POVERTY ALLEVIATION AND THE EVICTION OF THE POOREST:
URBAN LAND TRANSFER PROGRAMS IN THE PHILIPPINES

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Poverty Alleviation and the Eviction of the Poorest: Urban Land Transfer Programs in the Philippines

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ABSTRACT

Conventional policies of urban poverty alleviation have proven to be largely ineffective. They have, in particular, failed to defuse the worsening housing crisis in the large cities of the developing world. Shortcomings in funding and implementation notwithstanding, the Philippine ‘Community Mortgage Program’ represents a promising paradigm shift. It allows squatter associations to acquire land by means of state-guaranteed credit which is to be repaid over a period of 25 years. The resulting instalments are well below the rent for a single room in the same area, and thus acceptable to most residents. The results of our studies in Manila and Cebu City, however, indicate that the programme always excludes a substantial part of the community members, among them the dire poor. The outcome is a division of the community which often turns into violent conflicts. The CMP is effectively addressing one of the crucial problems of squatters, namely precarious access to urban land and insecurity of tenure. As a programme explicitly aiming at poverty alleviation, however, it suffers from huge targeting errors.
# CONTENTS

Introduction 1

Problems of Defining Poverty 2

Access to Land as Key Factor of Urban Subsistence 4

The Stick and the Carrot: Conventional Responses to the Squatter Problem 6

Beyond Participation: The Community Mortgage Program 9

Evicting the Poor: The Divisive Impact of the CMP 12

Conclusions 14

References 16
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INTRODUCTION

Urban poverty poses a crucial challenge to national and international development policies. Very soon the majority of the world’s population will live in cities, most large cities are in developing countries, and a large proportion of their residents is poor. Despite all talk about urban crisis it is evident that the city itself is a giant machine of poverty alleviation. In most developing countries, cities serve as a safety valve for the struggling rural economy: ‘Most people flee to the cities because no matter how life there may be, it is generally better than the rural one they are leaving behind. Their new homes may be squalid shanties without plumbing or heat. But at least in the cities they have opportunity.’ (Newsweek: Megacities, 10 June 1996). In the Philippines, each year hundred thousands of migrants come to Metro Manila and a few other urban centres. As a consequence, urban growth rate is, at some 5%, one of the highest in the world, and more than half of the population is living in urban areas.

Rural-urban migrants are looking for opportunity, or for ‘greener pastures’ as some of them quite paradoxically put it. Many fail and either return to the provinces or become part of the growing numbers of homeless pushcart dwellers and street people. Many more, however, manage to get one of the low-paid occupations which the metropolis so amply provides and join the ranks of the so-called urban poor. In the course of the years they adapt to the urban environment and tap more of its resources and opportunities. Many of those who are poor today will be much better off in 10 or 20 years.

The fundamental precondition of this process is precarious though: It is access to urban space which means access to the city itself. Kolstee et al. (1994: 27) describe the policies of the ‘closed city’:

The urban authorities have tried to discourage new migrants in various ways. The harshest measures include levelling illegal settlements, expelling migrants without residence permits, arresting illegal workers, campaigns against street trading, prohibiting certain occupations and mass deportation. (...) Such measures have seldom had the desired effect and certainly not permanently.

In the Philippines, the large-scale resettlement programs (as plain ‘mass deportation’ is euphemistically called) of the 70s and 80s have likewise failed because the beneficiaries could not secure their livelihood in remote relocation sites and returned to squatter colonies in Manila. To date, neither the market nor the state have accomplished much in terms of mass housing; more than half of Manila’s population is living in illegal settle-

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1 This paper is based on extensive field research in Manila and Cebu City which was financed by the Deutsche Forschungsgemeinschaft [German Research Council]. For a more comprehensive account on the results, see Berner (1997a). I am grateful to Monique Peltenburg, Me-an Ignacio and Frits Wils for valuable comments. The usual disclaimer applies.
ments on public or private land, among them otherwise respectable persons like policemen and teachers. Squatting has long been seen as detrimental to sound urban development and orderly planning. Under the conditions of skyrocketing land prices and low income levels—which are typical for a globalizing metropolis—, however, alternative solutions do not come easy (Berner and Korff 1995).

In this paper we will argue that sustainable policies of urban poverty alleviation have to take the problem of affordable access to land into consideration for several reasons which will be discussed in detail in the following sections. First, the land issue determines the target group: Inadequate and insecure housing is intricately linked to urban poverty in general. Second, it is crucial for reaching the target group: Too many so-called social housing projects and slum upgrading measures have exclusively served the middle classes because the land price alone made them unaffordable for the poor. Third, it addresses the self-defined needs of the target group: Most of the respondents in our surveys of poor urban areas say that ‘land’, and not livelihood, is the most pressing problem they are confronted with. Fourth, insecurity of tenure is a major detriment of investments: As squatters are forced to keep their property mobile, they are reluctant to put money into physical assets which are difficult to move.

