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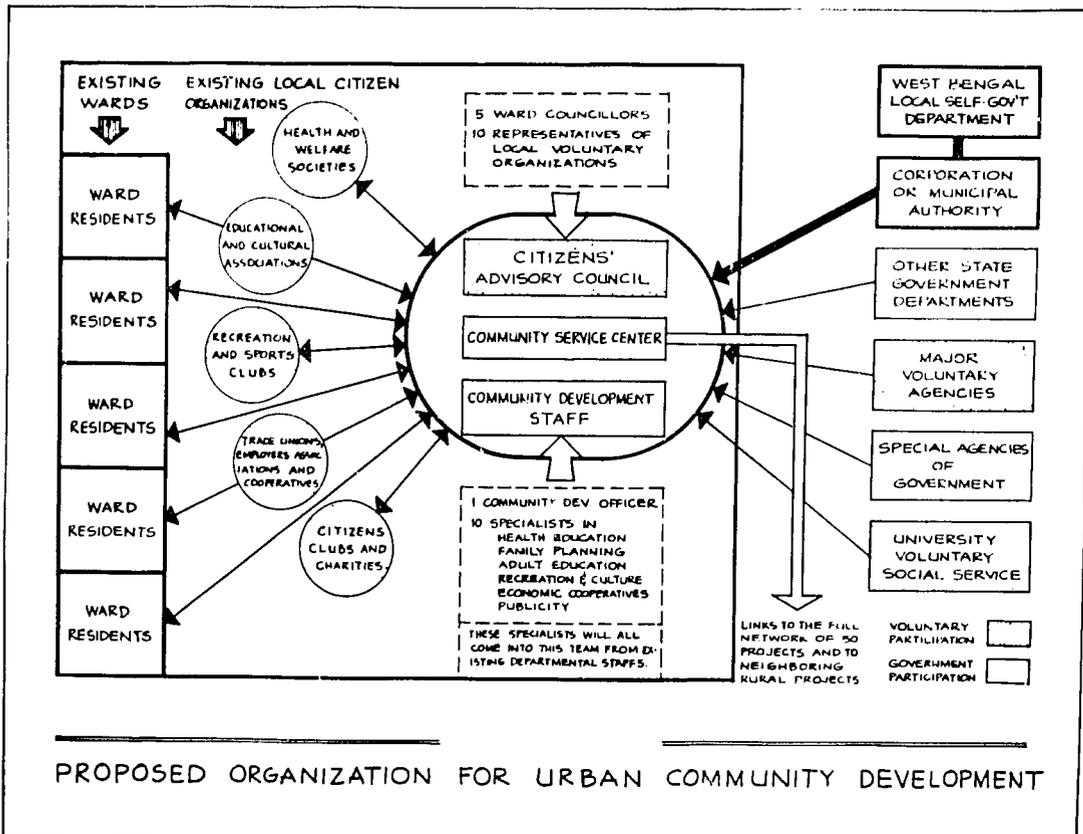
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STRENGTHENING URBAN ADMINISTRATION IN DEVELOPING COUNTRIES WITH EMPHASIS ON LATIN AMERICA

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FOREWORD

The complex problems of managing the massive acceleration of urban growth in the developing countries while at the same time improving the quality of urban services and renewing the obsolete urban structure of the older cities poses administrative, legislative, and financial demands without precedence in the developed countries. In this publication, PADCO, Inc. attempts to summarize the main problems facing Latin American countries in urban administration and to indicate the implications affecting urban development and planning.

Each Latin American country has evolved its own set of administrative, legislative, and financial tools for dealing with urbanization. This fact makes it difficult to generalize both concerning experience and recommendations for improvement. It is hoped, however, that this overview of the central issues will prove useful in providing the planner and urban administrator with a better understanding of how his own work is affected by the national, regional and local context in which he operates. The root causes of many day-to-day problems to be faced by urban administrators may not be within their immediate control at all, but rather stem from inadequate or incomplete national policy and legislation. The importance of establishing the national framework for guiding urban development is a recurring theme of this publication.

Unfortunately, itemizing the key administrative, legislative, and financial problems concerning urban development though useful in itself, falls far short of offering a simple panacea. PADCO concludes that no short-cut to change exists and that revision will evolve slowly out of the structures that currently exist. In the short run PADCO stresses that it will be highly desirable to improve the information base upon which urban administrators can act in order to at least improve coordination and allow for better informed judgments of how each individual decision will affect the whole.

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INTRODUCTION

The purpose of this paper is to examine major problems and potentials for urban development administration in the developing countries, with special emphasis on Latin America. The author was asked specifically to consider institutions "intended to centralize the presently fragmented responsibilities in housing and urban development scattered through various levels of government, ministries and municipal organizations."

There is no attempt to present an exhaustive survey of past experience or a detailed analysis of conditions in individual countries. The emphasis here is on shared problems and opportunities. The aim of the paper is to stimulate discussion and an exchange of ideas among government officials and professionals by presenting a perspective within which issues surrounding the creation and operation of urban development institutions can be looked at systematically.

A Framework for the Discussion

Because conditions in the individual countries of Latin America vary so widely, the strategies adopted for improving urban administration must vary also. The discussion that follows therefore suggests an approach whose components may have different validity and importance in different places. It is an attempt to suggest a broad strategy and working principles within which particular programs for the improvement of administration might be developed.

The central concern of the present discussion is "urban administration", defined to include all the government processes through which policies are translated into action -- including planning, implementation, evaluation and subsequent follow-up. The purpose of administration is to make as likely as possible achievement of objectives established by public policy-makers. The central test of administrative performance is therefore the effectiveness with which it supports the achievement of specified objectives. In turn, decisions on the objectives to be pursued should be influenced by the planning component of administration, particularly if decisions are to be based on a systematic identification and evaluation of alternative courses of action. Moreover, administrative capacity is often a major determinant of objectives that can reasonably be pursued, and the "internal" objectives of administrators often play a major part in determining which objectives are pursued.

Development Objectives

A desire for more effective planning and action is universal, but specific objectives pursued in individual countries are expressed with varying degrees of generality and are translated systematically or otherwise, into specific programs of action. Underlying all expressed objectives is a common concern with present well-being and development of capacities for future well-being. The general objectives that are of concern in most countries include:

Improvement in the level and distribution of income and flows of goods and services.

Development of capacity for producing and enjoying future flows of benefits -- through saving and investment, through improvements in health and education, etc. There is also a general concern for the distribution of control of productive capacity because of its implications for the future distribution of benefits and costs.

Vulnerability and prospects for stability -- for the nation as a whole and for specific population groups.

Improvements in access to decision-making.

Reductions in risk and uncertainty.

These and other generalized concerns lead to specific targets for such things as employment, income levels, savings rates and capital formation, education, health, the composition of output, consumption patterns, and patterns of ownership or control, together with specific public programs for such things as industrial and agricultural development, transportation, housing, credit mechanisms and administrative reform.¹

In addition to macro-targets, objectives for specific population groups are frequently specified. In principle, macro-targets should be constructed partly from targets for specific groups, but the degree to which this happens in practice is very uneven. Failure to reflect local objectives and capacities is a common weakness in central planning and is often fatal to success in achieving planning objectives.

¹For example see Departamento de Planificación, Estrategia Para el Desarrollo Nacional 1970-1980 (Panama: Dirección General de Planificación y Administración de la Presidencia de la República, 1970).

The Role of Government

There is a need for government participation in the urban development process. Governments must assume responsibility for, or at least participate in, the provision of "collective services" because of indivisibilities in consumption associated with these services. Put in its simplest form, the provision of public goods enables additional consumers to participate in consumption of those goods without affecting consumption for others. Examples of collective services include the maintenance of law and order, provision of health services, provision of public recreation facilities and provision of public streets and highways. In general, the more densely an area is populated, the greater are the potential gains to be obtained from collective services. There are, of course, also collective "disservices" giving rise to disbenefits that tend to be associated particularly with urbanization -- for example, air and water pollution, traffic congestion and the rapid spread of disease.

There are inequities in the control of resources (including land, capital and information resources) which assume particularly serious proportions in the processes of urbanization. If better access to such resources is not provided through government intervention, these and other inequities are likely to be reinforced.

The need for high-risk innovation on a large scale -- innovation adequate to deal with the size and rapidity of urban growth -- generally precludes private sector leadership (or would lead to very undesirable monopolistic control of key services and facilities by parts of the private sector). Major research and innovation are needed in a number of public service fields. Although it may be sensible to borrow technologies from North America, Europe and Japan for some of the major centers in Latin America, it is obviously not feasible to use those technologies without modification in many newly urbanizing areas and smaller centers; nor is it adequate to simply modify borrowed standards because they are often irrelevant for the developing areas.

Tremendous inequities are likely to arise from lags in adjustment to rapid and extensive urbanization. These call for substantial government action. To take just one example, it might be argued that additional concentrations of population and activity in centers such as Caracas and São Paulo are efficient, even if the congestion of New York follows later, because the market will eventually correct this as it has begun to do in New York. Such a point of view neglects the tremendous diseconomies that arise from congestion, and it particularly neglects the likelihood that the poor, the uneducated, the unskilled and the politically weak will be the ones who suffer most in the process of "natural" adjustment. But these are the groups which constitute the vast majority of the Latin American urban population.

To argue that there are important areas calling for government participation in urban development is not, of course, to deny the vital importance of the private sector and citizen participation. Waterston¹ has pointed out the importance of private participation in planning. Citing Colombia as an example, he notes that in a Ten-Year Plan the major objectives had already been decided and branch targets fixed before representatives of industry were consulted about the figures adopted for their sectors. Although the amendments requested were in general taken into consideration, Colombian businessmen considered the consultation was not thorough enough, and the private sector (the majority of which was hostile to the very idea of planning) was reluctant to carry out projects it had very little share in preparing.

Moreover, in the lower-income groups with whom many of the more visible problems of urbanization are associated, there appear to be large and often untapped reservoirs of energy which might be mobilized. In the barrios suburbanos in Guayaquil, for example, squatters demonstrate tremendous initiative, persistence and courage in improving their housing conditions through largely self-help efforts. Substantial efforts have been made to utilize community initiative in a number of Latin American countries, including Venezuela, Colombia and Chile.²

The need for both government participation and a more effective mobilization of private capabilities is hardly to be disputed. The question that is of prime concern is the kind of government action that is likely to be most effective. Of particular interest is the question of whether government's role can be played most effectively through multi-purpose agencies, better coordination of special-purpose agencies, or through some combination of these and other strategies.

An important point to the question of whether or not separate "urban" administrative units should be created at the national level is the fact that most local governments in Latin America are responsible for both rural and urban areas. In the jurisdictions of local governments, urban expansion is accelerating. What is rural one day may be urban, almost literally, the next. To have a separate "urban" administrative agency at the national level may complicate even more the task of local government in dealing with the national government.

¹Albert Waterston, Development Planning: Lessons of Experience (Baltimore, Maryland: The Johns Hopkins Press, 1965), pp. 463-464.

²For an account of these and other programs see: Francis Violich and Juan B. Astica, Community Development and the Urban Planning Process in Latin America (Los Angeles: University of Calif-

Better planning and implementation for individual types of facilities and service -- many of which extend across both the urban and rural parts of local jurisdictions -- and much better integration in the development of different types of services and facilities are clearly needed. It is questionable whether adequate integration is likely to be achieved by making an "urban" agency responsible for some aspects of facilities and services and other "nonurban" agencies responsible for other aspects. The question of whether a facility or service is "urban" or not is not the appropriate concern. People -- whose status may change from non-urban to urban because they migrate or because they are engulfed in urban expansion -- need employment, water, sewerage, transportation, communication, education and health, better access to credit and a variety of other services and facilities that are provided most effectively through government. It may be appropriate to create special divisions in existing agencies to provide facilities and services in urban areas, but the creation of a multi-purpose urban administrative unit at the national level might compound the already horrendous difficulties associated with uncoordinated administration and a general shortage of administrative skills.

The Effectiveness of Administration

Effectiveness must be measured in terms of the specific objectives pursued, the extent to which these objectives are achieved, and the administrative costs of achieving them.

The suggestions to be made in the sections which follow are based on the judgment that administrative systems developed to deal more effectively with urbanization should have the following characteristics.

1. The structures and processes of administration should provide for access to decision-making in such a way that national, state, regional and local government concerns, together with the concerns of relevant private groups, are likely to be reflected properly in policies and programs.

2. Administrative units must have the political status and support necessary to achieve the funding and other resources they need for the successful implementation of programs.

3. The range of subject areas dealt with must be complete enough to deal with all of the major problems and opportunities associated with urbanization.

4. Individual agencies should have the technical competence needed to identify and evaluate alternative programs in the many subject areas involved -- at

least they must make the best possible use of the limited skills available.

5. Individual agencies should have the administrative competence to implement specialized programs effectively -- or, at least, existing competence should be deployed as effectively as possible, as in the preceding requirement.

6. A sound information base must be provided for both policy-making and administration.

7. The development of administrative structures and systems must go on largely within the existing legal frameworks of individual countries.

8. The performance of the whole administrative system must be reasonably efficient (calling for an integration of the activities of individual agencies in the location of their programs, the timing of their activities, the impact of programs on individual target groups, and in the use of resources -- and requiring more effective programming in individual agencies).

9. The system must provide for continuity in administration and have the capacity to survive major political changes at the national level (and in national, state and local relationships).

10. The system should be adaptable, not only to political changes, but also to shifts in priorities and the unforeseeable events that play such a large part in rapid development. As part of this, the system should facilitate mobilization of a variety of competent specialized agencies.

11. The system should make provision for the monitoring of progress and consistent improvements in performance.

A tentative strategy will be suggested for meeting these requirements and responding to the implications of the existing situation. The major components of this strategy are as follows:

A regrouping and strengthening of central agencies.

Establishment and/or strengthening of decentralized offices of central agencies.

Strengthening of selected regional, state, and local agencies.

More effective coordination -- through specialized functional subdivisions of agencies rather than through "general" coordination.

Establishment of "task forces" for individual programs and projects -- as an interim measure to prepare the way for the creation of appropriate permanent entities -- where these programs or projects are not likely to be undertaken effectively through existing individual agencies.

Establishment (or strengthening) of advisory groups, insuring appropriate interagency and private-sector participation.

