

**DEMOCRACY AND SOCIAL POLICY SERIES**

**Working Paper #9 – Winter 1994**

**HETEROGENEITY AND URBAN POVERTY IN URUGUAY**

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An earlier version of this paper, "Heterogeneidad e incidencia de la pobreza urbana en el Uruguay," appeared as PEITHO Documento de Trabajo #82 (1991).

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## Introduction

Uruguay has traditionally been considered a country with low levels of poverty. Although poverty research at the national level was lacking for many years, indirect indicators and several studies provided an image that supported this view. Later, a series of comparative studies begun in the mid-1970s, primarily by international organizations, confirmed this image. The view of an egalitarian, mesocratic society, which was predominantly middle class and with little poverty, was grounded on reality.

Before the problem of poverty captured the attention of politicians, researchers, and international institutions, and before methodologies and systems of comparative measurement were generated, the incidence of poverty in Uruguay was clearly distinct from the dominant patterns of the majority of Latin American nations. This relatively privileged condition seems to have continued until the present, as demonstrated by the most recent comparative studies.

The perception of an Uruguay unfettered by the region's problems of chronic poverty began to be questioned during the period from the end of the 1960s to the beginning of the 1980s. This period witnessed the exhaustion of the import-substitution model, the rupture of the political order, and the reign of a polarizing socioeconomic model, followed by successive economic adjustment programs.

The same indicators that show a comparatively lower incidence of poverty in the country also indicate that something has changed: poor sectors have grown and shrunk, doubling and then declining over short periods. The causes of this impoverishment seem to lie in relatively recent processes. Consequently, whatever the real magnitude of these changes, it seems necessary to examine the incidence of poverty from a viewpoint that is not tied to traditional preconceptions.

This study consists of five sections. The first reviews the historical background of the social structure of modern Uruguay. The second discusses diverse methodologies and techniques for conceptually and empirically gauging the measurement of poverty. The third section concentrates on an empirical analysis of the trends in poverty levels during the 1980s: the structure and type of households, their regional incidence, and the individual and family factors and attributes associated with situations of poverty. The fourth section studies the relationship between poverty and family composition, with particular reference to the population of retirement age, and the last provides a synthesis and final considerations, examining the contents of the previous sections from a wider perspective.

## 1. Historical Background—Early Period

In the historical literature, Uruguay has been treated as a *sui generis* case within the Latin American context. Together with Argentina, it has been characterized as belonging to a group of nations clearly distinguishable from other underdeveloped countries.

Various writers contributed successive evidence about a group of societies formed in the nineteenth century known as 'regions of recent settlement' or 'white settler colonies,' including Canada, New Zealand, Australia, Argentina, and Uruguay. Authors such as Nurkse (1962) thought that these societies constituted a special category during the process of international economic expansion under British dominance. Due to their particular role in the world economy, they were classified as imperial dependencies, producers of certain types of primary goods in semitemperate zones. Other writers (for example, Viner 1961 and Kuznets 1963) referred to these five societies as examples of countries that benefited from the international division of labor, the international movements of capital, an abundance of land, and the absence, extermination, or marginalization of indigenous populations. In the judgment of these authors, these factors were key to the elevated levels of production and the high rates of economic growth achieved at an early stage.

Most of these studies were centered on the external relations of Uruguay and of the other four countries. Their main interest was in knowing the role these nations played in the expansion of the international economic system at the end of the nineteenth century and the beginning of the twentieth. A later series of studies, undertaken from a different viewpoint, emphasized the countries' internal sociopolitical characteristics and trajectories. Some of these works adopted a global perspective (Wheelwright 1974), while others concentrated on different sectoral or disciplinary aspects (Armstrong and Ehrensaft 1981; Armstrong 1980; Hirst 1979; Dieguez 1969; Fogarty 1979).

A unifying characteristic of these societies was a domestic dominant class capable of appropriating a significant share of the benefits derived from their international economic activity—especially the export of primary products—and reinvesting those benefits in the expansion of the domestic economy. This high capacity for endogenous capital accumulation constituted one of the distinguishing factors of this group vis-à-vis the other colonies or neocolonies dependent on the British empire. The benefits of this international economic activity were not concentrated in small upper-class circles but had a rather egalitarian distribution. The rapid formation of a sector of workers, employees, and manual laborers, resulting from the immigration of foreign workers under conditions of labor scarcity, favored a more equitable distribution through earnings that were on average higher than those that predominated in other countries of the region. The early organization of the incipient urban labor force also put pressure in this direction.

The consequent modernization achieved by Uruguay and the other societies of recent colonization prior to the crisis of 1930 laid the basis for an internal market which would have decisive impact on the way this group of countries would confront the successive international events unleashed in the first decades of the twentieth century (the Great War and the Crisis of 1930).

In the late nineteenth and early twentieth centuries, Uruguay became fully incorporated into the British market through the expansion of exports of frozen meat and vast British investments in infrastructure, such as railroad transport, banks, and basic services. This process was accompanied by the massive immigration of Spaniards and Italians, a more selective French and British immigration, and smaller proportions of central European nationalities. Only a small part of this immigration would settle in rural areas through processes of colonization, the majority of which were aborted. Most of the immigrants joined the huge labor contingents required by the expanding urban economy. Artisans and unskilled workers in warehouses, transportation, ports, and the commercial sector, as well as artisans and laborers in construction, small merchants, the self-employed in various activities, and workers in small industrial workshops constituted the foundation of an urban social structure that rapidly acquired dominant weight in relation to the rural structure.

Cattle-raising, the main rural production, was characterized by its geographically extensive, capital-intensive nature and its low demand for labor. It contrasted with the traditional hacienda systems of the Andean region and Mexico and with the plantation systems predominant in the rest of the region. Two additional traits that elevated the numbers of the rural population in many other countries of the region were absent in Uruguay: indigenous peasant economies of a subsistence or precapitalist nature did not exist in Uruguay and cattle-raising did not absorb slave labor.

The organization of extensive cattle-raising production in Uruguay—occupying 90% of productive lands—was atypical in Latin America. Requiring a very small, entirely masculine, labor force, it did not favor the settlement of entire families, and it created relatively unpopulated rural areas. The transformation of the traditional productive organization, *la estancia cimarrona* (wild grazing lands), into a more modern capitalist organization accentuated these traits. As the fields were fenced in, the demand for workers fell abruptly and a significant proportion of the population was expelled from the countryside.<sup>1</sup>

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<sup>1</sup> The similarities among the white settler colonies do not outweigh certain profound differences, which are beyond the scope of this work. After the expulsion of the great cattle-raising interests ('squatters'), Australia and New Zealand became rural societies of small and medium producers. After its 'agrarian revolution,' Canada also organized around productive farm units. Even in Argentina, the cattle-raising/cereal-producing complex gave rise to a type of rural productive organization different from the typically monoproduct and extensive organization in Uruguay.

The absence of the hacienda, plantations, indigenous communities, and systems of slavery are keys for understanding the basic matrix of the Uruguayan social structure in formation. In particular, Uruguay lacked a reserve of poverty, manifested in other countries as rural poverty (processes of demonetization, destruction of the hacienda system, penetration of capitalist production, and decadence of productive areas) or, later, as urban poverty resulting from rural-urban migration (rise of marginal populations, belts of misery).

A census conducted in 1908 registered the low weight of the rural population in the total population of the country: 25% of the population resided in Montevideo and 34% in other urban areas. It also showed an advanced degree of economic modernization: 54% of the economically active population (EAP) were in secondary or tertiary sectors.

The formation of this basic matrix, prematurely 'modern' for the region, had important correlates in terms of the social and political participation of the emerging sectors. Historiography on this period records the various expressions of syndicalism, anarchism, and socialism, reflected by diverse international labor movements which at times challenged the state. The emerging middle sector, with the tertiarization of the economy and with the expansion and differentiation of the state bureaucracy, became a central sociopolitical actor for society as a whole. The traditional political parties, especially since the Batllista mobilization of the early twentieth century, were the main channels of incorporation and access to power for the middle classes.

The state did not achieve territorial unification and a monopoly of coercion until 1904, after almost a century of civil wars. In 1916 universal male suffrage was introduced, the first step towards widening citizenship. At the same time the first measures of what would become Uruguay's welfare state were implemented. The reform of the educational system beginning in the 1870s, offering free and obligatory public education, was the principal antecedent of a series of social policies aimed at integrating a society in formation. The impulse these policies received during the Batllista period (F. Filgueira 1994) made early inroads in almost every sphere of the current welfare state—health care, education, protection of workers, and legislation regarding minors and the family.

Two traits characterized the orientation of social policies. One was the manifest intention of achieving the full incorporation of the 'periphery' into the 'center.' This was an integrating function, within the parameters pointed out by Rokkan (1975), a decisive stage in the formation of national states tending toward the widening of citizenship and the creation of a mass democracy. The other trait was the state's ability to virtually monopolize social assistance and protection. It replaced equivalent organizations within civil society, particularly the social assistance organizations of the Catholic church.

It is probable that structural and institutional factors favored this monopoly. Family organization, centered at an early stage in the immigrant nuclear family, did not encourage

extended networks of family relations. As a consequence, certain interfamily supports or assistance corresponding to wider intergenerational and extended networks did not have the importance they acquired in other societies. While this did not make the state's monopoly in social assistance 'necessary,' it seems to have played a positive role in legitimating the state's actions in the face of a certain lack of family protection.<sup>2</sup> In addition, the frontal attack of the Batllista state on the Catholic church and other religious organizations, imposing a series of measures that reduced their sphere of influence beginning in the early 1900s, tended to shut down, at least partially, one of the most important alternative social assistance organizations.

What can be said about levels of poverty during this period? It is clear that any diachronic comparison according to currently accepted canons such as 'quality of life,' 'basic needs,' or any other equivalent concept, has no meaning. Since poverty is defined by intersubjective consensus, determined by the evolution and maturation of culturally relative criteria, and since over time the parameters for the evaluation of quality of life have become more demanding, any measurement of poverty based on currently applied criteria would provide information with no precise meaning.

Endemic rural poverty has always existed. It expanded noticeably after the rural productive modernization during the Latorre dictatorship in the mid-1870s. Rural poverty, generated by the enclosure of the countryside, was one of the most worrisome problems at the time—more because of its political consequences than for any sensibility towards the problems of poverty. The rural productive structure, organized around the *latifundio* (large landed estate) and the *latifundio-minifundio* complex, gave rise to squatter settlements of indigents later known as 'hut settlements' or 'rat villages' on the margins of the *latifundios*.

