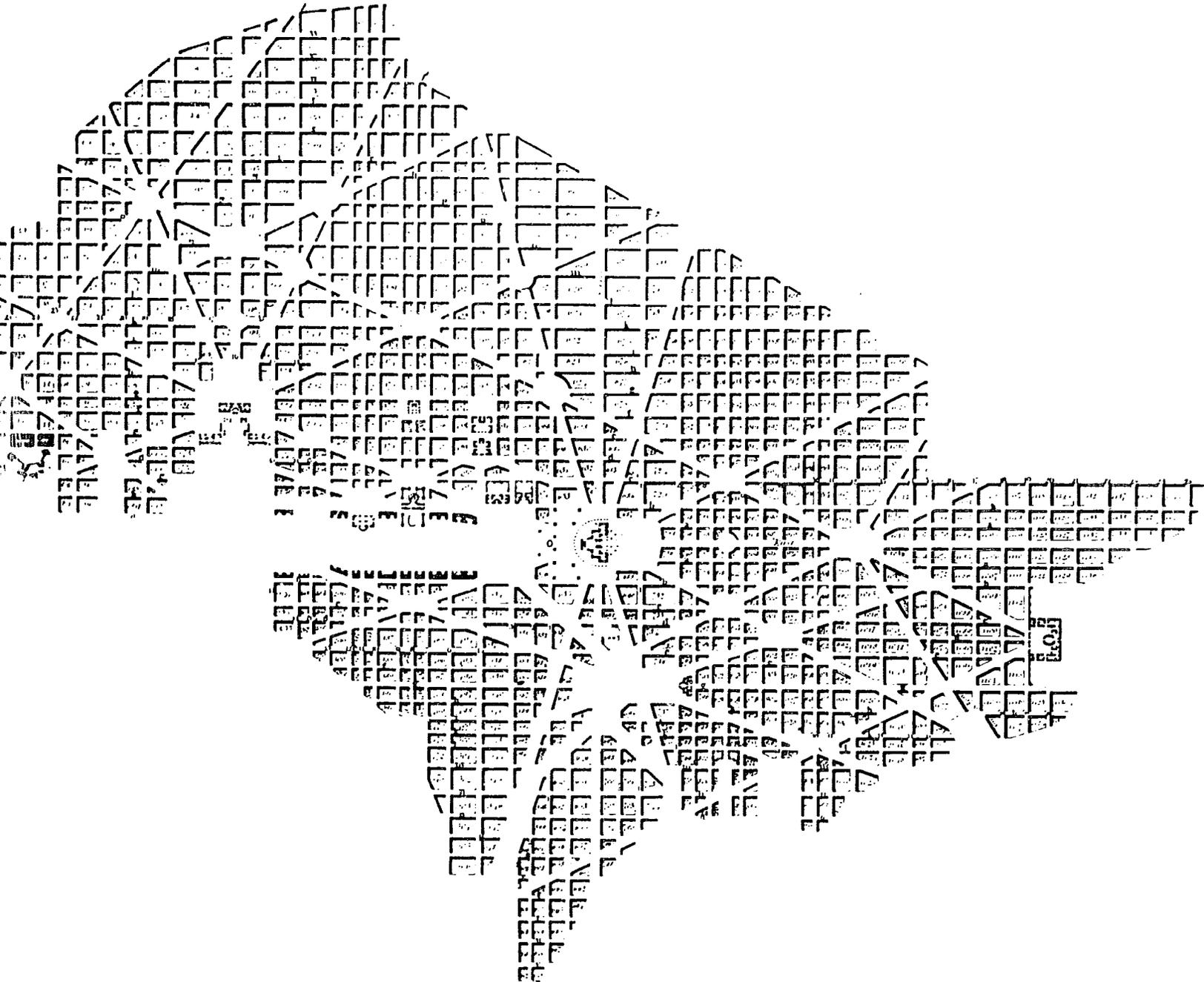


RUPI

REGIONAL AND URBAN PLANNING AND
IMPLEMENTATION, INC. FINAL REPORT



Regional and Urban Planning and Implementation, Inc.

(RUPI)

FINAL REPORT

to April 30, 1966

The central objective of the program carried out by Regional and Urban Planning and Implementation, Inc. (RUPI) on behalf of the Agency for International Development (AID) was to develop policies for urban development in Latin America.

The specific terms of the program were set forth in a Contract between AID and RUPI, dated 31st May 1963, No. AID/LA111; PIO/T 528-Z-87-AA-7-6524384 (hereafter referred to as "The Contract.")

The present Final Report is submitted in accordance with Section I, B, 2 (page 8) of the Contract, in order to convey "full and detailed information on the accomplishment of the assignment and specific recommendations of action to be taken by AID/Washington, US AID, the Contractor, and Latin American governmental and private institutions for further improvement in the future."