Better mobilization of existing legislation.

Better mobilization of existing funding mechanisms.

Establishment of a better information base for planning and implementation.

More effective training for all aspects of administration.

The discussion will draw upon findings in the fields of political science as fully as possible, but the purpose of this paper is not to survey all previous work systematically or to attempt a consolidation of that work. It will be relatively speculative, designed to generate exchanges of ideas on administrative strategies that seem likely to be effective.

Chapter I

URBANIZATION

Problems of urbanization in Latin America attract more attention than the opportunities for social and economic advancement it provides. The problems are well known. Increasing population concentrations in urban areas are overloading services and facilities. A great many "urban" individuals and households are not integrated socially, economically, or politically in urban life. Low-income levels, lack of education, and health problems are increasingly visible as urban concentration increases. Proximity, visibility and newly perceived opportunities are generating urban political tensions. There is increasing congestion and pollution. Local administrations, with a few exceptions, are relatively weak.

In current preoccupations with the increasingly visible manifestations of urban problems, the factors underlying urban growth and the advantages offered by urbanization tend to be overlooked. Among the advantages are: reductions in transport costs associated with spatial concentrations of activity; increased opportunities provided through specialization; opportunities for scale economies; localization economies; reductions in communication costs; increased richness of experience and opportunities for informal as well as formal education; and the spreading of risk -- for the producer, the employee, and the consumer. Also frequently overlooked is the interdependence of urban and rural development. Urban centers are major suppliers of the inputs necessary for increased productivity and output in agriculture and they provide major domestic markets for agricultural output.

Major urban centers in Latin America are making substantial contributions to gross national product. A recent study in Venezuela estimated that Caracas' annual rate of economic growth, measured as its contribution to Venezuela's gross national product, has easily exceeded 15 percent on the average during the last 20 years.¹

Several problem aspects of urbanization are often misinterpreted. "Low productivity" employment in services in major centers, conditions in rancho areas (or barrios, favelas, etc. as squatter areas are variously called), the intensive use of land, and other features of urban development often are deplored because of a mistaken interpretation of the processes of urbanization. This

¹PADCO, Inc., Preliminary Analysis of Planning and Information System Needs for Dirección de Planeamiento, Ministerio de Obras Publicas, Republica Federal de Venezuela (Caracas, Venezuela: Ministerio de Obras Publicas, 1970), p. 2.

interpretation is often through the eyes of upper- and middle-class observers. For the street vendor and the rancharo, however, the opportunities for higher income, education, and richer experiences are far greater in urban centers than in rural areas. A move to the city is partly a push from desperate conditions elsewhere, but is largely a pull toward genuinely greater opportunities. Moreover, it is not just the street vendor or the car watcher who is better off in the city. For the nation as a whole growth often can be accelerated most effectively through concentrated urban development.

The reasons that cities offer comparative advantages for service production vary. In some instances only the very large city can provide a market big enough for some specialized service activity. In other instances, face-to-face contacts are an essential and as yet indispensable ingredient of the service activity itself. There is evidence to indicate that the demand for some service activities is even greater, relatively speaking, in developing countries than in highly industrialized countries.

Problems of urbanization are well recognized. Very often they are also badly defined. High densities for example are not always disadvantageous; but they are a problem when associated with poor management and an inability to provide adequate infrastructure. Abysmal housing conditions often become a focus of prime concern for public policy; but low-income groups do not reflect the high priority often ascribed to housing by upper- and middle-income groups. The preferences of low-income people often lie with better employment, education and health services, rather than with housing per se.

It is not easy to disentangle causes and effects because there are so many interdependencies. The most important problem areas include: unemployment and underemployment; education; health; inadequate levels of information and "know-how"; poor communications; extremely inequitable access to resources, including land and capital; extremely inequitable access to decision-making processes in urban areas; transportation; water, sewerage and waste disposal; land assembly; land use; some aspects of housing and shelter; the conservation of basic resources; pollution, and the maintenance of security.

Near the root of many of these problems lie some of the same factors that underlie all economic and social development problems in developing areas -- traditional behavior patterns which make it difficult for households to adapt to urban life; political concerns including rigid ideologies and a desire to preserve the status quo with all its inequities (a fact which makes it difficult to institute rational urban development strategies); adherence to unrealistically high standards (partly a political concern also); education; shortages of skills including management skills; inadequate information and poor communication systems; shortages of the capital required to initiate successful cycles of development; and in some cases unusual shortages of basic resources.

These fundamental factors are not associated uniquely with urban development but the rapid rates of change, high concentrations of population and the relatively high opportunities costs associated with deficits in urban development compared with non-urban development give these factors special importance in urban areas.

The opportunities offered by urbanization, the factors underlying urban development, and the problems associated with rapid urban growth are factors that give special significance to the rate and character of urbanization in Latin America. It has been estimated that in 1980 the region will have a total population of 358 million, of which a little more than 60 percent (or 218 million) will be living in urban areas. This means an increase of approximately 88 million inhabitants, or 68 percent, in ten years. Around 1960, 32.8 percent of the total population of Latin America lived in 580 cities of more than 20,000 inhabitants and about one-fourth of the total (or 46 million) lived in 98 cities of over 100,000 inhabitants. On the basis of population growth rates recorded in these 98 cities during the last intercensal period, a population of 108 million can be expected in 1980, which will represent almost 50 percent of the estimated total urban population in that year.¹ Around 1960 there were nine cities in Latin American countries with a population of more than a million. In 1980, according to the estimates above, there will be 27 cities with more than a million inhabitants each, distributed in 12 countries.

Not all Latin American countries are in the same stage of urbanization. Those most urbanized (such as Uruguay and Argentina) have relatively low growth rates for total and urban population. Other countries, however (such as Bolivia, Paraguay, Brazil and Ecuador) are experiencing urbanization in its relatively early stages. Growth rates for many urban centers are higher than total growth rates for the countries in which they are located. In small centers this is frequently accounted for by development of significant natural resources or nearby industrialization. Major centers which have been growing rapidly include São Paulo (with a six percent annual rate between 1940 and 1960), Belo Horizonte (with a ten percent annual rate between 1950 and 1960) and Cali (with a seven percent rate between 1950 and 1960). The greatest urban increments took place between 1950 and 1960 in cities of 100,000 or more inhabitants, and some countries experienced a substantial rural population decline during the same period.²

¹ IADB, Urban Development in Latin America (Washington, D.C.: Inter-American Development Bank, 1970), p. 14.

² Jorge Enrique Hardoy, Raul Oscar Basaldua, and Oscar Alberto Moreno, Draft Report on Urban Land Policies and Urban Land Control Measures in South America (UN Centre for Housing, Building and Planning mimeo, 1969), pp. 10-11.

The fall in mortality rates coupled with continued high birth rates has led to rapid national rates of population growth, and migration from rural to urban areas has accounted for roughly one-half of city population growth. Forty percent of Lima's 1940 to 1961 growth and 30 percent of Caracas' 1950 to 1961 growth were due to migration.¹

Opportunities offered by urbanization as well as problems generated and the interdependence between urban and rural development suggest the importance of a strong urban administrative system to deal effectively with urbanization.

Implications

1. One of the most obvious implications of urbanization in Latin America is the massive investment required for education, health services, transportation, communications, water supply, waste disposal, housing and the other facilities and services required for sound urban growth. Savings capacities for most countries will be strained severely as demands for both government and private investment in urban areas increase.

2. A massive mobilization of skills will be necessary for the planning, financing, construction and management of the facilities and services that should be part of urbanization. Government urban-area investments are far below levels needed to respond to urban population growth being experienced in most parts of Latin America. But even the modest funds that are available often are beyond existing government agencies' capacities for implementation.

3. Major innovation will be necessary to achieve acceptable conditions in the region's urban areas. The funds and manpower required for development in the North American or European style are not available. Nor will it be sufficient to simply modify borrowed standards. Imaginative and broad-based innovation will be essential in services such as education and health, transportation, water resources, waste disposal, housing and shelter, legislation, and administration.

4. Substantial changes can be expected in political structures and processes as urbanization proceeds.

5. Urban development legislation used previously for guiding city growth is inadequate, in both conception and application, for the scale and complexity of tasks that lie ahead. Legislation that is preoccupied with land use and transportation is far too limited in scope to deal with the fundamental cultural, political, educational, health, technological and other problems that underlie

¹Ibid, p. 17.

many of the difficulties associated with urban change. This type of legislation can have very little impact on the major inequities that must be rectified. It is not sensitive to some of the most important indivisibilities of production and consumption which demand government participation in urban development. It has very little to do with the types of administrative change that are needed. A wider range of instruments and procedures than those normally regarded as "urban development" tools must be mobilized. Moreover, it is likely that central government legislation must be used more consciously than in the past as a guide to urban growth. The consequences of urbanization have repercussions, both good and bad, well beyond the boundaries of individual urban centers. Very often, the central government is the only entity that can mobilize resources at a scale sufficient to deal with the problems of nationwide urbanization and take advantage of its opportunities.

6. A rapidly growing revenue base is being created at the same time that massive additional demands for investment are being made. This suggests an increasing role for the central government as well as a need for more effective fiscal management at the local level.

7. Foreseeable urbanization calls for major changes in administrative machinery. The complexity of present changes calls for intricate and extensive coordination, better information, more accessible and adaptable administrative systems, and innovative legislation as well as the effective mobilization of scarce management and staff skills. Major types of innovative administration are essential if urbanization is to be managed effectively with the manpower and resources likely to be available.

Chapter II

THE POLITICAL CONTEXT

Politics and administration are highly interdependent in Latin America, as elsewhere. Some of the political factors that have special significance for the administration of urban development are identified below.

Urbanization and Political Change

Urbanization tends to be associated with improvements in education, mass communications and democratic (more participatory) political development. Urbanization inevitably produces a growing middle class whose politics sometimes strengthen the traditional structure -- where the middle class identifies with the elite and seeks to share power in its climb to the top. In other cases the political power of the middle class is exercised in behalf of political change and modernization.¹

Urbanization tends to weaken the position of agrarian upper-class interests and makes it difficult for the landholding classes to continue to maintain power through intimidation.² These traditional groups lose ground relative to the urban sector as they become merged with commercial activities in the city and less crucial to the structure of the national economy. Traditional classes are then faced with a need to engage in coalition politics for the first time.

Cleavages between urban and rural sectors have been reflected in partisan politics and have had a direct impact upon the response of government to urban problems. Voters in Valencia, Venezuela, for example, rejected candidates of several national parties that seemed oriented to rural development in favor of "independent" urban candidates.³

¹John Jay Johnson, Political Change in Latin America: The Emergence of the Middle Sectors (Stanford: Stanford Uni. Press, 1958); Luis Ratinoff, "The New Urban Groups: The Middle Classes", in Seymour Martin Lipset and A. Solari, eds., Elites in Latin America (New York: Oxford Uni. Press, 1967), pp. 61-93.

²Irving L. Horowitz, "Electoral Politics, Urbanization, and Social Development in Latin America", Urban Affairs Quarterly (XI No. 3, 1967), pp. 3-34.

³Annmarie Hauck Walsh, The Urban Challenge to Government: An International Comparison of 13 Cities (New York: Praeger, 1969) p 24.

General citizen participation in political action in the cities as elsewhere is still at relatively low levels. A number of factors may account for this.¹ Activism is reduced by a lack of adequate communications, poor formal education, and the rules of the game of politics which call for a minimal role for the common man in the street. Large numbers of people retain primary loyalty to their rural or small town place of origin, rather than to the major centers to which they have migrated. The masses may be too fearful and suspicious of change to welcome innovation. Marginal populations have learned to survive under present conditions but often have no reserves to fall back on in the case of an experiment in political theory failing. Scott hypothesizes that even the relatively small number of informed, concerned and politically skilled citizens who could exert pressures to make the elites more accountable (for example, university-trained professionals, urban dwellers, consumers of mass media and relatively high-income earners) are not generally political innovators, probably because they are insecure in the face of rapid change.

National politics often swallow up urban politics. In multi-party systems parties are concerned with ideological, economic, ethnic and other broad national cleavages that overshadow program goals and local urban issues.

Political conflict over urban service issues takes place essentially among political factions and parties, among geographic sectors of the metropolis, and among bureaucratic groups, rather than through general citizen interest.

An Irony -- The Political Importance
of the City and Political
Indifference to its Problems

Control of the leading city or cities in nearly every nation of Latin America often signifies effective political control of the nation. (Sometimes, when rural strength is unbroken, as in the case of Colombia, the urban political regime arranges a compromise solution with contending factions.) In the face of this, it is somewhat ironic that in Latin America, as in many other developing areas, the "city" has been so neglected. The problems of urban centers were of little interest to rural elites in the preindustrial era. In the process of industrialization and modernization the industrialist has been preoccupied with the growth of his own enterprise. This process when coupled with cultural traits that seem to discourage collaboration has delayed development of urban entrepreneurial leadership. Military or quasi-military governments which have taken over from breakdowns in the rural elite leadership

¹Robert E. Scott, "Political Elites and Political Modernization: The Crisis of Transition", in Lipset and Solari, pp. 117-145.

and the absence of organized industrial leadership have had no particular predisposition to be concerned with urban problems. However, both civilian and military governments are being forced to an increasing concern now.

The Interdependence of Politics and Administration

The advent of urbanization does not always bring with it as much political change as might be expected. Established elites often are well aware that emerging forces do not present as immediate a threat as their numbers might indicate:

In the first place, the functional groups are badly balkanized into competing units whose personalistic leaders relate to different regional, ideological, or political reference groups. In addition, economic insecurity produces a kind of popular elitism. Skilled workers will not organize with unskilled laborers, minifundistas will not make common cause with farm day-laborers, white-collar empleados have separate unions from blue-collar obreros, and they all hate the small shopkeeper and the money lender. Again, the politically able and skilled citizens are found more frequently in the upper classes than in the popular sector. Often the mass-based organizations find it hard to man the positions of formal political leadership, much less to balance the leaders' political initiatives with rank and file competence which might assure responsibility to the general membership... The members of the upper-class functional interest associations, on the other hand, have so much political competence that they can operate formally through the legal governmental agencies and at the same time reinforce these operations through informal political channels.¹

The real business of politics often takes place in a specialized environment in which private-interest structures take on functions that make them almost like "private governments". Such activity tends to crystallize the status quo at the expense of national integration and constructive change. Policy decisions which in other types of political system might be considered the proper or exclusive concern of constitutional agencies are often determined by private governments.

