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William J. Keyes, S.J.

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## Economic Development And The Housing Problem

WILLIAM J. KEYES, S.J.

There is an air of expectancy in Manila today about housing. Developing countries, generally, over the past few decades have not given adequate attention to their housing problem presumably because of more pressing economic needs. But the situation is apparently beginning to reverse itself at least in the Philippines. The amount of news coverage, the creation of new housing entities, the completion of demonstration projects have begun to generate a new optimism.

It is a welcome change of mood. By any indicator the national housing problem is indeed very serious. As recently as September 1977, the National Economic and Development Authority (NEDA) presenting the national five-year development plan, candidly admitted:

The shortage of adequate housing is an urgent problem of the country today. Some factors which combine to aggravate the situation are: low average family income; prohibitive land, building materials, and construction costs due to high construction standards and land speculation; shortage of credit for low-income families; and private and public sectors' limited success in low-cost housing. Thus, the magnitude of the housing problem has grown into such proportions that resolute and organized mass housing development for the next decade is imperative.<sup>1</sup>

With the new emphasis, hopefully, the trend of a deteriorating situation will begin to be reversed.

A housing emphasis usually implies the initiation of new housing projects. The development process, for housing or anything else, spells itself out through projects. Projects are what get done; they are identified, designed, organized, approved, financed,

1. National Economic and Development Authority, *Five Year Philippine Development Plan 1978-1982* (Manila: National Economic and Development Authority, 1977), p. 216.

implemented, and evaluated. Development can almost be defined in terms of the sum total of projects designed and accomplished. If then, there is a new emphasis on housing, it is because government is pursuing a more quantitative and more sustained initiation of housing projects.

But, before the projects are launched, it would be good to recognize that the project-oriented approach totally prescind from the causes of the problem as identified by NEDA. Project proponents tend to accept the contemporary economic environment as a "given." They cooperate with it as a background against which projects are to be accomplished. NEDA listed the causes of the housing problem as: low family income; prohibitive land, materials, and construction costs; high standards; land speculation, and inadequate access to finance. If the problem is housing and the response is primarily in terms of projects, then the problem may well remain unresolved and the present mood of optimism will flounder, with real solutions once more eluding the millions presently in need.

George Bernanos once stated that the greatest evil is a problem misstated.<sup>2</sup> What is the housing problem in the context of a developing country's economy? What are the limitations to a project-oriented approach to solutions? If the approach is inadequate, how then does a developing country resolve its very glaring problem? If the country is developing, why then is the housing situation deteriorating? The reader is invited on a rather oblique journey through an evaluation of the causal connections between economic development patterns and the housing problem. It is only through a better understanding of causes that real solutions can be achieved. Surely, there is a role for projects, but a wider understanding of the developing process and its impact on housing will generate a new understanding of the role of projects in an over-all approach to the problem.

The economic philosophy of rising productivity will be presented along with three major limitations: its emphasis on a monetary understanding of wealth, its political bias in favor of the affluent, and its propensity to foster rapid urbanization. An example, Makati, will be offered to show how these factors adversely affect housing.

2. John F.C. Turner, *Housing By People* (London: Marion Boyars Publishers, 1976), p. 62.

Then, other limitations of the project approach to housing will be given.

### THE ECONOMIC PHILOSOPHY OF RISING PRODUCTIVITY

The Philippines, like any nation, has a predominant economic philosophy. It is an entity separable from government itself and moves along almost independently of government planning. The pursuit of projects without a careful evaluation of where the philosophy is leading us renders planners incapable of assessing whether their goals are supported or contradicted by the economic environment.

The dominant economic philosophy in most developing nations is neither capitalism nor socialism as such, but a philosophy of rising productivity. Proponents of the system presume the only road to achieving "the good life" for all, is through an expanding economic output and a rising GNP.

The philosophy of rising productivity is both defined and extolled by Gilbert Burck:

Last year, American business produced more than \$900 billion worth of goods and services. Owing in large part to business corporation's striving to make more money, national productivity rose by 4 per cent. That 4 per cent figure means that business turned out roughly \$36 billion *more* goods and services than it would have if it had maintained the productivity level of the year before. This great social increment, fluctuating from year to year but expanding at an average of about 3 per cent a year is the very foundation of the nation's way of life; these gains afford the only basis on which a better society can be built. It is rising productivity alone that made possible the first eight-hour day more than eighty years ago, just as rising productivity has more recently brought higher real pay, shorter hours and larger fringe benefits. And rising productivity alone will enable U.S. to achieve the benefits that advocates of social responsibility are now demanding.<sup>3</sup>

We have been pursuing this philosophy through several decades of development now. In the United States, in the fifties and sixties, technological sophistication pushed new products quickly from the laboratory to the market place and we all had ballpoint

3. Gilbert Burck, "The Hazards of Corporate Responsibility," *Fortune* (June 1973): 24.

pens, televisions, computers, cassette recorders, and wash-and-wear clothes. We presumed that by inputs of capital and technological assistance, the developing countries could follow the same path and reach a take-off stage leading to rapid economic prosperity for all. The type of wealth created by a vibrant free enterprise system in the United States was exportable to all the nations of the world. President Johnson declared "war on poverty" and many optimistically presumed that the war could be won.

