

**International Development Planning Review** (Formerly Third World Planning Review), 24 (1), February 2002, pages 1-19.

**ON THE MYSTERY OF CAPITAL AND THE MYTHS OF HERNANDO DE SOTO: WHAT DIFFERENCE DOES LEGAL TITLE MAKE?**

**ALAN GILBERT**

**University College London**

Hernando de Soto's new bestseller, **The Mystery of Capital**, attributes the failure of capitalism in the Third World to the lack of property titles. While this is hardly a new argument, it is acquiring renewed momentum because his is a very influential voice within Washington. On hearing his advice, Latin American governments will increase the pace of distribution of title deeds.

My question in this paper is to ask what difference the 'gift' of a title deed actually makes to the lives of the poor? Does it permit them to borrow money from the formal sector as de Soto and the World Bank claim? Does it open up a new world of capital accumulation for the poor because it now allows property to be transferred legally from one 'owner' to another? Or, does it in fact make so little difference that most of the so-called advantages of legalisation are a sham?

Using data gathered in the now legalised self-help settlements of Bogotá, I will question each of the main benefits of legalisation. I will show how sales are sometimes more frequent when people lack legal title, how informal finance is available from the initial formation of an illegal settlement and how little formal finance is forthcoming after legalisation. Most importantly, I will show that there is little sign of a secondary housing market developing in legalised settlements. It is hard for the poor to make money from homeownership when they cannot sell their houses.

**A few words about Hernando de Soto**

Hernando de Soto seems to have the knack of convincing decision-makers that he has invented something new. The novelty of 'his' message is exaggerated by his less than

honest habit of failing to cite virtually any of his sources. His first best seller, **The Other Path**, was published in Spanish in 1986 and in English in 1989. Its key message was that the downtrodden slum dwellers of Lima were victims of the state. Inappropriate and excessive government regulation made their lives unnecessarily difficult. They were not to be condemned for their consistent failure to obey Peruvian law; they were to be applauded for the initiative that they showed in struggling against the damp hand of bureaucracy. As the laws they were breaking were generally unjust, and they were breaking them only to survive, they deserved no blame. The sensible answer to informality was not better policing so much as changing and removing the regulations. Such an argument was popular in Peru, where few appreciated the oppressive bureaucracy, and in Washington, where the message was music to the ears of the Reagan administration. The latter liked the thesis that the informal sector was made informal by the formal sector. Arguably, de Soto's ideas also supported the message of the World Bank and the IMF with respect to structural adjustment (Bromley, 1990: 331). De Soto provided a cloak of respectability for conditionality if 'people down there like what we are recommending here in Washington'!

De Soto was highly influential in Peru. Panizza (2000b: 189) argues that "de Soto's (1989) apologia of free-market economics as a crusade in favour of 'the little man in the slums' and against the country's political and economic oligarchy set up the ideological ground for Fujimori's neoliberal reforms". But his role in Peru is far more important than that because over the years he has worked both with and against supporters of structural adjustment. During the 1980s, it is said that he was invited to be prime minister or vice-president by three different administrations and to be mayor of Lima by a fourth (Bromley, 1990: 342). His admirers ranged from the political right to the left. If he was influential in Peru, he was only marginally less so in Washington. One source in DC tells me that he arrived as a fully-fledged star in the 1980s and that, for a while, **The Other Path** was the recognised bible. "He was able to penetrate Washington society more effectively than any other person I have seen." His "right wing romanticism" was very popular in the 1980s.

USAID backed him strongly and one confidant in Washington reports that he brought a political cachet to us rather than the other way round.<sup>1</sup> “He was beloved by the administration” of AID in the late 1980s because the issue of titles and credit has always been very important in the housing arena here in AID. Later, however, others within that organisation began to question his arguments and cut off his funding. Another source argues that de Soto was eventually recognised as “a fraud” and admits to being “quite embarrassed that AID has supported him for so long”. Clearly, different departments in the organisation developed very different views of him.

The new book, **The Mystery of Capital: Why capitalism triumphs in the West and fails everywhere else**, is in the same mould as the first but is even less modest in its aims. It is a book about how to solve the problems of virtually every poor person in the Third World. It is clearly populist in tone and does not hesitate to attack neo-liberalism and conditionality: “with varying degrees of enthusiasm, Third World and former communist nations have balanced their budgets, cut subsidies, welcomed foreign investment, and dropped their tariff barriers. Their efforts have been repaid with bitter disappointment. From Russia to Venezuela, the past half-decade has been a time of economic suffering, tumbling incomes, anxiety, and resentment...” (de Soto, 2000: 1). His remedy is to offer opportunity in place of suffering. He promises to help the poor through the existing economic system. A revolution is not necessary because capitalism clearly works in the west and can work with a little bit of tinkering in the Third World. The United States as a society has got the message right and what is needed is to turn the Third World slum dweller into a typically American small businessman.

No doubt the new book will be as well received as the first. Late last year de Soto was making presentations at several forums in Washington and since then he has made high profile promotional visits to a number of developing countries. The list of famous names on the cover of the book show that de Soto appeals to a wide and highly influential audience: a former British prime minister, an ex-British Foreign Secretary, a former US Ambassador to the UN, a former Secretary General of the UN, an ex-Chairman of Citygroup, two Nobel Laureates in Economics, and the founder of The

---

<sup>1</sup> I spent the last three months of 2000 in DC working at the Inter-American Development Bank and conducting a study into Washington’s influence on housing policy in Colombia, Chile and South Africa.

National Review. Any book with the names Margaret Thatcher, Milton Friedman, Jeanne Kirkpatrick and William F. Buckley on the cover is likely to command immediate attention under the new regime. In his recent BBC Dibleby lecture, ex-President Clinton praised that “great Peruvian economist, Hernando de Soto” and the latter’s message certainly accords with the current incumbent of the White House who publicly applauds that key American value: ownership.<sup>2</sup> Similarly, World Bank policy has clearly been influenced by his arguments.<sup>3</sup>

### **The ‘new’ conventional wisdom about legal title**

According to de Soto very little needs to be done to make capitalism work well in Africa, Asia and Latin America. Because the poor save money and have developed a variety of business skills all they need is the means to increase their turnover. The key element required to convert them into successful business people is access to formal credit. Grant them legal title to their property and they will gain entry into the world of formal banking. With a legal title to permit them to use their capital assets as collateral, the world is their oyster.

