very frequently makeshift settlements have been defined and analysed primarily on the basis of characteristics such as those mentioned above or with reference to high instances of poverty, crowding and threats to health in them, which has frequently led to attempts to find action alternatives of a sectoral and remedial nature which have not always been as effective as might have been desired.

In a more integral approach to the analysis of such settlements and to the proposal of solutions to the problems besetting their inhabitants, due consideration should be given to the fact that what we are dealing with is basically a specific, rather than a traditional, way of viewing the occupation, equipping and use of urban land and with an approach to organization which is typical of low-income groups who cannot meet their social and habitation needs by having access either to the market or to the political-administrative decision-making processes, in addition to the fact that, in general, they belong to cultural subgroups which differ widely from those found in the middle class.

The most salient characteristics of makeshift settlement may emerge when consideration is given to their location in urban space; their social and cultural organization; the fact that they are equipped gradually; the de facto occupation of the land involved and the use of self-help building methods and unconventional building techniques and materials.

With regard to location, the makeshift settlement is usually located on land which, on the basis of traditional criteria of habitability, has been regarded as unsuitable for residential use or has been considered to be of low productive value in the real estate market. This is therefore land which has neither the infrastructure nor the basic services needed to meet the minimum requirements. As for social organization, although there is great heterogeneity in this area, it can in general be said that makeshift settlements differ from other types of settlements by the tendency towards cohesion and solidarity shown by their inhabitants and by the existence of hierarchical structures and structures with defined functions for attaining the goals established by the community as regards satisfaction of its needs. In the large majority of cases, these structures consist in what are known as dwellers associations or territorial communities, which assume much of the work performed by local governments and manage the development of the settlement.

Contrary to what might be supposed, the equipping of the land, the supply of basic services and the construction of the vehicular and pedestrian infrastructure are commonly carried out on the basis of plans which are generally prepared by the dwellers associations (often with professional assistance), with consideration given to priority criteria and are executed gradually with special attention paid to the availability of resources and labour and to the appropriate rate of construction.

One of the most important determinants of the emergence of makeshift settlements is that, because of the marginal levels of income and virtual lack of saving capacity of the lower-income groups, it is practically impossible for them to acquire access to land through the existing real estate market and in accordance with the laws now in force. For this reason, de facto occupation of land is perhaps the one characteristic of this type of settlement which best reflects the socioeconomic and legal situation which gives rise to the phenomenon.

It is necessary to point out, however, that de facto occupation is not the only means of access to the land available to these groups. A makeshift settlement usually comes into being with the participation of third parties who act (illegally on many occasions) as land vendors, promising, and rarely keeping their promise, to install services. This is the origin of what are commonly known as "pirate lots", a phenomenon which has grown to alarming proportions in many of the large cities in countries of the region.

There is a third way of acquiring access to land, which may be called "gradual infiltration" and consists in a gradual invasion carried out by small groups of persons --families and even individuals-- who over the years, as they note the lack of reaction on the part of the State or the owners, settle on land and eventually occupy it, frequently in alarming degrees of density.

As may be appreciated, the matter of urban land and the degree of access had to it by the urban poor is undoubtedly a question of fundamental importance in explaining the emergence of makeshift settlements and in proposing alternative forms of action.

Finally, it should be noted that a key element in the definition of the makeshift settlement is the kind of technology applied to the construction of dwellings, structures for community use and infrastructure works, which is characterized basically by the use of labour provided by the inhabitants of the settlements themselves and of unconventional building materials and techniques. The process of construction is gradual and cumulative, which allows for the slow investment of the spare time and very limited capacity for family savings available.

From this point of view, in a previous ECLAC study the makeshift settlement is regarded as a manifestation of the survival tactics developed by groups which are margined from the processes of production and consumption in order to ensure their subsistence in extremely adverse conditions. From this perspective, the makeshift settlement may be viewed as a response to the unsatisfied demand for housing and basic services of the rural migrants and the urban poor, from whom the only alternative provided by the real estate market is the slums.

The survival tactics applied to the makeshift settlement are expressed not only in new types of association, land invasion, use of empirical technologies, self-help labour and materials which are largely recycled, but also in their economic organization, in connection with which it has been possible to develop special forms of domestic production, personal services and trade mechanisms which replace the conventional market.