Now in the seventies we are less optimistic. We are concerned with an energy crisis, pollution, urban decay, and the need for ecological balance. We talk of a population explosion and international conferences discuss on a global basis what have always been man's basic needs: food, work opportunities, and shelter.

Robert McNamara of the World Bank pioneered in making nations of the world realize that instead of the third world countries developing, there is now the emergence of a fourth world of LDC's (least developed countries) – Bangladesh, Niger, Ethiopia, etc. where problems of malnutrition, illiteracy, and inadequate housing are so quantitatively overwhelming as to stagger the imagination:

The decade of rapid growth has been accompanied by a maldistribution of income in many developing countries . . . Policies aimed at accelerating economic growth in most developing countries have benefited mainly the upper 40% of the population.<sup>4</sup>

Gunnar Myrdal, author of *Asian Drama*, writes in the same vein:

Nearly 800 million individuals – 40% out of a total 2 billion – survive on income estimated (in U.S. purchasing power) at 30 cents per day in conditions of malnutrition, illiteracy and squalor.<sup>4</sup>

Something has obviously gone wrong. Wealth has become more narrowly possessed. The poor nations and the poor within those nations after two decades of development are more impoverished than they were. The economic philosophy of rising productivity has not achieved the goals that its proponents had expected. In the field of housing, we witness one of the more visible failures. While the optimistic proponent of this philosophy equivalently pleads for a little more time – a decade, perhaps more, and the

4. Robert McNamara, "Address to the Board of Governors," (Washington, D.C.: World Bank, 1975).

5. Gunnar Myrdal, "Poverty and Growth," *The Communicator* (9 July 1975): 3.

economy will be able to afford decent housing for everyone, the realist sees the quantitative dimensions of the problem worsening over time and a widening gap between housing costs and wages. Many are disillusioned with the myth of growth and wonder if "the cargo ships" laden with all the wonderful products of Western technology will ever arrive in the developing world.<sup>6</sup>

President Marcos expressed his own reservation with this economic philosophy:

The development model and its basic economic order are now subject to question and doubt. In spite of man's advance in productive technology and knowledge, poverty continues to dominate the lives of millions of human beings and the landscapes of the nation continue to be blighted by squalid and congested human communities, obviously there is something wrong with the accepted definition of development and in the development model we are asked to conform to. Development must be for people. . . . The ultimate yardstick of development in the 70's will be the extent to which it touches and improves the day to day lives and welfare of human beings, of Filipinos.<sup>7</sup>

He also recognized that one of the glaring failures of the philosophy was in the field of housing. In the Letter of Instruction 557, delivered at the Dasmariñas Resettlement Area in 1977, he candidly acknowledged:

A large number of our people are living in an environment of filth and degradation, in slums and other blighted communities — a situation which is incompatible with the New Society. The traditional approach to the housing need which envisions a house and lot for each and every family is exceedingly expensive and can be undertaken by the Government only on a limited scale. The lack of adequate community services and facilities make a slum and other blighted communities unfit for living. There is an urgent need to improve the quality of life of our people living in slums and other blighted areas.

Worldwide and local experience seem mutually supportive in recognizing that developing strategies, far from reducing the proportions of the housing problem, have been in fact aggravating it. The National Housing Authority (NHA) recently identified 415 blighted areas in Metro Manila with a total population of 320,000 families or about two million people. Whatever the wonders of

6. The cargo ship imagery is borrowed from Peter Berger, *Pyramids of Sacrifice: Political Action and Social Change* (New York: Basic Books, 1974).

7. Ferdinand E. Marcos, "Our Vision of Human Settlements" (Address to the National Conference on Human Settlements, Maharlika Hall, Malacañang, Manila, 8 March 1976).

development in other areas, the magnitude of this problem should indicate that it is not some left-over from a predevelopment era, but is the result of contemporaneous causes.

From this viewpoint, a deeper awareness of the causal connections between development and the housing problem ought to provide a more viable starting point than the unquestioning acceptance of this economic model with its enthusiastic pursuit of projects.