De Soto (2000: 5) explains the current problem facing the poor as follows: “Even in the poorest nations the poor save. The value of savings among the poor is, in fact, immense – forty times all the foreign aid received throughout the world since 1945.” “But they hold these resources in defective forms: houses built on land whose ownership rights are not adequately recorded, unincorporated businesses with undefined liability, industries located where financiers and investors cannot adequately see them. Because the rights to these possessions are not adequately documented, these assets cannot readily be turned into capital, cannot be traded outside of narrow local circles where people know and trust each other, cannot be used as collateral for a loan, and cannot be used as a share against an investment.”

---

<sup>2</sup> As President-elect George W. Bush stated, when introducing his new HUD secretary Melquiades R Martinez on 20 December: “He understands American values. He’s grown to appreciate them. And there’s no greater American value than owning something, owning your own home and having the opportunity to do so.”

<sup>3</sup> Referring to a World Bank loan to Peru, Bank official Elena Panaritis (2001: 21) notes that: “Property rights reform is based on seminal work by Hernando de Soto.”

The priority for government, therefore, is to give them title deeds. Titles will give them access to credit and that will improve the functioning of the land and property markets. Of course, there is nothing particularly new or controversial about this policy. De Soto himself pushed this message very hard in his earlier book and he has been actively involved in regularisation and legalisation programmes in Peru for some years (Panaritis, 2001). Nor is it a new message in Washington, for both the World Bank and the Inter American Development Bank have been saying something very similar for some time. Indeed, both were active in sites and service and upgrading programmes as early as the 1970s (World Bank, 1984; Grimes, 1976; Laquian, 1977). While the World Bank is today disenchanted with sites and services programmes, it is heavily into upgrading and legalisation plays a critical role in that process. As the World Bank's housing policy paper stated in 1993: "The registration of property rights in squatter settlements is... important in making land and house transactions possible and giving occupants legal protection. It encourages the buying and selling of housing and makes it possible for households to move to a dwelling that suits their needs and their budgets. It also increases the choice of tenure available to households, allowing them to own or rent as they see fit" (World Bank, 1993: 117). A loan to the Peruvian government has provided the resources to provide titles on a massive scale. "By August 2000, the Urban Property Rights Program had assisted close to 7 million Peruvians in securing land title, introducing more than \$4billion of previously informal real estate to the organized capital markets. Since the beginning of the program, property values for the newly formalized urban land increased by more than \$1.7 billion" (Panaritis, 2001: 22).

Such a policy is generally a vote winner with electorates: who after all is going to object to being given legal title to their property? It is an apparently unchallengeable recipe for popularity with ordinary people and as such many Latin American governments, both democratic and authoritarian, have been anxious to pursue it. In Chile, for example, the military government in Chile gave out more than 500,000 land titles between 1979 and 1989 and the two democratic governments that succeeded it, distributed a further 150,000 titles by 1998 (Chile, MINVU, 1990; Rugiero, 1998: 31

and 51). It is one policy area where, today, if not in the past, national and local governments are in full harmony with developmental Washington.<sup>4</sup>

### **The real advantages stemming from legalisation**

In Peru, the government can be applauded for having improved the efficiency of the land titling process. “The cost of registering and titling property was reduced overnight from \$2,000 to \$50, and the length of time necessary for registering and titling property dropped from 15 years all the way down to 6 weeks or less” (Panaritis, 2001: 22). Impressive though this action has been, will it and similar efforts elsewhere bring many benefits to the poor? The following sections consider some of the main arguments relevant to answering that question.

#### **a) To what extent is illegality a real problem in Latin America?**

Much has been made of the way poor people invade land in Latin American cities and how in some cities it has become the customary way of obtaining a plot. And, it is true that most low-income housing areas in the lowland cities of Ecuador, Peru, Central America, Colombia and Venezuela have been formed through invasion. In other places, land invasions have only occurred occasionally.

The key factor explaining the incidence of land invasions is the attitude of government. Where governments are willing to take decisive steps to discourage the seizure of land, invasions are few and far between. That is why there have been so few invasions in Bogotá, Quito or, since 1973, Santiago. Elsewhere, governments have been less prudent and in many cities, they have been principal actors encouraging land invasions. In Lima, for example, the invasion of public land on a large scale was first stimulated by the Odría administration in the 1940s (Collier, 1976). Similarly, in Venezuelan cities, the two principal political parties were key facilitators of the invasion of public land for many years (Ray, 1969; Gilbert and Healey, 1985). In Chile, land invasions were encouraged by every political party in the build up to the strongly contested and highly politicised 1970 election (Kusnetzoff, 1987; 1990).

---

<sup>4</sup> By developmental Washington, I mean the World Bank, the IMF, the Inter American Development Bank, USAID and the assorted developmental consultancies and lobbies like PADCO and the Urban Institute.

However, invasions are not the normal way in which poor people obtain land in every city. In most of highland Colombia, Ecuador, Mexico and Peru, and in the south of Brazil, most self-help settlements are founded on land for which the families have paid money (Doebele, 1975; Gilbert, 1981; Gilbert and Ward, 1985; Beijgaard, 1995). These settlements offend the planning regulations but are not illegal in the sense that the land has been taken from the owner. The state of illegality consists of a lack of services, something that could easily be resolved by the provision of infrastructure. Elsewhere, perfectly decent and well-serviced homes simply lack properly registered title deeds; they are illegal only in a technical sense. In Mexico, the situation has traditionally been more complicated because much urban growth has occurred on ejidal land. Because the agrarian communities that controlled the land could not legally sell it, it has been more difficult for the authorities to issue title deeds to the occupiers (Azuela, 1989; Jones and Ward, 1998; Fernandes and Varley, 1998).

Illegality is rarely the principal problem for low-income households. Despite requesting legal title, most 'invaders' know that they will not be removed from the land because they have the backing of a powerful political patron. The purchasers of land in illegal subdivisions are even more secure; they know perfectly well that they are the owners from the day that they pay their deposit to the illegal sub-divider. Such 'owners' proceed with the building of their house unconcerned about the dangers of eviction. It is only settlements that threaten powerful vested interests, for example, because of their geographical proximity to elite residential areas, which are likely to be removed. Most of the notorious eviction programmes of the past, in Caracas, Rio de Janeiro, Mexico City and Santiago de Chile, affected communities that were located close to the city centre or to elite suburbs (Coulomb and Sánchez, 1991; Dwyer, 1975; Hardoy and Satterthwaite, 1981; Scarpaci et al., 1988; Valladares, 1978). The other common denominator underlying evictions is that a military or authoritarian government was in power; over the years democratic governments have been more reluctant to send in the troops.