I. NATURE OF THE PROGRAM

A. Premises

The fundamental premises of the program have been that (1) the urban populations of Latin America are growing so rapidly as to create grave social problems; (2) orderly growth of metropolitan areas can contribute to the economic health and social stability of a nation; and (3) the

inevitable growth of urban centers in Latin America can be made orderly, and can thereby be made generally beneficial, by the introduction of comprehensive metropolitan development plans.

(1) Urban growth has been going on in Latin America much faster than might have been expected in view of levels of economic development. "Normal" expectations, based on the economic history of Europe and of Africa, would suggest that underdeveloped economies are likely to continue largely rural, and that concentration of large fractions of a nation's people in its cities is a fair indication that the nation is economically well developed, much of its income being produced by the urban occupations of industry and commerce. But this expectation is falsified in Latin America, which is at the same time underdeveloped economically and yet highly urbanized.

The facts, as summarized in RUPI Report/Phase I (page 5) are these: "Of all the people in Latin America, the amazing fraction of almost half (46 per cent) live in cities. Over 25 per cent of the people live in the ten metropolitan areas containing over one million people. And it comes as a further surprise that several of the dozen or so largest cities in the world are to be found in Latin America. Moreover, the trends of growth promise to

intensify the urbanization of Latin America. Whereas the total population of Latin America is expected to grow during the next fifteen years at a rate of from 2.5 per cent to 2.8 per cent annually, the population of Latin American cities is expected to grow at a rate of 4.2 per cent to 5 per cent annually. If these differential rates are realized, then within fifteen years a decided majority (nearly 55 per cent) of all Latin Americans will live in cities. Moreover--and this is only one of many indications of the magnitude of the urban problem in Latin America--each city in Latin America, on the average, will have doubled in population."

These statistics suggest the magnitude of changes that have been taking place but do not reveal their nature. They do not indicate the pressures generated by rapid growth of city populations. These pressures are economic, social and political in nature.

"The most pressing problem generated by this very rapid urbanization"--so Report/Phase I (page 7, ff.) continued--"is the demand for additional housing. . . .There exists already a gigantic deficit in the housing stock of Latin American urban areas. . . .conservatively estimated at 14 million dwelling units. The deficit is patched over by makeshift shelters of the most rudimentary sort, thrown together of tar paper, sticks, discarded oil tins and

whatever else may have come to hand, lacking even the most primitive facilities for supply of pure water or the sanitary disposal of garbage and sewage. Assaulting the eye and nose by their squalor, and sapping the vitality of their residents by overcrowding and disease, these 'instant slums' are devastating not only in aesthetic and moral terms, but also from the standpoint of industrial productivity and economic efficiency at large.

"Moreover, the rapid urbanization and consequent housing shortage gives rise to political tensions in an exorbitant degree. Urban masses crowded into intolerable environments. . . are politically more volatile than a discontented rural population. Their very crowding affords opportunities for organization, or, at the very least, supplies the material for mob action. The ever-present contrast between their own poverty and the conspicuous luxury of the urban rich is calculated to provoke envy. Finally, the proximity of the institutions of government and of the governors themselves invites political action by the urban poor, especially since nobody is as confident as they of the government's power to relieve distress, just as nobody is as cynical as they about the government's intention to do so. For all these reasons and more, the critical point for political explosions among the urban poor is much lower than

among the rural poor, even though the latter are often in point of fact still poorer."

In addition, as is well documented, social disorders arising in an overcrowded urban environment often result in the deterioration of family life, rootlessness, and thus apathy, psychic breakdown, and crime. These pathological consequences interact with economic and political disorders so as to heighten the potential for chaos: psychic disorders reduce economic efficiency, with a resulting decline in income, and in this way political disaffection is exacerbated.

In short, the evidence amply validates the first premise of the study, that urban growth has been taking place (and will almost certainly continue taking place) in Latin America at a pace which could threaten profoundly dangerous consequences, unless this growth is so directed as to make it beneficial.

(2) Orderly growth of metropolitan areas can contribute to the economic health and social stability of a nation, even when such growth is unusually rapid by comparison with rates prevailing in other countries or in rural sectors of the same country.

Urbanization is normally a prior condition of industrialization. If the shops and factories of Latin America

are to produce increased output of goods, the cities of Latin America will need to provide a growing industrial labor force. It is, of course, theoretically conceivable that industrialization might take place in a rural setting, each factory drawing its labor force in from a very wide geographic area. A pattern of this sort has been growing up in the United States, though it is not yet at all common. It depends, however, on a very high efficiency of private transport, which enables workers to move cheaply from their fairly isolated residences to the factory site. As this uncommonly rich pattern of private vehicles and public roads does not apply in Latin America, and is not likely to come about there soon, being contrary to the geographic character of many Latin American countries as well as to their income levels, it may be confidently expected that the process of industrialization and more largely of economic development will involve continued expansion of the cities.

