The past inflexibility of international banks in granting concessions (like elimination of surcharges, partial debt cancellations, lower interest rates, etc.) is linked by Ortiz to case-by-case strategy adopted in debt renegotiations. Within this context, the fear of setting precedents is seen as a major explanation in the banks' negotiating stance.


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To renew political commitment to the improvement of the shelter and neighborhoods of the poor and disadvantaged, the United Nations General Assembly declared 1987 as the International Year of Shelter for the Homeless (IYSHI). In keeping with this mandate, The United Nations Center for Human Settlements (UNCHS—Habitat) sponsored this book to stimulate a reassessment of shelter/settlement problems. The mission, according to Lloyd Rodwin, the book's editor, was "to point up what has been learned from the past efforts, what must be learned now to enhance the effectiveness of current efforts, and the kinds of feedback needed to ensure that shelter and settlement planning and activities play a more constructive central role rather than a peripheral one in the developmental process" (p. x). Clearly, the book's objectives were highly ambitious.

The book's 15 chapters cover a wide range of issues, from the microeconomic decisions regarding housing investments at the household level (S. K. Mayo, chap. 3), to macrodecisions regarding national spatial settlement strategies (H. W. Richardson, chap. 9). The contributors, all scholars and professional practitioners, include individuals long active in the shelter and settlement debate, many as consultants to, or employed in, aid institutions. Two (Mayo and B. Renaud) are officers at the World Bank. Rodwin notes that contributors were asked to take account of the following basic concerns and perspectives (p. xi): (1) that the levels of investment in the shelter sector take into account the buyer's ability to pay, productivity (both traditionally high-priority concerns of aid institutions), and family preference; (2) that the study was to help sensitize decision makers to potential adverse effects of their decisions on population distribution, settlement patterns, and shelter and neighborhood conditions; and (3) that prevailing myths about shelter problems should be explored. Rodwin states that the book's position holds that "significant improvements in housing conditions are feasible," that past interventions in the shelter arena have much to teach us, and that such learning should be encouraged.
As reflected in its slate of authors and what they write about, this book represents the current, mainstream, institutional approach to the provision of shelter in developing countries. The intended primary audience is high-level government policymakers in developing countries.

The book is long, made up of 476 densely packed pages. The 15 chapters are organized into four sections. The first section consists of one overview chapter. The second is the major section, and it consists of seven chapters dealing with shelter issues from primarily an economic perspective. The third section consists of two chapters about settlement issues at the national and metropolitan levels, emphasizing a spatial perspective. The fourth section, a rethinking of policy, implementation, and management, is an eclectic collection of five chapters that address different aspects of future policy actions.

In the overview, Rodwin and B. Sanyal summarize the consensus reached by the contributors on some core ideas. The group agreed that Third World countries want and need to redirect their settlement/shelter policies, and that views of shelter and infrastructure as investments of low productivity and high cost are deeply entrenched and resistant to change. The group questioned the benefits of unfettered urbanization and endorsed reduction of the development bias favoring big cities. The authors encouraged institution building, particularly at the local level, so as to facilitate the process of creating housing. They emphasized the advantages of the informal and formal (both government and private) systems currently responsible for generating new housing, rather than promoting the actual construction of housing and land development by the government. Settlements of the poor, according to the contributors, should not be seen as problems. Thus, the issues eliciting consensus from these writers include few radically new or controversial ones. Critics of mainstream shelter policy have long argued that people's efforts to house themselves should be recognized and supported by their governments. Proponents of decentralist development have warned against big-city bias and argued for spatially distributed development efforts. Marxist and feminist writers have proposed, in a framework of political economy, other explanations for existing relationships in the shelter sector. Significantly, this book demonstrates that some of these concepts are now being endorsed by authors in mainstream positions in, or connected with, aid institutions. This should serve to render these ideas more palatable to governments in developing countries.