The Philippine ‘Community Mortgage Program’ (CMP) aims at a more equitable and more rational use of urban land. It is taking past experiences into account and reacts to the demands of non-government organizations (NGOs) and grassroots groups. Emphasis on on-site development facilitates the preservation of the tremendous economic value produced through self-help housing efforts. The program, however, is no panacea; apart from problems of implementation and financing, it excludes substantial parts of the population and leads to—or rather, uncovers—divisions and conflicts among the apparently homogenous group of the urban poor. The unintended consequences of land transfer programs will be the subject of the concluding section.

PROBLEMS OF DEFINING POVERTY

Conventional definitions of poverty have been criticized as ‘universal, reductionist, standardized and stable’ and thus, inadequate to grasp the realities of poor people which are ‘local, complex, diverse and dynamic’ (Chambers 1995: 173), and more so in an urban environment. In an attempt to give ‘poverty’ a ‘scientifically acceptable universal meaning and measurement’ (Townsend 1993: 3), poverty line approaches (based on income and/or consumption) have dominated academic debates and development practice alike. More sophisticated approaches use low income as a mere proxy for other forms of deprivation and vulnerability, but end up comparing statistical figures due to the availability of data or ‘in order to review the many important issues treated in the literature that has evolved around [this approach]’ (Lipton and Ravallion 1993: 2025).

An extreme case is Shanghai where labor is extremely cheap while office rents exceed those of Manhattan.
Without recapitulating Chambers's critique in detail, it can be stated here that a poverty-line based definition suffers from both *arbitrariness* and *unreliability*.

Quantitative assessments of poverty dependent from the start on a qualitative consensus: The poor are those who command not enough resources to lead a 'decent' life. Dictionaries define poverty as 'a condition below that of easy, comfortable living'. Not only is there obviously a wide variation in what is regarded as a decent life; large differences in living costs within and between countries mean also a variation in the means necessary to lead it (Wratten 1995). The US$ 1 per capita/day threshold for absolute poverty, used by the World Bank and others, does not make any sense in Manila (to say nothing about Hong Kong and Tokyo). Most countries have thus established national poverty lines, and many provide separate rural and urban thresholds (UNCHS 1996: 113). Unfortunately these are based on political, rather than analytical, decisions. In the Philippines, there were at times 'at least 11 poverty lines or standards established by as many government and private agencies' (Ramos-Jimenez et al. 1986: 14).

Arbitrariness, however, is not even the weakest point of a threshold approach. Data on urban poverty based on official household surveys are not only collected by unskilled and underpaid interviewers but are severely distorted in two ways: First, they exclude or misrepresent a significant proportion of the poor, and second, figures on income recorded by state institutions are systematically lower than the actual ones. In accordance with our own results, Murphy (1993: 15) points out that certain groups are likely to be excluded from official surveys: 'Interviews showed that many urban families were not included in the official national census of 1990. Regularly, census takers interviewed the owners of squatter houses but not the families renting or sharing the houses with them. Renters and sharers make up about a half of the squatter population.' In our research areas, at least 15% of the residents, most of them poorer than the average, were not registered in the last census and other surveys; the situation was much worse in places with rapid population growth.

The fact that data on income have to be taken with a grain of salt is familiar to social researchers. Confronted with official surveyors, many people will underestimate their income in order to avoid taxation or qualify for assistance. Moreover, Evers and Korff (1986; cf. Evers 1981) have shown that even in the cities, subsistence production—that is, productive activities which do not yield a cash income but reduce expenditures—plays an important role for the survival of many households. Irregular sources of income will not likely be mentioned in formal interviews for one reason or the other. Korff (1990: 173) has found in an empirical study on a Bangkok slum that 'nearly 20% of the money used in the households was derived through debts, share games, and gambling'. How much is added by prostitution, drug pushing and outright criminality is anybody's guess.

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3 Breman (1998: 4) argues that Indonesia's acclaimed poverty alleviation policy has been merely a mirage: 'The pretension of a spectacular decline under the New Order Regime, we were told to a level of less than 12% last year, was a figment of official imagination and manipulated by fake statistics.'
The urban poor are, consequently, a fluid subject not only of research but of practical policies as well. Although poverty is, of course, widespread and visible in Philippine cities the poor do not form a definable segment or ‘sector’ that can be used as a unit of analysis or as a target group for development measures. According to a discussion paper of the Presidential Commission on the Urban Poor (Nario 1990: 1), inconsistent definitions ‘have caused the fragmented formulation and implementation of plans and programs addressed to their needs. This situation has not in any way yielded a long-term impact for the entire urban poor sector, but had produced only stop-gap solutions.’