This conclusion is fortified by the fact that industrial expansion in Latin America is practically certain to be accompanied by heavy increases in the labor force. In highly developed economies much of the increasing capacity of the economy derives from the substitution of capital for labor; automation is the extreme example. But in an underdeveloped country, by contrast, capital is relatively much

scarcer than labor; and thus the more efficient typical form of enterprise in such countries uses little capital and heavy doses of manpower. On this account too, therefore, economic development in Latin America must depend on orderly urbanization. The converse is equally true: that orderly urbanization, by making available to the industrial and commercial sectors a labor force whose morale is unimpaired--or even enhanced--by the conditions of urban life, and by providing industry with various other services, makes a positive contribution to the economic health and social stability of the nation.

That the morale of people may be enhanced by their immigration into cities, if those cities are developing in an orderly fashion, is not in doubt. Any skepticism on this score derives from the mythology created by the Romantic movement, which portrayed the life of peasants as simple, natural and harmonious, and the life of the city-dweller as complicated, artificial, hectic and corrupting. Perhaps this myth corresponded to reality somewhere, sometime. It does not correspond to reality in general. For a depressed peasantry the city holds out hope of income, company, education and emancipation--the hope of breaking out of a closed circle of perpetual debt and unrewarding labor, of boredom and absence of cultural opportunities, of poverty and ignorance. And a city that is in good working order not only

holds out the hope, but fulfills the promise. Urbanization in the West--contrary to the dire prognosis of the critics of the enlightenment and of industrial progress--has been the basis on which the lower classes moved from rural poverty to their present, extraordinary levels of plenty, and what is more, of stability and satisfaction.

The problems generated by disorderly growth of cities --chaotic, self-contradictory, unplanned and therefore costly in money and lives--should not be allowed to obscure the utility of well-ordered cities as instruments of progress.

(3) The third premise of the Study--its underlying practical premise--is that urban growth, even when rapid, can be made orderly and beneficial by coherent control under a Comprehensive Metropolitan Area Development Plan (MADP).

The benefits of effective comprehensive planning for urban development were outlined in Report/Phase I (pp. 36-40) and considered in extenso in RUPI, Policy Statement and Guidelines and Comments on the Guidelines. By way of summarizing them here, the following benefits may be mentioned:

a) Comprehensive planning for urban development can introduce greater predictability into metropolitan development, thus easing the tasks of public officials, private entrepreneurs, and, most important, assuring the amplest

opportunities for citizens to make optimal adjustments to changes in their total environment.

b) It can improve administrative and fiscal management by allowing for coordination of all improvement projects, thus preventing such waste as might be generated, for instance, by conflict between a park and a housing project both of which have been designed, in the absence of coordination, for the same site.

c) It can allow for sharper recognition of shortages and of capacities, by bringing about that marshaling of information which is the first essential step in the planning process.

d) It can lead to long-run economies, as, for instance, by checking the growth of slums and blighted areas, thus avoiding expenditures which would otherwise be needed in order to provide welfare services for inhabitants of such areas.

e) It can avoid over-centralization, by bringing planning within the domain of the metropolitan levels of government. (By contrast, in Peru, for instance, urban development programs prepared by the National Office of Planning and Urbanization were in force for over fifteen years without producing the desired effects, partly because

the regulations were so exacting and so alien to local needs that they could not be met, with the result that most urban development occurred "illegally.")

f) It can, on the other hand, avoid the excessive decentralization--and the accompanying geographical limitations on the scope of plans--that results from planning by and for discrete, small local units rather than for unified metropolitan areas.

g) It can augment the effectiveness of national economic policies and plans by making the necessary decisions for locating the intended new facilities such as factories, roads, harbors or housing--and by making those decisions within a coordinated context.

h) It can enhance the effectiveness of national economic policy further by reducing wasteful competition among regions for resources at the disposal of central government. When each region attempts to gain for itself some large share of the limited development resources available to the nation as a whole, the resources may become too widely dispersed and their effectiveness radically reduced. If, on the contrary, the national government is committed to comprehensive planning, area by area, the regions can rely on a distribution which will be equitable as among the

regions in the long run, and which can thus be allocated, in the short run, with more care for economic efficiency.

i) It can, if correctly conceived and administered, be a means of stimulating political participation at the grassroots, so enhancing the democratic character of the political order. It can achieve this indirect result, as well as better accomplishing its immediate purpose of producing a practicable and coherent plan, by basing its practical proposals on a broad consensus as to the aims and aspirations to be served by the plan. And those ordinary citizens, whose views as to policy are thus invited, explored, and in the process educated and enlarged, come to consider themselves to be legitimate participants in orderly political processes.