The development model is so widely accepted and the symbols of its capacity to accomplish so visible in our midst, that it is difficult to establish that something is seriously wrong. Many of us simply do not realize it. We have been influenced by the kind of development we see in Makati, and enjoy riding down Ayala Avenue and gazing at the tall buildings, with the hopeful presumption that if this level of technological sophistication, of capital formation, of planned development can be achieved at all, then we are surely emerging from an underdeveloped backwardness to take our place among the leading nations of the world. Most perceive Makati as a symbol of accomplishment and the model which the rest of the nation should rapidly follow. Very few see it as a symbol of the type of luxury the nation cannot afford, and a goal which the great majority of Filipinos cannot aspire to. Very few would accept that the affluence it symbolizes for some has direct causal connections with the worsening situation of impoverishment for the many.

Alexander Solzhenitsyn warned his audience at the 1978 Harvard commencement:

The blindness of superiority continues in spite of all and upholds the belief that vast regions everywhere on our planet should develop and mature to the level of present day western systems which in theory are the best and in practice the most attractive. There is this belief that all those other worlds are only being temporarily prevented by wicked governments or by heavy crimes or by their own barbarity and incomprehension from taking the way of western pluralistic democracy and from adopting the western way of life. . . . But the real picture of our planet's development is quite different.<sup>8</sup>

In several distinct ways, the philosophy of rising productivity is not achieving its goals; among other things it is not alleviating but causing the nation's housing problem. Through elaborate,

8. Alexander Solzhenitsyn, "A World Divided," *The Tablet* 232 (29 July 1978): 712.

complex, and interrelated mechanisms, the system grinds out poverty as well as riches, deprivation as well as affluence. Several distinct but interrelated points of weakness in the system will be presented which, over time, begin to reach a critical mass. These points and their relevance to the housing problem follow.

#### INADEQUATE ACCOUNTING: ENVIRONMENTAL AND SOCIAL COSTS

The philosophy of rising productivity is too narrow in its capacity to define and evaluate wealth. The only yardstick is the monetary one. It only counts money. Growth is only measured when cash transactions are involved.

Sixto Roxas, speaking before the same Human Settlement Conference which President Marcos addressed, grippingly illustrated this point with a parable of a rice farming settlement of perhaps 100,000 people in a river valley at the foot of a rain forest.<sup>9</sup>

He described the impact on an economically balanced agricultural community when the government granted logging privileges in the forest. The logger's investment covered only what was directly related with taking out the logs: a plant site, loading facilities, etc. Trucks moved through the town on roads not equipped for their weight or size. Migrant workers moved in with need for housing, public services, and recreation. Retail prices went up considerably and the over-all result was a clear drop in the quality of life. Slums developed, peace and order problems emerged, health conditions deteriorated, and, lastly, floods began to occur.

All this, however, was reflected in the gross community income as pure growth. In no way was the deterioration of the quality of life in the area reflected in the accounts. Even the floods added to gross community income because of the cash expenditure that went into flood control.

The system is incapable of reflecting through its equations other forms of wealth inherent in such terms as "quality of life," or "urban-rural balance." The system presumes an exploitable frontier

9. Sixto K. Roxas, "Managing Human Settlements." Mimeographed (Speech presented at the National Conference on Human Settlements, Philippine Village Hotel, 7-12 March 1976).

and perceives raw materials as "free goods." The entrepreneur is not charged for these gifts of nature. He does not pay for the trees he cuts, nor is he held accountable for the floods he causes. The system allows one form of wealth — the forest — to be exploited by conversion into another form of wealth — money — with no adequate apparatus for measuring the negative impact on the local community.

What is true of the logger is true of the miner or the oil-driller. They take irreplaceable resources belonging to the earth that are in real danger of being exhausted. Even agriculture exploits the gifts of nature: soil, seed, air, and water in the process of generating cash without adequate pressure on the entrepreneur to foster local integrated rural development.

God gave the gifts of the earth to be used and enjoyed by all. Expanding productivity tends to take what belongs to all and use it for the private monetary profit of the few in a vast anonymous system where responsibility for the deprivation suffered by present and future generations is hard to pinpoint. It is becoming a very serious problem. We are beginning to realize this and no longer look on a rising GNP as the only norm of development. The International Labor Organization since 1974 has officially abandoned the concept in favor of a "basic needs" strategy which looks not only to growth but also to redistribution.<sup>10</sup> Other groups have set up "social indicators" which aim to measure development with more than the monetary yardstick.