Most parties are ideologically rather than programmatically motivated. In practice, however, the ideologies seldom remain operative after a party captures power. Political movements tend to form around personalities and their immediate followers. Leaders

¹Ibid, pp. 125-126.

may speak ideologically but they tend to act pragmatically, often sacrificing systematic programming for a response to competition among functional interest groups and the need to protect their bargaining power by supporting the interests that brought them to office.¹

Where different political parties dominate separate parts of a metropolis or different levels of government, the problems of establishing cooperation among authorities are increased substantially. Efforts to bring about voluntary inter-local cooperation have been particularly unsuccessful where local divisions by party correspond to ethnic or economic divisions.

The party system does not act as an effective aggregating mechanism to force compromise and cooperation among elites. As a consequence, the legislature is unable to fill its formal role in decision-making because of the uncompromising demands made upon it from the outside and the irreconcilable interests within it. Much of the initiative for policy is therefore left to the executive because he is directly faced with the problems for which some sort of decision is required.

If there is an established bureaucracy somewhat independent of political leadership, the bureaucracy may resist "interference" by new political leaders. Conversely, leaders may hesitate to delegate decisions to professional staffs or utilize their advice. As a result, the bureaucracy may receive little policy stimulus from local officials who tend to be concerned with low-level appointments, work contracts and purchase orders. Where local officials can appeal to political allies in higher government circles, formal regulation and supervision by national or state administrative agents often does not alter this pattern.

The participants most directly involved in urban services are bureaucratic groups and politicians in office. Important interest groups focus on higher levels of government. On the other hand, local government is the focal point for those seeking individual benefits such as jobs, contracts and relief from zoning or assessment rulings. Politics on the local level encourages officials to concern themselves more with narrow issues rather than substantive policies.²

The task of developing stronger administrations is further hampered by the fact that a political rather than technical concern often dominates administrative appointments. In commenting on his own country, Solari has noted:

¹Ibid, p. 129.

²Walsh, p. 19.

It is clear that particularism is a very important phenomenon in Uruguayan society and it prevails over universalism. A great number of facts support this. It is well known that the prevailing system of selection for government employees is based on kinship, on membership in a certain club or political faction, on friendship, etc. These are all particularistic criteria. A similar phenomenon is present in private enterprise where selection of personnel on the basis of particularistic relations is very common. The use of universalistic criteria, such as the use of standardized examinations, is exceptional. Quite frequently when such universalistic criteria seem operative, they are applied to candidates who have been previously selected on the basis of personal relationships.¹

Some aspects of the Latin American political context are relatively predictable and change slowly -- those that are structural or cultural. There are, however, relatively unpredictable characteristics which may give rise to much wider variations in policies and activities than do political changes in the more "developed" areas. It should be remembered that instability may have positive as well as negative consequences. It provides opportunities for flexibility and experimentation in administrative structure that would be much more difficult in a highly stabilized administrative system such as that of the United States. In Brazil for example, the Revolution of 1964 has provided a number of opportunities for administrative innovation.

Implications

What are the likely implications of the present political context? The answer is unclear. Many identified political characteristics make difficult the achievement of adequate functional coverage, coordination, accessibility and other prerequisites for administrative effectiveness. On the other hand, many effects are problematic -- depending upon which particular individuals or groups are in power, the insight with which they comprehend the possibilities of urbanization as well as its problems and the degree of control they can exercise while they have power. The following are among the conclusions that it seems reasonable to draw.

1. It is necessary to face up to the very severe constraints imposed by political realities. The immediate future of Latin America holds no promise of rapid and major advances in encompassing the functions that need to be dealt with to guide urbanization.

¹Aldo E. Solari, Estudios Sobre la Sociedad Uruguay (Montevideo: Arca, 1964), p. 162.

2. The immediate political future is extremely fluid. It therefore seems important to make a sustained effort to strengthen bureaucracies as fully as possible so that nations will have the machinery necessary to survive continued political upsets at their centers.

3. Because of this political instability, it does not seem realistic to expect major changes in legislation to be effective quickly.

4. Because of the continued importance of key leadership groups, it is important to develop a much better information base for the decisions that are to be made by these groups and the bargaining that must go on among them. The positive aspects of urban growth need to be emphasized, and leadership groups should be made much more fully aware of the issues to be faced. In addition to this crystallization of problems and opportunities, there is a need for much better permanent machinery for the mobilization of statistical and other information needed on a daily basis by all of the groups, both government and private, that are continually shaping their nations' urban futures.

5. The political volatility that characterizes much of Latin America may provide opportunities for administrative innovation and experiment that would be more difficult to achieve in Europe or the United States where bureaucracies are much more firmly entrenched.

Chapter III

LEGISLATION

The legislation that is relevant for urbanization is so broad and complex in character that anything but a very selective and brief comment is precluded in the present discussion.

The popular notion of what constitutes "urban" legislation is far more narrow than the ranges of legislation that should be considered as important instruments for the implementation of urban development policy. Current urban legislation tends to be grouped around land policy, land-use controls (zoning and subdivision), building codes and property taxation, together with legislation pertaining to urban planning. Not only in Latin America but in the United States and elsewhere, types of legislation not originally conceived as instruments of urban policy have in fact had a much greater impact on the extent and quality of urban growth than legislation designated as explicitly urban.

Urban Development Legislation

A recent review of urban land policies and urban land control measures undertaken in ten Latin American countries suggests that:

The inability of institutional and juridical structures to deal with social-economic reality, regional disequilibrium, the characteristics of the urbanization process which has taken place in the area; and the lack of capable and efficient administrative mechanisms to handle growing present-day needs all go to explain the contradictions and vascilations marring the planning processes which have been and are being undertaken within the area.¹

Although land development legislation is by no means the only aspect of legislation that is relevant, it is nevertheless of fundamental importance. The normative structure of South American countries, with some exceptions, upholds fairly strongly the classical concept of property rights. The right of absolute domain rests on the notion of the supremacy of the individual vis-a-vis the community, based on the liberal concept which dominated legal

¹Hardoy, et. al., p. iv. This manuscript has been drawn upon heavily throughout the present section.

thinking in the 19th century, and has been in force from the time of the sanction of the constitutions up to the present.

Although modern constitutions have established the concept that individual property rights should be subject to limitations in public interest, necessary modifications in basic legislation have not been made. Courts have maintained the old structure by applying civil codes that were compiled long before constitutional reforms. Since these codes preserve individual rights, constitutional reforms reflecting the "public interest" have not been implemented very effectively or widely.

Public Land Ownership

The importance of public land ownership differs among the countries and among cities of the same country, but the trend appears to be toward a decline in public ownership of urban and suburban land in all countries except Chile. In no Latin American country at present is there a coherent and effective urban land policy.

In Argentina's large cities, the state owns important amounts of land which it uses for various purposes that are not consistently related to the needs of urban growth. Public bodies frequently sell their land by auction to decrease operating losses or to raise capital, but these transactions are not made a part of urban growth policy.

In Bolivia an urban land reform law of 1954 was passed precluding owners from possessing more than 10,000 square meters in a city. The law was effective only in La Paz and Cochabamba. It was less important for other cities because of their smaller sizes and lower growth rates. Expropriated lands were sold to workers and public servants without houses and to associations and trade unions, on the condition that they develop these areas to provide housing for their members. The reform was carried out without taking into account the legal, technical and financial requirements of housing development or the need for public services to meet the expectations and real needs of the new owners.

Available (though very sparse) information suggests that the state does not have major land reserves in the main metropolitan areas of Brazil. In the case of Brasilia, total state control of the land (through NOVACAP, the public corporation in charge of the city's construction) became largely ineffective when the state changed its policy and began to sell land for private ownership.

In Chile the corporation for urban development (CORMU) buys land that is then transferred to the housing corporation (CORVI) which is devoted to housing programs of "social interest". In this way the state, which was not an important owner of urban and suburban land before 1965, has established a policy of land acquisition,

attempting to purchase annually sufficient reserves to meet the expansion of Chilean cities.

In Ecuador the municipality of Quito 25 years ago bought land to increase its patrimony. It managed to accumulate important properties in urban expansion areas but in recent years this acquisition policy has ceased and there has been a systematic transfer of public land to "institutions of social interest", clubs and other organizations, and this has caused a decrease in public land reserves. In Quayaquil the municipality is part-owner of swampy areas to the west of the city, where massive slums have developed. The Junta de Beneficencia and a private owner are the principal holders of land suitable for the city's expansion.

In Venezuela the state does not own major land tracts in Caracas and Maracaibo, although it does in smaller cities. The development of the new city of Guayana is based on land acquired by the corporation responsible for the city (CVG). In commenting on land use controls in their study of South America, Hardoy and his colleagues suggest that:

Municipalities in almost all the countries have regulatory powers which, if effectively applied, would have allowed them to determine the land uses and characteristics of constructions in the city. However, in practice they leave the initiative to the private sector because of the lack of their own land and of a policy of continuous land acquisitions. As serious as the foregoing for the future of the urban areas of South America is the fact that the tax system, land valuation, and tax collection mechanism allow the added value of the land by urban development to pass almost entirely into hands of the private owner. In countries with chronic (sic) inflation, development land has become one of the preferred investments of savings of persons from all income groups.¹

Private Land Ownership

In almost all Latin American countries, no effective land use controls exist at the national level. In most cases effective controls at the local level are also lacking. In Brazil new central control measures are to be exercised through the National Housing Bank. Brazilian law defines strict regulations to be observed in subdivisions and gives the power of control to the municipalities. Municipalities can refer to the norms laid down by the National Housing Bank or enforce subdivision controls. The responsibilities of the subdivider are defined and the law includes concessions for the use of air space and other innovative provisions.

¹Ibid, p. 24.

Urban areas are defined to include existing urban centers and their environments. It is evident, however, that without rational and explicit master plans, municipalities cannot very well pass on to the National Housing Bank a realistic evaluation of their needs; nor can they classify zones systematically or establish subdivision standards. One has only to look at the urbanized and newly-urbanizing areas of the São Paulo metropolitan region to be aware of the magnitude of past failures to control subdivision effectively.

In Venezuela a draft law for the nationwide regulation of urban development has been prepared and is now under review. In Chile local governments may exercise zoning controls with the support of the central ministry of housing and urbanism. According to some ministry officials, however, Planos Reguladores, which are supposed to provide a basis for such zoning, are in drastic need of revision and zoning is largely ineffective.

Much current development in major centers is a result of violations of or exceptions to the zoning that is supposed to be in effect. Peru created a system for land subdivision with the objective of avoiding uncontrolled urban development. Of the total land under subdivision, 45 percent was to be reserved for public use. The following cryptic comment on the law needs no embellishment:

It may be said that with this system a relatively effective regulation on the use of the land was maintained in the capital city until some 20 years ago, that is until the time when Lima began to grow rapidly.¹

Uruguay in 1946 established the Townships Law. It was applied only in the city of Montevideo and exceptions were allowable when approved by a majority vote of the departmental council. This made the system useless in practice. Writing on Argentina, Hardoy and his colleagues describe the shortcomings of urban planning as "truly alarming":

Everything is left to the free play of private interests, with the consequent decomposition of the urban and suburban land areas. Speculation taking place on urban land assumes tragic proportions vis-à-vis the attempts at planning of regional complexes, such as the Chocon-Cerros Colorados, Salto Grande and steelworks complex of San Nicolas-Ramallo. A policy on the use of the land has never existed in Argentina.²

Throughout Latin America the absence of realistic and effective controls and development programs is particularly serious in major metropolitan areas, most of which are expanding rapidly.

¹Ibid, p. 57.

²Ibid, p. 58.

Planning Legislation

Housing legislation has received substantial attention in most countries. In a number of cases national housing banks are linked with or incorporate savings and loan systems and other financing institutions. As noted earlier, housing policy can be used to serve a number of major development purposes -- including the generation of employment and the redistribution of income -- in addition to its central concern with the provision of shelter. It can and has been used as an important device for mobilizing private savings.

National legislation for urban planning is nonexistent in most cases, and very uneven in quality and character where it does exist. In Peru the national office for urban planning has begun to establish some priorities in programming, but these have been no more than partial initiatives -- such as that relating to the suitability of concentrating urban infrastructure in Chiclayo, Huancayo and Arequipa to provide counter-attractions to Lima.¹ Similarly, Argentina has no national urban development policy. Bolivia is identified by Hardoy and his colleagues as a country which introduced an urban policy which failed because the state did not give clear titles to land and because funds were not available for investments in housing and community facilities. In Venezuela, although the national constitution provides for nationwide legislation on urban development, the necessary instruments have not yet been created. Draft legislation has been prepared and officials of the planning directorate of the ministry of public works are now seeking its enactment.

In Chile the ministry of housing and urbanism (MINVU) was created in 1965. Legally, urban planning is the responsibility of the municipalities but the central ministry helps individual municipalities in the preparation of their city plans. Intercommunity plans (for Santiago, Valparaiso, Concepcion) are the responsibility of MINVU. A division of the national planning agency, ODEPLAN, is concerned with regional development (for the macro-zona central, for example) and efforts are being made to coordinate its work and the activities of the ministry of housing and urbanism.

Brazil is in the early stages of implementing legislation which provides for the development of urban policy. The National Housing Bank (BNH) and the federal agency for housing and urban development (SERFHAU) were created to implement government policies to deal with housing problems and all aspects of urban growth. However, it was not until June 1965, when a regional and municipal planning sector was created within the ministry of planning and economic coordination, that the first definitive step was taken toward an

¹Ibid, p. 50.

overall awareness of local considerations in national planning.¹ Through the institution of the "guaranteed-time-of-service" fund in 1966, the financial resources available to the National Housing Bank were increased appreciably. To encourage the effective use of these funds, it was considered necessary to outline an integrated local development policy capable of controlling the impact of national housing investments on urban areas and to provide for the integrated development of cities and their surrounding areas. The BNH Board of Directors ruled that the existence of, or current work on, integrated municipal development should play a leading role in decisions on the use of funds under the housing finance system.