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To some extent, these tactics are the counterpart of the strategies of accumulation and preservation of the statu quo devised by sectors which are fully incorporated into the urban economy. The land ownership models, the speculative practices and application of capital-intensive techniques which call for centralized organizations are designed exclusively for use by high-income groups and help to maintain the spatial segregation characteristic of the urban ecology.

It has not proved possible for the regulatory function of the State in this connection to have practical effects where the low-income sector composed of the urban poor and rural migrants is concerned. Actually the ways now used for intervention by the public sector are limited to the allocation of subsidies and direct construction of dwellings for groups with permanent employment and ability to save so that they can purchase low-cost dwellings, although these are still designed and constructed in accordance with conventional blueprints. This kind of housing remains, however, outside the reach of the low-income sector and therefore constitutes no alternative to the makeshift settlement. The lack of collective transport, basic services and social welfare programmes, as a result of regressive forms of distribution of basic social capital investment completes the picture of marginalization attributable to the application of self-reliance strategies as the only viable alternative available for the survival of the low-income sector.

De facto occupation of land owned by other people, the organization of dwellers associations, the gradual equipping of the settlement and self-help construction of dwellings using gradual, cumulative methods, are actually adaptive reactions which reflect a will to survive and considerable creative ability which are not always used to their full potential. The mere fact that the low-income sector, also known as the informal sector, produces, as indicated above, 60% of the urban dwellings built annually in the region, is ample demonstration of the real ability of this sector to reverse the balance of the factors characteristic of traditional systems of production and distribution of goods and services in the housing sector in such a way as to reduce the shortage of such goods and services and use to their full potential the elements needed to make them available.

More consideration should be given to these conditions and abilities than to the drawbacks observed in connection with makeshift settlements in order to gauge the potential of the phenomenon as a positive social force from which benefit can be drawn.

A practical problem of major importance for the future is how to benefit from this potential. Using the productive capacity which has given rise to the makeshift settlement to maintain unfair ways of distributing opportunities and social welfare would be unacceptable from a democratic point of view. On the other hand, before the potential of marginalized groups can be fully incorporated, there is need for a structural change and probably one involving more than a slow evolutionary process, to take place without damaging the quality of the constructed environment and maybe even without a build-up of the violence and other manifestations of social crisis.

Having made this brief description of the conditions in which the urban poor are living and recognizing that governments and national and international institutions are constantly striving to improve them, we may well ask why progress in this field in the region has been so inadequate by comparison with the magnitude of the problem.

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This inadequacy may be said to be due in part to the successive economic, political and social crises which have affected many Latin American countries in recent decades. The lack of continuity in plans, the virtual non-existence of systems for project evaluation, the precarious position of information systems, the erratic nature of the criteria used by governments in assigning priority, the inconsistency of the institutional participation mechanisms are only a few of the factors which may be listed as being responsible for these cyclical crises. However, although this responsibility has not been analysed to the fullest, it seems clear that these critical situations are not what causes the problem.

What then is at the root of the problem?

The United Nations, acting in particular through the intermediary of certain of its agencies, including ECLAC and the Centre for Human Settlements, has in recent years reached certain conclusions which seem to point to a useful way of approaching the causes of this problem.

This attempt to put together an analytic action model is based on the recognition of a few basic characteristics of the way in which the region is organized socially and politically, the sectoral approach underlying the consideration and proposal of plans and projects and the relevance of some elements in respect to which it would be advisable to adopt an innovative attitude which would make it possible to get away from schemes which have proved to be ineffective and go beyond a mere quest for more financial resources (which will never be enough) and the use of palliatives which are nearly always costly and, as mentioned above are not very successful.

The more relevant of the elements mentioned above include, in particular, those relating to a reconceptualization and reactivation of the role which municipal governments must play, the mobilization of resources now underutilized --a task in which community participation plays a decisive part--, problems relating to the access of the urban poor to land and services and research and development regarding technologies best adapted to the material and socio-cultural situation of each specific case.