The system not only fails to compute environmental costs, it does not compute social costs either. When a conscientious entrepreneur in an extractive industry like mining sets up a long term relationship with an undeveloped remote area, he not only spends to develop processes directly related to primary corporate objectives. He must also build a fully human settlement, complete with housing, schools, recreational and health facilities and other necessary components of the settlement where the work-force will live and work and raise their families. This is the experience of Atlas Mining in Cebu or PICOP in Surigao. But industry, especially the manufacturing sector, can escape these wider responsibilities by locating itself in the city. There it passes its burden

10. International Labor Organization, *Employment, Growth and Basic Needs* (Geneva: International Labor Organization, 1976).

on to the anonymous city and at the same time withholds wages that would be adequate to purchase the basic needs of housing, education, and health services.

An Economic Development Foundation (EDF) survey estimated that the earning capacity for a family of five in Manila, 1975 prices, should be ₱41.49 daily, if the family is to live according to minimal human standards.<sup>11</sup> The Trade Union Congress of the Philippines (TUCP) estimated the amount to be ₱43.06 daily, 1978 prices.<sup>12</sup> Against a median Manila family income of around ₱700.00 monthly or ₱23.30 daily and a deteriorating real wage rate, the inadequacy of a family's purchasing power is evident. Furthermore, while the city cannot provide adequate housing, education or health facilities for its people, the industrialist can leave these problems outside the factory gate. If a manager became concerned for them or began to address himself to them with company resources, he might be accused of inefficiency or of embezzling stockholders' money. "Business's only responsibility," says economist Milton Friedman, "is to increase profit."<sup>13</sup>

### THE POLITICAL POWER OF MONEY

A second critique of the philosophy of expanding productivity applies more specifically to capitalism as such than to an expanding productivity orientation in general.

Adam Smith, surprisingly, had little respect for industrial entrepreneurs. He recognized their greed but presumed that greed for profit could redound to social benefits for all. Society would be uplifted in the free movements of the market place as supply chased demand in an ever upward spiraling satisfaction of every human need.

While the concept of "the invisible hand" turning entrepreneurial greed into social benefit is an attractive theory, the problem is that uncontrolled entrepreneurial activity tends to seek the largest, the quickest, and the safest return on investment. It is return on investment that determines what is produced and for

11. "The Living Wage," *E.D.F. Technical Bulletin* 20 (November 1976): 8.

12. Jose Marte Abueg, "Price Hikes' Effects on Earning Studied," *Business Day*, 17 October 1978.

13. Burck, "Corporate Responsibility," p. 216.

whom. The entrepreneur is not attuned to the demands of human need but to the louder clamour of the purchasing power of money. And the rich man is always the greater consumer, the source of larger profits and the safer investment. It is always safer to build a condominium, or sell a private car or color television than to be concerned that most of the population want for food, clothing, and shelter. The poor are poor because they do not have the power to articulate that their need for the basic necessities of life should put a greater demand on the market place than catering to the trivial needs of the well-to-do.

Private enterprise tends to create an enclave or ghetto of those who are already well off who get wealthier still by catering to one another's wants. The enclave is politically powerful so that legal structures, standards, and budget priorities tend to support and sustain their position of dominance. Over time, the poorer majority of the population become marginalized in the country to which they also belong.

#### URBANIZATION

The third critique of the system, in a way, combines the other two and attempts to show how cumulatively they contribute to the phenomenon of urbanization and how the housing problem is one unwanted by-product of this urbanizing world.

We are, today, participating in the most massive migration of people in the history of the world. The speed of it, the size of it, constitute something no previous generation has ever experienced or had to deal with. This world of ours has moved from an urban population of about 250 million in 1900, to a billion in 1960, to 1.5 billion in 1975 and, if present trends continue, to 3 billion by the year 2000. In other words, within one century, urban population is not only doubling or tripling but is multiplying the 1900 figure by twelve times. As a percentage of total population, urban population is moving from 15 percent to 50 percent in a world population of 6 to 7 billion people. In 1900 there were eleven "million" cities (cities with a population of a million or more). The number swelled to 75 by 1950, to 191 by 1975 and will reach 273 by 1985. It took from the dawn of history until the middle of this century for the world to develop its first "ten million" city. By 1950, we had two, New York and London.

By 1975, the number doubled to four but by 1985, it will reach seventeen. From two to seventeen in less than the span of one life-time.<sup>14</sup>

Manila, since it emerged from World War II with a population of 1.3 million, has been doubling its population every fifteen years to a present population of 4.5 million. (The new Metro Manila jurisdiction includes 8 million people.) Manila, occupying less than 1 percent of the nation's land area, has 10 percent of the nation's people, and it grows at a rate of about 5 percent a year, adding an additional 240,000 people a year — equal to the static population of Pasay or Tondo.

