

A conversation about COLLECTIVE land ownership

This document begins with a friendly and entirely unedited exchange of emails between Somsook Boonyabancha and her former teacher, Solly Angel (who teaches at New York University in New York City), on the subject of collective land ownership. There are also some transcripts of other conversations Somsook had with friends on the subject of collective land.
March 2006

From: Somsook Boonyabancha
Sent: Sunday, March 05, 2006
To: Solly Angel

Dear Archarn Solly,

Thank you very much for sending me the case study and the brief report. Hope you still remember me as one of your students in this field in Thailand.

I have read the report with great interest since it comes from you and they are the subject in which I have been actively involved in Thailand. So I have attached my most recent paper for your information as well.

As you may have learned that we are implementing the "Baan Mankong" program under present government targeting to improve 2000 slum communities in about 4 years time in 200 cities all over Thailand. The program include land tenure security, housing reconstruction, improvement, community environment improvement, community economic, social and welfare program. All under the implementation of community's own saving groups or housing cooperatives. We have operated by boosting all communities and development actors and local authorities in all the cities to be joint actors to implement the "cities without slums" development process together by surveying all slums and low income communities in the city and plan together to cover all settlements as much as possible. The government will support budget for upgrading (a ceiling of 25,000 Baht or about 600 US\$ per family if multiply with number of families in the community then each community will have the ceiling for upgrading budget for whatever upgrading activities to be implemented by the community) and housing loans from CODI to community organizations. Now we are working in around 200 cities already and have already approved about 37,500 families, 380 projects covering about 500 communities.

In this process, land tenure security development is one of the most important aspects, about 90 % of improved projects will have better security of land tenure which is, as we all know, the most serious problems of slum communities all over the places. Since we use the method of flexible finance to communities together with national policy support (without waiting too much for legal and regulatory support), therefore, the process of attaining land tenure security came from negotiation, joint negotiation between community organizations and land owners with support from local development actors, politicians, respected people, local authorities, etc.,. So there are wide ranges of solutions such as purchasing the existing slum land, land sharing, getting long term lease from public agencies, nearby relocation, etc.,. The form of housing redevelopment could be ranges from in-situ upgrading, reblocking, reconstruction of existing slum, constructing flats or apartments in the same place and relocation. All these communities will attain several types of tenure arrangement ranges from joint ownership under community cooperatives, long term lease (30 years), medium term lease (10-15 years) short term lease (3-5 years) and only permission to stay (about 5-10%)

From what we have learned here either they are ownership or longterm lease or whatever period of tenure security is not as important as the type of land tenure arrangement which has to be collective ownership. And we have developed the system of collective ownership in most of Baan Mankong upgrading projects which I think this is one of the most important aspects needed to be considered and it is my debate on De Soto's approach.

It is right when considering slums as "dead capital" which should receive much more sensitive attention to bring this real development to real system in the society. But to make realistic change in our society we have to consider things beyond just one aspect only. If we just blindly regularize all slum land so that they could change into capital for the poor family development, which is probably right in economic theory, but it is also the powerful way to bring market into all these poor slums without much protection. There will be wide scale of buying off and replacement by market, plot by plot, all over the places. For some it may be alright since the poor families can have their options to sell or to stay and use those active capitals created to get money to bring up their development little by little.

But please also consider that slums have been created because of poverty and there are more complex dimension in this poverty cause, not only because of land insecurity. It is something which go much beyond economic or money alone. If we want to solve poverty more integratedly and bring the whole slum community into solid development process as a group and as a little more combined system and to allow the whole community some binding mechanism for protection, for building horizontal strength to assisting each other and for continued learning and building more power of negotiation with those more organized system in the society, it is important to think a lot more than land and asset

aspect alone. But to combine those asset that could be created with more aspects of development. I think it is going to be more problems if we get carry away only consider this issue of bringing assets to slums alone which tend to individualize the poor to the very tough market system.

From what we try to develop in collective ownership, in fact, it also allows the way in which the whole community change their slums into collective asset for development, more as a group to support each other, at least, for certain period of time. With stronger communal process, it is also possible to combine with several other community management system for several other community development needs to the whole group members. In this case CODI provide group loans for the community organizations with interest rate of 2% (government subsidized 2%) the community may add margin of about 2-3 % so members pay at around 4-5% to the group. We are in the process to sell or refinance all these group loans to Government Housing Bank which in a way like bringing all the developed assets in those slum upgrading projects to the market but more as a group not individual. Therefore, it is not the "dead capital" any longer for it does change to real assets, which we also use them as collaterals for housing or land loans. If working properly community cooperatives can also working as financial tools for many other economic and social development for members in the community as well.