These elements, which have been touched upon very cursorily, indicate the social, economic and political importance of the phenomenon of makeshift settlements and the burning need for rigorously tackling both the study of this phenomenon and the search for ways in which the legitimate aspirations and needs of these large sectors of the population of the countries of the region might be increasingly satisfied (although initially this would be only partial satisfaction), with regard, in particular to the adequate provision both of housing and of the social services and infrastructure attaching to it and of the community equipment which is of maximum importance to quality of life and the environment.

In so far as the new role of local governments and participation is concerned, it must be pointed out that when global development policies are considered in terms of their relationship to the human settlement process, the need inevitably arises to examine the real possibilities for reorienting national policies within the local scenario so that central government allocations can be more effectively adapted to

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the specific needs of each place, in particular where housing and quality of habitat are concerned. The way in which the community is organized so that its housing, infrastructure and service needs can be met and the way in which these goods and services are produced are two aspects of human activity which can be viewed in concrete terms only in terms of the ecological and cultural conditions characteristic of each geographic location. National human settlements and housing policies might not in and of themselves provide solutions which are appropriate in view of the diversity of social relations, economic processes, climatic conditions, topographies and cultures which make up the national mosaic. Settlements policies thus have a local dimension, either implicitly or explicitly.

In Latin America there is a centralist tradition of government and an inveterate tradition of applying imported techniques for managing the habitat which in general are not adapted to the needs and characteristics of the population, or at least of the vast majority of the population.

On other occasions it has been pointed out that this situation, which is closely related to the style of concentrated, dependent development which is, to a large extent, characteristic of the region, should not be projected into the future. It would be hard to conceive of a real effort for economic and cultural liberation which did not include a strengthening of political participation at regional and local community level. Thus, the intervention of the population in matters which relate directly to the quality of life and to the construction and reorientation of the habitat is indispensable not only to guarantee the best balance between supply and demand of goods and services but also, and primarily, in order to mobilize the creative and organizational capacities of the community. In this way the population can identify more closely with its habitat --and thus with the country--, and it will also be possible to foster collective awareness of self-determination and self-reliance --two requirements for autonomous development.

The free play between local initiatives and national determinants is an important part of a true democratic structure; a policy of decentralized management of the habitat and housing is, by the same token, a complementary feature of human settlement policies of national scope.

The foregoing indicates how urgent it is to bring about changes in local government and how necessary to alter institutional structures so as to allow the population to participate, this being the most effective means of incorporating new resources into the management of the habitat, to define needs and to strengthen public control over regional and urban management.

The appeal to expand the local government's capacity and autonomy is not a plea for the establishment of self-sufficient administrative units. While autonomy is a practical necessity if local initiatives and abilities are to be mobilized, central government intervention is a force in the opposite direction, the purpose of which is not only to contain local action within national policies but also and primarily to use external incentives for stimulating action on the part of dynamic agents in the regional community.

As for the participation of the population, it must be stressed that this is a decisive factor in democratic practice and an effective channel of political development. Without it, it is difficult to imagine how the majority of the obstacles to the solution of the material problems confronted by human settlements can be surmounted and how that margin of freedom which exists between determinism of socioeconomic structures and the organization, conditioning and use of space can be exercised.

II. HOUSING, SOCIAL SERVICES AND INFRASTRUCTURE POLICIES

With regard to the adequate provision of housing, social services and infrastructure, stress must be laid on the fact that the most basic problems in this field arise primarily from a maladjustment between the growth of demand for housing, infrastructure and services and the economic and technological ability to meet that demand; it is therefore absolutely necessary to formulate new and more advanced proposals for action in this field, which envisage realistic goals and depart from traditional solutions, which, although they may be useful in other circumstances, are not effective in a situation characterized by high rates of urban growth and a limited capacity for expanding investments of basic social capital.

The processes of producing and distributing housing, infrastructure and services are carried out in the region basically through three types of systems -- a free real estate market, public sector programmes and the informal sector.

According to what it has been possible to deduce from United Nations studies in this connection, in the market economies the problems referred to have their origins in obstacles which arise primarily from imperfections in the way of viewing social housing, infrastructure and service needs; the technology applied to the production and distribution of housing, infrastructure and services; the availability of inputs, including land and building materials, and the manner in which available housing, infrastructure and services are distributed. These obstacles have consequences which may vary from system to system.