Manila's rapid growth has similarities to a raging cogon fire, sustaining its life by consuming the resources surrounding it. With only 10 percent of the nation's population, Manila has three-fourths the nation's telephones, more than one-half its motor vehicles, and one-half its bank branches. It contains the main offices of virtually all private corporations and all government entities. It consumes about half the nation's energy output and development funds. Yet, the wealth of the nation is in natural resources and rural products. The traditional exports — logs, coconut meal and oil, sugar, copper, and bananas — all rural products, constitute three-fourths of the nation's dollar-earning exports. Imports, in turn, especially petroleum, primarily serve the city.<sup>15</sup> The wealth of the nation rapidly converted to money treks to the city. There, money, liquid, anonymous and self-generating, like cancer cells, searches for the higher bidder, the greater yield. Money creates the city. Anonymous and irresponsible as it is, money sludges into the most fertile rewarding corners independent of rural-urban balance or of social need. Wealth generates the city and it also generates its problems. Development is creating an urban elite — a new colonial dominance of the city over the rural area and of the affluent in the city over the majority who are poor.

14. Barbara Ward, *The Home of Man* (New York: W.W. Norton and Company 1976), p. 4.

15. In this regard President Marcos commented to the Interim Batasang Pambansa on 21 March 1979: "I cannot help but sigh at what we could have done or could do for the further development of our country with the funds that are flowing out of our system every year to pay for our imported oil." (*Daily Express*, 5 April 1979, p. 6).

## MAKATI: THE LUXURY WE CANNOT AFFORD

With these points as a background, let us review the phenomenon that is Makati to see that what is development for the few can have very specific causal impact on the poverty of the majority.

The incongruity of a Makati concentration for a developing country was graphically presented by Harold Dunkerly of the World Bank at "The Exploding Cities" conference in London in 1974.<sup>16</sup> His argument, adopted to our local environment runs as follows:

Manila grows at 5 percent a year so that each year there is one additional person for every group of twenty. Then, if we take a per capita GNP estimated at ₱3,600 and presume that 10 to 15 percent is saved in some form for future needs, the total savings of each group of twenty amounts to approximately ₱10,000. (These figures of 5 percent and ₱3,600 are relatively accurate and the 10 to 15 percent savings level is borrowed from a World Bank estimate.) In the stringencies of a developing country's economy, this is the total amount available to equip each new arrival's life-time needs of capital investment for all aspects of his belonging to the city: housing, transport, job creation, water, electricity, health services, education — everything. Each year the "fund" is claimed by a different new arrival.

Also, while some individuals may prove more productive and contribute a higher level of savings, incidental higher rates are absorbed back into overall national averages which inch incrementally upwards only very gradually.

Ten thousand pesos: that's what the nation can afford to invest in the capital assets each new citizen needs for a lifetime. A disproportionately higher level of investment for some can only redound to a lower level of investment for others. Further the ₱10,000 figure, inadequate as it is, is based on the assumption that the savings would be totally used for the new citizen's basic capital needs. There is no provision for replacing the deteriorating assets of the existing population. But, more important, a higher percentage of savings is usually absorbed by the natural desire for higher living standards, the expensive consumption patterns of

16. Peter Wilsher and Rosemary Righter, *The Exploding Cities* (New York: Quadrangle Books, 1975), pp. 117ff.

the affluent and the support systems their urban ghetto demands. Private affluent consumption supersedes basic public need. "There is," says Dunkerly restrainedly, "something very wrong here."

At present levels of cost, the improvements of urban services can inevitably reach only a small proportion of the urban population. For the great majority of developing countries, we cannot evade the choice between maintaining present standards and benefits for the few, or designing much more economic minimum standards in order to reach a much wider spectrum of society.<sup>17</sup>

How do the grim realities of national poverty measure against the expenditure patterns and investment priorities of a Makati type development model?

For one example, Makati has 906 private swimming pools serving 8.5 percent of its population (32,500) living in its subdivisions while it has only one public high school and one, rented, public hospital serving its over-all population of 382,000.<sup>18</sup>

In the field of housing, the greatest single cause of the problem is the cost of land or, more precisely, the gap between land costs and income. To the extent World Bank data are available, the Philippine situation is the most incongruous of all. Total housing costs should be about 2½ times a family yearly income so that land, that is, a developed homesite, should cost about one year's income. In most countries it does, but in the Philippines land costs alone absorb what should be total housing costs.<sup>19</sup> Concentrations like Makati are exacerbating the problem.

When Forbes Park opened in 1952, the land sold at ₱6.00 per square meter, less than double the minimum daily wage of the time. The value today is about ₱1,800.00 per square meter returning to investors an average *annual* yield of 967 percent. Similarly, an Urdaneta Village investment rose from ₱30.00 per square meter in 1957 to ₱1,700.00 per square meter today. A 1965 Dasmariñas Village investment of ₱95.00 is now worth ₱1,750.00.<sup>20</sup> It is obvious that what is good for the developer is disastrous for the city. Land prices, in Makati, like pebbles tossed in a pond, reverberate throughout the whole urban network. When the only

17. *Ibid.*, p. 119.