Hope it is an exchange of views for better social learning in this aspects. Some more information from my paper attached.

Not having met you for so long. I am glad to learn that you are still very active in the subject as usual. Hope to have a chance to meet sometime in future.

Best wishes, *Somsook*

March 9, 2006

Dear Khun Somsook:

It was good to hear from you and to learn of your excellent work in Thailand. I read your email with great interest, and I will read your article soon.

I have no quarrel with you on the potential benefits of common ownership of land. I want to remind you of the interesting article by Shann Turnbull - "Cooperative Land Banks for low-income Housing" - in the book I edited with Khun Sidhijai, Khun Emiel and Khun Ray in 1982 - "Land for Housing the Poor". I quote his introduction: "This paper describes a duplex tenure system where the rights to improvements on land are separated from the rights to land, as is commonly done in a cvompany or in a condominium title system. The pooling, however, is done at a much larger scale, the scale of a self governing neighborhood with each resident owning an interest in all the land, proportional to the area occupied by his home. By capturing all development values on an economic scale the cooperatively owned land bank (cooperative land bank) can become a self-financing institution, providing land to low-income earners without cost. In addition, a dynamic tenure system is proposed which would automatically convert occupiers of property into co-owners and eventually owners through the passage of time".

Also, as you remember, when we worked on the Building Together project in Bangkok, we tried to get the people to agree to the common ownership of the land, but the community decided against it. They did end up with a common sewerage system that they need to take care of together so that they don't get flooded, but that is a bit different.

As you know, I grew up in Israel at the time when the state was young and idealistic. We were all brought up on the Kibbutz ideal of common ownership, not only of land, but of the means of production and of everything else. I was a bit skeptical at the time when all my friends went to live on the kibbutz. Now, after a few generations have passed, the entire kibbutz concept has broken down. Many of the kibbutzes are bankrupt and are turning their lands into speculative real estate ventures to save their skin. This collapse of the ideal community is very difficult to see, and it is very sad. It would be good for you to go there and see for yourself, just to see the pitfalls of the common ownership ideal, so that you don't repeat their mistakes.

I believe that common ownership is an important social experiment and I urge you to pursue it. The difficulty, as you know, is that when there is common oownership, there is politics, there is power, and there is corruption. In Montevideo, Uruguay, for example, I saw upgraded communities where the community leaders gave the common spaces to their sons and daughters families to build their houses on. The typical conclusion in Uruguay was that cooperative ownership is good for the middle class but not for the poor, because it requires the "bourgeois" values of good management, civic commitment, volunteerism, the rule of law, and so on. Surely, I do have great trust in you and in your work. But you do remember how difficult it was to get democratic leadership in the slums we worked in, and how easy it was for "leaders" to take over. This is something to worry about, but it should not discourage you from following the path you have vchosen. It is very important for you to succeed.

As you will see from the report I sent you, the people in Recife, Brazil, are using zoning to restirct the upgraded communities from gentrifying and from being sold to higher-income familieis. They zone them as low-income communities. I am not sure this is a "good thing", but it might be necessary as an interim measure to prevent speculation.

To conclude, I applaud your efforts and in want you to succeed. I'll try to read your paper soon. Please keep in touch.
Warm regards, *Khun Solly*

From: somsook Boonyabantha
Date: March 10, 2006
Subject: Re: Cooperative land ownership in upgraded settlements

Dear Archarn Solly,

Thank you very much for your long email. Reading your mail, it is like listening to your talk in those years when working with you.

Your answer is not a great surprise for me. I remember that we did have this different before and you used to tell me about those Kibbutz how it has problems and I always listened very carefully and still I take it as something to be respect and learn so to understand the nature of things how it actually work or why not work ?

But to my humble knowledge and believe up till now, I think collective land ownership is one of the most important part for land regularization. The question is how to be collective and the collective quality has to go together with several other development elements. The land aspects has to go with system of finance, management, welfare system and physical planning. The allocation of land cannot be done in isolation from other development system in the community, it needs to coincide with other process and system. For instance, in our case, we also develop community's own fund from community savings and credit activities. This community fund is acting like "Community Bank" in order to adjust informal family's finance with outside system and to pull financial strength to be able to negotiate with external sources. Community planning of social clusters and collective management patterns need to also go together in order to create various small constituencies of submanagement system for all related development issues in the community. Also the need to organize community own welfare system along, from fund that set aside from margin or profit from community's own fund, in order to support difficult community members or able to intervene whatever in those difficult repayment cases.