Implications

Relevant legislative improvements for the guidance of urban growth are essential if administrative changes are to be fully effective. It is not realistic to expect major changes in legislation or juridical processes to be instituted quickly, but opportunities for improvement through modification of existing instruments and procedures and the introduction of new instruments should be sought.

Urban legislation that has been used in the past to try to guide the growth of cities is inadequate, both in conception and application, for the scale and complexity of the urban development with which Latin America is now confronted. Traditional "city planning" legislation is simply not adequate and a much wider range of instruments and procedures than those normally regarded as "urban development" tools must be mobilized.

1. Better Use of Existing Legislation. The first task in this area is to review existing legislation and evaluate its potential usefulness in guiding urban development. The types of legislation likely to effect urban development include legislation governing: agricultural reform; industrial development; import regulations; employment; wages and prices; health and education requirements and programs; taxation, including the taxation of capital gains; credit institutions; designation and acquisition of strategic land for public purposes; land use controls and incentives; housing; definition of local government responsibilities; and legislation governing the development of indigenous skills.²

¹H.J. Cole, "Integrated Metropolitan Development in Brazil", International Union of Local Authorities, Urbanization in Developing Countries (The Hague, Netherlands: Martinus Nijhoff, 1968), p.154.

²For example, the "Law of Similar" established recently in Brazil; this is designed to encourage development of local consulting skills by precluding use of foreign consultants except where the absence of adequate local skill can be demonstrated.

Major opportunities for improvement appear to lie in two directions -- bringing "unused" legislation to bear; and introducing greater consistency among relevant legislation so that the types of legislation will reinforce one another more effectively. For example, there may be opportunities to use land reform legislation imaginatively in the vicinity of urban centers that are expanding rapidly. The redistribution of agricultural land prior to its being urbanized could make "unearned increments" available to relatively large numbers of poor households, thus contributing to income distribution objectives. It may be necessary to reexamine wage and employment legislation to see whether minimum wage levels are aggravating the problem of rural/urban migration. Consistency in various legislative types at the local level should be examined also. Property tax based on income rather than value may be encouraging retention under existing uses while land use controls are being introduced to encourage change. Housing codes may be unrealistic in relation to the current economic capacity of large numbers of urban households. Legislation defining the responsibilities of local governments may burden them unreasonably, relative to limits imposed on their financing by other legislation.

2. The Need for Incentives. There is a general recognition that restrictive legislation often fails -- given the political and cultural context that was described earlier and given juridical processes that are slow and expensive. Legislation providing rewards for high levels of performance in land use, legislation providing incentives for development in locations favored by government (as in the case of SUDENE in Brazil), legislation relating intergovernmental financing directly to performance, and other positive forms of legislation need to be emphasized, rather than negative controls.

3. The Need for Greater Realism. In a number of fields, present legislation is unrealistic relative to the economic capacities and behavioral characteristics of the groups it affects. Severe employment security legislation may defeat part of its purpose by inducing employers to employ fewer employees for longer hours and under greater pressure rather than expanding their work forces. Much housing legislation is entirely unrealistic in relation to either the capacity of government or the capacity of low-income households; land use controls often try to eliminate mixed uses that make a great deal of sense both culturally and economically. The problem arises largely from an uncritical borrowing of legislation from North America or Europe. Much greater realism coupled with greater emphasis on incentive legislation is imperative.

4. Intergovernmental Relations. Central government legislation must be used much more consciously and effectively to guide urban growth in individual centers. The consequences of urbanization have repercussions well beyond the boundaries of individual urban centers and the central government often is the only entity that can mobilize resources at a scale sufficient to deal with the problems of nationwide urbanization and to take advantage of the

opportunities it offers. At the same time, provision must be made for more effective participation by state and local governments.

National, state and local planning should be linked through requirements for review, with intergovernmental technical and financial support tied to quality and coordination. Review procedures should be kept as simple and efficient as possible. They should be just sufficient to determine whether or not major objectives of individual government levels are likely to be violated by activities at other levels.

Rather than incorporate fixed standards in legislation affecting lower levels of government, higher levels of government might set out general overall performance standards and delegate to executive authority -- state or local officials -- the task of defining more precise fixed standards for individual administrative areas. General guidelines for executive action should provide sufficient flexibility to enable regulations (for example, subdivision regulations) within any one area to be tailored to the conditions of that area. Technical specialists in consultation with planning agencies should prepare higher-level legislation to articulate the public purposes to be served and standards to be promulgated. Higher levels of government should be empowered and equipped to take over administrative functions from lower levels which do not have the necessary control laws or apparatus.

5. The Need to Improve Procedures. It is essential to improve the administrative procedures associated with legislative application. Delays in reviews, requests for development permission, litigation over land acquisition, and the myriad of other processes inevitably associated with the control and guidance of urban growth are likely to be enormously costly. The additional financing costs and the real costs of the time involved in delays are likely to be considerable. Individuals involved bear a heavy burden because of this, regardless of the outcome of litigation or negotiation. The costs to the community as a whole are likely to be substantial also, particularly in an inflationary economy.

Chapter IV

URBAN FINANCING

A thorough treatment of urban financing is beyond the scope of the present paper. This discussion will therefore be limited to a brief review of financing aspects that are particularly relevant for the administrative possibilities to be discussed later. The public finance task associated with urbanization in Latin America is immense. Very large public expenditures will be required for government control and protective functions and for direct government production of goods and services. Public outlays will be required in existing centers for renovation, expansion and for the development of new urban centers. If the advantages of urban development are to be exploited fully, there will be a need for related investments in nonurban areas -- in transportation facilities, in communication systems, in the development of collection and distribution services and facilities, in the preparation of rural individuals and households for migration to urban areas and full participation in urban life, and in tapping major natural resources whose development will be linked with urban growth.

As suggested in the present discussion, urbanization should be looked at not only as a problem but also as an opportunity. It is likely to contribute substantially to increases in productivity, total output and potential sources of revenue. Major increases in income, expansions in domestic and foreign trade, and massively increasing real property values are just a few of the potential revenue sources that are likely to increase substantially with urban growth. Urbanization may contribute to potential revenues also because of increased monetization and greater accountability for urban households and businesses compared to their rural counterparts.

Basic Taxation

Through the years several Latin American governments have substantially raised their revenue by indirect taxes, the rich having effectively resisted property or income taxes (although income taxes are now being taken more seriously in a number of countries -- for example, Brazil and Panama). Direct taxes -- including property, income and inheritance taxes -- yield perhaps a third of total revenue for Latin American countries as a whole.¹

¹Wendell C. Gordon, The Political Economy of Latin America (New York: Columbia University Press, 1965), p. 362.

Statutes generally classify income in several ways -- by schedules for commercial income, industrial income, income from agriculture, wages and salaries, income from professional fees, income from vested capital, royalties, rentals and concessions. Different rate structures have been applied to different types of income; fragmentation into schedules makes real progressiveness in rate structures much less than their ostensible progressiveness. Guatemala in 1963 had an income tax which provided deductions from salaries similar to that in effect in the United States. There, however, no effective machinery was installed to assure that the very wealthy paid the tax on income from sources other than wages and salaries.¹ Under these circumstances new or augmented income taxes may become merely an additional burden upon the middle-income group.

Intergovernmental Fiscal Relationships

In most cases state and municipal governments are financially dependent on their national governments. Local governments do make limited use of property and sumptuary taxes; but even in countries with a federal system somewhat like that of the United States, a large share of total tax revenue is collected by the central government. With some exceptions local and many state administrations tend to be weak. In 1966 a survey in Colombia revealed:

Local government is important in Colombia, relative to other countries, because local government consumes about one-third of the total tax collections of all levels of government. However, it uses much of this not for actual public service but for administrative overheads. At the municipal level, the very largest cities do provide utility and other urban types of services; however, in at least 850 of the country's municipios, the municipal government employs people but provides no significant services.

The departamentos (including the beneficencias, autonomous welfare agencies) finance about two-thirds of public sector expenditure for health and education (primary and secondary), mostly through hospitals and schools which they do not administer, and finance about one-fourth of highway expenditure, but otherwise provide few direct services to the public. With a few major exceptions, large portions of departmental fiscal resources, like those of the municipios, are devoted to administrative overheads.²

¹Ibid, p. 364.

²Dick Netzer, Some Aspects of Local Government Finances (Cambridge, Massachusetts: Harvard Development Advisory Service Report 51), p. 51.

In the Colombia study, estimates of economic capacity, combined with data on actual local government tax collections, suggest that there are significant differences in local tax effort. In general, poorer areas have high local tax collections relative to economic capacity. In spite of local political pressures and bad local tax administration, they will tax themselves. Low tax effort is, according to Netzer, a characteristic of some, though not all, of the country's richer urban areas.

Because major shares of fiscal resources are controlled by higher levels of government, local capabilities depend not only upon their tax bases and their capacities to maximize local sources, but also on their ability to claim a substantial share of scarce resources distributed by central authorities.

The degree to which local authorities participate in investment is also contingent upon effective borrowing powers. In most cases these are severely restricted or nonexistent because local governments are regarded as such poor risks. The precise impact of central government on an urban area cannot be measured because total government effort is not reflected in grants to local authorities and because direct expenditures from national and state budgets are not usually broken down by city or region. However, much of the public financing that is critical to urban development is the responsibility of separate and relatively traditional ministries or agencies, rather than of multi-purpose agencies. Ministries of public works, ministries of health, ministries of education and other agencies at the national level have a great deal more impact on urban development in most cases than do agencies that carry the urban title.

Development Funding

A number of Latin American countries have made major efforts to provide special funding for urban and/or regional development. Some of these efforts are very impressive. Others appear to have distorted capital investment undesirably without achieving the main objectives. Some have resulted in the decapitalization of the funds utilized.

One of the most notable examples of conscious regional development is the system of superintendencias established in Brazil. The best known of these is SUDENE, the agency responsible for the northeast. Investment in the SUDENE area enjoys such special tax benefits that the region, a large part of which is semi-arid, has attracted large amounts of Brazilian private capital -- even to the extent that some products previously manufactured in the south are now manufactured in the northeast and exported to the south. This program has generated industrial employment and supported municipal development. Some of its effects are questionable. It has made capital very inexpensive and encouraged the development of capital-intensive activities, without some expected increases in

local employment. As a result, much of the return on capital invested may be flowing back to other parts of Brazil rather than being reinvested in the area.¹

New towns have been established, in some cases, through semi-autonomous development corporations -- as in the case of Santo Tome de Guyana in Venezuela. It is necessary to establish such corporations to create the momentum necessary for new development. However, there is always a risk in autonomy. An aggressively successful semi-autonomous or autonomous agency with substantial financial powers may preempt and concentrate resources in a way that is undesirable from the point of view of overall reserves allocation.

Housing Financing

The development of housing has received considerable attention. Most of the nations of Latin America have a housing bank or financial institution of some kind.

Housing policy can be used to serve a number of major development purposes, including generation of employment and redistribution of income, in addition to its central concern with the provision of shelter. It can and has been used as an important device for mobilizing private savings.

One of the most interesting examples of housing legislation in Latin America is the system through which the National Housing Bank (BNH), created in 1964, is now operating. The bank was conceived explicitly as a device for generating employment as well as to provide housing. Its programs cover a wide range of housing

¹The tax advantages of investment in the area include: exemption from taxes and fees for the importation of new equipment not produced in Brazil and designated for priority investments; exemption from income tax and "nonrefundable additionals", during a period of ten years, for industrial and agricultural undertakings installed in the region, up to and including 1968; reduction by 50 percent, up to and including 1973, of the payment of income tax and "nonrefundable additionals" owed by industrial and agricultural enterprises that, in June 1963, were already in operation in the northeast; exemption from all federal taxes and fees on capital increases resulting from the incorporation of reserves or the reappraisal of assets, effected up to June 1964, for industrial and agricultural enterprises located in the northeast; a discount to firms, on the value of the income tax and the "nonrefundable additionals" to which they are liable, of 1) up to 75 percent of the value of SUDENE securities they purchase, and 2) up to 50 percent of investments in industrial or agricultural projects considered by SUDENE to be valuable contributions to regional development in the northeast.

types, although they do not reach down into the really low income levels yet. Loans are available to local governments as well as to the private sector. The bank is beginning to link its activities increasingly with the federal agency responsible for supporting planning in local government (SERFHAU). BNH currently has available about a billion dollars a year for investment in housing and related facilities and it must replenish its funding source with monetary correction and the equivalent of about seven percent interest. Its use of this fund is in contrast to some other national housing operations which have tended to decapitalize the sources available to them. The Brazilian case is of interest also because the importance of linking monetary correction and housing policy has been recognized.

Even in Brazil, however, as in most other Latin American countries, the selection of sites for housing has not been related systematically to the growth of local areas. Quite often the cheapest available sites have been chosen regardless of whether or not they were well served with transportation and other infrastructure. An attempt is being made to correct this in collaboration with SERFHAU.

Although public housing programs do not reach down to the lower-income groups, there are a few cases in which economically realistic programs have been developed specifically for lower-income groups on a reasonably large scale. Chile is notable for it has undertaken programs such as Operación Sitio and Operación Techo under the ministry of housing and urbanism (MINVU).

In some cases, central governments provide financial and technical assistance to local governments for planning -- as Brazil does through SERFHAU, an organization specifically concerned with integrated urban local development. Brazil also established FIPLAN, a fund for financing integrated local development plans. National government activities having to do with urban development are therefore centralized within the BNH-SERFHAU-FIPLAN structure in the ministry of interior. BNH makes funds available for housing and related investment (water supply, sewerage, local streets, etc.). SERFHAU makes funds available to municipalities or groups of municipalities for local planning. These planning funds are loaned, not granted, and must be repaid by the municipalities with monetary correction plus the equivalent of approximately 14 percent interest. Loans must be repaid within three years after completion of planning work, although there are some minor exceptions. It still needs to be linked effectively with national economic planning, but the system is very promising. SERFHAU is also one of the few central agencies concerned with urban planning that is building a systematic information base for its programs. (More will be said about this later.)

In some cases central governments undertake planning directly for local areas -- in Venezuela, for example, through the Dirección de Planeamiento in Ministerio de Obras Publicas.