In the urban context, above all in the capital, various sources testify to the precarious situation of many immigrants, recruited in their countries of origin by what amounted to immigration 'businesses,' victims of transoceanic transport speculation, of housing speculation, and of the manipulation of customs and immigration law. In fact, the nucleus of immigrants who could be qualified as 'colonists,' with a tradition of agricultural labor and with their own capital, was very small. A significant proportion of immigration was composed of unemployed, unskilled workers who found themselves in ports across the oceans awaiting the opportunities offered in the Americas (Oddone 1966).

Despite this negative picture, the only systematic study of the levels and quality of life of the subordinate classes of Montevideo around the turn of the century (Rial 1984) concludes with a more positive view of their living conditions, particularly in terms of basic needs for housing, nutrition, and health. At the aggregate level, the social conglomerate formed by the subordinate

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<sup>2</sup> See Flora (1980) for an important discussion of the various types of 'welfare states' with reference to various family and demographic preconditions.

classes shows a 'good' situation; these basic needs were met. But this hides a reality that various testimonies insist upon: the lowest stratum of the subordinate sectors was generally found in a deficient situation with respect to coverage of these needs. Nevertheless, some facts favored the complaisant image of Montevideo and its inhabitants which is repeated in the literature. The availability of foodstuffs with a high protein content (especially meat and milk) at relatively accessible prices softened any impression of groups or individuals who were deprived. This same fact was reflected in health care, where the indicators were also favorable. Likewise the housing situation of the subordinate classes seems to have been generally favorable due to a relatively high stock of housing.

Problems could be more clearly detected if further disaggregations could be established within the subordinate classes to enable research to focus on the weakest sectors: those who could not count on state assistance, who had a sporadic link with the labor market, and the many who were recent migrants from the countryside (Rial 1984).

## 2. Approaches to Measuring Poverty

Among the first systematic works on the measurement of poverty is the study of Oscar Altimir, "La dimensión de la pobreza en América Latina," conducted in 1979 under the auspices of the Comisión Económica Para América Latina y el Caribe (CEPAL).<sup>\*</sup> Subsequently, other studies<sup>3</sup> locate Uruguay in one of the most favorable—or least unfavorable—positions of the region in terms of critical poverty (DGEyC 1990).

The available information on urban poverty for 13 Latin American countries around 1970 shows a regional mean of 27.5% of the population below the poverty line. In Uruguay the level was 8.0%, second only to Argentina which had a level of 5.0%. Altimir's 1970 estimate of approximately 10% of the urban population was in a similar range. Honduras, Brazil, and Colombia registered the maximum levels—45%, 35%, and 32%, respectively (Tokman 1980).

The available information for 1989—almost 20 years later—indicates a slight increase in poverty. According to various estimates, between 12.1% and 13.9% of the population in Montevideo and 16.8% in Uruguay's interior lived below the poverty line. The long-term trends, however, hide important fluctuations. The index of poverty has oscillated substantially, with

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<sup>\*</sup> Or ECLAC (The United Nations Economic Commission for Latin America and the Caribbean) — TRANS.

<sup>3</sup> See in particular the Inter-institutional Project on Critical Poverty in Latin America (Molina Silva 1980) and the Directorate of Statistics and Census's "map of critical poverty in Uruguay" (Kaztman 1989a).

values reaching close to 25% of the population in Montevideo in some years. We will examine some of the substantive and methodological reasons for these fluctuations.<sup>4</sup>

## 2.1. The Measurement of the Poverty Line

Numerous approaches to the measurement of poverty have been developed. Here we will deal only with those that have gained greatest consensus among analysts.<sup>5</sup> These and other approaches are not necessarily exclusive; their greater utility depends on their joint consideration.

The poverty line (the limit below which the greatest levels of absolute deprivation are found) is elaborated on the basis of household income or individual income. This has been the dominant method since the aforementioned work of Altimir, and it continues to be one of the principal indicators of the dichotomy 'poor/nonpoor.'

The index is derived by calculating a minimum basket of foodstuffs in per capita daily grams, estimating the monthly cost of the basket, and duplicating this amount, on the assumption that food expenditures for the reference group represent half of family spending on all goods.<sup>6</sup> The figure reached defines a minimum income, or income line, below which minimum survival needs cannot be satisfied.<sup>7</sup> This method for constructing the poverty line has the advantage of operating with a single indicator and of doing so through a relatively simple calculation of information available in periodic national surveys. Nevertheless, it contains many assumptions that have been repeatedly questioned in the specialized literature. Without replicating the long discussions around the validity of this indicator, it is worthwhile to note some of the most important arguments.

The operational advantages of measuring poverty on the basis of only one indicator are countered by the disadvantage of assuming that it is possible to reduce a complex economic and sociocultural phenomenon to an exclusively monetary measure. In fact, there are two possibilities: either suppose that poverty belongs exclusively to the sphere of economic phenomena (and in this case there would be no objections to this form of measurement), or

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<sup>4</sup> Only the most general methodological aspects will be treated here since the paper by Arturo León in this series presents a more complete analysis of different methodological strategies for measuring poverty and basic needs (León Batista 1994).

<sup>5</sup> The validity of any indicator requires a minimum acceptance or 'intersubjective consensus.' It is all the more necessary when the concept in question, as in the case of 'poverty,' is deprived of a precise theoretical referent and operates more by: a) enumeration of characteristics, b) operational definitions, and c) the observer's external and subjective criteria.

<sup>6</sup> The empirical basis of this supposition is an examination of the family basket of goods in the most deprived sectors.

<sup>7</sup> See Gerstenfeld (1988) for a more elaborate discussion of the estimates of the poverty and indigence lines.



suppose that the poverty line defined as an economic phenomenon is a proxy indicator which is highly correlated with other dimensions of poverty.

The strictly economic, unidimensional alternative is hard to sustain, especially in light of the many sociological and anthropological studies undertaken on the conditions and culture of poverty. The second alternative, the more accepted one, entails a rather high degree of imprecision and arbitrariness. Sustained in biological and nutritional considerations, it establishes certain reasonable estimates which are translated into economic indicators of income.

Another objection highlights cultural, psychosocial factors: value orientations, formation of expectations and aspirations, and points of reference that orient styles of consumption. As already noted, the poverty line is derived from an average of the structure of the family foodbasket: the composition and proportion of consumption dedicated to foodstuffs. While in principle there is no objection to the averages, the range of variance may be high. Nothing ensures that populations with equal averages do not present significant variations in the composition of household spending, according to their differential exposure to stimuli and styles of consumption. Similarly, nothing guarantees that an increase in income is necessarily spent to satisfy basic needs. Studies conducted in Chile on consumption patterns show that when comparing the lowest decile of income with the next highest one, the additional income does not increase resources spent on basic needs. Instead it is spent on superfluous goods, durable goods, or other types of consumption (C. Figueira 1981).<sup>8</sup>

Comparing rural, suburban, and metropolitan families in Brazil, Félix (1981) found a positive correlation between income and satisfaction of basic needs (caloric deficit) for all cases examined. Nevertheless, such a relationship did not follow a uniform pattern and was modified when the geographical context was controlled. To satisfy minimum basic needs metropolitan households required, on average, more than double the income of suburban households, and the latter more than double that of rural ones.<sup>9</sup> This pattern may be attributed to differences in relative prices in these three contexts or to a subsistence component in rural consumption. Nevertheless, the acquisition of modern durable goods is positively correlated with family income. In metropolitan households, compared to other households, spending on durable goods grows proportionately more in relation to income.

Furthermore, similar evidence concerning savings in relation to income shows the insufficiency of using income as a valid indicator of spending and consumption. A comparison with São Paulo revealed that households in nonmetropolitan areas began to save at levels of

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<sup>8</sup> In this regard, see also Wells (1977) and Lustig (1979).

<sup>9</sup> The caloric deficit is persistently higher in metropolitan households than in urban ones. Urban households, in turn, show a higher caloric deficit than rural households. The more rural the household—or less metropolitan—the less income its members require to cover their basic nutritional needs.

income much below those of the former. As a counterpart, in the metropolitan region household debt (credit and credit purchases) was higher than in the Northeast for equivalent income levels and was manifested at lower income levels (C. Filgueira 1981).

Consideration of these patterns of consumption raises additional problems for the measurement of poverty on the basis of income indicators. While this type of proxy measurement of poverty may be useful as an aggregate estimation of the phenomenon, its utility is more dubious when trying to establish policies directed at target groups. The poverty line indicator does not offer sufficient information for implementing policies. Leaving aside other considerations, a policy of elevating or complementing income could be, for example, less effective in raising the satisfaction of basic needs than other policies of direct distribution of foodstuffs or goods to serve these needs.<sup>10</sup>

A third objection relates to fluctuations of income. In economies with high rates of inflation and, above all, in economies with frequent oscillations of income, the poverty line defined by income is extremely volatile. In fact, what it registers is conjunctural poverty or, better put, impoverishment—the emergence of the new poor (i.e., recently impoverished) rather than a structural or long-term characteristic. This effect has been notorious recently in some countries of the region where various adjustment plans, wage freezes, and sectoral redistributions were applied. In these cases there are no objections to using the poverty line indicator, as long as it is clearly understood what is—and what is not—being measured.

These three objections to the poverty line indicator have been the principal reasons for supporting another method of measurement, based on the satisfaction of 'basic needs.' For some, this is an alternative way to determine extreme deprivation; for others, it is a complementary indicator.

## **2.2. The Measurement of Basic Needs**

Basic needs refer to a series of goods—and the quality of these goods—without which certain elementary biological, physical, psychological, and cultural needs cannot be fulfilled. The assumption is that failure to satisfy these needs impedes the development of individuals within society, puts at risk their capacity for physical survival, and diminishes or annuls their possibilities

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<sup>10</sup> The choice between one policy and another is complex and not immediately obvious. Not all distribution policies are necessarily effective. With the creation of 'popular kitchens' in Uruguay, which offered prices much below market prices, it was found that the beneficiaries were not the most deprived sectors. The same occurred with the policy of extending school hours at the primary level: the same factors that contributed to poor performance by children of more deprived households led to a marked absenteeism in the extended schedules. In both cases, cultural and economic factors seemed to reinforce a vicious circle of marginalization of the target group.

of acquiring the necessary instruments to perform in the sociocultural sphere to which they belong. Kaztman (1989a) presents the following list of needs that are considered basic:

- adequate nutrition;
- functional and proper clothing;
- housing and facilities that are minimally appropriate for the functioning of the household and the psychological-physical equilibrium of household members;
- availability of potable water and of sewage systems that guarantee minimum sanitary standards;
- security;
- access to adequate health services, education, and culture, and minimum resources for complementary spending to allow effective utilization of these services;
- healthy environmental conditions that allow the realization of essential activities for individual development and social integration;
- access to appropriate means of transport for traveling to workplaces or schools and for other activities of social interaction.