Of the 14 substantive chapters, seven address shelter issues. The analysis is primarily economic and may help non-economists to understand the economist's perspective on issues such as the relationship of shelter investments to development, the construction industry, land policy, infrastructure standards, and housing finance. In chapter 2, L. H. Klaassen, J. G. D. Hoogland, and M. J. F. van Pelt discuss the
difficulties of distinguishing between the consumption and production aspects of habitat activities. They argue that judicious habitat investments in shelter for the poor do result in development. They examine two questions: (1) the economic impacts habitat investments may have, and (2) the kind of habitat projects that will produce the greatest benefits. Their conclusions are: (1) habitat investments do fit into development strategies, especially in a basic needs approach but also (to some extent) into strategies with rapid economic growth as the primary goal; and (2) habitat policy should prioritize projects directed at the poor and based on self-help. In chapter 3, Mayo outlines the now quite familiar argument regarding the need to establish appropriate affordability assumptions of a household’s ability to pay for housing both at the project and national policy levels. He argues for housing-demand estimates based on housing need backed by ability and willingness to pay, rather than on estimates couched in normative terms. He suggests that, with the right design of sites-and-services projects, poorer households will invest a greater percentage of their income in housing.

In chapter 4, F. Moavenzadeh describes the fragmented nature of the construction industry, the many actors that vie in it, and the various agencies that regulate it. He explores the relation between the formal and informal building and materials sector and describes ways in which investments in the construction industry increase the formation of fixed capital. The author argues for the encouragement of labor-intensive, indigenous materials production; decentralization of the industry; and, while deploring the “too high standards for construction,” calls for performance-based specifications and standards.

In an excellent essay, written so as to be readily intelligible to non-economists, W. A. Doebele (chap. 5, “Land Policy”) provides a clear explanation of the role of land in housing, describing what land does and allows: upward mobility, access to employment, conversion of surplus labor into capital (housing) or small commercial activity, access to credit, and on-plot food production. Doebele argues convincingly that land for housing the urban poor is diminishing. Doebele cautions that in many cities “an era has ended and policy makers can no longer depend on the flexible structure of the city, its institutions, and its landowners to provide an accessible supply of land.” He offers useful suggestions for government actions to increase substantially the supply of land for low- and moderate-income families.

R. Gakenheimer and C. H. J. Brando, in an eminently practical essay on infrastructure standards (chap. 6), make a persuasive case that finding appropriate standards for infrastructure, which is usually discussed as a technological problem, is in fact mostly an institutional problem. Claiming that excessively high standards (“a classical problem of the developing countries”) sometimes double the cost of services, they describe numerous interacting participants and their roles
in this state of affairs. The agendas of project designers and contractors, responsible government agencies, elected officials, suppliers, users, and international agencies are explored, revealing how the unfortunate tendency toward increasingly high and unrealistic standards for urban infrastructure is sustained. To remedy this, the authors propose a multifaceted four-part strategy, as follows: (1) Reorganizing planning, design, construction, and operations activities so as to link responsibilities for design and operations but separate design and construction components; estimating design and construction fees in ways other than as a percentage of final construction costs; endorsing labor-intensive construction methods and building with a series of small contracts that (the authors claim) allow for more administrative control over standards. (2) Reorganizing the budgeting process away from fixed budgets (in which actors have little motivation to stretch the budget) to delineating service subareas and assigning appropriations for their execution. They want budgets for maintenance to be included with capital needed to build projects. (3) Promoting infrastructure as a tool for social welfare and development. (4) Making apparent the savings and improvements that can result from more appropriate standards.

Chapters 7 and 8 address shelter finance. M. Boleat (chap. 7) describes four basic housing finance systems and the institutions that support them. In increasing levels of formality, they are as follows: (1) direct, where money is borrowed from those who have it (e.g., from the family)—the most common form of financing housing in developing countries; (2) contractual; (3) deposit-taking; and (4) mortgages. Noting that people in developing countries rely on a variety of informal housing finance systems, Boleat describes some formal, institutional finance systems that he considers innovative and competitive with this informal system. Renaud (chap. 8) deals with financing housing and related infrastructure. He describes his (now well-quoted) three-tier structure of Third World housing markets: a well-financed upper-income market supplied by the private sector; a middle-income sector of middle-class, salaried workers and civil servants (the primary beneficiaries of public housing finance); and the large, private, incremental housing market with no access to formal financing, that includes a wide range of incomes and housing units. He reviews changing ideas about the role of the public sector in shelter finance. In housing programs that are subsidized, he concludes, the subsidy should be confined to the lowest income groups and should focus most heavily on infrastructure, as the public sector lacks resources to meet all the needs of low-income households. He states that policy must be directed to the provision of institutional and regulatory support and to making infrastructure investments, leaving housing production and financial services to the private sector.
Chapters 9 and 10 address settlement issues. In chapter 9, Richardson notes that there is little consensus about the effectiveness of spatial policies, including those to slow down primate city growth, open up new frontier regions and improve the economy of lagging regions, promote intermediate cities, and reduce rural-urban migration. He contends that the timing of government intervention is critical; spatial strategies are more likely to be effective at intermediate stages of development; urban and rural development policies are complementary, not alternatives; policies to slow primate city growth may be effective if the right mix of measures can be adopted; rural development strategies should focus on raising rural per capita incomes rather than on maximizing rural retention; promotion of small towns and intermediate cities is a dominant theme in recent spatial strategies; and fertility control remains a very cost-effective urbanization policy. He concludes with the observation that there have been few successful experiences of spatial policies influencing national settlement patterns.