For all these reasons, then, it seemed evident from the outset that the apparently inevitable course and rate of urban development in Latin America could be made optimally efficient by the ordering influence of Comprehensive Metropolitan Area Development Planning.

These premises have been verified consistently throughout RUPI's program by research findings and by inquiries into the feasibility of implementing RUPI's policy proposals.

B. Phasing

The ultimate objective of the Research Program has been to devise policies for urban development, policies to be used by AID in administering assistance and to be used by such Latin American areas as might choose to apply for assistance on this basis. The focal point of these policies was to be the MDAP; or, as the Contract stated (I,A,2; p. 3), "In carrying out this program the Contractor will focus on the comprehensive development plan." The work of developing practicable policies for comprehensive metropolitan planning was divided into three phases.

(1) Phase I was devoted to research and to preliminary recommendations for action. The work of this phase was reported on in two documents: RUPI, A Program for Urban Reform and Development in Latin America; Recommendations (January 1964), and A Program for Urban Reform and Development in Latin America; Report/Phase I (February 1964). The chief findings and policy recommendations contained in these reports are discussed in section II of the present report.

(2) Phase II, as stipulated by the Contract, centered on formulation of a "development model." The precise form given to this undertaking was to prepare a policy statement and a set of draft regulations to implement the general

policy principles which RUPI proposed should be followed in giving assistance to urban development projects in Latin America. These statements and regulations are contained in RUPI, Policy Statement and Guidelines: Urban Development and Housing (October 1964). These Guidelines were further adapted to action by Comments on the Guidelines: Urban Development and Housing (December 1964). The relation of these three documents to each other is outlined in this passage from the Comments (pp. C1-C3): "The policy of AID is to help channel the rapid growth of metropolitan areas in developing nations in such a way as to make the greatest possible contribution to their social, economic and political improvement. . . .In accordance with this objective, it is the policy of AID to condition its assistance to metropolitan areas on the existence of a comprehensive metropolitan development plan, to ensure that any particular project for urban improvement shall be designed and carried out in accordance with well-coordinated long-run programs. These policies are stated in RUPI, Policy Statement (October 1964)

. . . .

"In order to translate AID's policy into practice, Guidelines have been prepared. . . .The main purposes of the Guidelines are to define and specify the requirement of a comprehensive metropolitan development plan. . .and to set forth the grounds and procedures of application to AID for

assistance to urban improvement projects. . . .The Guidelines are intended to serve AID as a guide in administering assistance, and to serve recipient areas as a checklist in the preparation and execution of a comprehensive metropolitan development plan and in applying for assistance.

"The present Comments amplify the Guidelines, explaining in appropriate detail the rationale of various provisions in the Guidelines. The Comments, like the Guidelines themselves, are subject to revision from time to time in the light of experience."

A second aspect of the work of Phase II was to test the feasibility of applying the Guidelines to conditions actually pertaining in Latin American cities. As set forth in the Contract (page 6), the procedure was as follows: "At least one Latin American city shall be chosen as a testing ground. . . .Observations of the locale and discussions with interested groups involved will bring to light factors not discernible under Phase I. Members of the Contractor's Staff will spend limited periods of time in the field visiting cities where investigations are likely to prove most fruitful."

On the basis of preliminary estimates of the situation, RUPI decided (in consultation with officials of AID) to carry out such testing principally in Mexico City and

Lima. Leading results of these investigations have been summarized in a series of RUPI reports:

1. The Political Feasibility of Areawise Planning in Mexico City (May 1965);
2. Problems and Programs for the Urban Poor in Mexico City (May 1965);
3. A Program for Housing and Urban Development in Mexico City (November 1964); and
4. Urban Redevelopment in Peru (April 1966).

A third main aspect of the work of Phase II was the preparation of a series of definitive statements on policies for the financing of urban development with the public revenues generated by local governments. Earlier investigation had suggested that one great obstacle to effective metropolitan area planning might be fiscal inadequacy on the part of urban and metropolitan governments in underdeveloped areas. A metropolitan area which is altogether dependent for fiscal support on regional or national governments can hardly be supposed to enjoy the freedom of action that would enable it to create and sustain an MADP based on consensus of the citizens of the metropolitan area. In any event, to put the matter in the most practical light, the capacity of a local government to make and carry out an effective development plan will be enhanced if the government is well informed as to the most effective methods of local finance.

This third aspect of Phase II has resulted in a series of RUPI reports, namely:

1. User Charges in Government Finance (August 1965);
2. Special Assessments (August 1965);
3. Index Bonds; Inflation and Mortgage Credit (1965);
4. Government Investment: An Outline of the Decision Process (August 1965);
5. Factors Affecting the Price of Land (August 1965);
6. Self Assessment (April 1965);
7. Taxation of Unimproved Value in Jamaica (April 1966); and
8. Municipal Land Reserves: An Instrument of Public Policy (April 1966).