But, in practice, demolition has never been the norm. If it had been, the vast areas of informal housing that surround most Third World cities would not be there. Most

governments leave self-help housing alone; they are more likely to provide it with services than to destroy it (Gilbert and Gugler, 1992). The reasons why are obvious. First, politicians need the electoral support of the poor, or at the very least, their acquiescence. Destroying self-help housing is likely to upset social stability. Second, self-help housing reinforces rather than undermines the idea of private ownership, fostering conservative values among the poor. Insofar as any land is actually stolen, it tends to be public rather than private land, and is rarely located in anything but undesirable areas.

#### **b) The need for a land title**

Hernando de Soto is undoubtedly correct in believing that the lack of a legal title can inconvenience the poor. The occupants of newly formed settlements often feel insecure and even in long-established neighbourhoods, female-headed households, immigrant communities and minority groups may feel insecure without a formal title. The lack of a legal title can complicate the process of buying and selling property and obtaining credit. No doubt, this partially explains why so many Latin American governments have mounted massive land-titling programmes.

But, it is by now well recognised in the literature that security of tenure does not require the issue of full legal title (Durand-Lasserve, 1986; McAuslan, 1985; Fernandez and Varley, 1998). In practice the vulnerability of informal settlements varies considerably. It depends on a multitude of factors including the identity of the original owner, the location of the land, the alternative uses of the land, the nature of the government and whether or not an election is nigh.

As such, many argue that massive titling programmes are being conducted for reasons other than helping the poor. Titling programmes are popular because they constitute housing policy on the cheap; it is much less expensive to issue property titles than to provide settlements with services. Not only that, but there is the additional advantage that the authorities and the international agencies can actually make money from titling programmes. The World Bank long ago recognised that the profits made by a government agency could be used to finance other upgrading programmes elsewhere (McAuslan, 1985: 62). Indeed, many in Washington argue that issuing legal titles on a

large scale can only be justified if the beneficiaries are prepared to pay the full cost of the process.

The problems come when the cost of titling is high. In Guayaquil, Lanjouw and Levy (1998: 47) find “that the estimated costs of obtaining a title represents, on average, 102% ... of household annual, per capita, consumption. Although the costs may be spread out over time, they clearly represent a substantial expense for squatter households.” If the poor understand what the real cost of obtaining legal title is likely to be and are able to refuse the option of buying a legal title, then there can be little objection. The parallel with the debate about charging for the installation of services is obvious.

However, whether the full costs of legalisation are made clear to the poor is less than certain. The granting of legal title may bring additional unexpected costs like property taxes (Ward, 1989; Durand-Lasserve, 1986). It may also raise the living expenses of others who are not direct beneficiaries, for example, tenants may be hurt by rent rises in newly legalised settlements. Legalisation may also create problems within the family, particularly for common-law or second wives (Varley, 2000). Some on the far left even argue that owners will lose out through rising property values, by opening up poor settlements to downward raiding from higher income groups (Burgess, 1982). But, in my opinion, the real problem in the debate about title deeds is not whether the poor suffer but whether they actually benefit from their entitlement.

### **c) Legal title and housing improvement**

Does the issue of a legal title accelerate the process of housing improvement? In practice there is plenty of evidence that settlers improve their homes without possessing anything resembling a title deed (Payne, 1989; Razzaz, 1993; Varley, 1987; Riley, 2001). As Payne (1989: 44) puts it: “perceived security of tenure is more critical in releasing investment for housing consolidation than legal status as such, and clearly the provision of public utilities is regarded by residents as strong evidence that they are officially accepted and enjoy de facto security of tenure.” The perception of security is the key and Razzaz (1993: 349) argues: “empirical evidence points to a continuum of security in illegal settlements that depends less on the exact legal status

and more on occupants' perceptions of the probability of eviction and demolition (enforcement); as well as the availability of services and passage of time." In Guayaquil, Lanjouw and Levy (1998: 1) "find that informal sources of property rights confer many of the same advantages as formal rights." Even in the **barriadas** of Peru, legal tenure seems not to be critical: "Tenure matters, but for the average squatter with 10.4 years at a site the chance of eviction around Lima was known to be low" (Strassmann, 1984: 747).

In settlements not threatened with removal, illegality seems to have little effect on the willingness of poor people to build (Varley, 1987; Skinner **et al.**, 1987: 236). Riley (2001: 5) observes that in a **favela** close to Copacabana: "illegality of tenure has not acted as a barrier to residents investing in their homes over time." In the **pirate urbanisations** of Bogotá, security of tenure seems to be assumed from the start as settlers build homes when all they have is a receipt for their payments for the plot of land. The majority are prepared to build without holding title to their land. Insofar as they have doubts they are reassured when the authorities provide services to the settlement. Once water and electricity is available, there is no real barrier to self-help construction. Two- or three-storey buildings will appear despite the lack of a legal title. Although there is no doubt that legalisation is sometimes necessary to provide assurance to particularly insecure settlers, the direction of causality is often reversed. Not infrequently, it is housing investment that brings about the granting of legal title (Hirschman, 1984; Razzaz, 1993: 350).

Even where legal title has been granted, complementary measures are required to bring forth investment. Service provision has unleashed housing investment in Cartagena and Medellín (Colombia), Lima, Lusaka, Nairobi, Rawalpindi and Tunis (Strassmann, 1984: 751).

#### **d) Legal titling improves the functioning of the housing market?**

According to de Soto (2000: 47): "any asset whose economic and social aspects are not fixed in a formal property system is extremely hard to move in the market." In my experience this statement is simply wrong. In Latin America, informal and illegal markets function effectively for a wide range of products, including invaded land,

contraband imports, stolen goods and drugs. Illegality rarely stops a market developing; it merely affects the prices in that market. In the case of drugs, illegality increases the transaction price; in the case of low-income land, it reduces it.

In Bogotá, an active market for plots of land exists without a legal title being issued and similar kinds of market have developed in most poor countries. In Mexico, communal (ejido) land is sold despite the threat of legal sanction (Azuela, 1989; Gilbert and Ward, 1985; Varley, 1987). Even in settlements founded by invasions, land transactions are common. In Valencia, Venezuela, for example, most inhabitants in two invasion settlements had bought into the settlement: 23 per cent of the total settlers had bought a house, 32 per cent had bought a plot with shack and 11 per cent had bought an empty plot (Gilbert and Healey, 1985: 122).