Assuming that minimum thresholds of satisfaction of these needs can be identified, measures or indices of unsatisfied basic needs (UBN) would result from an operational construction of their multiple dimensions. The attempt to construct such an index here is largely based on data from the Survey of Households and The General Census of Population and Housing, since in addition to being available and systematized, they allow us to analyze inter- and intranational discontinuities and temporal sequences.

The construction of the index has different characteristics. Here reference will be made to the methodology developed in the study, "Basic Needs in Uruguay."<sup>11</sup> The dimensions incorporated in the indicators do not include all those previously listed because of the lack of information, for example, on transportation. But they include the most important:

1. Housing and furnishings
  - Type of housing
  - Crowding
2. Sanitary infrastructure
  - Availability of potable water
  - Type of sewage system

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<sup>11</sup> *Las necesidades básicas en el Uruguay*, published by the General Directorate of Statistics and Censuses, constitutes the most important and complete work on the issue (DGEyC 1990). Its underlying principles and interpretation are presented in two studies by Kaztman (1989a and 1989b). Unless otherwise noted, the analysis presented here is based on the methodology and empirical treatment found in these studies.

3. Access to educational services  
School attendance
4. Household subsistence capacity  
Educational level of head of household and number of dependents

Households with unsatisfied basic needs are defined as those where any one of these dimensions does not reach the minimum threshold of satisfaction.<sup>12</sup> In sum, the definition given for estimating the satisfaction of basic needs operates by the enumeration of dimensions. If the poverty line supposes the failure to fulfill certain needs based on insufficient economic resources, the measurement of unsatisfied needs attempts, in contrast, to directly identify those needs.

Unsatisfied basic needs and poverty are, then, two sides of the same coin, two complementary approaches for identifying the most dispossessed sectors of society. One side emphasizes the detection of critical needs; the other stresses the continuing insufficiency of mainly monetary resources, as translated into low household income or consumption. An important consequence of such differences is that the two approaches lead to the identification of two universes of deprivation—universes that are partially superimposed but not coincident.

Tables 1, 2, and 3 show significant and high (though not perfect) statistical associations between the measures of poverty and satisfaction of basic needs. The values of the associations indicate the types of basic needs that correlate most closely with the operationalization of the poverty line (crowding and educational level of the head of household) and those that most differ (type of water service).

By combining two dichotomies—poor/nonpoor households and households with satisfied/unsatisfied needs—it is possible to construct a typology of four categories of deprivation:

1. households in conditions of social integration—households above the poverty line with satisfied basic needs (SBN);
2. households in situations of chronic or structural poverty—households below the poverty line with unsatisfied basic needs (UBN);
3. households with inertial needs—households above the poverty line with unsatisfied basic needs (UBN);
4. households in situations of recent or 'new' poverty—households below the poverty line with satisfied basic needs (SBN).

The first two types of households correspond to congruent situations. This is not so in the latter two types, which manifest relative independence between the two dimensions. Type

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<sup>12</sup> For the operational definition of minimum thresholds of satisfaction and for tests of validity in different contexts (Montevideo and the urban and rural interior), see Kaztman (1989a, 16–23).

three of the schema supposes the presence of cultural and valorative inertias which produce a disjuncture when increased available funds are unaccompanied by improvements in the satisfaction of basic needs. Type four indicates variability of income in relation to basic needs. As a consequence, the hypothesis supposes processes of downward mobility: families that may have experienced a drop in their monetary income without a decline in their living conditions (basic needs) which were attained at some previous time. This type is labeled 'new or recent poor.'

This typology assumes that measuring the satisfaction of basic needs is a more valid indicator of structural situations of deprivation than is the measurement of income level. This assumption is supported, as we discuss later, by a series of sociodemographic attributes that are differentially associated with the four types of deprivation.

**TABLE 1**

**Basic Needs, Criteria for Their Measurement,  
Selected Indicators of Satisfaction, and Association of the Indicators  
with Per Capita Household Income**

Basic need	Criterion	Indicators of critical privation	CHI square with per capita household income <sup>a</sup>	
			(N = 4726) Montevideo	(N = 4772) Urban interior
Housing and minimum adequate household facilities	Type of housing	Tenement houses, shanties, or others, or housing whose walls are tin or discarded materials	107.46	45.98
	Crowding	More than two persons per room (counting all rooms except the kitchen, bath, and hallways)	696.65	682.13
Infrastructure for minimum sanitary standards	Availability of potable water	Water from wells, streams, or irrigation ditches used for drinking or cooking	240.00	344.58
	Type of sewage system	Without bathrooms or with sewage systems classified as 'others'	49.20	64.32
Access to educational services	School attendance	With children 6 to 13 who do not attend school	91.80	85.36
Household subsistence capacity	Education level of head of household and number of dependents	Heads of households 44 or younger with up to 5 years of primary education and 45 or older with 0-2 years of primary education, in households with more than 3 persons per those receiving income	139.82	250.00

<sup>a</sup> Data for Montevideo and the urban interior, second semester 1984

TABLE 2

**Relationship between Satisfaction of Basic Needs and Per Capita Household Income, Dichotomized at the Level of the Poverty Line<sup>a</sup>**

	Poor (0/0)	Nonpoor (0/0)	Total
Households with more than 2 persons per those receiving income and with heads of households under 45 with incomplete primary education or heads of household over 45 with 0–3 years of education	81.0	19.0	100 (N = 63)
Other households	19.6	80.4	100 (N = 4663)
Households without bathrooms, or with sewage systems considered 'other'	71.9	28.1	100 (N = 32)
Other households	20.1	79.9	100 (N = 4694)
Households with children 6–13 who don't attend school	78.3	21.7	100 (N = 46)
Other households	19.9	80.1	100 (N = 4680)
Households that utilize water from wells, streams, or rivers, etc., or that don't have water	62.9	37.1	100 (N = 210)
Other households	18.5	81.5	100 (N = 4516)
Households type: tenement houses, shanties, or houses constructed from discarded materials	70.4	29.6	100 (N = 71)
Other households	19.7	80.3	100 (N = 4655)
Households with more than 2 persons per room	81.1	18.9	100 (N = 291)
Other households	16.5	83.5	100 (N = 4435)

<sup>a</sup> Data for Montevideo, 2nd semester 1984

Source: CEPAL 1989

TABLE 3

**Relationship between Satisfaction of Basic Needs and Per Capita Household Income, Dichotomized at the Level of the Poverty Line<sup>a</sup>**

	Poor	Nonpoor	Total
Households with more than 2 persons per those receiving income and with heads of households under 45 with incomplete primary education or heads of household over 45 with 0–3 years of education	83.4	16.6	100 (N = 193)
Other households	29.2	70.8	100 (N = 4579)
Households without bathrooms, or with sewage systems considered 'other'	80.0	20.0	100 (N = 60)
Other households	30.8	69.2	100 (N = 4712)
Households with children 6–13 who don't attend school	77.3	22.7	100 (N = 88)
Other households	30.6	69.4	100 (N = 4684)
Households that utilize water from wells, streams, or rivers, etc., or that don't have water	68.2	31.8	100 (N = 494)
Other households	27.2	72.8	100 (N = 4278)
Households type: tenement houses, shanties, or houses constructed from discarded materials	81.0	19.0	100 (N = 42)
Other households	31.0	69.0	100 (N = 4730)
Households with more than 2 persons per room	86.6	13.4	100 (N = 440)
Other households	25.8	74.2	100 (N = 4332)

<sup>a</sup> Urban Interior, 2nd semester 1984

Source: CEPAL 1989

### 3. Poverty in Uruguay in the 1980s

To examine levels of poverty and unsatisfied basic needs we use a series of indices constructed for the years 1984, 1986, and 1989 based on the Survey of Households which covered Montevideo and the urban interior. Systematic information is not available for previous years although two estimates of poverty exist for 1981. Additionally, the most exhaustive and disaggregated study of basic needs, the analysis of the General Census of Population and Housing, was undertaken in 1985. It covers the country's 19 provinces (greater administrative units) disaggregated by cities, according to size, and the rural interior. A disaggregation by major administrative units was also conducted for Montevideo.

Table 4 presents data for Montevideo for the years 1984, 1986, and 1989, and for the urban interior for 1989. The upper portion shows the percentual disaggregation of households according to the aforementioned typology, and the lower portion the percentages of households below the poverty line and with UBN. It should be noted that the figures for households are always lower than individual measures of poverty and UBN, since the average number of members is higher in poor and UBN households. We will return to this point.

During the 1980s, poverty in Uruguay took the form of an inverted U curve. Between 1981 and 1984 the number of Montevideo households below the poverty line increased from an estimated 8.5% to 20.5%. Thereafter, as shown in Table 4, poverty levels declined. The urban interior consistently registered higher proportions of households below the poverty line: the maximum value reached 31.4% and dropped to a minimum of 12.7% in 1989. The most recent information of the Survey of Households for 1990 (second semester) shows a slight reversal. Díez de Medina (1989) found an increased percentage of Montevideo households below the poverty line (10.9%) in comparison with 1989. In the urban interior the figure rose to 17.0%.

When the numbers of people below the poverty line in Montevideo are considered individually (per capita levels of poverty) and not by household, the curve is similar but the values are higher: 12.7%, 28.0%, 23.7%, and 13.6%, respectively, for 1981, 1984, 1986, and 1989. In the second semester of 1990, the level rose again to 16.0%. In the urban interior, individual poverty reached 18.9% of the population in 1989 and rose to 24.8% in 1990.