These reports, as a body, form the best guide now available to the problems of fiscal policy of local governments. These reports have been prepared in such a style as to put the findings of experts in economics and finance at the ready disposal of public officials responsible for making or carrying out public policy. Like all other RUPI reports, therefore, they are intended for use by AID and, at the discretion of AID, for distribution to Latin American public officials involved in projects for metropolitan development or in establishing MADP's.

In short, this body of RUPI reports on local finance is a measure to implement the "Public Revenues and Expenditure Plan" of the MADP as laid down by Guidelines, Section III, B, 2 (Guidelines, pp. 36-39, and Comments, pp. C89d-C89f.); and thus parallels the implementation effort of the studies of Mexico City and Lima cited above.

(3) Phase III. According to the original design of the Program, as embodied in the Contract (page 7), this stage would consist of "an attempt to model into operation . . . the major elements of a comprehensive plan shall be translated into an operational plan for at least one selected Latin American city."

It was recognized from the outset that this Phase of the Program would require a very considerable commitment of RUPI personnel. Thus, the Contract (page 7) stated: "To the extent permitted by circumstances, the Contractor's staff shall become directly involved in operations on the selected city and shall deal with local financing institutions, local government and planning officials, private developers, lawyers, commercial interests and representatives from National planning bodies and sources of outside capital. The aim will be to coordinate the efforts of all persons, organizations and institutions concerned with urban development in order to set the process of comprehensive planning in motion."

These tasks, requiring a heavy commitment of personnel armed with the necessary skills and experience to carry out the wide responsibilities so placed upon them, and requiring work over some considerable length of time, would almost certainly require funding on a basis much more extensive than that provided for by the Contract. This was recognized, at the inception of the Program, by the proviso of the Contract (page 7) which stipulated that Phase III would be carried out "to the extent funds are available," and by the express proviso in the Contract (page 5): "The Phase III effort is to be treated as a separate unit of work, and shall be completed in the event that resources permit."

By the spring of 1965, in view of findings made during Phase II (and incorporated in the RUPI reports listed above), RUPI had reached the conclusion that the work of Phase III could best be carried out in Mexico City. Accordingly, Professor Charles M. Haar (President of RUPI) reported, as follows, to Mr. Harold Robinson at AID/Washington:

"For some time, we at RUPI have been focusing on the third phase of our program--the selection of a prototype city or cities in which the Guidelines may be applied. Based on discussions with the Committee on Housing and Urban

Development, and on consultation with other government agencies, and professors and consultants from various disciplines, it is our recommendation that Mexico City be selected for a preliminary demonstration and application of the principles embodied in the 'Approach to Urban Development.'"

He then proceeded to explain the reasons why, in the light of RUPI's findings, Mexico City was a particularly promising scene for such a demonstration project, from the standpoint of (a) its problems, (b) its resources, and (c) the timing of the project.

This proposal to demonstrate the efficacy of the Guidelines in Mexico City was augmented by the suggestion that a second demonstration city be chosen concurrently. "In order to provide a demonstration of the Guideline approach in the administration of United States aid, however, it would be advisable to supplement the Mexico demonstration with a second city in which there is a continuing policy to provide aid, technical assistance and grants [from AID, such assistance to Mexico City having been in large measure discontinued]. A second demonstration could provide many useful contrasts with the Mexican study, in any event, for comparative analyses are, in the long run, always more fruitful. Rather than involving the comprehensive and

articulated study called for by the complexity of a metropolitan area of nearly six million people, it should be conducted in a smaller and poorer city, with the emphasis upon the coordinated and discriminating use of foreign assistance combined with a simplified version of the RUPI metropolitan area development plan. . . .For the foregoing reasons we strongly urge AID to undertake the application of the Guidelines to Mexico City, it being understood that a supplementary and comparative demonstration will be undertaken concurrently in another metropolitan area." In due course RUPI reached the conclusion that the best site for this second demonstration would be Lima.

While nominating Mexico City and Lima as demonstration cities for Phase III, RUPI recognized that by the spring of 1965, the funds remaining available under the Contract would be far from sufficient to carry out Phase III. Negotiations were therefore initiated by Professor Haar (then President of RUPI), during the spring of 1965, with AID for further funding on a scale adequate to the expenses now foreseen in connection with demonstration city projects. Furthermore, it was decided that an altered formal structure of the Contracting body would facilitate the work. These points were incorporated in Professor Haar's proposal for the Study of Legal Institutions in Latin America. The welcome accorded

this suggestion is indicated in the letter of August 20, 1965, from Mr. Ernst Linde (Research Officer, Research and Analysis, Office of Technical Cooperation and Research, AID), which read in part:

"We are happy to report to you that there is considerable interest within AID in your proposal for the Study of Legal Institutions in Latin America. . ."