At the city and ,sometime, regional layer, there are community networks to link together, to help, to support, to learn from each other, to interfere when there are corruption, to help balance the system in each community and to make the system of each community project become an open system for others in the city. Up another layer there is joint local committee in which local authority, NGOs, Development agencies, and communities and network are sitting together to forsee all the projects. We have used a lot of this technic of networking and making the project an open project to all and as their joint project in the city in order to binding the community as cases of the city known and involved by so many actors. It also become a check and balance mechanism in itself.

Also I think it is very important to shift the way of thinking from only "rights base approach" more to community building approach. If we have clearer view how to build new form of organized community with new planning system and all other development processes then this way of thinking in itself is somewhat collectivity. But what is a balance between collective necessity and private freedom, private choices that something we have to be worked out as well. How community process allows people more freedom and assistances instead of being burdens and restrictive too much. How community can become intermediate, practical and beneficial development platform for those urban poor families in a big society where all the system still unable to function well. It is too centralized, too many corruption, the private sectors are too strong, the differences between rich and poor, urban and rural are still too great, etc.,.

I know this way of development does not go with present market system or you could say "against it" which is not very healthy. We also found it a bit difficult and we have struggled a bit in the begining but once the concept and some implementation got through, it is now allright. Communities take it as symbol for Baan Mankong Program to be collective land for building new form of secured communities by themselves. They are to be communal owners. If anybody is not happy about this basic rules, you can go to the NHA housing projects or private sector's, no problem. Once it is clear to all communities, I found today in general there is no problem about this point any more.

As most of us are some kinds of planner, it is very important to have a view of how our new society will look like ? Where will be the social development elements and culture of people in our present market driven system ? Today people came to cities live in various places in the city, in private housing projects, etc., many of them live in the city individually no relationship among people unnecessarily in most settlements except in slums. Where are those horizontal platforms for people to have interactions. People in Asia used to have so many forms of interactions among them but today the overwhelming western individualization culture of development by market forces have seriously undermining these small social and cultural constituencies. I think we should not get too much carried away by growth and efficiency and then loosing the real essence of what we actually want development for in the first place. We cannot plan the development by totally ignoring the delicate social growth of society and people.

I believe the way we are trying to do here in Thailand will also face so many problems but I think it is important to deal with it realistically. I will inform more development again if required.

Best regards
Somsook

From: Brakarz, Jose [<mailto:JOSEBR@iadb.org>]
Sent: Friday, March 10, 2006
To: Solly Angel; somsook@loxinfo.co.th
Subject: RE: Cooperative land ownership in upgraded settlements

Solly:

I have seen a different concept of collective ownership applied in the Rio's favela case. For legalization purposes, when properties were so untangled that became difficult to identify plots, or in the case of several families living in the same plot (in two or three story apartments), the land was not subdivided but shared as a collective property. To each family corresponded an "ideal share" of the plot, or a mathematical proportion of the land which was part of the unit but it could not be sold separately. Perhaps that is what the Thailand agency intends to use in their slums. It is definitely not agricultural land, which could cause the speculation effects that you mention in the comparison the kibutz. Most likely the collective ownership could be a form of overcoming the difficulties of property legalization and registration in cases of messy property situations and disorganized land occupation. In these cases the collective land shall be associated to existing homes and cannot be sold as independent plots (although the houses can). I have also a word of caution to Mr. Koum about the practice of giving funds directly to communities for their own projects. Our experience says it is wiser to give the money to local governments with the full knowledge and participation of the beneficiary communities, because they are able to prepare urbanization plans and engineering projects for the neighborhoods (this should be a requirement for providing funds), register and regularize the urbanization (which is usually the first step towards legalization), and take responsibility for the services to be introduced. I do not know the details of the program but I would be glad to give other comments if you think is necessary.

Jos □ Brakarz
Inter-American Development Bank
(202) 623 1905

March 13, 2006

Dear Khun Somsook:

Your reply is very interesting and I am learning more and more about what you are doing. Thank you for your long email.

I am in total agreement with you that we need community contacts, social capital and social networks to survive and prosper. And I agree with you that people had more contacts in the old village days and that many social networks are weakened when people move to cities. As planners, we must pay attention to building and strengthening communities. Whether this necessitates the communal ownership of land is another question altogether. Village communities in Thailand did not have communal ownership of land and still had a strong sense of community; and Thai people, as I understand it, have strong feelings about private land ownership both in urban and in rural areas.