ACCESS TO LAND AS KEY FACTOR OF URBAN SUBSISTENCE

In the urban context, poverty exists in stark and direct contrast to wealth, modernity and progress. Urban poverty is closely related to physical segregation; while it is not restricted to the enclaves of slums and ‘depressed areas’ it is heavily concentrated in these places. This is reflected in the views of analysts, policy makers and activists. The Philippine newsletter Anawim (3/1987: 4; emphasis added), for instance, delineates the group as follows: ‘The urban poor have been commonly associated with unemployment, shanties, overcrowding, filth, stink of uncollected garbage, lack or total absence of social services, malnutrition and just about everything that makes life miserable.’ For Cedric Pugh, ‘this visual imagery expresses part of the reality, and it is so plain and obvious that that the nature of the relationship between housing and poverty is seldom explored in-depth’ (1995: 34). Although ‘squatter’ is a legal concept, ‘slum dweller’ refers to physical characteristics of the place of residence, and ‘urban poor’ in whatever way to the income of residents, Philippine literature does not discriminate between the three terms but uses them interchangeably.

The literally fundamental importance of land and housing for understanding urban poverty is increasingly recognized: ‘Housing which meets adequate standards as well as cultural definitions of security of tenure is an essential part of a decent standard of living’ (Aldrich and Sandhu 1995: 31; emphasis added). UNCHS (1996: 109) prefers ‘housing poverty’ over other definitions, notably income-based ones, deploiring however the lack of reliable and comparable data.

The following table presents the ‘nature of the relationship between housing and poverty’ as a multidimensional one. Substandard informal housing has two major dimensions itself, namely a) lack of quality/infrastructure/space, and b) insecurity. Both are factors, indicators and causes of poverty.
Table 1: Dimensions of housing poverty

| Housing as factor of poverty | Lack of quality, infrastructure and services | • Quality of life affected by crowding, noise, dirt, inadequate facilities  
• Health affected by lack of sanitation, unsafe water supply  
• Future prospects affected by restricted access to education  
Insecurity | • Even households capable of coping at present may be thrown into emergency by evictions (loss of assets, inaccessibility of income sources) – vulnerability |
| Housing as indicator of poverty | Lack of quality, infrastructure and services | • Reliability: only poor household can be expected to accept the above conditions  
• 'Professional squatters' is an ideological label$^4$  
Insecurity | • But: Research reveals that not all residents of informal settlements are poor |
| Housing as cause of poverty | Lack of quality, infrastructure and services | • Lack of infrastructure (electricity, water, accessibility) is a liability for enterprises  
• Bad reputation may put off potential customers  
Insecurity | • Investments, particularly in immobile assets, are prevented by the risk of demolition |

In order to further clarify the argument, we state that housing poverty is largely determined by land supply and allocation. Hardoy and Satterthwaite’s (1989: 113) groundbreaking insight that there is no ‘housing gap’ but a dearth of suitable and affordable land for self-help housing is meanwhile accepted among experts and officials who agree that urban land is the ‘essential ingredient’ (Murphy 1993: 42). This implies that target groups for policy measures should be determined not by qualitative standards of poor and non-poor housing, but by security of tenure. The crucial dividing line in the city separates those who have legitimate and reasonably secure access to urban land, and those who have not. Evers (1984: 481) summarizes the importance of access to land:

A precondition for subsisting in an urban environment is access to the use of urban land to build a house, to put up a hut, or at least to find a temporary space for sleeping, eating and defecating. Property rights regulate this access to urban land and

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$^4$ Philippine government and media alike use the term 'professional squatters' to arouse public sentiments against those who live in informal settlements 'for free', without being forced to by sheer destitution. Apart from neglecting the fact that 'there is no free squatting' (Murphy 1993: vii), this view deliberately ignores the complex situation of the 'borderline-poor' who hesitate to make the (in the case of Manila and comparable cities) huge step toward legal housing.
thereby the chance to subsist, or at least to be physically present. From this point of view access to urban land becomes the most basic human need in an urban area. In face of rapidly increasing land prices in the course of globalization and economic recuperation, the market mechanism has systematically failed to provide for mass housing. Property rights are obviously an insufficient mechanism of regulating access to land in the metropolis. The proliferation of squatting implying a large-scale violation of these rights can no longer be seen as a temporary anomaly that will disappear in the course of development. We have to be aware that the role of squatter colonies is fundamental rather than marginal: The metropolitan economy is heavily subsidized by their existence, and cannot function—much less be competitive—without this subsidy (Berner 1997b: 169; Aldrich and Sandhu 1995: 20). Specifically relevant in the context of poverty alleviation is the fact that insecurity of tenure is a major detriment to investments. In our study we found a remarkable entrepreneurial spirit among Manila’s squatters, along with considerable financial potential. In face of the permanent threat of eviction, however, they hardly invest in productive assets and largely restrict themselves to small-scale trade and transportation.