Various strategical options may be suggested in an attempt to increase the efficiency of systems for the production and distribution of housing, infrastructure and services, but they must be designed and applied systematically within a national framework in which the area of application of each of these systems and their mutual compatibility are defined. The use of planning methods in which goals are cited for each of these systems and the resources available are allocated to them on the basis of the population sectors they cover seems to be the primary determinant of the success of any effort to improve the material quality of settlements.

In order to designate goals for the different systems, it is necessary to decide on the view to be taken of the informal sector which plays a role in the supply of housing, infrastructure and services and whose characteristics differ substantially from those of the other two systems involved. Actually this sector calls for different policies relating to a series of decisions taken at higher level, which in general are not stated explicitly in national development plans. This seems to be a fundamental problem given the importance which the direct production of the low-income sector has in actual fact achieved in the majority of the countries of the region in the solution of their housing and service needs. This problem has implicit aspects of a delicate nature, including, for example, the concept of ownership, technology and participation, which must be formed within political contexts of broader scope.

The population's awareness of its housing, infrastructure and service needs is of course indispensable for an adequate supply. As was noted with this question was

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under discussion, the methods applied are far from efficient and seem to reflect certain prestigious political interests more than the needs of the various groups. There can be no doubt that greater participation by the population would be the best way of actually ensuring that these needs are voiced. There are ways of bringing this participation into play, which range from the conducting of opinion surveys to the establishment of new forms of government, in which the management of the habitat and certain mechanisms for deciding on public spending are transferred to local governments directly elected by the population and in possession of authority and sufficient resources. The important thing is to regard the way in which needs are viewed as being a policy element which needs to be changed profoundly.

The application of technology to the production and distribution of housing, infrastructure and services is another critical problem which should be tackled as rigorously as possible. In the past the technology used for this purpose came from developed countries and served the interests of high income minorities, which is no indication that this practice should be maintained now that it is turning out to be unappropriate for the majority of the population. Research and development in appropriate technologies is of decisive importance and may have significant effects, especially on systems for the production and distribution of housing, infrastructure and services, in particular for the low-income sector. In this, perhaps more than in any other sector, there is a considerable reserve of creativity which plays a limited role for lack of scientific and technological support. However, when the technological possibilities of the informal sector are under consideration, the emphasis should be on appropriate technology which makes the best of the possibilities for piecemeal, self-help construction rather than on intermediate technology, the yield from which is acknowledged to be low.

The findings of the studies carried out on technology for human settlements show that virtually all the technology applied to human settlements in the region has been imported from developed countries where it was produced in response to very different economic, ecological and cultural conditions. Thus it is not always appropriate for the region, especially for the low-income sectors or for the wet tropics, of which 60% of the region is composed.

There can be no doubt that, at present cost levels, it is impossible to provide housing for the low-income sectors of the population, which points to the crying need to rationalize the rules in force in order to bring them into line with the characteristics of countries and the real possibilities of the large majority of their population. In addition, it will be necessary to effect substantial reductions in construction costs and to improve the criteria used in architectonics and town planning. The installed capacity for applying technological research into human settlements is, however, notably limited, and what there is is oriented almost totally towards the design and construction of middle-level housing.

The concept of appropriate technology from the economic, environmental and cultural points of view is very recent in the region and still needs to be disseminated. Not only should costs be much lower than they now are, but people should also be able to live in greater comfort. In addition, practical

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alternatives to informal production systems should be available, especially in the tropics, where the demand for technology is very different from the standard demand.

The land problem, as has already been noted, is absolutely central to any urban development policy. Not only is the occupation of the land the initial activity in any settlement process but the income received from the land is the primary factor in the composition of the urban structure. The policies which have been applied so far in order to control the tendency towards any continuous rise in the value of urban land above the general price index have been partial in scope and have not formed part of an integral approach to urban development or been considered within the perspective of development in general. It is possible that for policies to be more effective, it will be necessary to know more about the real estate market and the growing participation of financial capital, which has introduced more complex ways of allocating urban income than mere real estate speculation. The methods applied so far have been for the most part restrictive and have been largely confined to rent control. Nor has the application of property taxes significantly affected the real estate market. Similarly, the few efforts made to recover some of the capital gains from public investments has only helped to make the land more expensive.