18. *Nation's Journal* (21 February 1979), pp. 8, 20.

19. Orville F. Grimes, Jr., *Housing for Low-Income Urban Families* (Baltimore: The Johns Hopkins University Press, 1976), p. 131.

20. *Nation's Journal*, p. 6.

determinant of value is the market determinant — what people with money are willing to pay — the city as a whole loses access not to some luxury item but to a basic human need.

The reason land can be traded at such exorbitant prices is because the accounting system and existing structures are incapable of imposing the social cost of such disjointed development on the buyer or seller. These, supposedly, are absorbed by the anonymous city. Government primarily is supposed to pick up the pieces, to keep providing the overpasses and ever widening highways to serve an area questionably defensible in terms of over-all national development. But infrastructure expansion is not the only burden on the city. There are other less visible incongruities that the system spawns. The proclivity for swimming pools over schools and hospitals in Makati itself was already mentioned. There are disjointing pressures on the wider environment of the entire city. The vast majority of employees whose lives are caught up in serving the area cannot afford to live there. They are secretaries, office staff, security guards, janitors, and other types of low-income employees. In order to make Makati viable for the few, the majority who serve it are driven deeper into urban congestion or farther and farther away from the city to places where they can afford to live. The businesses located in Makati do not put into their profit and loss statements the waste of human resources for employees waiting for already crowded buses, or the hours squandered in stalled rush hour traffic. These do not get into the accounting; they have no monetary value. Another example: bus efficiency in Manila has declined from over 300 kilometers per day to approximately 220 kilometers per day — a direct by-product of Makati concentration and the intensifying separation of work-place from residence. We need more buses. Urban society and government pour in more and more resources to keep the expansion growing.

Not only the land market but the financial environment has direct causal impact on the housing problem. This center of finance has little to offer by way of the long-term, low-interest money that housing needs. The higher returns of marketing-merchandising, or speculative use of funds, send interest rates higher so that housing needs cannot compete. The scattered ventures into housing by several banking institutions carry an effective interest rate of 19 percent. Such returns are not generative

of national development but of fostering further imbalance. What gets done is what money clamours for. The demand for high yield returns stifles housing opportunities except for the affluent. Makati is not generating an integrated and balanced national development but a cancerous self-growth with its energy and resource consuming offices sprawling into adjacent areas.

Battle imagery is appropriate here, or at least that of a very serious game. On the one side are the forces generating urban concentration who perceive wealth and money as synonymous. The opponents are disorganized neophytes who wonder whether the money definition of wealth is destroying vaguely important concepts like "quality of life," "human settlements," and "integrated national development." In this one-sided contest, money sets the rules of play. Money is also the way of scoring. Money picks the umpire and money is also the prize of victory. It is not a question whether urban concentration is winning or not, for surely it is. It is a question whether rational responsibility for the future of this nation should allow the rout to continue. The housing problem is one visible loser in the contest but there are many others.

#### THE PROJECT-ORIENTED APPROACH: ITS LIMITATIONS

When a project-oriented approach toward the housing problem inserts itself into this style of economic development, its first and basic limitation is that it fails to relate to any of the problem's basic causes. It fails to pinpoint or react to the poverty-generating dimensions of a free enterprise land market or the artificiality of land and money values fostered by urban concentration. As mentioned above, the NHA has identified 415 blighted areas where 320,000 Manila families or two million people live. President Marcos has declared such a condition as "incompatible with the New Society." A problem of such magnitude is not an accident of nature; it is being caused. While project-oriented proponents can nibble at the edges of the problem the core will not be touched in an environment that is ignoring the causes. This is the major limitation of the approach, but there are others as well.

Project orientation presumes professional control over the housing delivery system. The project planning environment is

dominated by architects, engineers, and planners who presume a formal planning process, a long lead time, acceptance of existing standards, access to finance, a high level of professional fees and a centralizing control over delivery with little capacity to delegate discretionary power. In such an environment, low-income housing can only be achieved through heavy and disproportionate subsidy. Such projects are essentially limited in scope. While they may be enthusiastically appreciated by the handful of lucky beneficiaries, they are economically constrained from reaching the overwhelming numbers of people in need. No government can afford to launch itself on a program of heavily subsidized housing for the majority except, perhaps, in the oil-rich Middle East.