In my mind, the discussion we are having boils down to belief. I personally believe that in democratic societies, the common ownership of land should be a matter of choice. For example, every democratic society typically offers cooperative living or condominium living, where residents choose - of their own free will - to own the land on which their building is located in common. I see no problem in that at all, and, as I describe below, I live in a cooperative apartment building in New York City..

I can even understand that in some situations, such as in the Baan Mankhong Program, choice can be a communal matter rather than an individual family matter. The community can decide, as an organized democratic entity, to opt for the common ownership of land. And like you say in your email, "Communities take it as symbol for Baan Mankong Program to be collective land for building new form of secured communities by themselves. They are to be communal owners. If anybody is not happy about this basic rules, you can go to the NHA housing projects or private sector's, no problem. Once it is clear to all communities, I found today in general there is no problem about this point any more."

It seems then, that in the Baan Mankhong Program, individuals are free to leave if they don't approve of the basic rules. Back to the Kibbutz analogy: It reminds me that for many years, long-term Kibbutz members were always free to leave, but without anything. Once they decided to leave, they lost any claim to a share in the communal property and assets that they helped develop. They usually arrived in the city penniless, and had to start from scratch. I would be interested to know if I understood you correctly. What happens to the families who want to leave the community or need to leave to move to another place or another job? Are they dispossessed or are they compensated somehow? Can they sell their homes before they leave? Also, I would like to know how communities decide to join the Baan Mankhong Program: By a majority vote or by a consensus?

I am not a great fan of Hernando de Soto and I have many reservations about his claims and assertions. But I do believe that poor people who have settled in the cities and built their houses there have accumulated wealth in the process. For many, it is the first time that they own a valuable asset, an owning this asset provides them with some form of economic security that is quite valuable. Surely, some of them can and will fall prey to speculation and lose their house. But others are very careful about their ownership and even refuse to use their house as collateral for a loan for fear that they may lose it. I believe that most people, even very poor people, can be trusted to manage their assets properly and don't need to be restrained "for their own good" from selling their homes.

But that is my own personal view. In choosing between the freedom to do what I want to do with my assets and the value I may derive from being a member of a residential community, I would generally prefer to stay away from a communal arrangement and live on my own. But I do realize that I am not poor, that I have a large support network of people everywhere, and that I am (in some informal way) committed to taking care of my friends even though we don't all live in one place. Not only that, Lucy and I live in a cooperative in New York City where she owns a share, and we have excellent relations with our neighbors. In fact, we served dinner at our home to five couples from our building just last week. We also organized a fund raiser for John Kerry in the building before the 2004 elections and almost all the neighbors attended, bringing many of their friends along. Surely, there are conflicts and disappointments from time to time, but on the whole, this is certainly a viable and enjoyable living arrangement.

In conclusion, this tension between individual and common ownership, the balance between them, and the benefits to be derived from each one are - in the final analysis - matters of conviction, ideology and personal choice, and not matters that can be settled by a rational discussion or by scientific experiment. Having said that, I repeat that I think that the Baan Makhong Program is an important social experiment. I believe it is important that you succeed, and that you can show the world that there are alternatives, and good viable ones too, for individual land ownership. I urge you again, as I did in my earlier email, to proceed carefully, and I support your work wholeheartedly.

Regards, *Solly*

P.S. To the members of the titling network: Some of you have been writing to me or to Somsook privately concerning this exchange of emails. I would encourage everyone to join the discussion. I myself have little to add, but I would be happy to hear what others have to say. As I say in my email, we don't have to agree on a single approach, but it is important for each one of us to know where he or she stands on this important issue.

From: somsook Boonyabanha
Sent: March 13, 2006
To: Solly Angel
Subject: RE: Cooperative land ownership in upgraded settlements

Dear Archarn Solly,

Thanks for the support, just a brief answer to your question. In the case of Thailand most practice about cooperatives are quite relaxed like most of the things. If people want to leave a community he can sell it to the cooperatives. Different cooperatives will make different buying and reselling prices and procedures. The point is that there is still buying and selling but at a controllable scale and more in accordance to necessities since cooperatives are owners.