The last year of the military regime, 1984, was the culmination of a process of crisis and recession which had begun two years earlier. The strong drop in economic activity, the breakdown of the *tablita* (the system of pre-programmed currency devaluations), the growth in



open unemployment, and the decline in real wages are important factors in explaining the rapid growth of poverty in no more than three years.<sup>13</sup>

**TABLE 4**

**Distribution of Households According to the Typology of Poverty  
Montevideo, Second Semesters of 1984, 1986, and 1989  
Urban Interior, Second Semester of 1989 (in percentages)**

	Montevideo			Urban Interior
	1984	1986	1989	1989
Households in conditions of social integration (nonpoor with SBN)	76.0	80.2	86.4	78.3
Households in situations of chronic poverty (poor with UBN)	7.5	6.7	4.0	6.5
Households in situations of inertial poverty (nonpoor with UBN)	3.6	3.5	4.4	9.0
Households in situations of recent poverty (poor with SBN)	13.0	9.7	5.2	6.2
Total	100.0	100.0	100.0	100.0
Households under the poverty line	20.5	16.4	9.2	12.7
Households with at least one critical need	11.1	10.2	8.4	15.5

Source: CEPAL 1989, based on data from the DGEyC's National Survey of Households for 1984, 1986, and 1989

Note: UBN = Unsatisfied Basic Needs  
SBN = Satisfied Basic Needs

A few indicators are sufficient to show the process. From 1981 to 1984 (urban) unemployment grew at the following annual rates: 6.7%, 11.9%, 15.5%, and 14.0%. Meanwhile, between 1982 and 1984 real wages in the public sector dropped at rates of -0.1%, -20.7%, and -9.0%, while in the private sector the rates of decline were -0.7%, -19.7%, and -5.0%. In the same years, per capita GDP fell -10.6%, -6.6%, and -1.9%. Finally, the change in private consumption per inhabitant was -15.0%, -12.0% and -3.9%, respectively for each year.

<sup>13</sup> These were the most visible and direct manifestations of the causes of the growth in poverty. Despite this, it is impossible to impute changes in poverty solely to economic factors. The military regime, until it was defeated in the popular plebiscite of 1980 and later until the internal elections of the political parties in 1982, was very sensitive to the issue of its legitimacy. This was not so after subsequent negotiations with the political class for its definitive retirement from power, which culminated in the Naval Club Agreement.

The first democratic government initiated a policy, previously agreed upon by business associations and unions, to recuperate real wages in the short term and, over the long term, to gradually reverse the previous regime's tendencies toward the concentration of wealth. Table 5 shows a decline in the indices of per capita income concentration of households between 1984 and 1988 in the provincial capitals; in the capital the participation of the two lowest income deciles improved slightly.

TABLE 5

## Distribution of Real Per Capita Household Income

	Provincial Capitals <sup>a</sup>			Montevideo		
	(Percentage of income)			(Percentage of income)		
Deciles	2nd sem '84	2nd sem '87	2nd sem '88	2nd sem '84	2nd sem '87	2nd sem '88
1	2.2	2.4	2.6	2.2	2.3	2.4
2	3.6	4.0	4.1	3.7	3.8	3.9
3	4.7	5.2	5.3	4.9	4.9	4.9
4	5.8	6.3	6.3	5.9	6.0	6.0
5	6.9	7.4	7.4	7.0	7.1	6.8
6	8.2	8.6	8.5	8.4	8.3	8.0
7	9.8	10.2	10.0	10.0	9.8	9.7
8	11.8	12.2	11.9	12.2	11.9	12.0
9	15.4	15.4	15.3	15.6	15.4	16.0
10	31.6	28.2	28.6	30.0	30.5	30.2
	100.0	100.0	100.0	100.0	100.0	100.0
GINI:	0.3965	0.3600	0.3584	0.3848	0.3817	0.3834
THEIL:	0.2693	0.2167	0.2168	0.2495	0.2481	0.2487

<sup>a</sup> Includes the cities of Las Piedras and Pando.

Source: CEPAL 1989, based on data from the DGEyC's National Survey of Households

Urban unemployment began to decline between 1985 and 1988 (13.1%, 10.7%, 9.3%, and 9.1%). Real wages recuperated at a somewhat higher rate in the private sector (14.9%, 7.3%, 7.9%, and 2.2%) than in the public sector (14.1%, 5.8%, 4.7%, and 1.5%). Per capita GDP

registered two years of positive and relatively high growth (-0.4%, 7.2%, 5.8%, and -0.4%), and the growth in private consumption per inhabitant followed a similar pattern (-1.5%, 12.4%, 13.1%, and 2.4%).

In the last year of the first democratic government (1989), economic indicators showed either setbacks or stagnation compared to the four previous years. Nevertheless, during the five-year period of the first democratic government, the profound drop in living standards registered during the crisis of 1982–84 began to reverse. Later, the second democratic government (inaugurated in 1990) implemented a series of economic adjustment policies which, according to the most recent information, have set poverty on the increase once more.

The indicators presented show that the policies to recuperate real wages between 1985 and 1988 were relatively more effective (especially in the first year) than other dimensions of economic performance. Furthermore, Table 6 shows a tendency toward an increase in real wages in the public and private sectors, although the growth was greatest in the private sector. The drop in the percentage of poor households during the 1984–89 period (Table 4) was aided by the redistributive retirement\* policy: the lowest beneficiaries received the highest proportionate increases. In addition, during the 1985–88 period, retirees saw their benefits grow by an average of 30%.

**TABLE 6**

**Evolution of Real Wages by Sector**

Public sector					
Quarterly	1984	1985	1986	1987	1988
March–June	103.55	108.46	122.94	122.91	124.60
July–October	95.15	123.56	120.33	119.66	119.73
November–February	104.01	121.74	123.55	126.33	122.79
Private sector					
February–May	100.62	107.72	124.03	131.03	137.92
June–September	95.50	117.21	121.23	132.78	131.02
October–January	101.42	119.52	125.24	137.15	137.35

Source: CEPAL 1989

If we look again at Table 4, the UBN indicator (households with at least one critical need) shows a pattern similar to that of the poverty line indicator: the percentage of households

\* Unless otherwise stated, 'retirement' should be understood to include related pensions, such as disability and survivors' benefits. —TRANS.

decreased (from a high of 11.1% in Montevideo and 25% in the urban interior in 1984 to 8.4% and 15.5%, respectively, in 1989). Nevertheless, two traits are significant. First, the percentage of UBN households is always lower than that of households below the poverty line. Second, the variations in the percentages of UBN households are smaller, confirming the less volatile nature of the indicator. In reference to volatility, it is noteworthy that the greatest difference between deprivation measured by each method was registered precisely in the period of the most critical economic situation. However, the values tend to converge under conditions of economic recovery.

Finally, when the evolution of types of households is observed between 1984 and 1989 (Table 4), about 80% of the pronounced drop in households below the poverty line is explained by recently poor households (below poverty line with SBN): they dropped from 13.0% to 5.2% of the total.

The type of households we have called inertial poor (above poverty line with UBN) followed a similar pattern to households in conditions of social integration: after relative stability between 1984 and 1986, their numbers grew slightly in 1989. The recovery in general economic conditions produced a growth in households that could improve their incomes. However, as already noted, some households may manage to rise above the poverty line but remain unable to completely satisfy their basic needs.

### 3.1. Regional Incidence of Poverty

The Census of 1985 is conclusive in showing a strong negative association between the size of the area of residence and the proportion of UBN households. The data (DGEyC 1990) indicate growth in these households from localities of more than 10,000 inhabitants (16.0%), localities between 2,001 and 10,000 inhabitants (25.4%), to localities under 2,000 inhabitants (36.9%). In rural areas or those with less than 2,000 inhabitants, the percentage grows to 42.0%.\*

Montevideo registered the lowest value (14.3% of households). The figure is higher for the number of individuals with UBN (19.0% of the population) due to the greater average number of persons in UBN households.<sup>14</sup> The relationship between households and individuals varies according to the context considered. In urban areas individual figures are around 20% higher than household figures, while these differences diminish in smaller and rural localities.

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\* Detailed tabulations of these data are available in the earlier Spanish version of this paper (C. Filgueira 1991)—TRANS.

<sup>14</sup> It should be noted that the results from the Census and the Survey of Households do not fully coincide. The Census figures are slightly higher figures than those of the Surveys.

When we attempt a regional estimation of the incidence of poverty, we observe low variance among the 19 provinces. With the exception of Montevideo, the proportion of UBN households shows extreme variations only in some exceptional provinces. This occurs with Colonia (20.6%), a province constituted by early colonization of Piedmontese and Waldensian immigrants; Maldonado (22.4%), a center of national tourism associated with Punta del Este; and, in terms of the greatest deprivation, some of the traditional cattle-raising provinces in the north or bordering with Brazil, Cerro Largo (39.1%), Artigas (38.4%) and Tacuarembó (36.5%).

If one observes the different dimensions of basic needs, it is clear that the overwhelming weight of needs are those related to housing—infrastructure (provision of potable water and of sanitation service), crowding, and type of construction. Problems concerning access to the educational system and capacity for subsistence are less serious. Even in the rural zones of the most deprived provinces, the latter two dimensions show a relationship of 1 to 10 and 1 to 4, respectively, in relation to the greater deprivation of housing type and services. The most notable discontinuity is found between rural zones and small cities: in the latter, the educational deficit is lower than in rural areas but deficiencies in terms of capacity for subsistence are greater.

Further analysis of the types of unsatisfied needs in each subregion or province is required if one's goal is to identify target groups, evaluate the real magnitude of their needs, and eventually develop specific policies to meet them. This issue will not be addressed here since it would require prior resolution of some complex methodological problems which derive from the difficult task of measuring the cost of the basic basket of foodstuffs for almost half of the provinces that border Argentina and Brazil or are within their spheres of economic influence. The variations in relative prices between these two countries and Uruguay and the nature of cross-border consumption of Uruguayan households add further regional variations to the already high volatility of the poverty line indicator.

### **3.2. Sociodemographic and Occupational Characteristics of Poor Households**

This section identifies the principal characteristics of UBN households in Montevideo, comparing them to SBN households. The characteristics under consideration are: composition of the family and its life cycle, demographic patterns, living conditions, geographic origins of the family, educational performance, and economic participation (Table 7).

#### **3.2.1. Comparison of Attributes of UBN and SBN Households**

a) Households with UBN are distinguished from the rest by a greater average number of members (in the order of 1.2 more). Most notably, they are composed of a very high number of children between the ages of 0 and 13 (3 times more than in other households). The average

differences between both types of households are very much influenced by the more extreme values of the variables. Some 40% of UBN households, compared to less than 17% of SBN households, have five or more members. Just over 17% of the former have six or more members.