Implications

Opportunities for more effective public urban development financing are presently being lost. A much broader range of financing devices is required which will cut across almost all areas of government activity. This is another reason for being skeptical about the feasibility and desirability of separate "urban" administrative units at the national level.

1. Better Use of Potential Sources of Revenue. Increases in income, commercial transactions, property values, and other potential revenue sources are associated with urbanization. Many of these sources are underutilized at present. The scale of the public investment task that will be associated with urban growth makes it imperative that these sources be used as fully as possible. Overall tax systems should be made more elastic to take advantage of potential benefits from urbanization. Income tax should be levied more equitably and enforced much more effectively. Property taxation should be restructured and enforced to take advantage of the massive increases in land values accompanying urban growth. Many public investments which generate increases in land value in their immediate vicinity (for example, road improvements or the installation of utilities) could be financed in many cases through valorization, a system which has been instituted already in a number of Latin American cities. Its success appears to depend largely upon general economic growth, the visibility of the capital gains resulting from improvements and strong administration. Valorización has been instituted relatively successfully in Medellín in Colombia. Property tax levied on market value rather than property income may help to induce more efficient land use in cases where urban sprawl is giving rise to land use inefficiencies and high infrastructure expenditures.

2. Better Mobilization of Private Funds. Better inducements for saving should be introduced. Private investment should be used more effectively in conjunction with public investment. Better access to capital should be provided, particularly for low-income groups and newly emerging entrepreneurs.

To mobilize private capital more fully more effective housing finance programs and stronger inducements to invest in locations and types of development consistent with government programs are needed. The National Housing Bank and the regional authority for the northeast of Brazil suggest what can be achieved in these fields.

There are many opportunities for combining private and public capital. The possibility of using empresas mixtas more fully should be explored. They are used already to provide utilities and for other purposes in a number of countries. Creation of special corporations for urban development is another possibility that has been experimented with to a limited extent and should be explored more fully.

Strengthening of credit mechanisms should be a major concern. Achieving credit-worthiness is one major means by which both enterprises and households can participate in and contribute more effectively to urban life. Assistance in achieving credit-worthiness will require program mobilization of several types -- management training, adult education, health services and family counseling, to name a few.

3. Intergovernmental Financing. It is likely that centralized revenue collection and funding for urban development will assume increasing importance. Central governments are relatively strong already. Much of the growth in potential revenue sources that is occurring because of urbanization is occurring because of central government expenditures. Many urbanization benefits are nationwide, rather than restricted to urban centers. Many costs associated with urban growth are generated by firms, households, and individuals outside the urban centers in which the impact of those costs is felt most directly. And in many cases individual urban centers are not able to mobilize the capital necessary to realize their own potential.

In addition to central governments assuming greater responsibility, it is important to seek a better allocation of functional responsibility and financial resources among the levels of government. Although local government is usually weak and immediate additional funding at the local level would often be unproductive, it may be possible to establish performance criteria and incentives through which local government could gradually achieve greater access to funding. Criteria might include concerns with such things as budgeting practices, staff qualifications, evidence of capacity for capital investment, and relationships between administrative overhead and direct expenses for delivery of services. Loans whose repayment terms include monetary correction and reasonably severe interest rates, rather than grants, might be an additional device for seeking out strong state and local administrations.

The use of strong state and local governments as nuclei for the introduction of financial reforms should increase the chances of success and may have a relatively strong "demonstration effect".

4. Consolidated Planning and Budgeting. Overall planning and budgeting should be undertaken by the same agencies at all levels of government. Planning that is not linked directly to budgeting is likely to suffer from at least two fatal defects -- lack of realism and lack of leverage.

It is by examining the link between a plan and a budget that one can tell whether or not a government means to carry out a plan. If an operating organization can obtain a budgetary allocation for one of its projects or programs only if it has been approved as part of a development plan, we may assume that a

*government is in earnest about carrying out a plan. If, however, significant exceptions are permitted, doubts arise about a government's intentions to implement a plan. A government's budget is therefore a key element in converting a development plan into a program for action.*¹

At the same time, however, it is essential to keep the principal planning and budgeting agency free from the daily routine of disbursements and audits; these functions should be the responsibility of other entities.

5. Funding on the Basis of Programs and Projects. The possibility of putting greater emphasis on funding that is attached directly to specific programs or projects, rather than a departmental funding system, should be explored fully. Departmental funding cannot and should not be dispensed with, but there appear to be opportunities for much greater efficiency and much better control over investment through funding attached to programs and projects. Program- or project-oriented funding of this kind could and should be linked with more effective accounting and program evaluation.

It is often impossible to assess the precise impact of specific programs or projects. It is similarly difficult to evaluate central government impact in an urban area because its total effort is not reflected in grants to local authorities and because direct expenditures in national and state budgets generally are not broken down by city or region.

The system of budgeting and accounting which appears most promising is PPBS (Planning, Programming and Budgeting System). Without a system in which outlays are related directly to programs and projects whose performance can be measured with reasonable effect, policy-makers have neither the data nor the tools necessary to apply priorities to public expenditure systematically.

Waterston has suggested that for a budget to be a reasonably efficient instrument in plan execution, it must have a classification system which: 1) permits allocations and expenditures to be related to specific projects, programs and to other purposes; 2) distinguishes between capital and current expenditures and receipts, and shows the extent of public savings available for investment (savings in the form of a surplus on current account); and 3) distinguishes between development and nondevelopment expenditures in both capital and current accounts.² Waterston goes on to point out that the conventional budgeting classification system fails to meet these requirements, because it was primarily designed as a framework for making appropriations to government ministries and departments,

¹Waterston, p. 201.

²Ibid, p. 218.

to facilitate internal management and control, and to insure accountability -- usually to a legislature. He suggests that the conventional system virtually precludes an assessment of the full costs of most government functions or services.

Experimentation with coordinated program budgeting by several levels of government should also be tried. In the regional plan for Paris, for example, financial authorizations from national, metropolitan and local budgets that are intended to meet the targets of individual planned development projects are specified each year. This is an attempt to coordinate the capital budgets for several tiers of government according to a single set of priorities¹

Venezuela and Brazil are among the countries now attempting to introduce the PPBS approach into their national development planning and budgeting.

6. Better Financial Management. Improvement is needed in the management of finance associated with urban programs. For example, in many cases the sources of housing finance have been decapitalized as a result of unsound lending policies and management. Housing standards have been set unrealistically above the capacities of many households to pay, and this has led to the high delinquency rates experienced by many public housing agencies. Interest rates have been set far below current market rates so that inflation and delinquencies jointly have decapitalized the housing program. On top of this, the enforcement of lending requirements has been very uneven in quality, although part of this can be attributed to fundamentally unmanageable lending terms.

The National Housing Bank of Brazil (BNH) is an example of a program in which funding management has been of high quality. It might well be used as a model for similar institutions elsewhere.

¹Walsh, pp. 142-143.

Chapter V

THE ADMINISTRATIVE CONTEXT

For urban administration in Latin America, as elsewhere, the difference between principle and practice is readily apparent. Two aspects of this difference are especially important. First, formal structures and procedures often have little to do with the ways in which policies are actually administered. Political processes often result in formal administrative structures and procedures being bypassed. The internal goals and motives of agencies and individuals are likely to affect the priorities enjoyed by particular programs. Also, the limitations of administrative capacity can be implemented. Second, there is a vast difference between the administration that is recognized officially as "urban" administration and the much wider range of administrative action that has a bearing on urban development. In Brazil, for example, there is only one agency at the federal level officially recognized as an "urban" agency but a recent study suggests that there are at least 100 federal agencies actively involved in investment and other activities which have a major impact on urban growth.¹ There are many agencies at the state level and literally thousands at the local level which have important roles to play.² At the national level, ministries and agencies concerned with functions such as transportation, communications, power, industrial development, water resource development, agriculture, education, health and defense usually have much more to do with the actual form taken by urban growth than do agencies (most of them in their infancy) that are responsible officially for urban planning and administration.

Formal Structure

The structures through which urban development is administered in Latin America vary considerably from one country to another. In most cases central governments have recognized explicitly the need for a centralized planning function. In some cases there are urban agencies within the central government also. Examples of these include SERFHAU (Serviço Federal de Habitação e Urbanismo)

¹PADCO, Inc. CIDUL -- Centro de Informações Para o Desenvolvimento Urbano e Local, Phase II: Final Report Volume I (Washington, D.C.: PADCO, Inc., 1968).

²There are just under 4,000 municipalities in Brazil.

in Brazil, MINVU (Ministerio de la Vivienda y Urbanismo) in Chile, and IVU (Instituto de la Vivienda y Urbanismo) in Panama. In some cases there are urban and/or regional divisions in national planning agencies.

With few exceptions, agencies formally recognized as urban at the national level have had relatively little impact on urban development. Often, planning commissions or other central planning entities within which they have been located have themselves been relatively weak in the sense that they have not had significant control over central budgeting or implementation.

Reasons for this relative ineffectiveness are several. Part of the problem is that the "urban" agencies are comparatively new and have not yet learned the political rules of the game. Most have difficulty attracting skilled professionals -- because there is a shortage of necessary skills and because government employment is generally less remunerative than private sector employment. Part of the problem is inherent to the concept of "urban" agencies removed from the operating agencies that control investment. Urban problems and opportunities call for aggressive and well administered action in a great many subject areas that are the responsibility of well entrenched older agencies. Multi-purpose "urban" entities cannot hope to provide the depth of knowledge and skills that is necessary in all of the areas involved.

In short, the "urban" agencies tend to end up in a no-man's land; without significant funds, without control over the budgets or activities of other key agencies, without sufficiently specialized skills, and relatively innocent of the political jungle into which they have been thrust.

Public Enterprises

Public enterprises deserve special mention as a component of overall administrative structure. They may be created because it is believed that the national government should control key components of the economy; sometimes they are established because only the national government can put up necessary finance; sometimes to overcome the red tape, salary limitations and other disadvantages of ordinary public agencies; sometimes because the nature of a particular program (for example, regional development) requires integrated control over a multiplicity of functions. In a number of cases, for example in Venezuela, special corporations have been created to establish new urban centers.

Control over the activities of such enterprises may be achieved in a number of ways. They may be fully integrated in a planned economy with the government taking all of the main policy decisions and with the enterprises doing little more than running the day-to-day operations. They may be publicly-owned enterprises operating predominantly on a commercial basis, with a minister retaining the power to intervene if they act against the public interest.

One of the difficulties with public enterprises is that unless management is encouraged to develop them commercially, they may tend to become inefficient and bureaucratic. The national government must have certain essential controls, but it must also endeavor to avoid using these in such a way as to distort planning or destroy morale and good management. Autonomy and independent or semi-independent access to funding (through the power to borrow, for example) coupled with aggressive leadership in an enterprise may result in much more effective action than can be achieved through normal government entities; however, it may also result in a concentration of funding that is undesirable from an overall development point of view. The latter appears to have happened in some of the new town developments in Latin America.

Coverage

Administrative coverage of all of the key areas that are important to sound urban growth is obviously difficult to achieve. Some of the newer agencies that have been relatively well funded have been restricted to rather narrow operating areas. For example, national housing banks have been concerned primarily with housing at middle- and upper-income levels and with infrastructure related immediately to housing.

Some of the areas that need to be dealt with most urgently are not covered by any existing agencies. In most cases, agencies responsible for housing have not been able to generate programs which are economically realistic for the lower-income households that constitute between 20 percent to 50 percent of many urban center populations. In most cases there have been no agencies established to deal effectively with unemployment and underemployment problems in urban areas. Examples of missing functions can be drawn from other fields also -- including education, health and development financing.

Accessibility and Participation

To be a fully effective guide for urban growth, an administrative system must provide for appropriate participation by both the private sector and all levels of government. Experience with urban administration in the relatively developed areas can be of only limited help in seeking solutions for Latin America. Analyses of urban politics in the United States identify the importance of nongovernmental groups in policy-making. Interest group activity on the local level in Latin America is modest compared to the U.S. In the developing areas, urban-service politics tend to be officially oriented. Public officials and political leaders often dominate public-service decision-making. This is a fact of the existing situation that must be recognized in seeking a strategy for administrative improvement.

The need for intergovernmental, inter-agency and government/private interaction in urban development arises because of existing patterns of control over resources, differences in administrative capacity, the need to reflect national interests in many development situations, and because the functional characteristics of many systems that need to be developed do not respect jurisdictional boundaries.

From the point of view of democratic ideology, capitalist or socialist, citizen participation in decision-making is desirable. On the one hand, it is clear that in some types of decisions, effective citizen participation is unlikely in most parts of Latin America at present. Citizen groups are not yet mobilized or powerful enough politically to enter the decision-making process effectively. On the other hand, it is clear that a failure to recognize the interests of citizens can result in the implementation of programs which fall far short of being socially desirable and often can result in plans simply failing to be implemented.

The cases in which a failure to involve the private sector appropriately has resulted in open antagonism to government programs are numerous. The bureaucratic procedures which the citizen or businessman must go through to receive permits for various types of activity often are extreme. They discourage entrepreneurship. They are costly because of the delays in implementation they incur. The example of the national plan for Colombia is a type of failure in implementation that can be induced by a neglect of private interests.

The extent to which private participation has been sought and effective varies considerably from one country to another. In Chile, for example, the policy of developing Juntos de Vecinos reflects a major concern with the involvement of citizens and public officials at the local level in policy-making, planning and implementation.

There are desirable types of participation which need to be encouraged. There are also undesirable types which need to be reduced in importance. Corruption in government/private relationships, by no means unique to Latin America, is widespread. Ethically unattractive, it is nevertheless sometimes necessary to speed decisions. Economic activities often would be paralyzed were it not for the flexibility which illegal "fees" induce. Some corruption undoubtedly results in major and relatively rapid implementation that would not occur without it. Indeed, corruption may be much less costly in a social sense than administrative inefficiency.

We hear much about corruption in underdeveloped countries but the harm done by bribery or by theft seldom exceeds hundreds of thousands of pounds a year, and though morally deplorable, it is quite small when

compared with the harm which is done by appointing people to big jobs which they are not competent to do properly.¹

However, in addition to its ethical undesirability, corruption may also seriously distort priorities, with officials supporting the implementation of projects on the basis of the "fees" generated rather than on the basis of economic and social desirability.