P. Hall (chap. 10) addresses metropolitan settlement strategies, comparing the conditions of city growth in the First World, in which these strategies were developed, to the current growth of large cities in the Third World. He describes the historical evolution of strategies used: satellite towns, new towns, corridor development, growth centers, and integrated rural development. A strategy for the future, the author claims, must combine consideration of employment, shelter, land, and transportation.

Chapters 11 through 15 address policy, implementation, and management. In one of the best chapters in the book, on shelter, development, and the poor, L. Peattie (chap. 11) begins by asking: “What do we know about the information and ideas involved in shelter and settlement policy?” She concludes that we should shift our attention away from the accounting categories that, she eloquently argues, do not tell us very much, toward the way in which various kinds of programs work and their broader social consequences (p. 278). She claims that we know little about the actors and processes in the informal, or self-help, component of shelter. She calls for research that would yield a systemic understanding of the informal housing process, its financing, its institutions, and its actors. She proposes a research agenda of topics that include more descriptive accounts of how programs work, of housing markets, of subdividing and building, and of how cities work, thus acquiring information about not just a program but its context and consequences. L. S. Burns and B. Ferguson (chap. 12) state that efficiency, equity, and compatibility should be the overriding criteria for evaluating shelter and settlement policies. They outline criteria for future shelter and settlement policies in developing countries that would operate on three levels: macrocriteria pertaining to national pol-
icy, mesocriteria to apply at the program level, and microcriteria to apply at the project level.

J. Hardoy and D. Satterthwaite (chap. 13) trace the colonial history of urban areas in the developing world to explain present patterns of economic activities and the large disparities in the provision of services and transport networks between regions and between cities and rural areas. They endorse increasing investments in rural and small urban settlements where the majority of Third World people live. They draw attention to class inequities perpetuated by existing laws that, they argue, were developed to protect high-quality housing and health standards for a small group of elite Europeans. They seek a legitimization of a vast range of activities currently invisible, such as individuals, households, and communities building or extending their homes or creating employment for themselves through their entrepreneurship. In chapter 14, A. Van Huyck recommends that countries develop written national shelter policies and change emphasis from shelter outputs (the number of dwellings produced) to shelter inputs, making sure that the needs of the lowest income groups are not forgotten and low-income people are helped to shelter themselves.

D. A. Schö'n (chap. 15) calls for an institutional response requiring the melding of two kinds of systems. Schö'n describes "cool and clean," solid, continually updated accounting systems that contain mainly quantitative data about land ownership, subsidies, rates of return, etc. The other kind of system is "hot and dirty" and has mainly qualitative, narrative descriptions of the workings of the shelter system and the unfolding of policy interventions. Institutional commitments ensuring continuity of attention to both systems over long periods of time are needed, Schö'n states, and he warns that there will be tensions between the two systems at the central offices and the activities taking place in the field. Applying some of his earlier research on organizational behavior and professional practice to the shelter sector, Schö'n attempts to establish guidelines for a learning system that can glean from two different ways of knowing and doing so as to obtain the best, synergetically, from them.