TABLE 7

**Comparative Profiles of UBN and SBN Households  
in Montevideo, 1984**

House-holds	Average of		Percentage of households with									
	Persons per house-hold	Children per house-hold	Number of persons				Number of children (up to 13 years)			A child of the following ages		
			1	from 2-4	from 5-6	over 6	3	4	5 or more	0 years	1-5	6-13
With UBN	4.3	1.7	14.0	42.8	25.7	17.6	14.0	7.1	6.9	11.8	40.9	50.2
With SBN	3.1	0.6	15.3	67.8	14.5	2.4	3.6	0.8	0.2	3.8	16.0	23.9
Total	3.2	0.7	15.1	64.2	16.1	4.6	5.1	1.7	1.1	5.0	19.6	27.6

House-holds	Percentage of households of one person only, 65 or older	Percentages of households with head				
		Woman without spouse with children under 14			Economically inactive	
		Incomplete primary education	Employed	Total	With income	Without income
With UBN	3.8	2.1	3.9	5.7	10.1	4.1
With SBN	6.4	0.3	1.9	2.5	22.8	2.9
Total	6.1	0.5	2.2	3.0	21.0	3.0

Households	Percentages of households with			
	Some members of the household living abroad	Head migrant from some other province	4 or more children	
			Per economically active person	Per those receiving income
With UBN	8.3	7.4	6.9	6.3
With SBN	10.4	4.3	0.7	0.4
Total	10.1	4.7	1.6	1.3

TABLE 7 (Cont.)

Households	Percentage of households								
	Housing					Regime of ownership			
	With packed earth floors	Without electrical wiring	Constructed with unsound materials	Without toilet	With toilet/without sewage connection	Owner	Renter	Shared (rural areas)	De facto occupancy (of various types)
With UBN	9.2	18.8	17.3	12.0	40.1	25.0	38.0	0.8	32.8
With SBN	—	0.6	1.2	—	4.7	59.7	29.6	0.3	9.2
Total	1.3	3.2	3.5	1.7	9.8	54.7	30.8	0.3	12.6

House-holds	Percentage of households with head employed							Domestic service (including salaried and self-employed)
	Total salaried	Salaried in public sector	Salaried workers in the private sector			Self-employed		
			Agricultural sector	Con-struction	Others (except domestic workers)	In agri-culture	Others (except domestic service workers and professionals)	
With UBN	50.8	15.5	1.1	6.4	27.8	0.6	13.6	4.6
With SBN	43.6	16.6	0.4	1.8	24.8	0.7	13.0	1.5
Total	44.6	16.5	0.5	2.5	25.2	0.7	13.1	2.0

Households	Percentage of types of households			
	Unipersonal	Nuclear	Extended	Other
With UBN	14.0	57.1	21.6	7.3
With SBN	15.3	58.5	19.7	6.5
Total	15.1	58.3	20.0	6.6

Households	Women 15 to 49 by civil status					Percentage of men listed as head of household	
	Single	Married	Common-law union	Separated or divorced	Widow	15–49 years of age	50 years or older
With UBN	27.6	47.6	17.1	6.4	1.2	98.6	94.4
With SBN	35.7	51.3	4.3	7.1	1.5	86.6	69.4
Total	34.3	50.6	6.6	7.0	1.5	88.7	71.3

TABLE 7 (Cont.)

House-holds	Percentage of			Rates of economic participation					Persons with incomplete primary education	
	Children (6–13)		Economically inactive youth who don't attend classes	Male		Female		Married women 14–65	As percent-age of total EAP	As percent-age of EAP, 14–24 years old
	Don't attend school	Behind in school		14–65 years	14–24 years	14–65 years	14–24 years			
With UBN	12.3	19.1	53.4	83.7	68.9	40.3	34.4	34.4	29.2	18.0
With SBN	2.4	6.4	19.8	79.2	55.4	46.6	38.0	42.8	10.6	3.1
Total	5.6	10.4	25.9	80.0	58.3	45.6	37.2	41.7	13.6	6.4

House-holds	Birth rate per 1000	Approx. infant mortality per 1000	Percentage of the population					
			Children			Youth 14–24 years	Persons	
			0 years	1–5 years	6–13 years		14–64 years	65 and older
With UBN	2.5	50.0	2.8	14.3	22.1	18.3	56.4	4.5
With SBN	1.2	27.9	1.3	6.4	11.2	16.4	67.4	13.8
Total	1.4	36.8	1.6	7.9	13.2	16.8	65.3	12.0

House-holds	Percentage of the population employed							
	Total salaried	Salaried in public sector	Salaried in private sector			Self-employed		Domestic Service (includes salaried and self-employed)
			Agri-cultural sector	Con-struction	Others (except domestic service)	In Agri-culture	Others (except domestic service and professionals)	
With UBN	20.3	5.1	0.4	2.0	12.8	0.2	4.9	4.1
With SBN	28.1	10.2	0.2	0.8	16.9	0.3	6.6	2.4
Total	26.6	9.2	0.2	1.1	16.1	0.3	6.2	2.8

Source: DGEyC 1990



Such variations are due to the age structure of each type of household: In the first, children of up to 13 years of age make up 39.5% of the total UBN population (compared to 18.9% in the SBN population). The youth category (14 to 24 years) presents smaller differences: 18.3 and 16.4%, respectively. For adults (25 to 64 years), the relation is inverted: they represent 38.1% of the total UBN population compared to 51.0% in the SBN population. For those 65 or older, a low percentage (4.5) is found in the first population, but they represent 13.8% of the SBN population. Additionally, the percentage of retirees in UBN households was three times lower than other households in 1984 and two times lower in 1989.

In regard to family composition and marital status, households with married women are the typical value in both UBN and SBN households. However, unmarried couples are found four times more frequently in UBN households and the proportion of single women who head households with children under 14 is twice as great in UBN households as in SBN households.

In sum, the structure and composition of UBN households are characterized by the burden of young dependents, by the relatively small number of adults of economically active age, by the relative precariousness of the marital relationship or absence of a spouse, and by the relatively early stage in the life cycle.

b) These patterns maintain a direct relationship with the demographic indices of the family. Fertility (and infant mortality) rates that double those of other households explain the large families and the high percentage of a young population in UBN households. The aggregate consequences of these patterns reveal that 14.3% of Montevideo households—those with the most extreme needs—account for 33% of annual births. According to poverty line measures, in some critical years such as 1984, an estimated 41% of total births in the urban zones of the country occur in households with extreme needs (CLAEH-UNICEF 1989). Although it is unreasonable to assume that part of this elevated number of children born in poor households cannot, over time, improve their precarious situation,<sup>15</sup> current reproduction patterns challenge the capacity of the family and of the educational system to provide adequate social integration functions (Rama 1990).

c) Greater deprivation is associated with a lower quality of housing and services. Among UBN households, 32.8% live in situations of de facto occupancy. This is only slightly less than the modal value of renters (38.0%). In SBN households, 59.7% are 'property owners' and de facto occupancy does not exceed 9.2%.

d) The geographic origins of families reveal that UBN households have a higher proportion of heads of households who have migrated from other provinces. Although the rate of

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<sup>15</sup> Certain mechanisms of demographic mobility will continue to open spaces of upward social mobility. In the processes of 'demographic transition,' the lower reproduction of the middle and upper strata, compared to the lower strata, has contributed considerably to 'invisible' mobility.

rural-city or interior-Montevideo migration in Uruguay is below the rates common in Latin America, the incidence of poverty is still associated with this variable. On the other hand, international migration does not appear to be associated with the UBN/SBN dichotomy. There is little difference between the two types of households with respect to the presence of family members who reside abroad. Some 8.3% of UBN households have a family member in the exterior, compared to 10.4% of SBN households.

e) Indicators of access to the educational system show some of the most extreme contrasts between UBN and SBN households. Children from UBN households are less likely to attend primary school, more likely to be held back because of poor academic performance, and youths are more likely to drop out of school. The percentage of economically active family members, ages 14 to 24, who have not completed primary education is six times higher in UBN households (18.0) than in the rest (3.1). These profiles indicate a lack of protection and capacity within families with unsatisfied needs regarding values that give priority to education. Social and cultural limitations may prevent these families from offering new generations the elements of effective social integration—instrumental and symbolic—necessary for that future performance.

f) Finally, an examination of the economic activity of household members shows a higher participation of salaried heads of UBN households in the agricultural, construction, and domestic services (salaried and self-employed) sectors. It is interesting to note that self-employment levels are nearly equal in UBN and SBN households. Likewise, employment in the public sector does not vary significantly between the two types of households (15.5% and 16.6%). This shows a reversal of the traditionally favorable situation of public employees and underscores the general deterioration and declining income levels of this sector.

In regard to the burden of dependents in UBN households, the difficulties of survival are clearly manifested in the number of children per economically active person or income recipient in the household. Among UBN households, 6.9% had four or more children per economically active member and 6.3% had four or more children per income recipient. In SBN households these percentages did not exceed 0.7% and 0.4%, respectively.

In terms of economic participation, UBN households have higher participation rates for males and lower rates for females compared to other households. The greatest variation is found in the participation of men 14–24 years; the rate is 68.9% in UBN households and 55.4% in SBN households. This may indicate that youths from UBN households begin to contribute to family income at an earlier age than do those from SBN households. The somewhat lower economic participation of women from UBN households (40.3% of those 14–65 years), compared to other women of the same age (46.6%), may be associated with the excessive burden of childcare, gender-based values concerning the division of labor in the family, and fewer skills for entering the market.

### 3.2.2. UBN and SBN Households above and below the Poverty Line

If we again consider the typology of households, combining the poverty line and the satisfaction of basic needs indicators, we may complete a more satisfactory map of the heterogeneity of poverty. The attributes of household members examined by Kaztman (1989b) for the four types of households provide additional criteria and show more precisely the different structures of the most deprived sectors.

In socially integrated households (above the poverty line with SBN), sociodemographic, occupational, and integration characteristics include an older age of heads of households and presumably a more advanced life-cycle stage of the family than in more deprived households. Occupationally, managerial positions are overrepresented while precarious occupations, in the informal or self-employed sector, are underrepresented. The defining characteristics of this type of household are elements of social integration: formally established marriages, owned or rented housing, and above-average educational level of the head of household.

In households with chronic or structural poverty (below the poverty line with UBN), in contrast to the other three types, the existence of several critical needs is more frequent. Some are included in the indices of poverty and needs; others are related factors. Among the former, crowding, school truancy, and low subsistence capacity predominate. Precarious employment, low educational levels, single-parent families, unmarried couples, and housing situations of de facto occupancy are some of the linked factors of chronic poverty.