Centralization Versus Decentralization of Administration

Discussions of centralization and decentralization often confuse a number of issues. One issue is geographic, that of the physical scale at which a particular operation is to be organized. The resource area and consumption market for a particular public service, requirements for local variation and special knowledge in providing this service, "externalities", and economies or diseconomies of scale all are factors relevant for selecting an appropriate level for the administration of a particular function. A second issue is political, that of the set of officials to control the activity.

There are a great many types and aspects of centralization and decentralization that need to be considered. For example, there may be decentralization among functional areas within a single level of government; a single function may be decentralized among levels of government; a function or group of functions may be decentralized through local offices of a central government.

In seeking the types and degrees of centralization or decentralization appropriate for a particular situation, the differences between centralizing in a single agency at the national level and centralizing at the national level in a variety of agencies must be examined carefully, together with the likely implications of attempts to decentralize by strengthening functions at the state or local level. Major centralization is likely to continue to be simply a fact of administrative life in most Latin American countries in the foreseeable future.

Arguments in favor of centralization are familiar. Centralization is necessary to protect the national interest. The economy is integrated at the national level. There are scale economies that are achievable only through centralization. National and urban politics are so closely linked, particularly in primate cities, that a highly centralized administrative system is the only type that is feasible. National governments have much better access to

¹W. Arthur Lewis, "On Assessing a Development Plan", pp. 5-6. -- as quoted in Waterston, p. 277.

foreign aid than do state or local governments. Centralization is the best way to overcome the complexities of intergovernmental relations that are associated with urbanization. General shortages of administrative skills call for concentration of skill in a few agencies, rather than spreading skills thin as in highly decentralized systems. Central control is sometimes assumed to increase the legality and efficiency of local government. Most local authorities are administratively weak, and very few metropolitan authorities have been created to provide for the inter-municipal collaboration that is essential in major centers.

Arguments against centralization are equally familiar. With a multiplicity of functions it is very difficult to control project execution and day-to-day management from a remote state or national capital. Central administrators often do not understand local conditions adequately. High degrees of centralization often are associated with breakdowns in communication. In a centralized system with elaborate review and control procedures, the controlling authority often is overwhelmed with material requiring its action; sometimes the response to this is to exercise central power only spasmodically, waiting until crises force drastic action.¹ A centralized system with elaborate communication channels often tends to delay. Centralization increases the problem of achieving effective citizen participation. Political instability at the center may preclude establishment of sound long-term urban development policies. Centralization may discourage local initiative. Local autonomy, even at the cost of some initial efficiency, is requisite for political development.

There are several devices that government can use to overcome the problems created by the necessity of centralizing administration. For example:

1. Private participation in advisory groups attached to the office of the chief executive at each level of government have already proved effective in a number of cases.
2. Legislative provision can be made for the public review of government proposals prior to their adoption -- and high levels

¹Overcentralization has proved to be a major handicap in some developed areas also. In Britain, for example, the burdens and delays generated by detailed reviews in Whitehall have led to a major revision in the responsibilities of the national and local governments, with the matters that are of concern to the national government reduced to major items, with most of the detailed decision-making left to local government. For a review of the situation which developed in Britain, refer to: Scottish Development Department, The Future of Development Plans: A Report by the Planning Advisory Group (London, England: Her Majesty's Stationery Office, 1965).

of government can make their funding assistance to lower levels of government depending on other provisions for such a review.

3. Central agencies can take the initiative in encouraging more effective participation by other levels of government. In a 1965 OECD report it is suggested that: 1) central authorities ask local officials for their views on measures they intend to take which the latter will have to apply; 2) central authorities' directives be kept quite general to allow local officials a reasonable margin of initiative; 3) the decisions of local officials be subject to supervision but this should be achieved without paralyzing their action; 4) limited use be made of supervisory methods which call for local authorities to submit their decisions to prior approval by a central authority; where control is really necessary, it should apply only to general programs of action (draft budgets, investment plans, etc.) and then only to overall ways and means of achieving them; 5) the central authority's local officials be responsive to the views of the public directly affected by the decisions proposed.¹

4. In principle, it is desirable to increase the likelihood of a central agency having good information on local conditions through establishment of local offices. The existence of local offices should also increase effective participation from the local level. However, the desirability of this type of decentralization depends, among other things, on the size and complexity of the country and its stage of development. In some cases, there are simply not enough good professionals to staff both central and local offices. In other cases, the size and complexity of the development task makes local offices imperative. Systems in which local offices of central agencies have been established relatively recently include the system of regional offices established for ODEPLAN (the national planning agency) in Chile and the system of local offices that is linked to the National Housing Bank in Brazil.

5. Some state and local agencies are already relatively strong for effective urban planning and implementation (for example, the City of Medellín and the State of Antioquia in Colombia). Such agencies, though few in number, provide a base for the immediate devolution of powers, and their continued development can provide models for other groups at the state and local levels. Similarly, there are agencies such as SUDENE in Brazil which have been in existence and stable long enough to provide good evidence of what will and will not work at the regional level.

Agencies that are already relatively strong should be reinforced where necessary and used as nuclei for task forces of the kind suggested in this paper. The kinds of reinforcement needed

¹OECD, Public Administration and Economic Development (Alcala de Henares, 13-15 September 1965), p. 51.

generally include technical assistance, training, better access to information and better funding. Reinforcement through coordination devices of the kind that will be suggested later is likely to be necessary also.

The Creation of Task Forces and Special Agencies

Many of the regular government ministries and agencies are narrow in scope, rigid, and ill equipped to deal effectively with the scale and complexity of urban problems and development opportunities. As a result countries have been utilizing the concept of special agencies and task forces designed to deal with a specific problem or subject area. Such groups have been organized to develop geographic regions. Examples are SUDENE in northeastern Brazil and the Cauca Valley Corporation (CVC) in Colombia. The establishment of special agencies for new city development has also been relatively successfully undertaken in Venezuela and elsewhere.

In the United States a special agency has been created in New York State called the Urban Development Corporation (UDC), which might with modification have relevance to the Latin American urban context. The powers and activities of the UDC have been described by Moore.¹ The Urban Development Corporation is a public-benefit corporation with the capacity to undertake four general categories of projects: residential projects consisting of low- and moderate-income housing; industrial projects; civic projects; and land improvement projects. It has the authority to acquire land by purchase or condemnation. It has the power to override local zoning and building codes. It can build, sell, manage or lease any of its projects. It has bonding authority. It can receive grants and loans from the state and other public bodies. It also has power to create private subsidiary corporations.

*UDC actually operates as a catalyst to facilitate a higher level of private investment in meeting urban development needs. It accomplishes this by handling most of the more demanding tasks faced by any private developer on projects over which the public sector exercises considerable architectural, legal, or financial control.*²

The utilization of special agencies and task force teams has many advantages in Latin America in overcoming the administrative

¹Vincent J. Moore, "Politics, Planning, and Power in New York State: The Path From Theory to Reality", Journal of the American Institute of Planners (Vol. XXVII 2 March 1970), pp. 66-77.

²Ibid, p. 74.

problems of the existing structure, and can in fact be utilized as a means of establishing selective administrative reforms in manageable pieces. In this sense it supports Waterston's point of view in his discussion of development planning:

It may be that the trouble with most efforts to improve administration has been that too much was attempted at once. In any event, little has been accomplished by a comprehensive approach to administrative reform. While haphazard, piecemeal improvements are also of little value, a more limited approach directly oriented to development efforts may prove to be more successful. For example, instead of insisting on an "all or nothing" basis, on drastic across-the-board changes in personnel practices, administrative procedures and organization, it might be better to select a few large or otherwise important projects or programs and concentrate on improving administration and organization to the extent required to facilitate the preparation, execution and operation of these projects or programs. These projects or programs might be in an economic sector or a geographic region. Administrative reform might be centered in a ministry or department; a regional organization; or another kind of autonomous or semi-autonomous corporation or agency. The establishment of such "nuclei" of administrative reform would, it is true, provide only modest improvement immediately. But it would create springboards for more sweeping reforms later.¹

The kind of task force or special agency created will vary widely between countries and in response to the specific responsibility to be undertaken. In any case, however, it should have strong leadership tied into the highest relevant levels of decision-making, its own technical staff (some of whom might appropriately be members "on loan" from other agencies). The task force administrator might be a member of an existing agency or be especially appointed, possibly from the private sector.

Government budgeting should be organized specifically for the task force or special agency according to its program or project responsibility. If participation of traditional agencies is appropriate, specific budget allocations should be made for them and their role defined. Existing agencies are not likely to want to "lend" good staff members to a new group unless they see potential for some substantial benefit to them.

The programs or projects selected for assignment to special agencies or task force groups will vary. Mostly they will be

¹Waterston, pp 285-286.

organized for development projects or programs, but the concept has validity for concentrating on programs for specific population groups, such as low-income people, or on subject areas which require the integration of strategies for such things as employment, health, education, credit, etc.

The advantages of the task force and special agency approach to administration are flexibility in the introduction of new administrative tools and procedures -- in planning, accounting and budgeting, and in overall management. It allows focusing of scarce technical and management skills on the most urgent problems. There is an opportunity to better combine planning with implementation and therefore responsibility for the success or failure of a given program. It provides a format for experimentation with innovation in methods and techniques not usually possible in traditional agencies.

The task force and special agency concept may seem contrary to the need for improvement of permanent administrative institutions. In fact, however, it recognizes the reality of the present administrative problems and the need for action-oriented solutions to meet present demands. Many of the traditional agencies are not technically strong enough to diversify their internal structures in order to undertake complex projects and programs. The special agencies and task forces proposed here can accomplish this work more efficiently and then, in many cases, gradually transfer the responsibility to an appropriate permanent agency. No task force or special agency should be permanent beyond the time required to execute its precise responsibility. Trained and knowledgeable personnel can be returned to permanent agencies and, optimistically, there will be an overall improvement in administrative capacity.

Implications

The costs of poor administration are likely to be extremely high. Many objectives that might be valuably pursued may be overlooked entirely if the administrative machinery is not equipped to identify problems perceptively and prepare sound alternatives to be considered by policy-makers. Indirect costs of delays, particularly where inflation is a problem, may be substantial. Moreover, inefficient and corrupt administration often gives rise to a pervasive undermining of morale and makes it difficult to mobilize the energy and drive that are essential to confront problems of rapid development. A number of implications for administrative change emerge from the brief review of the existing situation that has been presented here.

1. Whatever system is developed must be capable of dealing with rapid change.
2. There must be a substantial increase in the level of government activity, especially in per capita public expenditures and above all in capital investment.

3. Provision must be made for dealing with hitherto neglected areas such as urban unemployment and low-income settlement.

4. Essentially new types of coordinating mechanism must be created. Coordination is obviously difficult but it is also essential. The likelihood of achieving effective coordination through separate multi-purpose "urban" administrative entities is not high. Fundamental problems that need to be dealt with cut across urban and rural areas. Many traditional and well entrenched agencies simply cannot be abandoned or overruled. New multi-purpose agencies are likely to have great difficulty in achieving adequate expertise in all the areas to be dealt with.

5. It is essential to provide leadership groups with better information on urban problems and opportunities.

6. There is a need for increased technical capability. Ways must be found to attract the best professionals into urban administration, and adequate training programs should be instituted to provide a base for long-term administrative improvement. The scarce skills that do exist must be concentrated efficiently, probably by focusing them in relatively few agencies.

The difficulties to be faced do not necessarily suggest a reduction of central power over local authorities, but more effective power over important matters and less concern with matters that have little impact on national or state interests.

Waterston, in commenting on the difficulties of reform and the futility of expecting rapid transformation, has observed:

There are differences among experts about whether administrative improvement must precede, follow or accompany development, but there is general agreement that reform takes a long time to achieve. Nevertheless, many plans are drawn up which depend for their implementation on basic changes in administration in a few years along lines followed in advanced countries. This is neither possible nor desirable. It must be recognized that each country must adapt its own institutions for development purposes, rather than exchange them for a new set that is alien to its own tradition. It must also be understood that this takes time to accomplish ... Until administrative improvements are clearly foreseeable, planners must prepare plans which take account of administrative capacity. This means, among other things, that complex forms of planning must be avoided when a country's administration is not ready for them.¹

¹Waterston, pp. 291-292.

Chapter VI

THE STATE OF THE ART OF PLANNING

Planning should be an integral part of the administrative process. In examining past planning and current practices there is a need to look beyond the work that is officially recognized as urban, just as there was in the discussions of administration, financing and legislation. This section will review briefly national planning, regional planning, sectoral and project planning, and planning that has been formally recognized as urban. It will also comment on a problem that pervades all planning and implementation -- inadequate information and coordination.

National Planning

At the national planning level in Latin America, the need for development planning policy has been recognized only recently.¹ During the 1950s the need to base economic policy on comprehensive development concerns became increasingly apparent in the face of the economic and social problems and the possibilities opened by technological advances. Bolivia, Chile, and Colombia were the first countries in the 1950s to formulate national development plans and establish planning machinery. Subsequently, virtually all Latin American countries have prepared plans of various kinds. The locations of central planning agencies in national governments have varied. Some have been established as separate ministries; others have been attached, as staff agencies, to the presidency. During the 1960s the planning process appears to have been experiencing a period of stagnation and impotence. Some of the reasons for this will be explored here.

Most central planning efforts have been macro-economic in scope. Some have considered incorporating urban and regional planning activities, but no coherent methodology has been established for this and there are virtually no staff groups trained to deal with these particular aspects of planning. Most national plans have had little or no "locational" content. Projects have always had to be located, of course, but in most cases the use of integrated collections of projects to support overall local development objectives or to improve the distributional aspects of economic development has not occurred.

¹The discussion of national planning in this chapter draws particularly upon experience recorded in: UN Economic Commission for Latin America, Development Problems in Latin America (Austin, University of Texas Press, 1970).

Although the need for planning as a central feature of coordinated development policy has been generally accepted, there has been no effective unity of aims concerning planning objectives and basic priorities. In some cases there has been a tendency to regard planning primarily as an instrument for mobilizing external financial resources and as an additional requirement for international financial cooperation -- emphasizing those aspects of plans most directly related to foreign aid. In other cases, planning has been seen from a professional and theoretical point of view as a tool for shaping structural changes essential to Latin American development. In some cases it has been regarded as a means of attaining more rational administration.