In the last decades, squatters have become active and relatively successful participants in the struggle for urban land. Despite increasing competition, many settlements have survived for 30 years or more; their persistence as well as the emergence of many new ones offers a challenge to sociology and poses severe problems for politicians and city planners. This was most clearly expressed by Mary Hollnsteiner in her small but formidable work “The case of “The people versus Mr. Urbano Planner Y Administrador”” (1977: 308):

Squatting represents the only means available for achieving that anticipated rise in income and social status that marks the central point of the urban dream. Mr. Urbano Planner Y Administrador does not, however, see it that way. His dreams revolve around a beautiful and orderly city with law-abiding people facilitating easy management of public affairs. It is easy to understand, therefore, that the estimated 201,000 squatter families in Metropolitan Manila 5 drive him into a state of anger and frustration. Feeling dutybound to eradicate them from view, he adopts a strategy geared to a form of substitute housing more pleasing to the educated eye. And there lies the crux of the problem.

THE STICK AND THE CARROT: CONVENTIONAL RESPONSES TO THE SQUATTER PROBLEM

In another paper, Hollnsteiner (1974) has argued that urban planning in Manila failed precisely because it has ignored, or even worked against, the housing needs of the masa [masses] and, thereby, never offered a viable alternative to squatting. This was not to change under the Martial Law regime (1972-1986) despite considerable efforts. A cor-

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5 Twenty years later, a figure of one million families is realistic (Berner 1997a: 21).
nerstone of the regime's policies was Marcos's Presidential Decree 772 which remained in force until 1997. It declared squatting a criminal offence and people who 'unlawfully encroach on public or private land without the express consent of the landowner' punishable by imprisonment or fine. The main policy followed was mass relocation of squatters to sites some 30 to 40 km outside the city and placing them in extremely overcrowded bunkhouses, or often even simply dumping them. This proved to be not only inhumane but ineffective as well. The people who had once been attracted by the chances and opportunities in the metropolis were attracted again (Rüland 1982b).

On the other hand and for the first time, the state went to appreciable expenses in the housing sector after the declaration of Martial Law (Rüland 1982a: 217). Lee (1995: 531) likewise concedes that under the Marcos administration, 'relatively large proportions of the government's budget were spent on massive housing and re-housing schemes, and a Ministry of Human Settlements was created at a time when few other countries recognised the importance of the sector.' The National Housing Authority (NHA) was founded in 1975 with the explicit goal of serving the housing needs of the poorest 30% of the population. Its performance in the Marcos years, however, was largely ineffective: Between October 1975 and December 1985, a total of 4,054 new housing units, or some 400 per year, was constructed in NHA administered projects in all of the Philippines (NSO 1987: 611). To make things even worse, construction costs were far too high to meet the needs of the target groups. A case in point was Urban BLISS, the ambitious pet project of Governor Imelda Marcos. Likewise allegedly designed for the poor, the characteristic four-storey tenement blocks came out so expensive that they accommodated mainly some of the regime's vassals and other privileged groups. With a total output of less than 2,500 units and many more squatter houses demolished to make room for them, the BLISS program had no positive impact on the housing situation.

In the late Seventies, the Philippines became the pilot country of the World Bank's new strategies of urban development. In an adoption of Turner's concept of 'housing by people', squatting had been renamed 'self-help housing', and emphasis was laid on (or rather, lip service was paid to) on-site development and slum improvement rather than housing production. The first step was the identification of 415 'blighted areas' in Metro Manila, with a population of 1.6 million; 253 of them were designed 'Areas for Priority Development' (APDs). The second step was the attempt to upgrade the Tondo Foreshoreland and the development of Dagat-dagatan as an in-city relocation site. Because the undertaking proved to be as expensive as the results were unsatisfactory, the third step was back to square one: The bulk of the following 'Sites and Services' programs was done in the resettlement areas outside Metro Manila (NSO 1987: 610f.). The investments trickled straight up the to land developers and the construction industry. To

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6 Strangely enough, the first actual convictions on the basis of PD 772 were imposed only in 1987, more than one year after the fall of the Marcos regime. A court fined 28 squatters 1,000 Pesos each claiming that it 'cannot question the wisdom of legislation' (Intersect 1/3, October 1987: 7).
date, most APDs are as congested and dilapidated as ever; in 1989, only 10% of then 316 were considered as 'completely developed' (Zablan 1990: 8). 7