In his normal contradictory way, de Soto recognises this fact. Why is a formal property title so important? Because with “no property to lose”, sellers “are taken seriously as contracting parties only by their immediate family and neighbors. People with nothing to lose are trapped in the grubby basement of the precapitalist world” (de Soto, 2000: 56). They can buy and sell but at reduced prices. Despite these low prices, “the total value of the real estate held but not legally owned by the poor of the Third World and former communist nations is at least US\$8.3 trillion” (p. 35).<sup>5</sup> If a property market of such importance already exists, what is the point of having title deeds?

What title deeds do is to offer additional guarantees that increase the market price. The property price will rise for three reasons: because the transfer process is simplified; because the buyer has proof of ownership; and because the transaction can be facilitated by access to a formal loan. According to De Soto (2000: 46): “It is formal property that provides the process, the forms and the rules that fix assets in a condition that allows us to realize them as active capital.”

---

<sup>5</sup> How does he know that property is worth so much? Because it is easy to work out the real estate value of informal property: “You can ascertain their value simply by surveying the cost of the building materials and observing the selling prices of comparable buildings” (p. 31).

The widespread availability of property titles in the many developed countries where “capitalism triumphs”, has seemingly underpinned the development of an effective property market. However, it is important to note that where transaction costs are very high house sales are rare; Belgium for example has rather low rates of residential mobility for this reason. But, where transaction costs are reasonable, the formal market offers property owners a means of accumulating capital. In Britain, Saunders (1990: 117) argues that “home owners tend to buy in the first place out of financial considerations” and his calculations show that their judgement is correct. Similarly, in the United States, Rohe and Stewart (1996: 44) contend that homeowners “hope to build wealth through property appreciation” and Megbolugbe and Linneman (1993: 660) report that “about 80 per cent of Americans view owning a home as a good investment”.

Of course, not every commentator is convinced that homeowners make money from their ‘investment’. Timing is critical and home-ownership may well cost the unfortunate buyer a great deal of money in the short term. In the Netherlands, home prices plummeted in the early 1980s and in Britain the late 1980s was a very bad time to buy with a mortgage. The possibilities for accumulating capital are also highly dependent on location. While homes in some areas rise in value, others do not (Edel et al., 1984; Smith, 1987). In the USA, “Those who buy homes in less desirable neighbourhoods or in housing markets that experience depreciation may not realize the economic or the social benefits of homeownership” (Rohe, McCarthy and Van Zandt, 2000: 31).

Similar factors operate in Latin American cities. In Bogotá, Jaramillo and Parias’s (1997) calculations show that the housing boom of the 1990s mainly benefited people living in the affluent north of the city. Even there, however, prices between 1989-96 were stable in real terms. Since then house prices have plummeted by around 40 percent. Like the stock market, buying property does not always yield profits even for the rich and middle class. The property market is often fickle.

The situation of the poor is identical insofar as the outcome of their housing 'investment' is unpredictable. They spend money on building and improving their home and do not know what price they will receive in return. However, homeowners in Bogotá believe that they are making an excellent investment (Gilbert, 1999). One told me that "buying any house in Bogotá is a good investment"; another likened his house to a fruit tree, with care it would provide a good harvest.

My own view is that such owners are over-optimistic in their estimations. While I have no doubt that buying a home makes sense in a number of ways, and can help families financially, capital gains are not likely to be high. The reason why is simple. Research in Santiago, Chile, and Bogotá, Colombia, shows that owner families almost never move house and that the market for used housing is very limited. Very few low-income families move in Santiago even though they have formal title and the majority of houses have been built by the formal sector (Gilbert et al., 1993: 92; Richards, 1994: 136; Crespo, 2000; Pérez-Iñigo González, 1999). A survey conducted in Santiago in 1995 remarked on the extremely limited residential movement among the middle and lower classes and on the "virtual absence of a housing market" (Cade Consultores, 1995: 2). Although a considerable number of families would like to move, most people seemingly remain in the accommodation 'for ever'. Indeed, the problem had become so severe by the middle 1990s, that the government of Eduardo Frei introduced a special programme to encourage housing mobility (Held, 2000; Pérez-Iñigo, 1999; Almarza, 1997; 2000).

The mobility of owners in consolidated low-income settlements in Bogotá is also extremely limited. In 1997, the average tenure of owners living in four settlements more than twenty years old was 19 years (Gilbert, 1999). This average, of course, was an underestimate of residential stability insofar as most of the families would continue to live in the same dwelling, perhaps for many years. Only four owners, out of 276, had moved into the settlement during the previous year and only 14 had moved in during the previous five years. Similar signs of immobility are found in Caracas and Mexico City (Gilbert et al., 1993) and the World Bank Housing Indicators Study shows that by international standards mobility within the large cities of Latin America mobility is very limited (Persaud, 1992: 46-7).

Despite poor homeowners possessing title deeds, the self-help housing market is extremely flat and possibly dead. This is true even in cities where land and housing markets are very buoyant in high income and in commercial areas. You cannot accumulate capital if there is no market in which to trade your asset. If title deeds are not the problem, what is?

**e) Does legal title improves poor people's access to formal finance?**

The sale of property in self-help settlements is often quite common even when 'owners' lack legal title and have 'stolen' the land. The problem with self-help settlements is not the lack of a market but the limits to it. Many buy and sell plots of land, shacks and even two room houses. What is uncommon is to find sales of two- or three-storey homes. You don't need much money to buy a shack but you need a lot to buy a well-constructed house. In the low-income areas of Bogotá owners of such homes were asking between US\$20,000 and US\$55,000 in the summer of 1997. The reason why there were few sales is that no one could afford to buy them. Self-help home-owners can sell quality homes only with great difficulty and/or at a very low price (Gilbert, 1999).

According to de Soto, possession of a legal title should remove this problem by unleashing a flood of formal financing. Support for this belief comes from experience in the United States where "the single most important source of funds for new businesses ... is a mortgage on the entrepreneur's house" (de Soto, 2000: 6). Banks will lend to the poor because they now have a property title to lend against. They have something that they can repossess in the case of default. Lanjouw and Levy (1998: 45) agree: "just as transfer uncertainty limits a household's ability to sell its property, it limits a bank's ability to repossess property, lowering the value of property as a collateral asset."

a) **Bankers and slums:** My evidence from Bogotá, fully supported by studies from other parts of the world, suggests that possession of a legal title makes little or no difference to the availability of formal finance. In Turkey, Ozuekren (1998: 11) recognises that "there are very few opportunities for households to obtain homeowner loans from financing institutions". Mexico's "sophisticated housing finance system"

also has a poor track record in terms of progressive options and community-based finance (Siembada and López, 1998: 22) and experience in recent years in South Africa has been very similar (Bond and Tait, 1997; Goodlad, 1996; Tomlinson, 1998). Even the World Bank and the Inter-American Development Bank recognise how difficult it is to reach poorer families (Rojas, 1995; World Bank, 1993: 121). Government efforts to lend to the poor have often proved an embarrassing failure with most funds ending up in the hands of middle-income groups or favoured labour groups (Bhattacharya, 1990; Daniere, 1999; Laun, 1976; Persaud, 1992; Rakodi, 1995; Struyk, 1989; Datta and Jones (eds.), 1998).

