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In the last five years, poverty and indigence have increased in Argentina. This increase is linked to the world of employment. Unemployment, underemployment, insecure working conditions, and low incomes of workers and pensioners provide the breeding grounds for the new poverty.

Unemployment is the main source of social inequality. The government promised to reduce poverty two years ago at the Social Summit and has made efforts to reduce the unemployment index. Still, poverty is on the increase. From 1991 to 1995, open unemployment increased from 6% to 18.4%. It then dropped to 17% and 16.1% percent. The figure for this year is expected to be lower, but experts agree this is due mainly to the increase in insecure jobs. The business community admits that the new form of employment known as «promoted contracts» or temporary posts – with no welfare benefits – accounts for 80% of new jobs created in recent years.

The employment crisis and income concentration combine to increase the breach between rich and poor.

The new poor come mainly from the middle classes, who have become poor because of their low incomes.

«Unemployment is directly involved in 35% of cases of the new poor, although indirect incidence also takes *its toll*,» said Irene Novacosky, co-ordinator of the Social Development Ministry Social Programme Monitoring System.

Economist Claudio Lozano explained that unemployment does not fall on every sector equally. It tends to plague the poorest groups. The lowest family income groups suffer 35% unemployment. Those who are better placed on the social scale face an unemployment rate of 6.1%.

According to the National Institute of Statistics and Censuses (INDEC), from 1991 to 1997, the 30% of the population with the lowest incomes reduced their share of total national income from 9.5% to 8.2%. Low-middle income people saw their share fall from 18.9% to 18.4%. Another 30% of the population, the middle-middle class, slipped from 37% to 36.3%. The only sector that increased its share of overall national income was the top

POVERTY GROWS, SOCIAL BREACH GROWS

10% high income people, whose share went from 34.6% to 37.1% in the last five years.

Measuring the phenomenon of inequality in another way, INDEC said that, in 1991 the richest groups had 15 times the income of the poorest; by 1997 the richest were earning 23 times what the poorest received. **A third of the Argentine population – 11 million people – is poor.** The State supports 10 million of these with food support, health, education, housing and employment. Social spending totals \$53 billion per year.

However, economist Jorge Capitanich says, «*there are problems of insufficiency and inefficiency*» in the assigning of these funds.

Some 4.5 million people in Argentina are structurally poor – people who are born into poor homes and cannot change their situations. The rest are the so-called «new poor,» former members of the middle classes.

On the basis of data from INDEC, UNICEF, the ministries of Economy and Health, and the Buenos Aires Studies Centre, demographer Susana Torrado said that from 1993 to 1996, poverty in the Argentine capital and greater Buenos Aires increased from 16.9% to 27.9%, while indigence went **from 3% to 5.5%**.

«*If the State does not help it will be a disaster, but the aid is only a palliative,*» said Cristina Chan, secretary of Caritas Argentina, the biggest Catholic Church charity organisation. According to Caritas, the zones most affected by poverty include Humahuaca, in the northeast, where the shortage of natural resources became serious with the closure of foundries, mines and railways. Formosa, on the frontier with Paraguay, is another poverty hot spot. The unemployment index is around 70%. The competition with Paraguay caused a collapse in trade, which fell from 3,500 to a mere 90 establishments. **Poverty here affects 40% of the population.** Puerto Iguazú in the northeast, Santiago del Estero in the centre of the country, Tucumán, Rosario – Santa Fe province – and Cutral Co – Neuquen province, are other areas where the closure of public companies or the effects of liberalisation turned flourishing cities into ghost towns.

In October this year, legislative elections resulted in the first ruling party defeat in ten years. The Equis consultancy studied the vote in the Buenos Aires province, where the opposition made a surprise win.

Sociologists found «*a very extensive nucleus of new poor*

there, due to the rate of adjustment and the (government) reforms.» These are families who live in their own homes, not in slum conditions, but with «acceptable» levels of sanitation and education, but who survive on less than \$940 per month, a figure below the \$1,605 of the INDEC basic basket of goods. This family basket of goods includes food, clothing, education and recreation. But according to the organisation itself, 85% of salaries are below this level, and the subsistence minimum for a couple with two children can only be reached if both adults work.

The new poor include teachers, who have been claiming pay increases and a bigger education budget for the last eight months, and civil servants who lost their jobs because of personnel reductions or privatisation of state companies. There are also unemployed professionals and a great many pensioners.

A quarter of the nation's 3.3 million pensioners have an income of less than \$150 per month. The minimum salary is around \$500; 87% of retired people receive less than this amount to live on. Despite the small size of their incomes, many old people have become the sole supporters of families stricken by unemployment.

This phenomenon was explained by Lia Daichman, an expert in old age. «*The contribution of the pensioner, even if it is little, is increasingly important to the subsistence of the poorest homes,*» she said.

She added that **when the pensioner is a woman, she not only hands over her income but also looks after** the grandchildren and does the housework, which is a further economic contribution as it allows the **middle generation to go out to work.**

In general, the new poor are all those who belonged to the middle classes and whose economic level is slowly falling. They are waving goodbye to a prosperous future of upward social mobility dependent on effort and education. «*The new poverty is an indoor poverty, a hidden situation,*» said the Equis report. «*In order to identify the new poor, you have to cross the thresholds of their homes.*»

In the province of Buenos Aires, where the study was carried out, there are twice as many new poor as structurally poor. It is possible to see some small houses, built 20 years ago or more with a mortgage loan.

The homes still look reasonable, but looks are deceiving. Inside, there is furniture of more than one family.

The walls are crumbling, the repair work is poor and there are other signs of poverty, despite government promises to defeat it.

- IPS Special report for Social Watch