While the state failed in its role as a provider of housing its oppressive role was reinforced. Imelda Marcos's ideas about a more beautiful and modern Manila did not include widespread slums. Her alleged quotation of Marie Antoinette's saying 'If the poor don't have bread, let them eat cake' and her labelling of squatters as 'plain landgrabbers' (Rüland 1989: 10) became famous in the Philippines. In a beautification campaign of the Potemkin type, shanty towns were hidden from the eyes of foreigners and wealthy Filipinos behind white fences, large billboards or concrete walls. Some of the latter were further beautified by large paintings of palm-trees, parrots and beautiful persons: 'The walls had been meant to hide what was behind them; now even they dissolved in illusions' (Daus 1987: 153).

Not all slum dwellers were lucky enough to be merely hidden in the attempt to create a presentable metropolis. Large-scale demolitions remained the preferred solution. As the 1974 Miss Universe Pageant was approaching, ten thousands of people lost their homes when the areas along the parade route were bulldozed; similar uprootings took place prior to the visit of US President Ford in 1975 and the IMF-World Bank conference in 1976 (Bello et al. 1982: 107). The year 1982, eventually, saw the regime's last tour de force before it restricted itself to pure self-preservation after the assassination of Ninoy Aquino. In what was called the 'last campaign' against squatting, demolitions were undertaken in several parts of Metro Manila, with the alleged goal to hit 'professional squatters' who 'make a living out of squatting by going from one land to another and selling their land' (quoted in van Naerssen 1989: 210). 8 Not surprisingly, the 'last campaign' resulted in as final a solution as any one before it although it caused the uprooting of another 46,000 families (Rüland 1982b). Instead, it instigated the (re-) emergence of organized resistance against displacement that is the central subject of our work.

Much has been written about the disappointing performance and the broken reform promises of the Aquino administration that had started with a lot of what turned out to be unearned laurels. With regard to the urban poor, neither was PD 772 repealed nor

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7 That the ultimate failure of conventional strategies to solve the problems of housing the urban poor is not restricted to the Marcos regime or to the Philippines in general is demonstrated by Rondinelli (1990). With regard to slum upgrading, Payne (1989:@) points out that the figure of 7 million beneficiaries in World Bank-sponsored schemes was 'dwarfed by the 297.7 million increase in Third World urban populations between 1970 and 1980).

8 It should be noted that there are people who make a living out of squatting. New squatter areas are regularly developed by syndicates that bribe policemen and/or officials, provide basic infrastructure (most importantly, a source of water), and eventually organize an invasion and coordinate the defense of the new settlement in the first critical months (Berner 1997a: 69). To justify demolitions by referring to the existence of professional squatters has remained popular until today (Karaoz 1993), disregarding the logical contradiction that those who have sold the land and moved on, are supposedly hit by uprooting the buyers.
was the much-sought moratorium on demolitions promulgated. In fact the situation after 1986, ‘characterized by evictions and demolitions without the availability of well-prepared relocation sites, does not differ much from the one during Martial Law’ (van Naerssen 1989: 215; cf. Murphy 1993: 9f.). Worst of all, economic stagnation and the undiminished influx of migrants led to deteriorating rather than improving conditions of living in the slums.

The shortcomings of the Aquino administration notwithstanding, its achievements should not be underestimated. First of all, the lifting of repressive measures allowed squatter organizations, the mushooming non-government organizations (NGOs) and allies from church and media to formulate the needs of the urban poor as legitimate interests and lobby for them at all levels of government. Most importantly, government became aware for the first time ever that there is much less a housing shortage than there is a land problem. Squatting implies illegal construction but produces houses worth several thousands of pesos each: ‘The demolition of shanty towns is a waste of housing stock and property, because squatters frequently make considerable investments in their houses. Moreover, ... existing employment opportunities within the cleared areas were also destroyed’ (Rüland 1989: 11).

BEYOND PARTICIPATION: THE COMMUNITY MORTGAGE PROGRAM

Only an ‘enabling approach’ to housing (UNCHS 1996: 337ff.), a strategy of mobilizing self-help initiative and strengthening it by creating a favourable institutional framework can succeed in accommodating those who are not supplied by the market. Based on a wide consensus that nothing less than an urban land reform is the order of the day, the CMP was the first result of this paradigm shift; it was passed in 1988 and launched in 1989, offering squatters the opportunity to buy the land they occupy without compulsory, costly upgrading measures. 9 The conventional sequence of Planning-Servicing-Building-Occupation—which contributes to making land a scarce and expensive commodity (Baross 1990: 61ff.)—is given up in favour of incremental improvement of housing quality and infrastructure, most of it done by the occupants themselves. This strategy implies a thorough revision of regulated standards, and an annulment of those demanding a ‘minimal’ size and quality, for the settlements involved.