Formal financial systems face various difficulties in reaching the poor. “Regulations governing mortgage lending are usually biased toward completed owner-occupied housing, making it unattractive or impossible for financial institutions to lend for the purchase of rental or condominium housing, or for house improvements or unfinished core houses on serviced sites” (World Bank, 1993: 118). Balamir and Payne (2001: 9) “Individual freehold titles are the tenure solution favoured by many international agencies and national governments. However, even in situations in which they are the most appropriate option, they are unlikely to increase access to formal credit significantly, since it is low incomes that deter finance institutions from lending to the poor.”

Even when incomes are adequate, “mortgage lenders have difficulty verifying self-employed income and developing an accurate estimate of self-employed income from analysis of tax returns” (Ferguson, 1999: 187) In Bogotá, few lending institutions have rules that can deal with independent workers. Lending procedures are based on the need for potential borrowers to be able to demonstrate that they have a regular income. Of course, few independent workers are able to do this. In addition, lenders lack confidence in poor people repaying their loans and the final straw is the low profitability of lending to the poor (UNCHS, 1996: 370).

At first sight, the titling programme in Lima seems to undermine my argument. According to Calderón (2001: 6) “Of the 70,725 houses in Lima awarded land titles by COFOPRI in 1998, about 23,965 (33.5%) gained access to some type of financing to

expand or renovate their homes. In 1999, of a total of 129,588 houses, about 23,804 (18.3%) obtained loans.” But, closer analysis shows that 57 per cent preferred to use their own resources rather than borrow from a bank. Even worse was that all of the loans came from two public agencies that were providing highly subsidised loans. Calderón (2001: 6) concludes that, in Lima, “there is no connection between the official registration of property and access to loans from private banks.”

In Bogotá, the majority of self-help settlers now have legal titles so the most serious impediment to their obtaining a loan is the nature of the property they are using as collateral. Colombia’s savings and loans corporations have strict rules about the kinds of building and area on which they will advance loans. Even the socially progressive Colmena ‘red-lines’ certain areas of Bogotá.<sup>6</sup> Those who live in what are considered to be risk zones will not get loans. If the lender has doubts about the value of the property, it matters little that the evidence suggests that poor families can be extremely reliable in repaying loans.<sup>7</sup>

Even micro-lending programmes have failed to make much impression on the poor’s need for housing finance (Almeyda, 1996). Micro-finance has tended to follow the practice of the Grameen Bank and built up the lending portfolio on the basis of frequent small loans; an approach that is more difficult in the case of housing which requires much larger sums of money. Even when cooperatives are prepared to finance low-income housing their programmes are severely limited by financial constraints and by their preference for funding housing construction (Avila, 1995: 26).<sup>8</sup> None lend for either upgrading or for the purchase of used housing, seemingly a worldwide problem (Ferguson, 1999).

---

<sup>6</sup> Colmena is the CAV that has done most to extend credit facilities to the poor (Vejarano, 1997). Nevertheless, Colmena has real problems lending to self-help areas. It has a list of settlements in Bogotá ineligible for loans, principally because of the severity of the inclines on which they are built. Many of the low-income settlements are located in just this kind of area.

<sup>7</sup> In any case, the major problem with most Colombian institutions’ mortgage portfolios is the money owed by 700,000 middle-income families.

<sup>8</sup> In Bogotá, institutions such as FENAVIP (National Federation of Popular Housing), SERVIVIENDA, Association for Popular Housing (AVP), Compartir and FEDEVIVIENDA do operate in the housing field and were responsible for the production of around 30,000 housing units between 1990 and 1996 (Vejarano, 1997).

b) **Do the poor want to borrow?** If the banks are reluctant to lend to the poor, it is less than certain that the latter want to borrow. Certainly among the recipients of housing subsidies in South Africa, those “who said they did not want a mortgage loan outnumber those who did by three to one” (Tomlinson, 1999: 1357). Perhaps, as the World Bank admits (2000: 74-5): “Poor people are often discouraged and simply do not seek loans since they believe that they will be denied credit or will not be able to fulfil bank requirements.” But, this reluctance may be due primarily to fear of what may happen if they cannot pay back the loan. For very poor families, repaying a loan is a burden that may endanger the household’s whole financial viability. As Rogaly and Johnson (1997: 119) put it: lending “can harm as well as enable poor people. Financial relationships, especially those of debt, are one way in which the powerlessness of groups of poor people is entrenched.” In Bogotá few low-income families borrow against the title of their house and lending agencies seem to be less convinced of the virtues of land titles (Gilbert, 2000).

Most poor families build and improve their housing using personal savings and loans from informal sources (Boleat, 1985; Calderón, 2001; Renaud, 1987; World Bank, 1993; Macaloo, 1994; Napier, 1999; Ozuekren, 1998; UNCHS, 1996). Such informal sources “include individual and group savings, windfalls, fabrication of their own building materials, sweat equity, small loans from neighbourhood money lenders, barter arrangements and communal self-help, and remittances from family living abroad. These funding sources share a common problem. They dribble in unevenly and, often, slowly because they remain unconnected to formal institutions and markets. The overall result is that much of the built environment in cities improves unevenly and slowly” (Ferguson, 1999: 189).

Ironically, the largest property loans made in Bogotá’s low-income areas are those that finance the purchase of land. These are unsupported by any sort of collateral or property title and are provided by illegal sub-dividers. Sub-dividers tend to sell plots on the basis of a down-payment of 10% with the remainder payable in monthly instalments over the next three or four years (Gilbert and Ward, 1985). In a survey in four older settlements that I conducted in 1997, most of the families that had occupied an empty plot received informal financing through the illegal sub-divider (table one). Very few

of the 33 buyers of empty plots who participated in the survey had paid the whole amount in cash. Of the 29 who provided details 75% had paid a deposit and the rest over time. Of the remainder, only 3 said that they had paid the whole sum in one payment.