It is important to point out that the land problem must be solved before an effective urban policy can be put into practice. To solve it, it will be necessary to consider the exact way in which the real estate market operates and the role of modern financial capital within each market. There are clear indications that urban land speculation does not operate so much by land-holders hanging on to land (a practice which has tended to diminish, at least in the big metropolises) as through concerted action on the part of promoters' consortia, building firms and groups of financiers which operate primarily through large housing and commercial projects. In other words, these consortia seem to appropriate the income derived from the land and at the same time a large share of the external urban economies.

In any case, there are a number of measures which could be adopted to bring about a real recovery of the capital gains derived from public sector investments, including measures designed to channel family savings towards fruitful investments in which they would be protected from inflation, and measures for regulating the real estate market through the tax system. The State would also need to take direct action in order to supervise the use of the land effectively and set up reserves of land as a way of intervening in the real estate market. This kind of measure and certainly any other kind as well will, however, require the creation of firm and economic instruments, for which decisive political will is needed.

Financial resources have traditionally been regarded as the most important factor in home construction. However, the limitation of resources available to the public sector and the low capacity of the average family to save means that the needs met through public sector financial mechanisms are kept within very modest proportions.

In recent decades attempts have been made in a number of countries to set up national funds with resources taken from workers' pension funds, but the costs of construction and land have kept these programmes from expanding. Thus these

/approaches to

approaches to financing have in many cases not been successful in bringing about a significant reduction in needs. The savings and loan system, an approach which was also attempted, developed rapidly in the 1950s and 1960s until it reached the limits set by the savings capacity of the middle class groups it serves.

These circumstances seem to point to a chronic situation in which the instruments available as options have all been exhausted and which may well not be surmountable without a change in the general development policies and the basic notions of human settlements traditionally adopted by governments. The conventional market sets thresholds which are very high for the majority of the population and are based on normal credit requirements --permanent employment and a savings capacity which in general only gives access to skilled workers and employees with medium salaries. Moreover, home financing has so far served primarily as a support for the building industry, because of the advantages that industry offers in that it absorbs a considerable amount of unskilled labour, as mentioned above.

There is therefore the basic challenge of meeting the needs of the social groups without a regular source of income or permanent employment or much of a capacity to save. These groups have other resources, however, such as their own organization and labour, which can be used in the production and distribution of housing, infrastructure and services.

In order to do so, it may be necessary to concentrate a considerable proportion of the resources in informal systems of home production and distribution, which calls for imagination and innovative ability since there are no tried and true formulas which can be recommended, although the incorporation of the productive capacity of those systems may be the only realistic alternative for many countries of the region.

What is primarily meant by saying that imagination and innovative ability are needed for this task is that it is necessary to be prepared for a radical change in the image of cities and in the very concept of urban development. There is need for a real change in the mentality of the élite as regards everything from the formal aspect of buildings, to building materials, technology and infrastructure and road design and finally to the extent to which the masses participate in projects and in the administration of public services.

Fundamentally, what must be striven for is to develop the cultural potential of the countries of the region for producing their own habitat. Alternatives which promote technological and economic self-reliance must be sought in order to produce the well-being required by the vast majority of the population.

ANNEX

Table 1

PERCENTAGE OF POPULATION RESIDING IN URBAN AREAS

	1950	1980	2000 (estimated)
Africa	14.5	28.8	42.4
Latin America	41.2	64.7	75.2
East Asia	16.7	32.1	45.4
South Asia	15.7	24.0	36.1

Source: United Nations, "Urban, rural and city population, 1950-2000, as assessed in 1978" (ESA/P/WP.66).

Table 2

PERCENTAGE OF POPULATION RESIDING IN CITIES OF NO
LESS THAN ONE MILLION INHABITANTS

	1950	1980	2000 (estimated)
Africa	1.6	7.9	19.0
Latin America	9.7	27.3	37.5
East Asia	4.6	12.1	19.1
South Asia	2.6	7.4	14.5

Source: United Nations, "Urban, rural and city population, 1950-2000, as assessed in 1978" (ESA/P/WP.66).