Another difficulty with the approach is its limited capacity to effectively relate to the value system or attitudes toward housing of project beneficiaries. Project orientation usually emphasizes land use design, architectural dimensions and economic feasibility — all quantitative norms. It has little capacity to relate to the more important concerns of the user. For the poor for whom the housing problem is most severely experienced, it is not so important what the house looks like, what it is made of, or how much it costs to build. For the poor, housing is perceived primarily in terms of its capacity to provide access to the city — to jobs, to schools or to secondary employment opportunities. The quality of the house as such is of secondary importance. Yet the poor themselves have little opportunity to allow their orientation to trickle upwards and have any effective influence on the solutions created, supposedly, for their benefit.

In housing the urban poor, more attention must be given to the intrinsic limitations of the existing delivery system. World opinion is moving rapidly toward this realization. A recent United Nations report comments:

The insoluble problem of providing millions of satisfactory dwellings for the poor in developing countries is only insurmountable if the solution is thought of in conventional terms. But, when policies are framed in terms that are closely related to the real needs and resources of the poor, solutions become more easily envisioned.<sup>21</sup>

Project planners, generally, should attune themselves more to the voices of the poor themselves. If effective communication were

21. *Non-Conventional Financing of Housing for Low-Income Households* (New York: United Nations, 1978), p. 40.

achieved, the ingredients of a successful urban housing program would carry the following characteristics:

1. Solutions must be massive. Rapid urban growth coupled with decades of delay imply that while the poor have already belonged to the city, they have not been adequately housed by the city. Squatter settlements and ever increasing congestion are not solutions but only signs of a deepening social problem. Projects limited to a few hundred units produced at a rate of about one or two per year do not accomplish very much, no matter how artistic in design.

2. To accomplish the first objective, the level of expenditure per family housed must be minimized. It is a question of simple arithmetic. To choose a ₱70,000 "low-cost" house over a ₱7,000 serviced homesite, is to leave the problem over-resolved for one family in ten and unresolved for the other nine. Also, subsidized housing for the poor, as world-wide experience attests, pressures the poor to surrender their housing to higher income groups.

3. The legal environment surrounding housing requires serious reconsideration. The law presumes that housing is either private or public, that is, built by private professional entities for profit or created by government for social need. The law further favors large-scale development and centralizing national agency control. But most people most of the time are neither commercial nor political but personal and domestic. They prefer to live out their lives in a familial and neighborly environment that is non-commercial and non-government. Legal structures supporting large-scale corporate production force people into a passive marketing consumer stance or into a dependency relationship in government projects which stifles freedom, creativity, and choice. While the government could best function as an "enabler" and "encourager" of the efforts of people, especially the poor, to create their own housing, existing procedures are expensive, complicated, and time consuming. They effectively deliver a monopoly control over housing to those professions whose services the poor can not afford.

Encouragement of owner-user created housing implies a relaxing of standards, a simplification of building permit procedures and a legal presumption that the house building process goes on for years while the house is being used. The present legal presumption that the house must be complete before being lived in creates the

very dependence on long-term financing that bottle-necks the access of the poor to housing. Present legal dispositions demand affordability prior to welcome into the life of the city. Adjustment of the law could allow gradual housing development to parallel gradual economic adjustment to the opportunities of urban life.

4. Any step away from dependence on long-term finance is a step toward realistic housing policy. The dominant view that accommodation to the poor is achieved through lengthening repayment periods to twenty-five years or beyond is misleading. Such financing opportunities are only available in specialized situations so that if presumed as a requirement they would inhibit the massiveness of approach presently needed.

5. Urban land reform is essential. While land requirements of the poor are more modest than those of the affluent, the city could never house its people without interfering in the existing laissez-faire land market environment. A preliminary judgement on P.D. 1517 on urban land reform is that implementation will primarily stress a more balanced land use planning with minimal emphasis on land redistribution to the poor. Yet, as in rural land reform, access to land should be the primary concern, not whether the land plans are balanced or not.

This is no clarion call to a socialist uprising but a simple recognition that if the nation chooses to maintain a private property concept of land control, adequate provision must be made for those who cannot compete. If the market is the only determinant of access to land, the proponents of the system, year by year, intensify sociopolitical pressures that will ultimately destroy it. Adequately quantitative provision for the poor is not a denial of the concept of private property but a recognition of the price that must be paid to preserve it.