In the Sengki land sharing project, if you remember, they also own land collectively and manage finance together, they could repay up to now 100%. However, people in this community are mostly Chinese and many poor Thai, so they have been quite practical, for every few years, they would allow the sell of land rights, for members who can't pay or want to leave the community with any reason, but the sell will open for a short period of time like one week or one month only. The buyers have to be members of the cooperatives so it means at some level the cooperatives have the right to choose the buyers and let them queue up for potential buyers and wait till the right time and allow the limited sell and transfer to happen. In this case the cooperatives determine the sell price and charge some margin for the cooperatives (as a kind of tax). I think totally about a third probably have been transferred with various kinds of reasons not only about getting high value of land. For me, I think this is quite natural and all right. I haven't checked with all those different rules adopted for all the different cooperatives but it would make a very interesting study since we never impose any particular rules and let community groups to decide themselves.

I think for the poor, collective living is very natural. In the rural communities, strict form of collective land are not particularly imposed but most communities have live together in the village and local constituencies, have some kinds of community forest, areas for farming together and individuals. The introduction of too clear titling system for various government public entity and for private owning and change of land more as commodity have brought serious problems to those simple traditional uses. So when we try to introduce the rural Baan Mankong last year to survey for the poor and get supply of land for building community and for local farming, most communities started the process so naturally and enthusiastically.

I think for the collective land approach, the poorer the easier and more natural, the richer the more difficult. The key reasons for being collective is to make people stop thinking too much that land is valuable for sell but more as crucial assets for living and holding the community of people together. The power to be collectively owned means that everything above that land, like a country you see, all the related social system, can be organized and managed by people together. In an absence of proper local administrative system, this community system can help mediate the huge gap between the poor and larger society. I view it as bridging, strengthening the poor as a group and negotiating mechanism more than controlling mechanism.

So it become again a bit too long.
Best regards, *Somsook*

Somsook on collective land tenure in Thailand

**(Somsook speaking In the van, on the way to attend the inauguration of two Baan Mankong projects in Nakhon Sawan)
October 1, 2007**

- **Jockin:** "We used to ask government to give us houses. Now we deliver housing ourselves!"
- **Jockin:** "Don't talk a lot of hot air. We don't start by talking about theory or methodology, we start by doing and by building houses, and by building we learn, and by building we refine and expand our solutions."

There are now 957 upgrading projects either finished or underway around Thailand, in 226 cities. With this kind of scale, we can use the Baan Mankong program to provoke the international community to look at this option and see it as something viable. Especially the UN. The idea isn't to boast or to show off, but we're trying to share this community-centered upgrading process with other countries, using Thailand as an example of the changing concept of people being in charge, and of people being the new main actor in delivering housing solutions. It is only by people being at the center of the process and being the main "doers" that this kind of national scale possible. No NGO or government agency or development project could ever achieve this scale, no matter how big the budget! Thailand is showing clearly and strongly that people should be the owners of the process of housing and the main actors in finding solutions to housing problems, and that this is right and it works.

So the question is, how to you design tools to make that happen? Different countries will develop different ways of doing this than we do it here in Thailand, according to their context. But in any country, you need to ensure a few very important principles are in place :

- **people and communities are the center**
- **people's networks and organizations** are there and play a strong role
- **community savings and credit**
- **access to flexible external finance** (linked to the community's *internal finance*, through their savings groups)
- **partnership with local authorities and other local development actors** (NGOs, architects, planners, universities)

If you go wide scale like this, There are several kinds of binding mechanisms that can do this:

- community savings and credit groups
- city-wide community networks
- collective land tenure

Cooperative land tenure in Baan Mankong :

- In the Baan Mankong Program, collective land tenure (through ownership or lease-hold) by the community cooperative is a condition of joining the program and getting land and housing loans.
- Once the land and housing loans are repaid (in 15 years, the standard repayment term), communities can decide to individualize their tenure or continue with cooperative ownership or leasehold
- At the beginning, especially, there were plenty of people in the communities who were not happy about that. But now there's not much grumbling and people are used to it, the idea has caught on.

Why collective tenure? If your goal is to not just deliver physical improvements but to improve people's lives and strengthen their economic and social position in society, there has to be a mechanism, a binding system, an assisting system which links the poor within their communities, within cities and between cities across the country, since by themselves, individual poor families are powerless and can never solve their housing problems alone.

- **Otherwise, no binding force with individual tenure :** if we go with individual land leases and individual plot ownership, each family is on its own, there is no binding force in the group and you're finished! Because again, poor people as individuals are weak, even with their upgraded housing and living conditions.
- **This is not for theoretical reason:** CODI is strict about this not for any vague theoretical reasons. We're not frothing socialists or ideologues. This is a practical mechanism to support and help communities help their own poorer and more vulnerable members when they have trouble repaying, as a group.
- **Everyone wants to be free, of course. But collective land tenure doesn't stop people from being free to do what they want with their houses.** If they want to sell and move away, nobody is stopping

them! That is one of the functions of the cooperative, to facilitate any buying or selling of units among the members. Cooperative land doesn't chain people to this place if they want to go elsewhere so badly.