**Table one**  
**FINANCING PURCHASE OF THE PLOT**

Source of finance	Number
Inherited plot	2
Paid with cash or savings	6
<b>Cesantía</b> or loan from work	11
Sold plot or house	2
Family loan	2
Credit from sub-divider	21
Don't know	4
Total replies (households)	48 (33)

Source: Bogotá survey

In Bogotá, the few households that had bought a house rather than a plot had never used formal finance mechanisms (Table two). Insofar as credit of any kind was involved there were two common forms. One was that the vendor would provide the finance by allowing the purchase to be completed in instalments. The second kind of informal credit was a loan from the extended family or friends of the home purchaser or improver.

**Table two**  
**FINANCING THE PURCHASE OF A FINISHED OR SEMI-FINISHED HOUSE**

Source	Self-help settlements	Formal settlements	Total
Formal loan	0	7	7

<b>Cesantía</b>	0	5	5
Inheritance	4	0	4
Swopped other property, business, etc.	2	0	2
Credit from owner	3	1	4
Sold other house/land	3	0	3
Family loan	1	1	2
Debts/lottery	2	0	2
Own savings entirely	5	2	7
<b>Total replies (households)</b>	20 (13)	16 (13)	36 (26)

Source: Bogotá in-depth survey

The informality of the financing of purchase in the informal settlements was mainly due to the lack of any real alternative, although it is also true that few of the transactions required a great deal of finance. Most of the homes purchased were in a semi-finished state, indeed, only 7% were living in a house in the same state as they had bought it. Even this group were often living in very modest structures.

In short, therefore, the largest loans in low-income settlements in Bogotá are received from illegal subdividers when there is no semblance of a legal title. And, when families have acquired a title deed they borrow little or nothing through formal financial institutions. Their sources of credit would be much the same without a title deed.

#### **f) Legal title stimulates the rental housing market?**

According to Lanjouw and Levy (1998: 3-4) owners in self-help areas of Guayaquil are deterred from becoming landlords by their lack of a legal title. “Having strong non-transferable rights improves a household’s ability to transact by lowering the likelihood that difficulties are encountered in trying to reclaim property from a renter after the period of the rental contract.” In Valencia, Venezuela, in the 1970s a similar tendency was apparent. Owners feared renting out property to tenants in case the tenants made a claim to the house. To avoid this problem, landlords only rented to

illegal immigrants, the latter would not dare to make a claim to the house in case they were deported (Gilbert and Healey, 1985).

However, fear of the law does not seem to deter most Latin American landlords from following practices that could lead to legal sanction. Very few landlords issue written contracts, few know what the rental legislation says and even fewer obey it (Gilbert et al., 1993; Gilbert and Varley, 1991). Even de Soto (2000: 21) admits implicitly that renting can occur in illegal settlements; in Brazil, “there are no rent controls in the favelas; rents are paid in US dollars, and renters who do not pay are rapidly evacuated.” If the evidence is that landlords are such mavericks, why does de Soto argue that they will not rent unless they have a legal title?

In most poor cities, rental accommodation develops in most low-income areas well before land titles are given out. Landlord-tenant relations seem to operate largely outside the formal requirements of the law. Despite this, the rental market seems to function reasonably well. There are excesses on both sides but no doubt some landlords and some tenants would misbehave even if they had signed a formal rental agreement. The fact that legal titles are rather thin on the ground in West African and Indian cities, but the majority of families rent accommodation, suggests that the issue of legal title does not make much difference to the average landlord. It is unlikely that landlords would get much formal credit to expand their rental housing stock even if they had a title.

## **CONCLUSION**

Most poor urban families are glad to receive a title deed. It is this popularity that explains why so many governments have taken up this housing option. No doubt governments are also attracted to this approach because it is cheap, particularly when the poor are prepared to pay the costs or will start to pay property taxes once they receive their title deed.

Nor do I believe that poor families face many dangers by being offered title deeds. There is unlikely to be much ‘down-raiding’ and, even if there were, some poor families would appreciate being given the opportunity to make capital gains. In Africa, parts of Asia and

the Latin American countryside, the situation may be different particularly when customary rights are overridden by a new commercial logic. But in most cities title deeds cannot do a great deal of harm beyond accelerating the introduction of taxes on land and housing into poor settlements.

But, if I am little concerned about the dangers of title deeds, I am worried about the rhetoric of Hernando de Soto and his advocacy of the supposed advantages of legalisation. In Bogotá's self-help settlements, property titles seem to have brought neither a healthy housing market nor a regular supply of formal credit. The uncomfortable truth is that in practice, granting legal title has made very little difference.

If granting legal title has made little difference, then, why worry about de Soto? The answer is that de Soto is dangerous insofar as he is conjuring up a myth about popular capitalism. He is fanning the illusion that anyone, anywhere, can become a fully-fledged capitalist. Although he offers little or no empirical evidence in support of his assertion, that has not stopped Washington from, once again, rallying to his call. The danger inherent in his myth is that it will persuade policy makers that they need to do little more than offer title deeds and then leave the market to do everything else. The market will provide services and infrastructure, offer formal credit and administer the booming property market. In the process every household will get to own their own home and even make money from it.

It is my belief that, even in the unlikely event that the property market will flourish, there is little reason to believe that the poor would be major beneficiaries. Successful estate agents always claim that the three secrets of high property values are 'location, location and location'. The consolidated self-help settlements of the poor are rarely recognised as desirable locations. As such, the promise of property wealth is as mythical to them as it is to the low-income families of the United States (Edel et al., 1984; Rohe, McCarthy and Van Zandt, 2000). Those who make money from property are likely to be mainly drawn from the ranks of the middle class; those who make the real money tend to be the really affluent.

Thus, without wishing to deny the advantages that the poor can derive from home-ownership in a self-help suburb, de Soto's argument is dangerously flawed. Were

anyone else to have made the same argument it might have been better to ignore it. But because de Soto is a big name, his message will be taken up by some powerful people. As such, the argument needs to be shown up for what it is. Instead of offering an answer to the mystery of capital, he is in danger of generating a myth about capitalism based on a populist dream.