A major weakness in much national planning has been the absence of links between broad macro-planning and specific programming for implementation. There has also been a failure to recognize constraints imposed on implementation by the administrative, technical and funding capacities of implementing agencies at all levels of government. In some cases the failure of "top down" planning has led to an argument for the abandonment of overall planning and a shift to planning for specific projects.

Where the national planning agency is not already attached to the chief executive's office, it should be relocated there or at least given a status which distinguishes it from operating ministries and other agencies. It should be amalgamated with the central budgeting agency. (However, the functions should be kept distinct from the accounting and control functions of government which require the daily processing of massive amounts of detailed financial material.)

The responsibilities of central planning and budgeting agencies should include: formulation of national objectives, under the direction of the nation's policy-makers; formulation and maintenance of long-term, medium-term, and annual development plans, including decisions on the geographic location, as well as the magnitude, of key public investments with explicit recognition of urban implications in national development policy; formulation of subarea or subsystem plans on an interim basis where agencies at other levels of government are not yet equipped to undertake these; budgeting to provide guidelines for the activities of other operating agencies at the central level; continual review of financing and legislation at the national level to insure that public instruments are being used effectively to guide urbanization as part of overall development; designation of targets and task forces or special agencies recommended as part of the present strategy; technical assistance and training support for the planning units of other agencies at the national, state, and local levels; and regular monitoring, evaluation and reporting on the progress of development.

Budgeting is an integral part of planning. A plan without a budget has little significance. Typically, where planning and

budgeting are in separate agencies, the real competition for resources goes on through bargaining with the ministry of finance and resource allocations have little to do with the guidelines established by the planning agency.

The monitoring and evaluation function is also an essential part of the central planning and budgeting function. Countries in which planning targets are achieved regularly are the exception rather than the rule. It is essential to have sensitive monitoring machinery through which actions can be modified quickly as discrepancies between expectations and actual events arise. To be able to perform its evaluation tasks properly, a central agency must get regular flows of accurate information from other agencies at all levels of government. The devices for coordination that will be suggested later (with coordination links between specialized subdivisions of agencies rather than "general" coordination links) are designed to facilitate this.

In a few cases, planning has been supported effectively by a president or a politically powerful leader of a planning agency; however, central planning frequently has lacked effective political support. This has been due to the newness of the idea of planning, a failure to engage operating agencies in the planning process, or a failure to engage the private sector effectively. Almost all central agencies have been handicapped by a general shortage of skilled and experienced staff. And the fact that central planning cuts across the activities of other agencies which themselves plan poorly has aggravated the problem of interagency communication.

In addition to these internal difficulties, the implementation of Latin America's development plans has been and still is hampered by problems arising from the nature of nations' trade and financial transactions with countries outside the region. These external factors have included major fluctuations in exports, major increases in external debt, and an inability to build international reserves necessary to support adequate import programs.

Sectoral and Project Planning

Planning for individual functions such as industrial development, transportation, water resource development, power, housing, health and education has been extremely uneven in quality. In some cases the ministries or agencies responsible have their own planning groups. But in many cases these agencies are preoccupied with responding to immediate problems which swamp efforts at long-range planning. In virtually all cases, they do not consider the interdependence of their programs and the programs of other agencies. As in the case of much project-level work in central planning agencies, criteria are focused on engineering aspects, the returns on projects considered in isolation, and/or strategic or "political" factors. The effect of such a narrow focus often is disastrous. The damaging "side effects" of a number of major

engineering projects conceived and executed in isolation from the environmental systems to which they were connected have required enormous funding for their rectification.

Not only have the direct costs of neglected "side effects" often been very high, but the opportunity costs of failing to develop projects interdependently have undoubtedly been tremendous. The joint planning of such things as communication, transportation, education, health services, and industrial development could have opened up alternatives to continued concentration in existing major centers.

The programming functions in individual agencies should be strengthened by technical assistance from the central planning agency if it has its own planning, budgeting and evaluation functions well established.

The importance of effective programming in operating agencies is suggested by Waterston:

Experience shows that in countries at the beginning of the planning process, there is little chance that aggregative plans can be carried out until the rudiments of project and sector programming are mastered. This is, therefore, a reasonable probability that these countries would benefit more at first from the establishment of a central planning agency. It is also possible that more rapid progress toward development could be made from programming units in operating organizations than from a central planning agency in countries characterized by political instability, or lack of genuine commitment of political leaders to development. Such countries have shown that they are not yet ready to make effective use of a central planning agency because they will not or cannot do what is required to carry out a national development plan. Yet, there are often "islands" of relative stability or commitment in one or more ministries or government departments and agencies in these governments where programmed units can do effective work in improving project and sectoral programming.¹

Regional Planning

There are relatively few cases in which major regional planning has been instituted effectively. A number of national planning agencies do have "regional" divisions but most of these have been handicapped by ineffectiveness of their parent agencies and by

¹Waterston, pp. 376-377.

an absence of well developed methodology and skilled staff. Some regional efforts are impressive -- for example, the activities of SUDENE in Brazil and the Cauca Valley Corporation (CVC) in Colombia.

Some regional agencies, or regional divisions of national agencies, have been preoccupied with project viability without a sufficient regard for the so-called side effects of projects; evaluative criteria have often focused almost exclusively on internal rates of return. In many cases the selection and location of projects has been "politically" rather than economically motivated. A number of regional planning efforts are still relatively academic, being preoccupied with analysis rather than action. Part of the problem in regional planning has undoubtedly been that political divisions and economic areas do not often coincide. Moreover, many provincial or state governments are administratively weak and not active in promoting economic and social development.

Urban Planning

Planning recognized specifically as "urban" has been generally weak. A considerable amount of city planning has gone on at the local level, but this has been very uneven in quality, as it has been elsewhere. Permanent local planning agencies exist in only a few cities in most countries. Because of shortages of skilled staff, many of these must rely heavily on inadequately trained personnel. There appears to be a general recognition of the need to build up permanent public planning capacity at the local level, but the development of such capacity is inevitably going to be slow.

One of the major weaknesses in city planning has been its scope. There has been a preoccupation with physical planning to the neglect of analysis and planning for economic, social, fiscal, administrative and institutional change. As is the case with much national planning, there has been a preoccupation with broad physical concepts, without scheduled and budgeted implementation programs. Part of this bias in focus has arisen from the historic origins of local planning in architecture, housing or municipal engineering. In an analysis of a large national agency in Latin America that is concerned with local planning, the composition of the technical staff was found to be as follows:¹ architects 95; engineers 20; economists 6; sociologists 6; statisticians 3; geographers 2; planners 1; agriculturalists 1; lawyers 1.

The shortage of appropriate skills has its roots partly in the absence of adequate training facilities both in Latin America and abroad. Most "urban" planning training in the United States and

¹The skill categories are the ones used by the agency in classifying its staff members.

Europe until recently has been preoccupied with physical planning. There has been a general failure to recognize the major role that localized urban development, in the aggregate, can play in overall national development. Where land use planning and economic planning are undertaken, they are frequently separated in different documents and agencies. The location of planned investments is a hotly contested issue with various interests vying for favor from central authorities and planners. Local agencies that do plan for land use and urban infrastructure have little influence over the placement of industry, port or railroad development or over other major changes directly affecting local areas and demands for local public facilities.

To take full advantage of the opportunities offered by urbanization, national and local planning must be fully linked. The usual procedure in planning for individual urban areas is to take as "given" economic and social conditions in the nation (and relevant "regions"). These givens are used to provide a framework for local planning which focuses on land use, transportation, community facilities and local administration. Decisions made for individual areas have been assumed to have relatively little impact on national economic conditions. In highly industrialized countries with relatively well developed and widespread urban infrastructure and fairly mature administrative systems, the unreasonableness of this is not as obvious as it is now in the developing areas. In Latin America the importance of urbanization in the whole process of growth and modernization demand even more strongly that urbanization be given a key role in national development policy.

Shortcomings in planning for the local level are now being recognized. In Chile a major attempt is being made to engage local governments and citizens more effectively in planning initiated in Santiago. In Brazil the need for local planning that is relatively broad in scope is beginning to be recognized. In speaking of the metropolitan aspects of "integrated local planning" (planejamento para o desenvolvimento local integrado) with which the federal agency responsible for supporting local planning is concerned, Cole has said:

The integrated metropolitan development program intended to rationalize the public administration of the group of municipalities composing a metropolitan area, with a view to:

- a. *increasing the efficiency of metropolitan urban spaces;*
- b. *systematically raising the economic yield of basic social capital investments;*
- c. *identifying and referring to the private sector highly profitable and efficient investment opportunities, thereby increasing job opportunities;*

- d. *strengthening the socio-economic framework of such centers so as to be able to better support the development of regions within their sphere of influence;*
- e. *creating conditions for the absorption, on a suitable economic level and under reasonable social conditions, of rural and semi-rural population surpluses, which currently migrate to such urban centers, thus avoiding the growth of squatter settlements, social pressures, etc.;*
- f. *adequately preparing metropolitan areas for their systematic participation in the development process, within a national perspective of development, with special emphasis on the building of community facilities, such as rapid metropolitan transit systems (São Paulo, and Rio de Janeiro), water and sewer systems (Rio de Janeiro, Salvador and other cities), thereby improving conditions for the full utilization of such facilities;*
- g. *reformulating current concepts on urban legislation and administration in keeping with the problems of big cities, by attempting to avoid institutional obstacles to development..."¹*

Information Problems

A problem that pervades all aspects of administration -- planning and budgeting, implementation, management, evaluation and follow up -- is the paucity of statistical data and other information needed for sound decision-making. Data are a problem at all levels of government. Basic statistics and qualitative information typically are poor in quality, inadequate in scope, inadequate in geographic coverage, and not available in the disaggregated forms needed to permit the recombining of data in the variety of ways needed for analysis and policy-making.

The organization of information is a problem also. Data are scattered through a large number of collection agencies, many of which do not use consistent systems of classification, coding, or updating. Potentially usable information often is ineffective because lags between its collection and its availability result in many decisions having to be made without it. Lags are so great in

¹Cole, p. 158.

some cases that information is hopelessly out of date by the time it is published.

Types of information that are necessary but typically lacking form an almost endless list.¹

Urban growth is outpacing investment in urban infrastructure but investment decisions are also outpacing the growth of planning and administrative skills. Without better information and better processes for maintaining information, government policies cannot be constructed soundly. The opportunity costs of mistakes are high. Information bottlenecks are especially undesirable in inflationary economies. In a country such as the United States, in which a large part of the urban base is already well established, current investments result chiefly in marginal changes. In Latin America, many of the urban investment decisions made now will have a major impact on the pattern of urban growth, good or bad, far into the future.

The collection, processing, maintenance and dissemination of information is a key component of administration. A very good case can be made for the centralization of information management, although a substantial system for obtaining information and making it available is also essential. Such a system must link activities of a large number of agencies at all levels of government and the activities of groups in the private sector.

Brazilian Information System

Work going on presently in Brazil is of interest in relation to the information problem. The federal agency responsible for supporting local planning (SERFHAU), working closely with the National Housing Bank, is developing a center for the maintenance of information on urban development throughout the country. The

¹For discussions of the kinds of statistical data and other information of particular importance for urban policy, see, for example: PADCO, Inc., CIDUL -- Centro de Informações Para o Desenvolvimento Urbano e Local, Phase II: Final Report, Volume I (Washington, D.C.: PADCO, Inc., 1968), ch. II; PADCO, Inc. Preliminary Analysis of Planning and Information System Needs for Dirección de Planeamiento, Ministerio de Obras Publicas, Republica Federal de Venezuela (Caracas: Ministerio de Obras Publicas, 1970), ch IV; Waterston, ch. IV; Edward F.R. Hearle and Raymond J. Mason, A Data Processing System for State and Local Governments (Englewood Cliffs N.J.: Prentice-Hall, 1963); Doris B. Holleb, Social and Economic Information for Urban Planning (II, Chicago, Ill.: University of Chicago Press, 1970); and U.S. Department of Housing and Urban Development, Urban and Regional Information Systems: Support for Planning in Metropolitan Areas (Washington, D.C.: U.S. Government Printing Office, 1968).

center will maintain statistical data and qualitative information on such things as: basic demographic, economic and physical development characteristics; current information on the programs of federal and other government agencies; information on legislation relevant for local agencies; and a "library" of planning tools which can be made available to local agencies to assist them in their planning work. It will incorporate a referral service identifying relevant information in other agencies.

The center will provide information essential to SERFHAU in establishing its priorities for funding local planning. Information will be made available to other federal (and, later, state) agencies to assist them in planning their own investments and activities. Information will be made available to municipalities (in particular, information on regional and national characteristics that are needed for better estimations of local prospects, technological information on the likely requirements and effects of particular types of industrial and other development, and information on the activities of agencies at other levels of government). This center has been under development for approximately three years and is now beginning to generate information for federal and other user groups.

Better Use of Existing Information

Many aspects of urbanization are still poorly understood, but a great deal is understood well enough to provide a basis for immediate policy improvements. Even where elaborate quantitative analysis has not been completed, useful judgments on many aspects of what is likely to work and what is not can now be made on the basis of accumulated experience in both the developed and developing areas. However, what is known is widely scattered among institutions, individuals and a very diverse literature. A relatively modest effort could bring together fairly quickly information on the major problems and opportunities associated with urbanization, together with an identification of the key areas in which immediate government action is called for.

The mobilization of information proposed here could be undertaken without additional original field work. The focus should be on assembling quantitative and qualitative material already available.

Development of an adequate information center and information system network will be slow, but it is important to begin now to establish foundations for the development of such a system. A beginning can be made immediately through a better organization of existing data and a better utilization of existing processing capacity. As in many aspects of development, an important part of the problem is organization rather than massive additions to capacity. Later improvements in quality and additions to capacity can be made to establish a more complete information base for national, state, local and private development.

Coordination

The administrative responsibilities that are most important for urban development often are divided among a wide variety of agencies. They tend to be divided on the basis of geographic coverage, subject area, and process. National or state authorities may provide capital funds and legal regulations; municipalities may construct facilities and manage public services; and a provincial or regional unit may prepare plans bearing on the same public program. Time scales may differ also with some agencies responsible for long-range planning and others responsible for day-to-day programming.