- It is the common perception in our world that people want their own land as their personal asset. This assumption of land as being a personal, private asset is so common that nobody questions it.

The cooperatives are the weak point now in the process : All these hundreds and hundreds of communities developing their tenure and upgrading plans have to form a cooperatives. But many of the problems that are coming out - and are bound to grow in the coming years - are coming from the cooperatives, and the way they are working. And these are not small problems, they run quite deep in how the community people relate to each other and govern themselves as a community.

- **There have always been different kinds of community committees in Thailand**, many of which have been set up by outsiders and various organizations as part of some particular purpose or some specific development program, and most of which have not been strong. People have gotten used to these loose, shaggy kinds of committees, in which usually a few leaders are elected, and then they make all the decisions themselves, in a top-down style, and lord it over all the others in their decision making and their bad, oppressive style of working, while others in the community shrug and let it be. They don't take it very seriously if it doesn't affect them.
- **Feudal behaviors are never more than a quarter-inch below the surface in Thailand**, and in most Asian countries, where people readily accept top-down systems of decision-making, etc. They accept it in their governments and their employers as something normal, as they accept it in their communities. This is a VERY strong force that colors every aspect of Thai culture. Feudalism is very ancient, goes very deep, is in people's blood here.
- **But with Baan Mankong, and with cooperative land tenure, the relationship between people in the community has suddenly changed dramatically.** Now each member of the community really IS equal, because all the members have their houses and they all own an equal share of the collective community land, and every month they have to repay their share of the loan for that collective land. In this new relationship, if one member does something bad and doesn't repay, it affects everybody, and everyone's housing is equally in jeopardy. This is no theoretical sharing, but a real one, based in a hard common asset, and a common responsibility to repay the loan.
- **Everyone is equal in land!** Now, though, people in these communities are linking together as a cooperative to own land, so the behavior of the cooperative has to change. But the problem is that the community committees (or the cooperative boards) are behaving like those old, loose kinds of committees for a particular purpose. The way things are decided needs hasn't changed, but it needs to change its style of operation, to match this new equality in land ownership.
- **We need to invent a new way, so that everyone in these upgraded communities feels part of the community** - and continues to feel part even after the hustle and bustle of the housing project is over.
- **These ways do not yet exist - we have to invent them**, and we have to take the positive qualities in. No need to reconstruct in these new communities another bad, repressive feudal government system, in which a few corrupt leaders make all the decisions! We want people to be linked together and involved, and to allow everyone the knowledge, freedom and participation.
- **People only scream and protest and get angry when there is distrust, and distrust comes when things have been mismanaged.** If the process in the community is managed as by close friends, and everybody knows very well what's going on, then there is nothing to be afraid of, nothing to mistrust. And finally the cooperative can help people, when they have problems with money, or in their families, or with repayment - or anything. That's the idea of this structure - it's an internal support system for people in the community.
- **Our new task: reforming the cooperatives :** This is our new big task, our new area of concentration in the next year or two especially. We need to do more about the internal governance of these upgrading projects, so everyone feels they can speak, can participate, can feel part of the community and it's decision making process. This is an area we have to pay more attention to. Reform of the nature of what cooperatives are about.
- **The rules and regulations which govern the setting up of a cooperative, under the existing Cooperative Department, are so rusty.** These rules are one source of the problems. They come from well-intended old socialist concepts of everyone having an equal say and of breaking down the differences between people. But when these quite good socialist concepts are applied by the central government, in a highly feudal context like Thailand, what happens? You have centralized-feudalistic-socialism, and power still tends to move into the hands of a few. It doesn't help that the Cooperative Department is governed not by socialists or idealists, but by bureaucrats, who insist above all that communities follow steps one, two, three and four, to the letter.

The key issue in our work now is the quality of the people's management within the upgraded communities. If we want the community cooperatives to be lively and to make room for the right way of

people's action on the ground, we have to work on this. This is a much deeper part of the process, much more difficult in many ways than land, housing or infrastructure! In the first four years of the Baan Mankong Program, we got the big scale, we got the cities to feel part. We've achieved that by now. But we've still got more work to do now. And to do this work, we are going against the powerful tide of individualism, capitalism. It's not easy, because all this kind of community collective management and collective support goes against all that trend in our world.