## REFERENCES

- Almarza Alamos, S. (1997) *Financiamiento de la vivienda de estratos de ingresos medios y bajos: la experiencia chilena*, **CEPAL Serie Financiamiento del Desarrollo** 46.
- Almeyda, G. (1996) **Money Matters: reaching women microentrepreneurs with financial services**, UN Development Fund for Women and IADB.
- Avila, G. (1995) 'La paradoja del sistema financiero de la vivienda popular', in Barrio Taller **Práctica Barrial: una mirada a la periferia**, Documentos Barrio Taller, 24-29.
- Azuela, A. (1989) **La ciudad, la propiedad privada y el derecho**, El Colegio de México.
- Balamir, M. and Payne, G. (2001) 'Legality and legitimacy in urban tenure issues', Coping with informality and illegality in human settlements in developing cities, **ESF/N-AERUS International Workshop**, Leuven/Brussels, 23-26 May 2001.
- Beijaard, F. (1995) 'Rental and rent-free housing as coping mechanisms in La Paz, Bolivia', **Environment and Urbanization** 7, 167-82.
- Bertaud, A. and Renaud, B. (1994) *Cities without land markets: lessons of the failed socialist experiment*, **World Bank Discussion Paper No. 227**, Washington DC.
- Bhattacharya, K.P. (1990) 'Housing in India - observations on the government's intervention policies', in Shidlo, G. (ed.) **Housing policy in developing countries**, Routledge, 67-103.
- Boleat, M. (1985) **National housing finance systems: a comparative analysis**, Croom Helm.
- Bond, P. and Tait, A. (1997) 'The failure of housing policy in post-apartheid South Africa', **Urban Forum** 8, 19-41.
- Bromley, R. (1990) 'A new path to development? The significance and impact of Hernando de Soto's ideas on underdevelopment, production, and reproduction', **Economic Geography** 66, 328-48.
- Burgess, R. (1982) 'Self-help housing advocacy: a curious form of radicalism. A critique of the work of John F.C. Turner', in Ward (1982), 56-98.
- CADE Consultores Ltda. (1995) *Diagnóstico estudio mercado secundario habitacional: Informe final*, Santiago.
- Calderón, J. (2001) 'Official registration (formalization) of property in Peru (1996-2000) Issue 1', Coping with informality and illegality in human settlements in developing cities, **ESF/N-AERUS International Workshop**, Leuven/Brussels, 23-26 May 2001.
- Chile, MINVU (1990) **Memoria 1973-1989**, Santiago.
- Collier, D. (1976) **Squatters and oligarchs: authoritarian rule and policy change in Peru**, Johns Hopkins University Press.
- Conger, L. (1999) 'Entitled to prosperity', **Urban Age**, Fall 7-10.
- Coulomb, R. and Sánchez, C. (1991) **¿Todos propietarios? Vivienda de alquiler y sectores populares en la Ciudad de México**, CENVI, Mexico City.
- Crespo, G., Gross, P., Hernández, M., Trucco, C. and Sugranyes, A. (2000) **Consulta sobre la política habitacional en Chile: informe final**, Oficina de desarrollo urbano para Sur América, Rudo, USAID. Santiago.

- Daniere, A.G. (1999) 'More and better credit: housing policy reform in Bolivia', **International Planning Studies** 4, 29-52.
- Datta, K. and Jones, G.A. (eds.) (1998) **Housing and finance in developing countries**, Routledge.
- De Soto, H. (1989) **The other path**, I.B. Taurus.
- De Soto, H. (2000) **The mystery of capital**, Basic Books.
- Doebele, W. (1975) The private market and low-income urbanization in developing countries: the 'pirate' subdivision of Bogotá, **Harvard University, Department of City and Regional Planning Discussion Paper D75-11**.
- Durand-Lasserve, A. (1986) **L'exclusion des pauvres dans les villes du tiers-monde**, L'Harmattan.
- Dwyer, D.J. (1975) **People and housing in Third World cities**, Longman.
- Edel, M., Sclar, E.D. and Luria, D. (1984) **Shaky palaces: home ownership and social mobility in Boston's suburbanization**, Columbia University Press.
- Ferguson, B. (1999) 'Micro-finance of housing: a key to housing the low or moderate-income majority?' **Environment and Urbanization** 11, 185-99.
- Fernandes, E. and Varley, A. (eds.) (1998) **Illegal cities: law and urban change in developing countries**, Zed.
- Gilbert, A.G. (1981) 'Pirates and invaders: land acquisition in urban Colombia and Venezuela', **World Development** 9, 657-678.
- Gilbert, A.G. (1999) 'A home is for ever? Residential mobility and home ownership in self-help settlements', **Environment and Planning A**, 31, 1073-91.
- Gilbert, A.G. (2000) 'Financing self-help housing: evidence from Bogotá, Colombia', **International Planning Studies** 5, 165-90.
- Gilbert, A.G. and Gugler, J. (1992) **Cities, poverty and development: urbanization in the Third World**, Oxford University Press (second edition).
- Gilbert, A.G. and Healey, P. (1985) **The political economy of land: urban development in an oil economy**, Gower Press.
- Gilbert, A.G. and Ward, P.M. (1985) **Housing, the state and the poor: policy and practice in three Latin American Cities**, Cambridge University Press.
- Gilbert, A.G., Camacho, O.O., Coulomb, R. and Nechochea, A. (1993) **In search of a home: rental and shared housing in Latin America**, UCL Press.
- Goodlad, R. (1996) 'The housing challenge in South Africa', **Urban Studies** 33, 1629-45.
- Grimes, O. (1976) **Housing for low-income urban families: economics and policy in the developing world**, Johns Hopkins University Press.
- Hardoy, J.E. and Satterthwaite, D. (1981) **Shelter: need and response - Housing, land and settlement policies in seventeen third world nations**, Wiley.
- Held, G. (2000) Políticas de viviendas de interés social orientadas al mercado: experiencias recientes con subsidios a la demanda en Chile, Costa Rica y Colombia, **CEPAL Serie Financiamiento del desarrollo** 96.
- Hirschman, A.O. (1984) **Getting ahead collectively: grassroots experiences in Latin America**, Pergamon Press.
- Hoffman, M.L., Walker, C., Struyk, R.J. and Nelson, K. (1991) 'Rental housing in urban Indonesia', **Habitat International** 15, 181-206.
- Jaramillo, S. and Parías, A. (1995) Exploración sobre el mercado de vivienda en alquiler en Bogotá, Informe Final.
- Jones, G.A. and Ward, P.M. (1998) 'Privatizing the commons: reforming the ejido and urban development in Mexico', **International Journal of Urban and Regional Research** 22, 76-93.