The CMP is basically a land consolidation and upgrading scheme combined with a large-scale programme which gives the squatters access to formal credit. 10 Beneficiaries are required to be organized as the land titles are transferred to associations rather than individuals. After the residents and the respective landowner have agreed on a price, the

9 With land acquisition being Stage I, the program provides for two more stages, namely ‘site development’ (sewerage, road construction etc.) and ‘home improvement/house construction’. So far, however, virtually all loans have been for Stage I, and we presume that land acquisition will remain the crucial and by far most voluminous part of the program.

10 A detailed description based on primary documents is provided by Lee (1995).
Beyond Participation: The Community Mortgage Program

land is paid for through a credit from the National Home Mortgage Finance Corporation (NHMFC) which is to be repaid over a period of 25 years. NGOs are functional in all stages of the process: They inform the squatters about the legal requirements (e.g., official registration of the association), assist them during the negotiations with the owner, and offer services like surveying and legal consultations. Most important is their role as ‘originators’, or a ‘sort of godfather organisation’ (Lee 1995: 534); apart from the legal origination of the mortgage, this implies nurturing and monitoring of the project and liaising with external agencies.11

The crucial problem of all credit programs of poverty alleviation—the target group’s lack of a collateral which results in poor recovery rates—is, thus, tackled: First, there is a collateral as defaulters will lose their land titles after a period of grace; and second, NGO originators will put pressure on the residents’ associations which pass it on to their tardy members. Another advantage of the CMP is its cost-efficiency. A maximum output can be realized on limited fiscal burdens by capitalizing unproductive public property. Much of the land in question is owned by government, and private owners can be compensated in kind through land swapping schemes.

The question remains, however: How and why does the CMP work? It is a scheme pretty much in line with neo-liberal thinking, market-oriented and committed to the goal of cost recovery. Despite allegedly aiming at the poorest 30% of the urban population, there is no regulated price discount. Subsidized interest rates (about one third of the going market rate, and negative in real terms) have only a limited effect on the beneficiaries’ burden. As compulsory expropriations are not provided for, the owner can expect to get the full value of his land. In short: The CMP alone is not suitable to solve the sharpening contradiction of high land prices and the low incomes of the large majority of the population. Under market rules, it would at best produce middle class settlements at the urban fringe.

Access to urban land—or the ‘right to the city’, as Lefebvre (1974) has put it—is, however, not exclusively regulated by the market mechanism but an eminently political issue. The distribution of space in the city cannot be grasped without the added dimension of conflict and struggle (Berner 1997a: 38f.; cf. Castells 1983: 3). The existence of potential and actual resistance against displacement is a precondition for any meaningful implementation of the CMP. Urban land is significantly depreciated by squatter occupation as it is not available for the market just like that. The market value of land is ficti-

11 NGO involvement is, however, not a necessary condition. We have documented the case of a squatter association which went through the whole process without any outside assistance. The mastermind of this success was a Philippine Army commander, himself a resident, who had studied law before his military career (Berner 1997a: 151f).
tious in considerable parts of the city\textsuperscript{12}: An owner can dictate the price only if he is able to establish actual control of his land.

This process is tedious, costly and risky: 'In most cases [of CMP negotiations, E.B.], the owner will have been trying to get the squatters off his/her land ... for many years, foiled by the intransigence of the occupiers and by the widespread presumption of politicians and the law in favour of underprivileged poor, and against rich, predatory landowners' (Lee 1995: 534). As the residents are often capable of organizing themselves and find allies among NGOs, media, church people and local politicians (Berner and Korff 1995), the outcome of an eviction attempt is indeed hardly calculable for the landowner. Against the background of this situation, landowners are willing to offer substantial discounts: In the cases we observed, residents paid only about 15-20\% of the market price of comparable idle land in the vicinity. The resulting expenses are in most cases considerably lower than the rent for a single room in the same place.\textsuperscript{13}

The CMP has been quite successful in Manila and other Philippine cities because it offers the chance for a compromise between contradictory logics of action: The owners can sell their land and 'revive' dead capital, albeit at reduced prices, without the incalculable costs and risks of a demolition; the squatters can 'buy security' and preserve their settlement from the permanent threat of eradication that has never been calculable for them.