These negotiations were, however, terminated for the time being at the end of 1965, at which time Mr. Haar accepted an appointment to federal office as Assistant Secretary, Department of Housing and Urban Development. At this time, also, Mr. Haar resigned from the Presidency of RUPI.

The Contract, which had been extended as to its final completion date, terminated as of April 30, 1966.

II. ACCOMPLISHMENTS OF THE PROGRAM

A. Findings

The principal research findings of the Program are contained in the series of Reports filed with AID by RUPI at various times. A complete listing of these Reports, as well as a summary statement of the contents of each, is given in the Bibliography below.

B. Contributions to Policy of AID

The main policy instrument prepared by RUPI is the Policy Statement and Guidelines, as augmented by the Comments on the Guidelines--both of which evolved from the discussion and outline contained in Report/Phase I.

Soon after the submission to AID of Report/Phase I, copies of the Report were distributed to AID missions; and Mr. William Hall, AA/A, stated (in a memorandum quoted in AID TO CIRCULAR XA 527; 11-21-64):

"Professor Charles M. Haar of Regional and Urban Planning Implementation, Inc., has completed a preliminary report on a three phase study he is making of AID's program for urban development in Latin America.

"The Administrator has reviewed Professor Haar's report and feels that some of the suggestions he has made

may have applicability on a world-wide basis. He has requested that the Latin American Bureau keep the other Bureaus. . . informed of the progress of the study and that a review be made for applicability to other regions when Phase I and the Guidelines are completed."

Further, in Circular XA 527, it was stated that "LA/ID has established an Urban Development Committee," this committee being in part "an outgrowth of the so called 'Haar Report'" and associated with an "Approach to Urban Development (AID LA-7)" being developed by Professor Haar. It was stated that "Professor Haar has met with the Committee to discuss his preliminary recommendations [RUPI, A Program for Urban Reform. . . : Recommendations] and will meet with them on several more occasions."

Thus the findings and recommendations made by RUPI at the end of Phase I were widely circulated by AID and were reviewed and endorsed, as shown above, by the Administrator and senior officials of the AID administration.

Soon after the Guidelines and Comments were transmitted to AID, they too began to have a considerable impact on policy bodies in AID. They were at once distributed to members of the Housing and Urban Development Advisory Committee for discussion at its meeting on March 16, 1965. (Letter from Osborne T. Boyd, Deputy Director for Housing, AID, to

Charles M. Haar, February 5, 1965.)

On February 9, 1965, Mr. Boyd forwarded to Professor Haar a proposed Policy Statement on Urban Development and Housing, stating in his covering letter: "I am sure that you will recognize that we have incorporated many of your recommendations in this revised Statement." Indeed, an examination of this Statement (TCR/IDT & Housing, February 1, 1965) shows that the Sections declaring AID's "General Policy on Urban Development," "General Policy on Building Urban Institutions," and "General Policy on Housing" are transcripts (verbatim or substantially verbatim) of the related sections of the Policy Statement contained in RUPI, Policy Statement and Guidelines.

It can be said, therefore, that from early 1965 on, AID adopted as its own substantially the whole of the policy recommended to it by RUPI. This is no more than to say that RUPI fulfilled, to the satisfaction of high officials of AID, the tasks it had undertaken for Phases I and II, the degree of this accomplishment being measured by the contribution RUPI made to the formulation of AID policy on housing and urban development.

C. Effects on Urban Development Potential in
Latin America

Although the demonstration project contemplated in Phase III was put off by force of circumstances, important groundworks were laid by various efforts of members of RUPI acting both in their capacity as such and in the course of collateral undertakings.

Visits to Mexico City and to Lima by members of RUPI, when carrying out inquiries connected with Phase II, provoked considerable interest in the MADP (as set forth in the Guidelines) among political leaders and influential professionals in those cities. These are the men whose understanding and enthusiastic agreement will be essential in making the demonstration projects a success. They include alike intellectuals and men of action. Among them may be mentioned such figures as the Mayor of Lima, the Director of the Architectural Institute at Lima, and the large group of officials and experts who contributed to the success of RUPI's report on Lima and whose efforts are recognized by name in the "Acknowledgements" appended to that report.

Collateral activities of members of RUPI have contributed to awakening interest among young Latin American leaders in urban development and in stimulating them to acquire additional expertise in areas relevant to urban

development. Mention may be made, for instance, of the graduate seminar conducted at the Harvard Law School by Professor Haar and Professor John Meyer on land-use problems in Latin America, which involved many lawyers and economists, from Latin American countries and from the United States, in the exploration and enhanced understanding of problems of urban development in Latin America.