Households with inertial poverty (above the poverty line with UBN) partially participate in the characteristics of the two preceding types, but the combination of these factors is distinct. In contrast to households with chronic poverty, most inertial households present only one critical need. They are thus less prone to be caught in the vicious circle of mutually reinforcing dimensions of poverty. In these households, indicators referring to the elevated number of children, crowding, and failure to attend school are underrepresented. Instead, needs related to housing and related services predominate. R. Kaztman (1989b) argues that the probable trajectory of inertially poor households includes:

- a) a history of poverty that has instilled values and habits that organize the allocation of household resources in a way that deviates from the consumption patterns of Montevidean society.
- b) Furthermore, part of this history of poverty has been the consequence of the cost of social reproduction.
- c) In the stage of the life cycle that we are considering, the children had already been incorporated into the labor force or had formed independent households (hence, the underrepresentation in indicators of crowding, capacity for subsistence and school truancy relative to total households with critical needs).
- d) Finally, for reasons we are not able to identify with the available information, these households have benefited from an insertion of the head of household in the labor market whose profile is closer to the socially integrated households

representing the majority of Montevidean society than to households in a situation of poverty.

Households in the situation of recent poverty (below the poverty line with SBN) have suffered processes of downward mobility. Employment of household members is precarious, as in households with chronic poverty. But recently impoverished households show evidence of a past history of social integration and of having participated in values and habits outside the 'culture of poverty': higher levels of education of the head of household, valorization of education, and legally sanctioned conjugal unions.

Other studies carried out in marginal populations that grew significantly during the crisis of 1984 have shown certain consequences of this pattern. At an aggregate level, the composition of suburban marginal squatter settlements has changed; the recent poor have acquired a growing weight. Nevertheless, the recent poor have experienced difficulties of integration due to cultural conflict; they have been reluctant to accept the value patterns of chronic poverty dominant in these contexts. The recent poor viewed their condition of marginal residence as a transitory situation (Mazzei and Veiga 1984, 1986).

#### **4. The Incidence of Poverty in Retired Sectors**

The preceding analyses have not considered the characteristics of poor households according to an important group—social security\* beneficiaries. Due to demographic reasons (aging population) and because of institutional factors, the retired sector in Uruguay makes up an important part of the country's population. In Montevideo, some 29% of households are headed by a retired person and 43% have a retired member.<sup>16</sup> In 1991 this sector numbered approximately 760,000 out of 3 million inhabitants total and an estimated 1,360,600 economically active inhabitants. The quotient of active social security contributors to retired persons has declined from 3.5, at the beginning of the 1960s, to its present level of 1.36.<sup>17</sup> Furthermore, retired persons constitute the largest section of the population with shared situations and interests.

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\* Social security in Uruguay covers a variety of allowance and insurance programs, most though not all of which are job-related. Retirement benefits and associated pensions form by far the largest component of social security. — TRANS.

<sup>16</sup> Díez de Medina (1990) further breaks down the types of households in which retired members are present: head of household and spouse (22.4%), one person living alone (18.4%), head of household and other relatives (18.2%), head of household, spouse, and children (16.0%), and head of household and children (7.1%).

<sup>17</sup> The retirement data are taken from the Social Security Bank (Banco de Previsión Social or BPS) for 1989, while the figures that refer to the EAP and active contributors come from official estimates for 1991. Other estimates show slight variations due to purging of multiple affiliations and to problems of information availability. The differences, however, are not significant.

Studies conducted elsewhere in Latin America have found that retired people constitute a considerable proportion of the population in critical poverty and thus deserve detailed examination. In trying to estimate the incidence of poverty among retired people in Uruguay, there are at least two types of factors, acting in opposite directions.

Positive effects are derived from: i) the widened coverage and universalization of the social security system—above 100% in 1960 and 1963 due to multiple affiliations, and 72.4% in 1983 (Mesa-Lago 1985); ii) the 'generosity' of the system and easy access to retirement benefits (in extreme situations, simple sworn declarations by witnesses of one's labor activities, and special laws such as the 'mother law'); and iii) early retirement age limits fixed at 55 years for women and 60 for men.

Negative effects include a highly stratified system, organized according to the power of the most privileged groups. In data for 1965, Mesa-Lago (1985) found extreme relative differences in the range of average benefits from 1 (rural and domestic workers) to 6.8 (university professionals) to 12.6 (bank employees). In 1982, the stratification was reduced: relations of 1 to 5.9 and 1 to 5.6 between rural and domestic workers on one hand, and military and bank personnel on the other, respectively (Mesa-Lago 1985).

Furthermore, various privileges are added to the established benefits, in particular, the differential rates of adjusting benefits to inflation. While some retirement funds were able to secure automatic proportional adjustments to inflation, the less influential ones depended on ad hoc criteria of clientelist distribution—or 'particularistic categorical clientelism,' to use Valenzuela's (1991) terms. During recent years, many of these factors have been modified by the unification of retirement funds, the establishment of equivalent benefits, and by the 1989 plebiscite which constitutionally established the indexation of retirement benefits according to inflation. Nevertheless, the structure of benefits continues to express more strongly the inertial nature of past cumulative processes than the effects of the most recent transformations. Certainly the indexation of benefits is an exception. It has had immediate consequences for recuperating the purchasing power of benefits, although its impact on poverty cannot yet be fully evaluated.

#### **4.1. Basic Needs and Poverty among the Retired Population**

Households that have retired members show proportionately higher living standards than those with no retirees, according to both methods of measuring poor households—satisfaction of basic needs or relationship to the poverty line. Furthermore, this relationship seems to exist independently of economic cycles: it has been verified for periods when poverty grew to its highest levels (1984) as well as at its lowest levels (1989) (Díez de Medina, 1990). In 1984, 15.8% of households with retired members were below the poverty line, compared to 25.6% of

households with no retired members. These numbers fell to 7.6% and 10.5% respectively in 1989. When satisfaction of basic needs is examined, the differences are even more extreme. In 1984, three times more households with no retired members had some unsatisfied need than did households with retired members. In 1989, the difference was two times greater.

The unsatisfied basic needs that contribute most to the difference between the two types of households are crowding in housing and capacity for subsistence. As indicated in the preceding section, both needs are closely related to the number of members of the family, the presence of children under 14 years of age, and the early stage of the life cycle of the family. Households with retired members, by contrast, are predominantly unipersonal, or formed by couples in advanced stages of the life cycle, or couples with an additional relative other than a child. These three categories make up 60% of the households with retired members. An additional 16.0% of households with retired members include children; however, because children in households with retired members are older than those in households without retired members, we assume that these households represent a more advanced stage of the life cycle than do those without retired members.

It is also reasonable to assume that the better situation of retired people has to do with their life history, above all, with the possibility of having accumulated goods and cash savings during their economically active life. Here, long- and short-term differences are important, for it is precisely in the dimension of basic needs where households with and without retired members show the greatest differences. The fact that differences are smaller in relation to the poverty line seems to confirm the effects of accumulation and savings.

Additionally, not all people who receive retirement benefits are truly inactive. According to the Survey of Households, no less than 10% of the EAP in Montevideo also claim to be retirees. This figure likely underestimates the phenomenon, which is underdeclared for legal reasons but is undoubtedly an important survival strategy for some households.

Levels of poverty are lower in this dual inactive-active group than in the truly inactive retired sector. In comparison to 7.7% of retired people (not households) below the poverty line in 1989, only 5.9% of the economically active retired people were below the poverty line. The individual and family characteristics of individuals in this double condition are somewhat different from the average characteristics of households with truly inactive retired members: they are younger and have a greater number of family dependents and, in general, they are headed by a retired member.

We conclude that the retired population does not contribute to the increase in poverty. The presence of retired members in certain households not only improves their profile but also

contributes to a transfer of resources toward other members of the household. It is also probable that retired members perform an important role in intergenerational transfers within the family.<sup>18</sup>

These patterns are consistent with two traits that have characterized the system of social security in the recent past. First, we reiterate the universalist nature of the social security system: wide occupational coverage (retirement benefits), protection of dependents (survivors' benefits, etc.), coverage for the unprotected elderly (old-age pensions), disability protection, and other benefits such as unemployment insurance, health coverage, and family allowances. Despite the stratification of the social security system, there seems to have been a redistributive effect towards the lowest sectors (for example, the retired rural sector and domestic workers) and towards other unprotected social categories. In this way, the system has guaranteed certain conditions of coverage that reach the most deprived groups.

Second, the trajectory of the economically active life of those who are currently retired occurred during periods of more favorable economic and social conditions than exist today. The accumulation of some capital (savings and material and nonmaterial goods) during the economically active period contributes to a lower incidence of poverty during retirement.

## **5. Poverty and Trends towards Change in the Social Structure**

Interpretation of the results presented to this point requires examination within a more comprehensive framework. It is necessary to globally evaluate the growth of poverty as it has been manifested in the indicators we have considered. We must also analyze its relationship to the structural transformations that have occurred in Uruguayan society in recent decades.

We should note that the question of whether or not structural poverty has grown in Uruguay does not have an easy answer. If analysis is limited to the poverty line indicator, we know that by its very nature it will not be measuring structural characteristics of poverty. The high sensitivity of real income in the demarcation of the poverty line points to processes of a conjunctural nature more than structural or long-term processes.

Certainly, if the long term shows a defined and relatively stable change in levels of poverty, it seems reasonable to accept the hypotheses that 'something has happened' and that we are in the presence of some important transformation. This seems to be the only situation under which the poverty line measure could be considered more stable, and as a consequence,

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<sup>18</sup> The role of the 'third age' in the social organization of the family has not yet been studied sufficiently. Apparently their contribution is not limited to the economic support we have mentioned. A study of ideology by gender and family roles in Montevideo showed that retired members of the family contributed to domestic activities and liberated active members (especially women) for employment. The study showed that 50% of women who were employed declared that they were able to work because a family member (not child or spouse) took care of the children (Moreira, Niedworok, and Pellegrino 1990).

more 'proxy' to a valid criterion for estimating the structural effects on the living conditions of the poorest sectors.