- ***When a project is newly-finished, things are always rosy.*** In the first and maybe second year after a community finishes its housing and upgrading project, everything is great, very few problems come up. Everyone agrees to whatever is required, in their enthusiasm to get their land and housing. But later, things get more difficult. Repayment of the land and housing loans in all the Baan Mankong projects is fixed at a 15 year term. That's a long time.
- ***A lot depends on how we work now, what kind of intervention we make now.*** We have to anticipate the problems that will arise, and understand the trends in these communities, and do the intervention now.
- ***We can be very sure that management will become a big problem in these upgraded communities, and many predictable problems will come up.*** That fights will happen, and the community management systems will not be balanced enough so that problems of corruption and non-repayment will come up. Without a doubt, certain groups will use non-repayment of their loans as a tactic to undermine the leadership they are not happy with. But the problems will not only arise within the communities, but through the community's interaction with the outside world. We can anticipate that there will be rich outsiders will want to buy the land or houses from the cooperatives, and some factions in the communities will want to sell out and there will be conflicts about that.

These poor community cooperatives are like small, fragile boats which will suddenly be facing all kinds of rocky shores and powerful storms, and if their crew is not working together, they will be broken into splinters so easily.

- ***Tenure security: the line between the stick-togetherness of poverty and the stay-aloneness of the middle class.*** When poor communities get tenure security, it is like a social and cultural line that is drawn in their lives, separating them from their former collective lives as poor people who needed each other in so many ways to survive, and their new separate lives as members of the lower middle class, who can very well go inside their houses now and lock the door, since they have their house and their land. Land is the key dividing element in making this difference between sharing something precarious and owning something solid.
- ***Secure land - even cooperatively owned secure land - makes people feel they can be on their own, now that they are the rightful owners of one small piece of the nation.*** And so once people become owners of that land, their behavior changes and their relationships in the community change - the whole world changes. This is something very powerful, and it's no simple thing.

True believers in the power of the market to resolve all problems see no harm in individual land tenure. They will invariably insist that why shouldn't poor people in upgraded communities have the right to sell their houses or land assets, as middle class people do? Why shouldn't they have that freedom? What right do we have to impose collective tenure on poor communities when we are the sole owners of our own houses?

- ***Somsook : I don't believe in the market. It has certain functions, of course, but it can't and shouldn't be the answer to everything.*** This relates to the question of land.
- ***If we make individual ownership in these upgrading projects, it will not be possible to control anything about the land.*** And all this land, that has been so carefully planned and improved and covered with good housing for these poor community people will eventually find its way into the market - some communities sooner than others, some right away! Speculators will be lining up to buy off people's plots and begin assembling larger, saleable pieces of land for bigger buyers. Our small fish will be eaten up very quickly by bigger fish. Individual tenure is an invitation to the market to come into the community. And communities will have a hard time resisting these offers, as they increase, since the power and money the market has at its disposal is always going to be much greater than a poor family can resist.
- ***When slum upgrading can be a criminal act :*** So in this way, upgrading can actually be a tool to assist the market to evacuate these families and clear this land which used to be occupied by poor people, and transform it into a marketable commodity. In this scenario, housing has no human sense at all, of a place for human life to thrive and for human interaction to make life easier to bear - there's no essence of that at all. No. It's just so much land, a commodity to be bought and sold and profited from, which is worth only so many dollars per square meter. If an upgrading project and a community's land

management system is done without sufficient understanding to prevent this from happening, *it is a crime*. Talking about land has this kind of depth.

- **All this has brought us in Thailand into the solution of collective land tenure.** This may disturb the market true believers, but the decision we made to make collective land tenure a requirement in Baan Mankong comes from a lot of careful analysis and a lot of experience we've acquired over the years relating to how poor people's housing and land relate.
- **And our strong conclusion is that unless poor people stay together and solve their own poverty together, nobody else will.** They have to solve their own problems of poverty. Only they can do it, and they can only do it together - it has to be collective. Nobody who is not poor themselves can do it for them.
- **Unfortunately, 90% of our colleagues in the low-income housing field are market believers, and our collective land tenure in Thailand will rub a lot of people the wrong way.** The problem is that a lot of the theory about land is still coming out of the leading institutions in the USA, and because the USA is rich enough to be funding many of the key European institutions, they are following wherever America leads. I have a lot of respect for many things about the USA, especially the principles that everyone is equal and that every individual is entitled to certain basic rights. But that individualized system leads to competition, in a context where each individual is trying on his own to become rich, to become something, to realize his potential individually. And this leads to all kinds of selfishness and brutality, in which everyone is just looking out for himself. There is little room in that system for communal anything, just winners and losers. But I feel that we can have individual freedom with many of the collective aspects of society that our Asian cultures are still richly steeped in - it doesn't have to be "either-or".