Reference should be made also to the participation of Professor Haar and other members of RUPI in the study, under the leadership of Professor O. Oldman of the Harvard Law School, on the financing of urban development in and the uses of the property tax in Mexico City, a study shortly to be published by the Harvard University Press. The effects of this work in paving the way for a demonstration MADP project in Mexico City were gauged in these terms by Professor Haar, in the letter on Phase III cited above: "In the course of its current property tax study, Harvard Law School has established literally hundreds of contacts with Mexican lawyers, social workers, economists, developers, architects, engineers, planners and private bankers. Working relations have been established with government officials in the most important branches of Mexico City's government, the Bank of Mexico, the National Mortgage Bank, the National Housing Institute, and the Social Security Institute. Contacts in

the national government itself include the Secretary of Public Works, the Secretary of the Treasury, and personnel in the national planning bureau. Thus it should prove feasible within a relatively short time to develop a broad base of local support for a comprehensive study of urban problems. In addition, the availability of Harvard's preliminary studies, now nearing completion, can serve to shorten the [MADP] project time in Mexico City by several years."

And it hardly need be added that the current potential for urban development in Latin America has been enhanced by the series of Phase II studies dealing, on the one hand, with the specific problems of Mexico City and Lima and, on the other hand, with the general methods of public finance appropriate to support of urban development in Latin America. These studies, too, will have abbreviated the time needed to carry into effect demonstration MADP projects of the kind contemplated.

It would not be appropriate to close this account of the accomplishments of the RUPI program without expressing recognition and thanks for the great help which RUPI received from officials of AID, particularly (though by no means exclusively) in making available to research staff of RUPI

certain internal files of AID, which both gave RUPI an enlarged sense of operational necessities and enabled its staff to check and test its own research findings.

III. RECOMMENDATIONS FOR ACTION

One major recommendation emerges from the foregoing: AID should proceed, as soon as possible, to initiate demonstration MADP projects in Mexico City and Lima. As indicated above, matters are now ripe for successful initiation of such projects. The ultimate effect of such demonstrations, successfully carried out, would be to stimulate the adoption of MADP's throughout Latin America, thus bringing about that orderly, beneficent, urban development which--as explained in IA above--has been the chief policy premise of the RUPI program.

While urging AID to proceed as soon as possible to this program, RUPI is temporarily suspending its own operations, due to Mr. Haar's present duties in Washington and to other duties taken on, for the time being, by the present officers of RUPI.

APPENDIX

BIBLIOGRAPHY OF RUPI REPORTS

1. A Program for Urban Reform and Development in Latin America: Recommendations (January 1964).

Recommends that AID require the following qualifications as conditions of assistance to urban development and housing programs: a unified, flexible metropolitan plan, integrated with the national economic plan, and encouraging private initiative to be coupled with public efforts toward urban development.

Recommends that the general objective of assistance by AID be the building of institutions in Latin America, so as to promote legal orderliness in land-use and establish more effective controls, to increase the flexibility of rules governing the ownership of real estate, and to improve the financial capabilities of metropolitan authorities and urban land-users.

Recommends that an additional general objective of assistance be to improve housing supplies in Latin American cities, especially by means of "squatter renewal," "squatter extensions," and regulation of the legal status of squatter holdings.

Proposed certain immediate studies in connection with these Recommendations, and outlined tasks of Phase II.

2. A Program for Urban Reform and Development in Latin America:
Report/Phase I (February 1964)

This report contains the research findings and analysis which support the Recommendations in #1 above.

Analyzes the need for a program of urban reform and development in Latin America. States the case for a unified approach to such reform and development, by examining inadequacies of the previous approach to it, and the advantages and feasibility of a unified approach.

Analyzes nature of an Overall Metropolitan Plan by (1) reviewing main elements--physical, financial, economic and institutional; (2) exploring some central elements--transportation needs, taxation of real property, credit facilities, and legal institutions and reforms; and (3) exploring in depth the element of housing--needs, economic arguments for subsidizing, criteria for selecting recipients of subsidized housing, methods of supplementing the private construction market, external effects of housing projects, and new towns.

3. A Program for Urban Reform and Development in Latin America: Appendices (February 1964)

These appendices support Report/Phase I. Appendix I, "U.S. Economic Assistance to Latin America, January 1, 1960 to June 30, 1963." Summarizes assistance, January 1, 1961 to December 31, 1962, by categories: (1) Housing loans, AID and SPTF; (2) Water and Sewage loans, AID, Ex-1m, IADB, and SPTF; and (3) Miscellaneous, AID. Summarizes assistance, January 1, 1960 to June 30, 1963 (AID, Ex-1m, SPTF, Peace Corps, and Food for Peace) by users for all Latin American countries, and regions and ROCAP.