Table 3

THE FIFTEEN LARGEST URBAN AREAS
(Population in millions)

1950		2000 (estimated)	
1. New York - NE New Jersey	12.3	<u>Mexico City</u>	31.0
2. London	10.4	<u>São Paulo</u>	25.8
3. Rhine-Ruhr	6.9	Shanghai	23.7
4. Tokyo-Yokohama	6.7	Tokyo-Yokohama	23.7
5. Shanghai	5.8	New York - NE New Jersey	22.4
6. Paris	5.5	Peking	20.9
7. <u>Buenos Aires</u>	5.3	<u>Rio de Janeiro</u>	19.0
8. Chicago - Northern Indiana	4.9	Bombay	16.8
9. Moscow	4.8	Calcutta	16.4
10. Calcutta	4.6	Jakarta	15.7
11. Los Angeles - Long Beach	4.0	Los Angeles-Long Beach	13.9
12. Osaka - Kobe	3.8	Seul	13.7
13. Milan	3.6	Cairo	12.9
14. Bombay	3.0	Madras	12.7
15. Mexico City	3.0	<u>Buenos Aires</u>	12.1

Source: United Nations, "Urban, rural and city population, 1950-2000, as assessed in 1978" (ESA/P/WP.66).

Table 4

ESTIMATED POPULATION GROWTH OF SELECTED CITIES IN LATIN AMERICA
(Population in millions)

	1950	Most recent estimate	2000 (estimated)
Mexico City	3.19	16.00 (1982)	31.0
São Paulo	2.45	12.49 (1980)	25.8
Bogotá	0.61	3.50 (1977)	9.6

Source: United Nations, "Urban, rural and city population, 1950-2000, as assessed in 1978" (ESA/P/WP.66) and Hardoy, Jorge and Satterthwaite, David, Shelter: Need and Response; housing, land and settlements policies in 17 Third World Nations, John Wiley and sons, 1981.

Table 5

LATIN AMERICA: TOTAL POVERTY

	1970	1980	2000
<u>Persons affected (millions)</u>			
Argentina	1.9	2.2	2.3
Brazil	46.7	52.6	65.6
Colombia	9.4	11.1	15.6
Costa Rica	0.4	0.5	0.7
Chile	1.6	1.8	2.1
Honduras	1.7	2.4	4.5
Mexico	17.4	20.2	24.3
Panama	0.6	0.7	0.9
Peru	6.7	8.6	14.7
Venezuela	2.8	3.7	6.3
<u>Total Latin America</u>	<u>112</u>	<u>130</u>	<u>170</u>
<u>Percentage of population</u>			
Argentina	8	8	7
Brazil	49	43	35
Colombia	45	43	41
Costa Rica	24	22	19
Chile	17	16	14
Honduras	65	64	64
Mexico	34	29	21
Panama	39	37	32
Peru	50	49	48
Venezuela	25	24	23
<u>Total Latin America</u>	<u>40</u>	<u>35</u>	<u>30</u>

Source: ECLAC, La Pobreza en América Latina: Dimensiones y Políticas. Estudios e Informes de la CEPAL No. 54, Santiago, Chile, 1985.

Table 6

LATIN AMERICA: URBAN POVERTY

	1970	1980	2000
<u>Persons affected (millions)</u>			
Argentina	1.0	1.3	1.4
Brazil	19.1	25.2	40.0
Colombia	5.0	6.7	11.2
Costa Rica	0.1	0.2	0.3
Chile	1.0	1.2	1.6
Honduras	0.4	0.6	1.5
Mexico	6.8	9.3	14.8
Panama	0.2	0.3	0.7
Peru	2.5	3.4	6.3
Venezuela	1.6	2.3	4.4
<u>Total Latin America</u>	<u>47</u>	<u>64</u>	<u>102</u>
<u>Percentage share of urban poor in total numbers of poverty-stricken</u>			
Argentina	54	57	59
Brazil	41	48	61
Colombia	53	60	72
Costa Rica	26	31	38
Chile	62	67	76
Honduras	22	27	33
Mexico	39	46	61
Panama	36	44	75
Peru	37	40	43
Venezuela	57	61	70
<u>Total Latin America</u>	<u>42</u>	<u>49</u>	<u>60</u>

Source: ECLAC, La Pobreza en América Latina: Dimensiones y Políticas. Estudios e Informes de la CEPAL No. 54, Santiago, Chile, 1985.