Effective coordination is essential to take advantage of opportunities offered by urbanization, as well as to eliminate contradictory actions. Many urban development problems depend for their solution on constructive collaboration among a number of agencies and specialities. The problems of coordination are tremendous and well recognized.

Numerous administrative agencies and officers are involved in nearly every important public service decision for great cities. Each agency has a different perspective and central concern, depending upon its jurisdiction, allies, and specialized assignment. Finance officials and housing officials disagree on geographic priorities for investment. Road-building and transit agencies disagree on desirable transportation patterns. The tendency of each agency to defend its policy "turf" is a motive force in administrative politics. The more the functions of various agencies overlap and become interdependent -- a universal trend in urban administration -- the greater the intensity and scope of interagency competition.¹

Complex patterns of responsibility among levels of government makes decision-making complicated and arduous. In many cases, a single project of major proportions is contingent upon agreement and cooperation of participants in several layers of government. Intergovernmental communications, negotiation, and bargaining are required to overcome an inherent bias toward stalemate. In some of the most centralized systems, channels of control are so complex and overlapping that local officials rely heavily on their personal ability to influence and bargain with authorities at the center. On the other hand, central authorities remain largely dependent upon the will and skill of local officials to carry out their policies and to fulfill their targets.

¹J.J. Hunt, "The Relations Between the Central Government and Public Enterprises", in OECD Public Administration and Economic Development (Paris: Organization for Economic Cooperation and Development, 1966), p. 25.

As urban government functions multiply, practical limitations on the extent to which project execution and day-to-day management can be conducted from a distant state or national capital emerge rapidly. As a result, many ministries with implementing responsibilities are establishing local field offices in urban areas (for example, local offices of the planning division of the ministry of public works in Venezuela, and local offices of the ministry of housing and urbanism in Chile). However, even this leaves unsolved the problems of interagency coordination within levels of government and problems of intergovernmental coordination, to say nothing of the constructive collaboration that is needed between government and the private sector.

Coordination Centers
(Centras Entre las
Agencias -- CEAs)

The need for better coordination is clear. The plea for better coordination is common. Effective devices are rare. Conditions for more effective coordination seem to include: coordination for specific purposes and within specific functions, rather than "general" coordination; the existence of formal mechanisms with penalties for failure to coordinate; effective communication; and a recognition of the high costs of uncoordinated activity. A mechanism that might facilitate coordination in the guidance of urban development is suggested here as a preliminary proposal for approaching these problems.

CEAs could be established to facilitate coordination within each level of government, among levels of government, and between government and the private sector. The purposes of a CEA should be:

To maintain up-to-date information on the current and proposed activities of the agencies that are linked through the CEA. (These will be called member agencies. At the national level they would include the ministries of economic development, education, health and welfare, public works, communication, defense and security, justice and state, the treasury, and the staff groups linked directly to the office of the president -- planning, budgeting and evaluation, accounting and financial control, and logistics.)

To make this information available to member agencies and to other appropriate government and private entities.

To identify opportunities for increasing the effectiveness of member agency activities through coordination, and to identify likely conflicts.

To prepare for member agencies directives identifying the actions necessary to achieve coordination or resolve conflict.

to evaluate the response of each member agency to the directives of the CEA and to make recommendations to the central planning, budgeting and evaluation agency for subsequent budgeting action based on the response.

The directives established by the CEA would be the result of conferences among representatives of the member agencies. The CEA would have a chairman (appointed by the chief executive, as his representative) and that chairman would have the authority and responsibility for resolving conflict among member agencies within the CEA. Initiative for suggesting specific coordination opportunities would lie with the chairman and member agencies.

The structure and staffing of the CEA and its links with other agencies would be as follows: it should be made up of three components -- a chairman appointed by the chief executive as his representative; a small supporting staff; and subcenters. There would be one interagency subcenter for each major function of the member agencies. In the structure suggested here, there could therefore be subcenters for the following typical functions:

- Planning, budgeting and evaluation
- Information systems
- Accounting and financial control
- Logistics
- Legal Affairs
- Construction
- Operations and maintenance (or facilities and services)
- Training and technical assistance
- Research
- Liaison

Each subcenter would be responsible for coordinating a single function. For example, the subcenter for planning, budgeting and evaluation would be responsible for insuring coordination of the planning, budgeting and evaluation activities of the ministries or other member agencies; the construction subcenter would be responsible for coordinating construction activities -- insuring proper scheduling of construction projects that are interrelated, identifying opportunities for the joint ordering of materials and the joint use of heavy equipment, etc.

Members of the subcenters would inform their ministers or department heads concerning the CEA directives with which they disagree and the ministers or department heads would have the right of appeal to the chairman of the CEA, and if necessary to the chief executive. The CEA is called a center rather than a council because it is intended as a staff support group for the chief executive and his ministers and staff department heads. The chairman's decisions could be overruled by the chief executive. It is not intended to be a "super ministry".

A mechanism of this kind should facilitate coordination between specialized functional subdivisions of agencies. This is likely to be more effective than coordination "in general". It should encourage coordination where it counts most -- in planning, in funding, and in implementation.

It should encourage a pooling of experience, as well as coordination among the specialists responsible for each function. In the financing of urban projects, for example, agencies could coordinate their borrowing with other funding programs. They could pool experience in arriving at sound financing practices. In the case of similar local CEA activities, pooling of experience and consolidated action might help to strengthen weak local governments considerably.

The CEA should help to establish uniform administrative practices and improve the quality of administration. It could provide for the efficient use of scarce technical specialists. There might be only one or two officials expert in public borrowing procedures, for example, and their participation in a subcenter could be very valuable to the other participating agencies. Experience and competence in other functions such as planning, budgeting and evaluation, the development of information systems and legal affairs may be similarly scarce. In some of the smaller countries in Central America in particular the CEA could provide a very important service for all agencies through participation of these specialists in its subcenters.

Similar CEAs could be established at regional, state and local levels. Relationships among national, state and local governments and experience with regional and special-purpose agencies vary so greatly from one part of Latin America to another that it is not useful to try to specify a universally applicable mechanism for inter-governmental coordination.

All that can be suggested here is the way in which links for coordination might be established. The membership of inter-governmental CEAs, the powers that particular members or officers should have, and other operating features of the centers must vary from one country to another. In some cases they should vary from one part of the country to another also -- as in Brazil where states and municipios are extremely strong, while others are heavily dependent on the central government.

Intergovernmental coordination could be achieved most effectively through formal links between similar operating agencies or departments at each level of government. Among their other purposes, these direct links would be important in generating inputs for the decisions to be made by higher level CEAs.

As suggested earlier, there could be various types of task force. Sometimes a municipality would function as a nucleus; sometimes a task force would be a preliminary stage of a regional

authority; in some cases a task force would have a relatively simple structure and limited powers and be responsible for a single project. Where its territorial scope is relatively extensive and it is responsible for a reasonably wide variety of subjects, a task force is likely to have a fairly well articulated internal structure. Where the task force is made up of personnel from ministries or other agencies of several different levels of government, the functional subdivisions of the ministries or agencies at each level could be linked directly into the CEA of the task force to make up its subcenters.

Implications

The "state of the art" clearly leaves much to be desired.

1. There is a need for a much better integration of national, local and urban planning. Local and urban planning are differentiated purposely here because local rural planning is also important.
2. Broad planning must be linked with specific programming and budgeting for implementation.
3. A way must be found to achieve stronger political support for planning at all levels.
4. There must be stronger private involvement in planning.
5. There must be better recognition of the "side effects" of individual projects and their interdependence with one another.
6. The scope of local planning must be broadened beyond traditional land use and transportation planning.
7. Technical capacity for planning must be substantially strengthened. As part of this, training must be better adapted to the needs of Latin America specifically.
8. Mechanisms must be created to provide much better coordination and information for planning and implementation at all levels.

Chapter VII

STAFFING AND TRAINING

Staffing

Effective administrative leadership is crucial. It can overcome many weaknesses in formal structures and processes. In many cases, however, the emergence of effective staff is not encouraged. Status and salaries of government positions often are too low to bring the best professionals into public service. On the other hand, there are features of current development which provide opportunities for aggressive and imaginative leadership -- political instability, newness of a number of key agencies, breakdowns in the traditional power structure and the increasing visibility and importance of urban problems to name only a few.

Staffing is a serious problem at all levels. There is no career civil service with high prestige that would encourage competent people to devote themselves to administrative improvement. All too often appointments tend to be made on the basis of family or friendship ties rather than technical competence. Many agencies tend to attract people interested more in security than dedicated to work or innovation. There is a general shortage of competent professionals. It is commonplace for administrative staff members, even at senior levels, to hold down two jobs -- one in government and one in the private sector.

There is a need to establish a cadre of competent civil servants who can keep the bureaucratic machinery going in spite of political change at the national level. The need for a more widespread administrative base demands strengthening of local administration. The major skills required in public agencies for effective planning and development include the following.

1. Administrators should be sensitive to basic urban development issues and know how to use government policy instruments that are most effective in achieving desired changes. They must be familiar with government procedures and capable of using them to produce implementing action quickly. They must understand national, regional and local frameworks for urban policy -- once these are established -- and be capable of using those frameworks for development of their own programs.

2. Planning generalists required are quite different from the types of generalists produced by most city planning schools so far. Two basic problems are associated with the traditional type of generalist: he knows a little about a number of subject

areas, but too little about each one to be able to program in that field competently; he knows too little about overall resource programming techniques and the design of strategies for development to be effective in constructing overall programs.

3. Specialist planners required must be thoroughly trained in the subject matter of individual fields such as housing, environmental sanitation, transportation, education, health and public finance. They must be able to relate detailed planning in their own fields to the overall frameworks and basic policies established by the generalists. These specialist planners may not be in "planning" agencies at all, but in the planning divisions of specialist agencies of government such as ministries of public works, education, health or housing. The implementation of programs occurs through specialist agencies. Planning for specialized fields is likely to be much more effective if emphasis is placed on acquiring better specialists in these agencies themselves rather than if generalist planners in "planning" agencies attempt to plan for a wide variety of fields in which they cannot possibly be as competent as specialists in those fields.

4. A relatively large number of technical assistants for both planning and administration, at intermediate levels of skill who are competent in such things as accounting, budgeting, community organization, statistical analysis, engineering, field surveying, and other necessary supporting skills.

5. A relatively small number of researchers who are thoroughly trained in the techniques required for policy-oriented research.

Training

It is obvious that a major long-term improvement in the calibre of urban administrators calls for a major investment in training. Already there are several institutions in Latin America that are contributing persistently and effectively to the improvement of administration at the several levels of government (the Getulio Vargas Foundation and IBAM in Brazil, to cite just two).

Training for the more traditional types of urban planning and administration is available in a small number of good institutions in Latin America, and training in specific subjects that are relevant (for example, project analysis) is available there and in international agencies such as the Inter-American Development Bank and the World Bank. Nevertheless, a major strengthening of training programs is necessary if effective administrative change is to become possible. The types of training required should be responsive to the following points.

1. It is essential to provide for a variety of skills. Experience everywhere has shown that it is quite inappropriate to place all or most of the emphasis on a single type of "planner" or "executive".

2. It is essential to provide for a variety in scales of planning and administration -- national, regional, state and local. There is a body of knowledge and skills which should be common to all levels, but there are also major differences in the substantive knowledge and skills required at each level.

3. It is essential to link planning and implementation more effectively through training. It is important to establish at least two types of link. "Planners" must be encouraged to be fully aware of the needs of implementers if their planning is to be realistic. Implementers must be aware of the basic urbanization issues, and must be capable of using the frameworks and the basic policies established by planners for systematic programming and implementation.

4. Training should be sustained and cyclical, with government personnel being brought back from their field responsibilities into the training program on a regular basis to keep them fully informed of advances in knowledge and techniques.

5. The selection and scheduling of work in the training program should be based upon the policy issues that have to be dealt with at each level of government. The output of training programs should be keyed directly to the foreseeable demand for staff at various levels in the agencies of concern. This focusing of programs on existing demand should be tempered, of course, by the need to generate fresh ideas in training programs and in the active agencies for which they are providing staff.

6. Training should be carried out as fully as possible in the countries for which it is intended. It may be necessary to bring in foreign instructors for specialized subjects, and in some cases it will be appropriate to send trainees overseas; but in general it is important to have the work developed locally in order that its direction can be related to real, local needs.

CONCLUDING NOTE

It is not likely that the administrative improvements needed for guiding urban growth more effectively can be brought about rapidly. But this is no argument against initiating them. The slow, laborious improvements that have been achieved in the so-called developed countries serve as a reminder of difficulties that should be expected.

The strategy suggested in this paper calls for a combination of two types of action -- an immediate improvement in the use of existing administrative resources within the constraints of the existing situation, and the initiation of long-term improvement. It does not call for the abandonment or massive transformation of existing administrative systems. The difficulty of one shift that has been recommended -- the consolidation of central planning and central budgeting -- will vary considerably from one country to another. The suggestion is consistent with the recommendation of the 1962 Latin American Seminar on Planning.

The preparation of the capital budget and the public investment plan, which constitutes the first step toward the effective application of the plan, should also be the responsibility of the central planning body. The government bodies responsible for fiscal and financial matters would naturally contribute their advice, since the administration of funds and the calculation of costs falls within their jurisdiction.¹

The strategy proposed should not require major legislative change. In most of Latin America the types of agencies necessary to establish task forces of the kinds proposed exists already -- although their strengths and weaknesses vary greatly. It should be possible to work largely within existing legislation and the prerogatives of existing agencies to achieve the changes desired. However, needs for future changes in legislation are likely to be uncovered as a result of the task force activities.

The strategy proposed would not immediately require creation of major new sources of funding -- though it does place considerable emphasis on better use of potential sources that exist already.

¹UN Economic Commission for Latin America, Report of the Latin American Seminar on Planning, Santiago, February 19-24, 1962 (E/CN.12/644, February 14, 1963), p. 45.

Financing proposals would require shifts in the control of funds, but hopefully it would also result in substantial improvements in expenditure patterns.

The strategy proposed does require concerted and effective action by policy-makers and administrators -- an essential part of whatever strategy is adopted.

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