This is not to say that the practical implementation of the programme is without problems. According to a report of the Housing and Urban Development Coordinating Council (HUDCC 1991, Note 1), the demand for participation by far exceeded available funding from the beginning of the programme (which is itself an indicator of adequacy). Likewise, institutional capacity of the agencies in charge, notably the NHMFC, proved to be insufficient, resulting in administrative delays and an increasing backlog compared to plans and needs. After a reasonably good start in 1990 when more than 10,000 plots where purchased, the CMP slowed down considerably. By May 1994, 338 community associations with 41,289 families and a total loan mortgage of 890 million Pesos (US$ 33 million) had benefited. Until October 1997 these figures had more than doubled but were still far from the ambitious target of nearly one billion Pesos that had been set for that year alone (CMP Bulletin, January 1998: 2).

To date, a total of some 100,000 families have acquired security of tenure through the CMP. Given the fact that more than 2.5 million families in the Philippines live in illegal and substandard urban housing, it comes as no surprise that demand is still immense. At the time of this writing and following the assumption of office by the Estrada administration (August 1998), the HUDCC has stopped CMP lending in order to overhaul the

\textsuperscript{12} 'Considerable' is, of course, a relative term: Even though far more than half of the metropolitan population consist of squatters, they occupy less than 10\% of Metro Manila's land area.

\textsuperscript{13} To extend the house by one or more rental rooms and use the incoming rent to cover repayment rates is indeed a common strategy among CMP beneficiaries.
whole system. According to its new chairperson and prominent former NGO activist, Karina Constantino-David, terminating the programme is however not an option given its popularity among both the urban poor and landowners.

**EVICTING THE POOR: THE DIVISIVE IMPACT OF THE CMP**

The critical point of the CMP is of course loan recovery which so far, at 76.7%, has been higher than in many social housing projects (and probably higher than for commercial housing loans) but still below expectations (CMP Bulletin, January 1998: 2). For the government, there has been no alternative but maintaining the programme from public funds. Together with interest levels well below market rates, this implies a substantial subsidy which is criticized as jeopardizing the programme’s sustainability. The Grameen-modelled mechanism of community self-monitoring apparently does not work well in this case. Lee (1995: 540) states as one of the reasons that ‘some of the community organisations were themselves internally divided and unable to fulfil their part of the social contract.’ The argument put forward in the following is that this failure has structural causes, and is thus inevitable.

The original and paramount objective of squatter organizations is habitat defence. In most Manila slums, community associations are not only formed to fulfil the demands of the CMP but have existed for many years and often decades.\(^{14}\) The permanent threat of eviction is a powerful incentive to organize, a common interest which renders internal differences insignificant. The association’s claim to represent all residents is accepted as legitimate even if it is run by a limited number of established and relatively wealthy households. This picture of unity and solidarity is shattered by the CMP: ‘Ironically, the ultimate success of one local organization—the legal purchase of the ... land through the Community Mortgage Program—had a deeply disruptive impact on the community. For about one third of the population, mainly the poorer ones, it meant that they had to pay for the land they used to live on for free, and pay more than they could afford’ (Berner and Korff 1995: 217).

A loss of integrative capacity is already observable from the start of the negotiation process, which imposes a strict formalization on the association and substantial obligations (down payment, ‘forced savings’) on its members. The result is a process of contraction: Whereas the relations among the ‘core’ consisting of officers and active members become more intensive, the margins of nominal members, many of them poor and uneducated, are crumbling away. As the figures of future payments become more spe-

\(^{14}\) My findings in Cebu City indicate that even in old and established settlements, formal organizations emerged only in the late Eighties. Organizing thus coincides with the increasing scarcity of urban land caused by rapid economic development during that period. Weakness and inexperience of associations may help explain why compared to Manila, relatively few communities in secondary cities benefited from the CMP. The concentration of government agencies in the Capital certainly plays a role as well.
pecific, more people decide that they cannot accept the necessary cutbacks on consump-
tion or are altogether unable to shoulder the financial burden.

The ‘social value’ of the land (Berner 1997: 143f.), i.e. the price that residents are able
and willing to pay for the right to stay where they are, is not equal to all of them. A
family with sufficient sources of income in the settlement or its vicinity will pay much
more than those who have to commute far away or have no regular job at all. By agree-
ing to a selling price acceptable to the landowner, the association willingly or unwill-
ingly excludes a substantial part of the residents. It has to give up its claim to represent
the whole local community and becomes the instrument of the faction of beneficiaries—
often the majority, always including the wealthiest and most powerful households, but
nevertheless a faction.

What starts as a process of internal division—often documented by the founding of
counter-associations—almost inevitably turns into open and violent conflict. After the
transfer of property rights, the association has to pay for the land, more precisely: for all
of the land; the owners are not interested in selling scattered plots, keeping those whose
occupants wish to remain squatters. Thus the beneficiaries not only have to pay for their
own land but also for that of non-members. On the other hand, there is plenty of demand
for the land in question from inside and outside the settlement. Many residents would
like to amplify their congested living conditions, build rooms to rent them out, or invite
relatives in the province to move to Manila; for others, the former squatter land is sim-
ply an outstanding bargain.