## CONCLUSION

Back in the forties, people were humming a tune from the happily nostalgic musicale *Oklahoma* about the latest, nineteenth century transportation phenomenon — a “surrey with the fringe on top.” It boasted see-through curtains “you could roll right down in case there’s a change in the weather.” In our transportation evolution, the curtains gave way to glass, then to safety,

curved and tinted glass. The horses also disappeared as Detroit brought us through what was presumed to be an ever upward spiral of more and more sophisticated transportation technology, greater comfort and faster speeds. Then, only a few years ago, Ford Motor Company, sensitive to contemporary Asian needs designed a new vehicle that returned us to roll-down curtains, buck-board seats and match box styling. Popular response to this Asian expediency is evident throughout the country today where more than 30,000 Fieras alone have been built and purchased. Car manufacturers perceived that the Asian need was not synonymous with higher standards and increasing sophistication, and their insight found profitable response in the market.

Housing, surprisingly, is much more complicated than car manufacture. But in housing, the backward-bending revolution is more sorely needed. It is not so much a question of appropriate technology, for technology is not the problem; rather it is a question of appropriate institutional and political support for an approach to housing that people want and can afford. Continued endorsement of the philosophy of rising productivity carries a subtle endorsement of a housing approach that is simultaneously a product of, and support for, the phenomenon of urban concentration. The comfortable solutions that it offers, just as the grandeur that is Makati, are accessible only to a few. There is adequate evidence that the approach will never deliver the dream that it promises — at least not in the lifetime of anyone now worrying about the problem. Prolonged support for the impossible can only be sustained at the price of perpetuating the impoverishment of the majority.

#### RECAPITULATION

This article has attempted to highlight some limitations of the prevailing economic philosophy and of the project-oriented approach to solutions of the housing problem. In so doing, it has not implied that project planning as such should be abandoned. The antithesis of planning is anarchy and chaos. Rather, it has attempted to pinpoint aspects of the existing planning approach which carry perhaps unconscious bias against the non-affluent majority. In capsule, the article's main thesis can be stated: a project-oriented approach coupled with uncritical acceptance of

the existing economic and legal environment, as these affect housing, will never adequately resolve the massiveness of the national housing problem. Since such a statement can be interpreted as essentially negative in tone, an alternative strategy with the ingredients of potential success should also be presented.

Firstly, it should be admitted that there is no simple solution to a problem as massive and complex as housing. Dramatic steps toward real solutions imply structural and attitudinal changes which would only reluctantly be accepted by those now benefiting from the prevailing narrow delivery system. The land speculator would resist urban land reform. The banker would resist legal requirements that a portion of loanable funds be reserved for low-income housing. The bureaucrat would not accept that many of the procedures he now controls are unnecessary and even counter-productive. The architect would not admit that for most houses basic building skills are enough and his skills unneeded. The home-owner who prides himself on the accomplishment of struggling and saving for housing might resist lower standards and easier access to land and housing for people poorer than himself. But, mostly, there is that subtle presumption on the part of those who are able to participate and compete in the present economy that it is really *their* city, and the poor, somehow, do not equally belong. Accommodating to the poor would have impact on the visual landscape of the city. The aesthetic opportunity cost of housing the urban poor might also be very begrudgingly conceded.

Since these institutional and attitudinal changes will take place only gradually, and since the problem cannot await the arrival of a utopian society, more realistic first steps can be undertaken immediately. As a basic strategy, "land asylums" or "sites and services" projects should be set up either by government itself or with encouragement by the private sector. The land design would set up modest-size homesites, but not housing. Government would provide supportive infrastructure and public facilities. Minimal financing assistance would be provided to get a "head start." The legal regulations would encourage self-help and be tailored to the comprehension, time availability, and economic resources of the poor. Specific policies of security of tenure are absolutely essential. Again, the program must be massive, in the range of 10,000 or more homesites developed and delivered each

year. Token gestures or prototype experiments are simply inconsequential, no matter how imaginatively designed.

To some extent, the proposed strategy has parallel to the existing government sponsored resettlement areas in Sapang Palay, Carmona, and Dasmariñas, where almost 40,000 families now live. Unfortunately, these projects were essentially negative in concept. They were designed to rid the city of squatters. From this first limitation, other serious defects followed: they were located too far from the city and transportation costs were not subsidized. Land development preceded employment opportunity so that for most, relocation implied a dramatic decline in income. They provided no flexibility for growth but accepted new residents only through the process of urban eviction. Lastly, years after becoming operational the tenure system has remained vague and ambiguous, thus undermining hope and the desire to save for housing.

While these limitations impose serious burdens on the existing resettled families, none are intrinsic to the basic "sites and services" strategy. They are readily amenable. What is envisaged is the same basic strategy made available on a volunteer basis to all low-income families. Residents would be treated with the dignity that a legally binding contract implies and given opportunity and encouragement to create their own housing. It is not a new approach. Other countries already have substantial proportions of their urban population living in such locations. To date, though, it has not been practiced here. The massiveness and urgency of the problem imply that it cannot, should not, wait.