- Kusnetzoff, F. (1987) 'Urban and housing policies under Chile's military dictatorship 1973-1985', **Latin American Perspectives** 53, 157-86.
- Kusnetzoff, F. (1990) 'The state and housing in Chile - regime types and policy choices', in Shidlo, G. (ed.) **Housing policy in developing countries**, Routledge, 48-66.
- Lanjouw, J.O. and Levy, P.I. (1998) Untitled: a study of formal and informal property rights in urban Ecuador, Yale University, **Economic Growth Center Discussion Paper** No. 788.
- Laquian, A. A. (1977) 'Whither Site and Services?' in **Habitat** 2, 291-301.
- Laun, J.I. (1976) 'El estado y la vivienda en Colombia: análisis de urbanizaciones del Instituto de Crédito Territorial en Bogotá', in Castillo, C. (ed.) **Vida urbana y urbanismo**, Instituto Colombiano de Cultura, 295-334.
- Macaloo, G.C. (1994) The changing nature of financing low-income urban housing development in Kenya, **Housing Studies** 9, 281-300.
- McAuslan, P. (1985) **Urban land and shelter for the poor**, Earthscan.
- Megbolugbe, I.F. and Linneman, P.D. (1993) 'Home ownership', **Urban Studies** 30, 659-82.
- Napier, M. (1999) Core housing and residents' impacts: personal experiences of incremental growth in two South African settlements', **Third World Planning Review** 20, 391-418.
- Ozuekren, S. (1998) Informal and formal housing construction in Turkey: blurred boundaries and regulations, in Hjerpe, R. (ed.) **Current perspectives on urbanization: economics, governance and policies for housing and infrastructure**, United Nations University Press, mimeo.
- Panaritis, E. (2001) 'Do property rights matter? An urban case study from Peru', **Global Outlook: International Urban Research Monitor**, April 20-22.
- Panizza, F. (2000) 'Neopopulism and its limits in Collor's Brazil', **Bulletin for Latin American Research** 19, 177-92.
- Payne, G. (1989) **Informal housing and land subdivisions in Third World cities: a review of the literature**, CENDEP, Oxford.
- Pérez-Iñigo González, A. (1999) El factor institucional en los resultados y desafíos de la política de vivienda de interés social en Chile, **CEPAL Serie Financiamiento del Desarrollo** 78.
- Persaud, T. (1992) Housing delivery system and the urban poor: a comparison among six Latin American countries, **World Bank, Latin America and the Caribbean Technical Department Regional Studies Program Report** no. 23.
- Rakodi, C. (1995) 'Housing finance for lower income urban households in Zimbabwe', **Housing Studies** 10, 199-227.
- Ray, T. (1969) **The politics of the barrios of Caracas**, University of California Press.
- Razzaz, O.M. (1993) 'Examining property rights and investment in informal settlements: the case of Jordan', **Land Economics** 69, 341-55.
- Renaud, B. (1987) 'Financing shelter', in Rodwin, L. (ed.) **Shelter, settlement, and development**, Allen and Unwin, 179-203.
- Richards, B. (1994) A home of one's own: housing policy under neoliberalism in Chile, Unpublished doctoral dissertation, University College London.
- Riley, E. (2001) 'A portrait of "illegality": the favela of Pavao-Pavaozinho and the perceptions of its residents', Coping with informality and illegality in human settlements in developing cities, **ESF/N-AERUS International Workshop**, Leuven/Brussels, 23-26 May 2001.
- Rogaly, B. and Johnson, S. (1997) **Microfinance and poverty reduction**, Oxfam/Action Aid.
- Rohe, W.M. and Stewart, L.S. (1996) 'Homeownership and neighbourhood stability', **Housing Policy Debate** 7, 37-81.

- Rohe, W.M., McCarthy, G. and Van Zandt, S. (2000) **The social benefits and costs of homeownership: a critical assessment of the research**, Research Institute for Housing America, Working Paper No. 00-01. #HO
- Rojas, E. (1995) **The Inter-American Development Bank in low-cost housing: the first three decades**, Inter-American Development Bank, Operation Policy Division.
- Rugiero Pérez, A.M. (1998) 'Experiencia chilena en vivienda social, 1980-1995', **Boletín INVI** 13, 3-87.
- Saunders, P. (1990) **A nation of home owners**, Unwin Hyman.
- Scarpaci, J.L., Pio-Infante, R. and Gaete, A. (1988) 'Planning residential segregation: the case of Santiago, Chile', **Urban Geography** 9, 19-36.
- Siembieda, W.J. and López Moreno, E. (1998) 'From commercial banking systems to non-commercial banking systems in Mexico', in Datta, K. and Jones, G. (eds.).
- Skinner, R.J., Taylor, J.L. and Wegelin, E.A. (eds.) (1987) **Shelter upgrading for the urban poor: evaluation of Third World experience**, UNCHS and Institute of Housing Studies.
- Smith, N. (1987) 'Review of Shaky Palaces', **Environment and Planning A** 19, 127-8.
- Soto, H. de (1989) **The other path**, London: I.B. Taurus. First published in Spanish in 1986.
- Strassmann, W.P. (1984) 'The timing of urban infrastructure and housing improvements by owner occupants', **World Development** 12, 743-53.
- Struyk, R.J. (1989) 'Who gets formal housing finance in Jordan?', **Review of Urban and Regional Development Studies** 1, 23-36.
- Tomlinson, M.R. (1998) 'South Africa's new housing policy: an assessment of the first two years, 1994-1996', **International Journal of Urban and Regional Research** 22, 137-46.
- Tomlinson, M.R. (1999) 'From rejection to resignation: beneficiaries' views on the South African government's new housing subsidy system', **Urban Studies** 36, 1349-59.
- UNCHS (1996) **An urbanising world: global report on human settlements 1996**, Oxford University Press.
- UNCHS (United Nations Centre for Human Settlements (Habitat)) (1989) **Strategies for low-income shelter and services development: the rental-housing option**, Nairobi.
- Valladares, L. (1978) 'Working the system: squatter response to resettlement in Rio de Janeiro', **International Journal of Urban and Regional Research** 2, 12-25.
- Varley, A.M. (1987) 'The relationship between tenure legislation and housing improvement', **Development and Change** 18, 463-81.
- Varley, A.M. (2000) From private to public: gender, illegality, and legalisation of urban land tenure, mimeo.
- Vejarano-Alvarado, M.C. (1997) Política de vivienda de interés social en Bogotá DC 1995-97, mimeo.
- Ward, P.M. (1989) 'Land values and valorisation processes in Latin American cities: a research agenda', **Bulletin of Latin American Research** 8, 45-66.
- World Bank (1984) **Learning by doing: World Bank lending for urban development, 1972-82**, Washington DC.
- World Bank (1993) **Housing: enabling markets to work**, A World Bank Policy Paper.
- World Bank (2000) **World Development Report 2000**, Oxford University Press.