The data presented in the previous sections clearly suggest changes in poverty trends in the country. In the 1970s, 8% to 10% of individuals lived below the poverty line. In 1989–90 there was evidence that those levels had approximately doubled: in 1989, 13.6% of individuals were below the poverty line in Montevideo, and 18.9% in the urban interior; in 1990, 16.6% and 24.4%, respectively. Considering that Montevideo represents about half the country's total population and that the urban interior represents almost 36%, it is reasonable to estimate that urban poverty doubled. Without ignoring the growth in poverty produced in the period of economic crisis and its later decline (1986–89), it is significant that after this period poverty levels have not decreased to the 1970s levels.

A counterargument warrants consideration. Two or even five years are insufficient to establish a trend, and furthermore, the crises are exceptional. Consequently, present apparent tendencies could possibly reverse given a new conjuncture. Another counterpoint is equally worth considering: the comparison of urban poverty levels (1970–1990) tends to overestimate its growth by not taking into account the reduction of the rural population, the migration to the city, and thus the present visibility of a volume of urban poor who were previously unregistered rural poor.

We do not question the exceptional nature of the crisis, but contend that it is not decisive in verifying the growth of poverty. We agree with the claim that two years is too short a period to speak of long-term tendencies. But what is important for the argument is whether evidence exists to sustain the hypothesis of a reversal of this tendency. Actually, there are no effective indications of reversal in the sphere of the economy or in terms of policies directed at the target groups to counter the negative consequences that macroeconomic policies have on the incidence of poverty. Rather, the opposite has occurred between 1989 and 1991; economic adjustment policies were accompanied by a return to a tendency toward increased poverty. All that can be asserted with the information presently available is the persistence, during the 1980s, of poverty levels much higher than those at the beginning of the preceding decade.

The second argument is correct but insufficient. Migration flows from the country to the city explain only a small part of the growth of urban poverty. Only 4.7% of Montevideo households are headed by persons who have migrated from other provinces. Furthermore, interprovincial migration is predominantly of an urban-urban nature. Thus the contribution of rural poor migration to the growth in urban poverty is small.

It is even more difficult to establish conclusive evidence of long-term poverty trends based on measures from basic needs indicators. Records based on this methodology that would enable us to establish long-term systematic comparisons are available for only some variables



during a 6-year period (1984–89). Furthermore, as noted in Section 2.2, the concept of basic needs covers a wide range of material and nonmaterial goods whose satisfaction varies substantially with respect to their forms of provision, the differential costs of access, and the resources households can mobilize to satisfy them.

Nevertheless, it is possible to establish long-term tendencies for the supply of certain goods. However, in so doing we cannot measure the direct access to these goods within households. If we opt for this alternative, the results will produce varying conclusions according to the basic needs considered, and as a whole, the final result may seem contradictory or ambiguous. For example, within the educational system the coverage of primary education continued to expand during recent decades and promises to reach the old goal of universal basic education. At the same time, the rates of absenteeism, older students repeating grades, and drop-outs grew disproportionately (Díez de Medina 1989). Housing is the most pervasive of all basic needs, as much with respect to quality as to basic services and crowding. Taking into account the positive effects of general advances in medicine, indirect global indicators of health care are clearly favorable: slow but positive growth of life expectancy, decline in infant mortality, and changes in the causes of morbidity. Many of these advances have been relatively easy to achieve with targeted policies such as maternal-infant services and special attention to high-risk sectors. Nevertheless, an examination of differential conditions by poor and nonpoor strata exposes situations of unsatisfied needs. The report by CLAEH-UNICEF (1989) indicated that

The health coverage of mothers is very different between poor and nonpoor families. The vast majority (89%) of mothers in the nonpoor control group were affiliated to mutuals. In the different localities of the general sample (poor) and in inner-city slums, a maximum affiliation of 10% was found; in the peripheral squatter settlements it was less than 3%. Half of the mothers in the general sample had a public health card and 22% did not have coverage. Since the latter, in case of emergency, end up receiving attention (with greater or lesser difficulty) at public health facilities, more than 70% actually depend on these services... Birthing services are provided almost universally in hospitals, but prenatal care varies greatly between poor and nonpoor. Eighty percent of the nonpoor sample received adequate attention and only 1% were not attended. In the general sample of poor families, only 40% had adequate attention and 7% received no prenatal care... Problems concerning children's health care are even more serious. In the nonpoor sample, 73% of the children received adequate health care, and 14% received inadequate or no attention. In the general sample health care was adequate for 30%, but was very inadequate or nonexistent for 56%.

Other indicators, such as nutritional level and children's psychomotor development, confirm a relatively satisfactory general situation, but differentials appear along the continuum of social stratification. The lowest levels show sociocultural and economic deficiencies which

operate as barriers to satisfying certain basic needs, despite the fact that the means of satisfaction may be available on the supply side.<sup>19</sup>

The general picture offered by the indicators of satisfaction of basic needs seems to be somewhat more favorable than that resulting from estimations based on the poverty line. The information presented in Table 4 indicates lower levels of basic need compared to the poverty-line levels. This relationship is systematically repeated for all years considered. Furthermore, the differences show a relative autonomy of the satisfaction of basic needs in relation to household income: the proportions between both indicators follow a pattern in which at the worst moments for income levels (1984) the relation was 2 to 1 (20.5% of households below the poverty line and 11.1% of UBN households), but when income levels improved (1989), the distance diminished (9.2% and 8.4%, respectively, for 1989).

If there is no integrated conceptual—or moderately consensual—framework concerning the criteria for selecting basic needs and even less for the relevant cut-offs that mark the limits between poor and nonpoor for each need, it would be a sterile exercise to attempt to establish an ad hoc integration of these criteria. However, it seems clear that the evolution of the satisfaction of basic needs shows its own dynamic, relatively independently of the income dimension.

Perhaps one of the most interesting considerations derived from this study is that this evaluative picture, with all its contradictions, offers a view of poverty in Uruguay quite different from the optimistic and perhaps idealized image inherited from the first international comparative studies undertaken in the 1970s. In any case, even a complaisant view of a country still in an advantageous position with respect to the rest of Latin America should not ignore the challenges of new and more complex manifestations of poverty. Long-term tendencies suggest the presence of an impoverished and highly vulnerable sector, which can just as easily fall below as rise above a mobile poverty line.

A relevant—but very difficult—question is how long the condition of so-called recent poverty can persist before it should more properly be reclassified as chronic (or structural) poverty? The high levels of households that have fallen below the poverty line and the succession of circumstances that tend to crystallize their situation may result in sociocultural practices and habits that become inscribed in the structural patterns of chronic poverty.

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<sup>19</sup> A very different question is the quality of the supply. Uruguay is presently among the Latin American countries with the lowest percentage of public spending on education and health with respect to GDP.

### 5.1. Poverty and Impoverishment in the Social Structure

The development of the two measures, the poverty line and basic needs, has for the most part occurred independently of theories and empirical investigations on social stratification and mobility. Those issues have been treated by implication only, despite the fact that the study of poverty is, in essence, a question of social stratification. Conceptually, the distinction between poor and nonpoor alludes directly to the foundations of social inequality and the hierarchical ordering of individuals and groups along a continuum defined by differential access to power, influence, and control over material goods or socially legitimated values. Few studies have related the inequalities in the lowest categories of the stratification—poor and nonpoor—to the inequalities of the social structure throughout the continuum of social stratification.

Consequently, studies of poverty that present the analysis in dichotomous terms often overlook the more general movement of the social structure, of stratification, and of social mobility. Investigation of these processes is relevant for understanding the multiple modalities by which a stratified system is transformed, as well as the types and degrees that poverty assumes.

While recognizing the difficulties of creating a measure that associates types of poverty with social stratification—and without claiming to ‘explain’ poverty here—the desirability of placing this topic within a wider framework of long-term structural transformations can reasonably be sustained. With the intent of contributing to this characterization, we will distinguish three long-term structural tendencies: the evolution of the distribution of income; changes in social stratification and mobility; and transformations among the principal dimensions of stratification.

**Income distribution:** a continuous series is available since 1962 for Montevideo, derived from the work of Melgar and Villalobos (1986). This series shows growth in the concentration of income between 1962 and 1984, in which the upper decile initially accounted for 24.6% of total income and ended with 34.5%. The lowest decile declined from 3.47% to 0.64% during the period. Other sources that analyze the distribution of personal income (Díez de Medina 1989) report a slightly more positive figure for the lowest decile (1.04%) in 1984.

Because this series ended in a year of deep crisis, it is important to consider income figures in later years. As a result of the policies implemented under the first democratic government, during 1987 and 1988 the situation of the lowest decile improved (1.36 and 1.25, respectively), although the participation of the upper decile also increased, reaching 36.2% in 1988 (Díez de Medina 1989).

Despite methodological problems with the data, they are sufficiently consistent to show a trend in income distribution moving from a predominantly mesocratic type of distribution towards one of greater concentration.

**Intergenerational occupational mobility:** Two studies of this phenomenon are available. The first, undertaken by Hutchinson (1962), was based on a survey of social mobility in the cities of Buenos Aires, Montevideo, and São Paulo in 1961. The second was an investigation of social spending undertaken by the Centro de Informaciones y Estudios del Uruguay (CIESU) in 1983. The principal conclusions derived from a comparison of the two studies can be summarized in three points:

First, the structure of occupational stratification in Uruguay tended to freeze the mechanisms of upward mobility resulting from the expansion of the productive system (structural mobility). Furthermore, demographic factors induced decreasing mobility.

Second, the chances of intergenerational mobility depend to an increasing extent on processes of individual mobility, also called replacement. This mobility operates as a consequence of the success or failure of new generations to surpass the occupational positions of their parents. In other words, it requires that some individuals descend so that others may ascend. A high mobility of this type implies a high permeability of the social structure.

Third, over these two decades, upward mobility was reduced and the numbers of downwardly mobile individuals and those who remained at the same level as their parents increased.

For 1961, Hutchinson found a total mobility in Montevideo (children with different occupational positions from those of their parents) on the order of 65% (a sample of men in six occupational categories). Of these individuals 30.9% were mobile due to transformations in the productive structure or because of demographic differentials between the respective strata. The other 69.1% moved by replacement. In 1983, in a sample of men in six occupational categories, total mobility was approximately the same (62.0%), but mobility for structural reasons fell to approximately one-third of that reported in 1961 (11.5%). Mobility by replacement rose to 88.5% of all mobile individuals.<sup>20</sup> This transformation of the components of mobility indicates: i) the productive structure's loss of dynamism to generate new occupations at higher levels, and ii) the growing equalization of the demographic differentials among strata (tendency toward closing the cycle of demographic transition). Social mobility during the period surveyed became more rigid, and in the process the social structure lost one of its most powerful components for motivating upward mobility.