The result is an fierce campaign against the ‘squatters’, starting with insults and threats
and frequently ending in violence and bloodshed. In a CMP area in Quezon City, for
instance, the new landowners put up a signboard displaying Marcos’s infamous Presi-
dential Decree 772, implicitly asking the state for action against their ‘criminal’ neigh-
bours. Similar experiences from Latin America are summarized by Schuurman (1989:
19) as follows: ‘As long as the struggle is taking place the state is viewed as the foe. The
moment land titles are granted the state is supposed to protect this private property.’
NGOs active in CMP implementation have so far largely ignored this division within
the poor, thus effectively taking sides against the poorest and weakest members of
squatter communities.

The success of the CMP has thus to be qualified. It is effectively addressing one of
the crucial problems of squatters, namely precarious access to urban land and insecurity of
tenure. By this it has the potential of integrating large excluded groups into the main-
stream of metropolitan society and substantially improving their living conditions. The
technical problems of implementation and financing are severe but should not prove
insurmountable. As a programme explicitly aiming at poverty alleviation, however, the
CMP suffers from huge targeting errors. Those most in need of assistance benefit least,
and have to wait whether a trickle-down effect through increased investments in legal-
ized settlements will indeed occur. However, attempts to reduce the in-built targeting
errors by excluding non-poor residents will inevitably be futile and even counter-
productive. Not only will the better-off do everything to conceal the real income from
the authorities\textsuperscript{15}; but the all-important community association could hardly survive the exclusion of its leadership from the project.

CONCLUSIONS

The outcome of the CMP is a de-differentiation within the settlements involved, which lays bare the previously high differentiation among the 'urban poor': While the marginal segments of the population are expelled by their neighbours and forced to move on to find shelter in other squatter settlements, the former slums become middle class areas.\textsuperscript{16} This process is not to be interpreted as invasion or gentrification: Many residents, and particularly those who have the capacity to organize, have even before identified themselves as squatters, but not as poor. The 'petty-bourgeois consciousness' of the urban poor criticized by many observers (e.g., T. Evers 1985; Goss 1990: 520) reflects the fact that many of them are petty bourgeois whose only opposition to the system is caused by the lack of affordable housing in the city.

An assessment of the CMP and the related legislation arrives, thus, at ambivalent conclusions. On the one hand, the policy does address the most pressing problem of the urban poor, namely precarious access to the city itself and to urban land in particular; on the other, it serves mainly a middle-class squatter elite and excludes poorer squatters and renters, not to mention the 'poorest of the poor', the homeless and street people. This has two major implications: A removal of the modest subsidy component would only aggravate this targeting error; and accompanying measures, e.g. livelihood projects, should be systematically included to mitigate the impact of the CMP on poor community members. The alliance of NGOs and local organizations, often labeled 'urban poor movement' and more effective in the Philippines than in most other countries, has wrung substantial concessions from city planners and private developers, to such an extent that stepping back nowadays from the achievements reached seems to be politically impossible. Powerful factors are at work, however, to weaken this movement: As many of the most active and vocal organizations have become legal landowners, the weak and marginal run the risk of being left in the lurch.

The Asian crisis has hit the Philippines (though less severely than its neighbours) and makes it difficult to predict the future of a cost-intensive programme which the CMP has turned out to be. The fact that 'between 30 and 60 per cent of the housing units in the cities of the South are illegal' (UNCHS 1996: 199; cf. Payne 1997) still raises the question of the CMP's replicability. Alternatives to a comprehensive programme of squatter legalization do not look promising. Conventional combinations of \textit{laissez-faire},

\textsuperscript{15} The use of straw persons, often children, to acquire additional plots of land in CMP schemes documents the creativity of the squatters and the inability of the administration to enforce rules of eligibility (Berner 1997a: 156).

\textsuperscript{16} This change is very visible: Freed from the fear of demolition, the new landowners invest heavily in upgrading and extensions of their houses.
neglect and sheer oppression have not only failed to secure acceptable living conditions for large proportions of the urban population; they have also rendered rational urban planning impossible or at least irrelevant. A strict enforcement of exiting laws and regulations, on the other hand, would simply deplete the cities of their labour force.

Despite its shortcomings, the CMP could serve as a model for solving this dilemma. A crucial precondition for such a solution is the political will of national and urban governments which, in the Philippine case, has so far been induced by a democratic environment and a strong position of the forces of civil society.
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