Appendix II outlines legislative alternatives for achieving a unified approach to urban development (cf., Report/Phase I, Chapter II), with special reference to alternative constitutional positions of a metropolitan planning agency.

Appendix III outlines draft regulation for an AID Urban Reform and Development Program. (This outline was substantially modified by the Guidelines, #4 below.)

4. Policy Statement and Guidelines: Urban Development and Housing (October 1964)

Policy Statement declares General Policies on Urban Development, Housing, Building of Urban Institutions, Training Programs, and Implementation.

Guidelines set forth preconditions of assistance in terms of: Planning Requirement, Nature of the MADP, Elements of the MADP (Physical, Economic, Social, and Institutional), Preparation and Phasing of the MADP, Requirements for Applications for assistance, and special requirements for Planning Projects, Transitional Projects, Demonstration Projects, and Supporting Assistance.

5. Comments on the Guidelines: Urban Development and Housing (December 1964)

A detailed commentary on the Guidelines, keyed to them by section and page.

(For relation of Comments to Policy Statement and Guidelines, see text of Final Report above, at IB2.)

6. A Program for Housing and Urban Development in Mexico City

(November 1964)

Presents findings on housing trends, needs and supply conditions in Mexico City. Proposes several new programs to raise environmental standards (pp. 49-62).

Analyzes federal interest in, precedents for, and means of organizing, Metropolitan Development and Planning; and proposes steps toward instituting MDAP in Mexico City.

7. The Political Feasibility of Metropolitan Planning: Mexico

City, A Case Study (May 1965)

Follows up #6 above.

Analyzes District government as instrument for development, the potential for planned development decision making, and effects of politics on that potential.

8. Problems and Programs for the Urban Poor in Mexico City

(May 1965)

After analyzing problems, set forth Policy Guidelines with respect to Staff Training Programs (pp. 33-38) and Training Centers (pp. 38-41).

9. Index Bonds: Inflation and Mortgage Credit (1965)

Analyzes use of index bonds (bonds linked in value to a price index) as means of providing mortgage credit in underdeveloped countries subject to inflation.

Summarizes possible costs and benefits to an underdeveloped country of introducing index bonds.

10. Factors Affecting the Price of Land (August 1965)

Analyzes underlying economic basis of the urban land market; presents a dynamic theory of land prices in markets subject to risk and uncertainty and to specified departures from competition. Analyzes effects of imperfections of market due to institutional arrangements, including public policies, such as index bonds and land banks. Throughout, particular attention is paid to developing countries and economies characterized by inflation.

11. User Charges in Government Finance (August 1965)

Analyzes User Charges: their nature and rationale, the appropriate levels of such charges, their design and application, and their scope and revenue implications; all with particular reference to municipalities.

12. Special Assessments (August 1965)

Analyzes the application of Special Assessments, methods of applying them, criticisms of them, and related fiscal devices--increment taxation, excess condemnation and recoument, and development charges and compensation.

13. Government Investment: An Outline of the Decision Process
(August 1965)

Supplements #11 and #12 above--both of which outline principles for financing and pricing existing services offered by urban governments--by outlining principles for determining whether or when a new public facility should be invested in.

Analyzes principles of cost-benefit accounting, discounting of future costs and benefits, effects of risk, capital budgeting, the internal rate of return, estimating of external effects, measurement of costs, and determination of appropriate rate of interest.

Analyzes and proposes use of multi-period investment planning.

14. Municipal Land Reserves: An Instrument of Public Policy

(April 1966)

Analyzes land reserve policy from the standpoint of three questions: (1) How large should municipal land reserve be to achieve price stability and proper utilization? (2) How effective is the land reserve in comparison with alternative methods of land use control? and (3) What is the ideal point in time for a municipality to purchase a given parcel of land?

15. Self Assessment (April 1965)

Examines probabilities that proposed schemes for self-assessment of property values, for purposes of property taxation, will lead to optimal allocation of land to alternative uses, to maximization of net public revenue from property tax, and to equity as among different classes of private owners of real property.

Discusses feasibility of self assessment schemes. The analysis focuses on municipalities in developing countries, particularly in Latin America.

16. Urban Redevelopment in Peru (April 1966)

Traces urban redevelopment in Peru, its benefits and costs. Evaluates its purposes. Examines *barriada* redevelopment; recounts response of government to *barriadas*, and evaluates response. Analyzes urban rehabilitation through large scale clearance and reconstruction, and methods of stimulating private construction.

Recommends an urban rehabilitation structure for Peru.

17. Taxation of Unimproved Value in Jamaica (April 1966)

Reports on certain features of Jamaica's taxation of site value with a special interest in what other developing countries might learn from this experience. Explores practical problems raised by this type of taxation, and its potential as an instrument for speeding economic development, particularly construction.