The data for the two periods does not present great differences regarding changes in the direction of mobility. In 1961, upward mobility was 39.0%, downward 26.0%, and immobility 35.0%. In 1983, upward mobility dropped to 34.5%, downward rose to 27.2%, and immobility

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<sup>20</sup> It should be noted that the mobility induced for structural reasons in Montevideo was relatively low in 1961 compared with the other two cities included in the study, São Paulo and Buenos Aires.

rose to 38.3%. In sum, upward mobility was reduced, and structural situations of stagnation and decline became predominant. This outcome was influenced, in particular, by the downward mobility of the informal sectors (which represented 30.2% of downward mobility, as opposed to 25.2% of upward mobility and 44.6% of nonmobile) and by individuals under 40 (29.8%, 28.8%, and 41.3%, respectively). In contrast, the older generations displayed the benefits derived from having participated in a more dynamic occupational context in terms of upward structural mobility (25.0% and 38.0% for downward and upward movements, respectively).

Uruguay provides a clear example of the sclerosis of certain channels of social mobility. Structural mobility pertains to a transformational stage of the social structure characterized by secular tendencies of growth of middle-class and skilled occupations, reduction of the population employed in rural tasks, and expansion of the service and industrial sectors. These processes—as exemplified by highly developed societies—tend to reach a ceiling whereupon the powerful impetus for upward mobility, generated by the proliferation of occupations of a middle and upper level, progressively decreases. Uruguay's occupational structure has reached a relatively high degree of modernization; thus, only an intense productive transformation could open new dynamic channels of structural mobility.

When attempting to relate these tendencies to Uruguay's social dynamic in the last decades, the results presented to this point can be viewed in two different ways. They can be seen as a confirmation of the widely accepted thesis concerning the stagnation and decline that characterized Uruguayan society during many decades. On the other hand, these trends can be interpreted as a relatively dynamic though contradictory process in which the dominant mechanisms of the stratification system are being replaced.

Taken together, both viewpoints suggest, first, that the easy period of upward mobility in the 'model' Uruguayan social structure has tended to gradually close down; second, that economic trends do not augur well (at least in the short and medium term) for an easy or rapid recovery of the dynamism of the past; and third, that these two views are not synonymous with economic stagnation or social immobility, although it should be recognized that the struggle to ascend—or avoid descending—occurs today within a context that closely approximates a zero-sum game.

**Transformations among the principal dimensions of social stratification:** A well-known criterion, called the horizontal measure of social stratification, is used to evaluate this third long-term tendency. Sociological analysis shows that, under certain conditions, the different ranks that stratify a society can expand with different intensities and velocities. One of the most important effects of this type of process is the generation of incongruencies within individuals' status situations. Uruguay exemplifies a society that experienced a process of this nature at an early stage in which education expanded faster and more easily than the occupational order and

both preceded the growth of average income. It is useful here to distinguish between spontaneous and politically structured effects. In the first case, it is sufficient to expand enrollment in schools or to devote scarce resources to the educational infrastructure, and to have youth demand access to the credentials offered by the educational system, for new middle and upper educational statuses to proliferate in the social structure.<sup>21</sup> However, the expenditure and time required for economic development and, consequently, for generating the corresponding productive occupations are different. It is even more difficult to achieve an increase in the economic resources needed to finance such expansion.

These spontaneous effects are frequently articulated through political channels. In this sense, it may be rational in the short term to promote educational expansion and then resort to artificial job creation (for example, through public employment) to satisfy the resulting occupational demands of the 'overeducated.' This 'absorbs the social tensions' provoked by the legitimization of aspirations and expectations derived from the expenditures made in education. The cost of this policy is productive inefficiency, the overdevelopment of the state apparatus, the exhaustion of economic resources and, above all, the deferring of conflicts which are later triggered in a more acute way by sectors that increasingly feel deprived (C. Filgueira 1973; Filgueira and Geneletti 1981).

The lack of congruence of individual statuses has additional determinants. Rapid technological change, innovations in production and administration, together with the internationalization of the economy have had the effect of unsettling the domestic economy and, above all, rupturing the connection of this order with social and political patterns of organization. This, for Uruguay, apparently immutable connection is being weakened by new forms of work organization, the rapid obsolescence of knowledge offered by the formal educational system, the displacement of specialized workers given the new requirements of versatility and interchangeability of occupations and skills, and the growing differentiation between firms and sectors oriented toward the internal or external market.

When we add to these structural factors policies of stabilization and structural reform that affect vast salaried sectors (for example, the sector dependent on the state, which in Uruguay represents 23% of the EAP, and the abandonment of protection for national firms (subsidies, tax exemptions, monopolies), the result is an unbalancing of the labor market, paving the way to the aforementioned effects of status incongruence.

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<sup>21</sup> The known 'models' of educational systems present very marked differences. Intense and rapid educational expansion is more probable in predominantly public, free systems without control of matriculation—as in Uruguay. Nevertheless, other systems, and almost all the systems of the region, have experienced a rapid expansion of intermediate and higher education. In the majority of cases, this has been made possible by an elevated internal stratification in the system, in which quality varies greatly.

In his study of Uruguayan socio-occupational structure between 1984 and 1988, Díez de Medina (1989) shows that these effects are manifested in an ordering of occupations that differs from traditional patterns. Grouping occupations by minimizing average levels of income within each group and maximizing intergroup average differences, the study identified 19 socio-occupational categories.

The socio-occupational groups at the extremes are, in general, the most congruent. Category 1 includes businesspeople, managers, and high-level public officials. Category 2 includes university professionals and owners of businesses. The lowest categories include occupations traditionally consistent with inferior income, education, and occupational levels. In these groups, located in positions 17 to 19, we find, respectively, street vendors, domestic workers, and workers in agricultural and livestock activities.

Intermediate categories are different; the relationship among the prestige, income, and educational requirements of the occupations is weaker. Some privileged worker groups within exporting sectors, as well as workers in the chemical industry, dairy, tanning, and hides, and even sanitary installers, plumbers, and graphics workers (group 5) surpass white-collar occupations with intermediate and higher education: office workers, translators, social workers, professional assistants, etc. (group 6). Furthermore, the income of this latter category is close to that of custodial employees, doormen, gas station attendants, and municipal employees (group 7).

While a marked stratification exists among categories of blue-collar workers in different industries, it is also noticeable that the majority of them (groups 8, 10, and 11), except those in construction and painting, rank above certain occupations, such as teachers (group 12), with intermediate and high levels of education and prestige. Other differences are due to factors related to the country's recent history: members of the armed forces and police occupy a relatively privileged position (group 4).

This view of the socio-occupational structure allows us to draw some conclusions relevant for characterizing the tendencies toward change in the social structure. On one hand, these data support the relative dynamism and mobility presented in the previous section. Some social sectors have fallen while others have ascended. Furthermore, the general impoverishment adduced by the most widely held views about contemporary Uruguay may be sustained for certain occupational groups, educated or highly educated. But even admitting a tendency towards the concentration of incomes, this does not imply that the argument of impoverishment can be generalized for all occupational categories.

One of the most important consequences of these changes in the socio-occupational structure is a profound rupture in the prolonged stability of traditional occupations and professions. This rupture indicates the deterioration of situations shared by vast occupational sectors, closely associated with union organization, and points to the emergence of new

situations that have the effect of eroding existing individual and collective orientations. These are components of social organization and integration and are as important as purely economic factors in explaining the growing vulnerability of sectors that find themselves below the poverty line or those that have fallen so close to the line that a small variation in their income would be enough to drag them below it.

Finally, we should mention the influence of demographic factors on poverty. The population of Uruguay is growing very slowly, with a birth rate of 17.6 per 1000 in 1985–1990. During the period of large emigration (early 1970s) there were even negative rates of growth. Holding other factors constant, demographic tendencies do not seem to be an aggravating factor for the type of poverty found in households at an early stage of the life cycle, with a high number of young dependents. Although birth rates and the number of children per woman in these households are higher than in the mean of total households, no indicators support the hypothesis of an increased birth rate in the country, nor in households that are classified poor or with unsatisfied basic needs.

The situation is different, however, for the older population. According to CELADE's estimates, the proportion of persons 60 or older will increase by no more than one percentage point in the next 30 years; their representation is expected to rise from 15.6% in 1990 to 16.7% in 2020. This estimate, however, depends heavily on assumptions related to emigration. CELADE has generally overestimated the Uruguayan population, in part due to its assumptions of low emigration. Other estimates (Aguar and Licandro 1989) predict a slower population growth with a rate that becomes negative in 2010–2015. According to this projection, the proportion of persons 60 or older will reach 18.3% of the population in this period, which would represent a growth of 20% with respect to 1990. If this were the case, the consequent demands on the social security system may overburden a system that already cannot adequately cover current needs. As we saw in Section 4, the retired sector does not contribute to the expansion of poverty. But retirement conditions for the generations who are presently economically active may be less favorable.

At present, the social security system is on the edge of collapse; it requires increasing contributions from public spending to cover its costs. The problems are not only financial. Institutionally, the social security system has adopted patterns of behavior that contradict its sustainability. Originally designed as a system of capitalization, social security became something very different. The organisms that administer the funds have demonstrated that they were not designed, nor do they possess the capacity, to act as investors or agencies of capitalization, and bureaucratic overcrowding has spuriously absorbed a great part of the resources.

Furthermore, the method for calculating individual retirement benefits—based on the last three years of contributions—encourages evasion and underdeclaration of income at early stages



of economic life. The system lacks credibility and operates under the generalized belief that it cannot any longer ensure retirement under living conditions similar to those during an individual's economically active life. Contributors may be rational in evading, underdeclaring, or overdeclaring contributions within a system that has no effective mechanisms of control, but the aggregate effect is the irrationality of the overall system (Hirsch 1978). The growth of the EAP accompanied by a drop in contributors—as observed in recent years—is a strong indication of the nonviability of the existing social security system.

If there is a continuing trend towards individuals choosing to insure their retirement through savings accumulation or private capitalization—possibilities only accessible to privileged sectors—it is likely that the present relationship between retirement and poverty will reverse. According to this hypothesis, the effects of demographic growth of the retirement-age population would reinforce the impact of the institutional factors noted above. This, in turn, would expand and alter the profile of the universe of poverty in Uruguay.

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