Does a subsidy "distort" the market? It seems like the market is something which we are not allowed to tamper with, like some religious relic. Heaven forbid we do anything to "distort" it! But if we subsidize the housing process so that housing units are developed at a cost that is far below the market cost, will that pull down the market?

- **Answer: not if those units stay out of the market!** Super cheap housing (which people develop themselves, with some subsidy) may be far cheaper than the lowest level housing on the formal sector, but if it does not enter the market, it can't be seen as having a "distorting" effect on the market. Can it?
- **So the trick is to keep that housing out of the market.** How? Cooperative ownership is one way.

MORE Somsook on collective land tenure in Thailand

(These are Tom's brief notes on some remarks by Somsook in the van, on a tour of Baan Mankong projects in the Northern region of Thailand - Nakhon Sawan, Pitsanulok, Sawan Kalok and Mae Chaem)

March 15, 2008

You have to involve yourself in all the "improper" things if you want to make change: can't keep your hands bacteria-free in this housing business! (speaking about the situation in Nakhon Sawan) In the Baan Mankong process, we are pushing to make all the "improper" conditions which poor people live with to be more "proper." But we can't allow ourselves to not pay attention to all the improper conditions.

- **There are so many factions and power bases that make a slums the way they are,** and make sure they stay that way : politicians, development agencies, NGOs, slumlords, landlords, tenants, local mafia - *even the residents themselves!* It's always a big, complicated mix. Many of these groups have an interest in maintaining the status quo - their bread and butter comes from the misery and uncertainty continuing.
- **But this is the context in which we want to make change,** so that people's insecure conditions get more secure and their rights to their land and housing get stronger.
- **So what is the power to deal with this bad stuff?** We need to understand the reality of this mess and complexity, and need to find power to counteract that.
- **Putting the spotlight on that slum :** One way is to put a spotlight on the area, very bright lights on that dark little corner, so many people know what's going on there, and then use networks to open up the situation and the issues. Because the power of a community alone isn't sufficient. The trick is to get a big army behind you.
- Poor people can stay in slums because conditions are unclear, and that's partly a blessing.
- Why don't they get rid of slums? There are good reasons! It's all about power! Police! Vote banks!

When a community like Bonkai finally negotiates a secure tenure agreement with the land-owner, it seems like a great breakthrough for the people who live there, but in reality, many in the community will inevitably be unhappy. At least one-third of the community will be unhappy, for various reasons.

Maybe they lose their rental rooms when everyone gets equal rights, or maybe they will lose their big lot. When you want to reconstruct, it's not easy! Very complicated. You find yourself facing permanent opposition to the work from some factions.

From our 2008 Bill Gates Proposal :

A good pilot project should provide answers to structural problems and demonstrate viable alternative models to the prevailing systems of finance, land, housing and policy.

Good pilot projects should not be stand-alone projects, but the intention is explicitly that they will help develop alternative models for the systems of finance, the systems of land tenure, the formulation of legislation and the ways in which the poor and the city work together in partnership, in each city or constituency. They *should give an answer to different structural problems, and should show a new culture and new rules to be set, and should hopefully lead to some significant structural changes in the policy set-up.* I that way the project can become a bridge to policy change.

- **SENGKI : Making up a new way of doing things through seminal projects like this: The example of one of the early land sharing project at Sengki in Bangkok :** When we worked on the Sengki land sharing project in the late 1980s, for example, that was the first time that a housing cooperative had ever been set up in a slum. Nobody had ever heard of such a thing then. But today, the establishment of a housing cooperative is something so common, as a step communities almost automatically go through in their preparations for upgrading - now there are hundreds and hundreds of housing cooperatives in poor communities around the country.
- **But you need that first project to show a new possibility.** And once that new possibility has been established, only then will people feel comfortable and confident with that new thing.
- **This is the real meaning of a pilot project, or in this case a pilot strategy.** The launching of a new way of doing things that had never happened before, or never been seen as something possible before, through some path-breaking project. A pilot project like this is a chance to innovate, to make new possibilities, new changes, new relationships, new ways of doing things, a new culture of working together, a new set of rules. And then, those innovations eventually find their way into common practice.