The book includes two appendices. Appendix A provides data on spatial distribution of population and urbanization but, unfortunately, no data on shelter or infrastructure. Good housing data are difficult to obtain and housing needs are difficult to project, as various authors point out. But some baseline information, accompanied by appropriate caveats about its limitations and imperfections, would have been useful. Appendix B is a note on the U.S. experience with security of tenure and shelter. Although interesting and well organized in and of itself, the author and editor make little attempt to show the pertinence of this information to developing countries.
Regrettably, UNCHS sponsors decided not to include two issues newly emerging as important in the consideration of shelter: the role of women (alluded to only briefly in the overview) and problems related to the environment. These topics are to be dealt with under other initiatives of the sponsor, but their omission here is still unfortunate. Aspects of the two topics are closely related to shelter and settlement issues, that is, to development and housing. Nor does the attention paid to consideration of the role of community in what has been termed here "informal" and elsewhere "spontaneous" building activity seem sufficient. Although so-called informal building activity is embraced in this volume by various authors who recognize its key contribution to creation of shelter, there is little discussion of the role of the community, community organizations, and institutions. The process of housing creation by the poor has been investigated with some profit, and it would have been useful to have more recognition of it here. Finally, the omission in most of the chapters of considerations of political economy and class conflict precludes alternative explanations for observed phenomena—for example, why do government agencies, staffed by middle-class career bureaucrats, resist the shift of housing subsidies from public housing production to some version of sites-and-services? Apart from the chapters by Peattie ("Shelter, Development, and the Poor," chap. 11) and Hardoy and Satterthwaite ("The Legal and the Illegal City," chap. 13), the definition and framing of housing and settlement issues are left largely in terms that are in good currency in international aid institutions. A critique of shelter efforts in the context of political economy is not among this book's purposes.

It does, however, make an important contribution to the literature by bringing together the current thinking of a group of influential First World experts about the shelter and settlement problems and policies of developing countries. Much of the material will be familiar to researchers in this field. Much of it is available in the authors' earlier works published in the World Bank's Working Papers and elsewhere. But the book enables researchers to update their understanding of the mainstream position and, more important, makes these ideas accessible to a larger, more general, policy audience. It should therefore serve as a useful, even significant, reference.

The book presents the mainstream, institutional paradigm of development, with its belief in a top-down approach to action. But with respect to the shelter sector, the book's contributors do recognize a need to reach further down to enfranchise the poor who are busily housing themselves. The analyses should have been extended. The potential class conflicts resulting from actions suggested (e.g., enfranchising those at the bottom in illegal tenure, possibly at the cost of people of the middle class, in substandard housing but legal tenure, or in large-scale public ownership of land) are, by and large, ignored in
this book. The very general recommendations are an attempt to pro-
vide universal guidelines, probably enhancing the book's reception by
high-level policymakers, but by omitting contributions on the role of
community and community organization, on political economy, on
women's roles, and on considerations of environment and technical
design at the project level—all of which tend to be more controversial
for government policymakers—this book provides very few new ideas
on shelter. Its length might have permitted inclusion of some of these
views had some of the existing overlaps been reduced. The key to
success in intervening in the informal shelter sector hinges on action at
the project level. Research at that level needs to be examined to pro-
duce creative and useful generalizations. Such additions would have
strengthened and enlivened this book.

Notes
1. See, e.g., Charles Abrams, Man's Struggle for Shelter in an Urbaniz-
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Fichter, eds., Freedom to Build: Dweller Control of the Housing Process (New
York: Macmillan, 1972); and John F. C. Turner, Housing by People: Towards
2. For example, John Friedmann and Mike Douglass, "Agropolitan De-
velopment: Towards a New Strategy for Regional Development in Asia," in
Growth Pole Strategy and Regional Development in Asia, Proceedings of a
Seminar, United Nations Centre for Regional Development (Nagoya, 1975);
Michael Lipton, Why Poor People Stay Poor: A Study of Urban Bias in World
Critique of the Turner School," Antipode, no. 2 (September 9, 1977), pp. 50–
59; Caroline Moser and Linda Peake, eds., Women, Human Settlements, and
Housing (London: Tavistock, 1987).
4. For example, Stephen Malpezzi, Stephen K. Mayo, and David J.
Gross, "Housing Demand in Developing Countries," Staff Working Paper no.
733 (Washington, D.C.: World Bank, 1985); Bertrand Renaud, "Housing and
Financial Institutions in Developing Countries: An Overview," Staff Working
Paper no. 658 (Washington, D.C.: World Bank, 1984); J. Hardoy and D. Satter-
thwaite, Shelter, Need and Response: Housing, Land and Settlement Policies
in Seventeen Third World Nations (New York: Wiley, 1981); and D. Schön,
Beyond the Stable State (New York: Norton, 1973), and The Reflective Prac-
titioner (New York: Basic, 1983).