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"Socio - demographic characteristics, Poverty and Income Distribution in Argentina in the nineties"

Silvina Ramos Margarido and Nicolás Arceo

silramos@arnet.com.ar

narceo@arnet.com.ar

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Silvina Ramos Margarido¹ and Nicolás Arceo²

Introduction

Our work pretends to show, on the one hand, that the demographic and economic composition varies substantially from one region to another of our country. On the other hand, that the changes in the first of those dimensions is not enough to explain the variations of the life qualities of the population.

Moreover, that the economic changes have affected directly the home survival strategies and the poverty levels. To continue, that these levels of poverty are in intimate relation with the unemployment increase and these are also related to the regressive income distribution. Lastly, that the impact of the structural reforms have not been homogeneous, as the result of the differential role of the state in each jurisdiction.

We will begin our work with a situating the changes in the argentine economy during the last decades.

In the first chapter, we will tackle the regional comparison in sociodemographic terms, analyzing the evolution of these indicators through the decade.

The second section will be dedicated to verify the changes in the labor market as the result of economic reforms made.

In the third topic, we will analyze the impact of the transformations of the labour relations over the home survival strategies and its regional variation.

The fourth will be dedicated to the analysis of the poverty and income distribution through the decade.

Antecedents

The policies of structural reforms applied in Argentine Republic, from the middle 80's and deepened in the early 90's, meant a radical transformation of economic increase patron that existed in the our country since the 30's and collapsed in the middle 70's.

¹Sociologist, Master's Student at the Facultad Latino Americana de Ciencias Sociales - FLACSO, University of Buenos Aires

² Economist, member of Facultad Latinoamericana de Ciencias Sociales - FLACSO

The economy of Argentina, as most of the latin american countries, initiated importations substitution process, facing the impossibility of continuing with a patron of growth based on the expansion of primary exports. The fall of the international prices of primary products, consequence of the reduction of the world demand and of the constant increased of the suply, determinated the necessity of initiating substitutive process with regard to the external section crisis. This process initiated in some latin american countries from middle 20's and deepened because of the 30's crisis, was not either homogeneous or developed at the same time.

In the Argentina republic the initiation of the substitutive process ¹ can be situated in the 30's, as a consequence of the world crisis and the exhaustion of the agricultural frontier. This patron of economic increase based on the development of a substitutive industrial sector required as a necessary condition the expansion of the internal market.

Table 1: Purchase power of exports

Index 1955 = 100

<i>Year</i>	<i>Total</i>	<i>Per capita</i>
1928-1929	242	405
1932	148	228
1940	112	151
1945	118	147

Source : Da Substituicao de importacoes ao Capitalismo Financiero. Maria da Conceicao Tavares.

The limitations of the substitutive model with regard to the incapacity of developing a secondary sector internationally competitive, drove the argentine economy to a chronic external deficit, product of, on one side, of the stagnation of the traditional exports and on another side of the growing requirement of foreign intermediate inputs on the part of the substitutive sector. This should be added to the aggravation of the distributive struggle from the late 60's between the substitutive sector, the traditional exporting sector and the worker's movement.

This limitation stipulated the model crisis with the attempt, in the part of the military government, from the middle 70's to initiated a new scheme of growth based on the promotion of the traditional exporting sector, the opening of the economy and the reduction of the regulation role of the state. In this scheme the financial desregulation played a central role in the consolidation of the model within a short time.

The indiscriminate opening of the economy, together with type of overvalued change determined the practical disappearance of substitutive sectors incapable of competing in the world market successfully. The stability of the model forthwith depended on a high level of external indebtedness, facilitated by the high international liquidity². The high levels of indebtedness and the increase of the international interest rates in the early 80's determined the inviability of the model that overflowed at the beginning of the next decade with the external debt crisis.

During the 80's while the democratic institutions were being re-established in the country, the Argentine economy had to face the so called "debt crisis" previously mentioned. The re-negotiation of the external compromises together with the necessity of obtaining international financing put the multilateral credit organism in a central role of political recommendations.

The second constitutional government assumed in 1989, initiates a structure transformation of the economy based on three basic programmes: economic opening, privatization of state companies and deregulation – in a wide sense- of all activities. The same can be framed in the so called "Washington consensus". This subject will be explained in chapter 2 of our work, when we analyze the evolution of the local labour market.

Chapter I

The Argentine Republic has a demographic structure very heterogeneous, result of both economic and sociohistorical factors.

In relations to this last one, we could mention that the historical occurrence of our country encouraged the differential development of the regions causing fundamentally that the pampean³ zone had a great growth after the XIX century, while wide areas of the country were relegated. These last ones, in which we can place Formosa, behaved essentially as alternative to the pampean cultivations producers, and not tradeable in external market.

The lack of structural manpower in the pampean zone, as a result of the agro-exporting model, led to an active migratory policy essentially from the last decades of the XIX century. The migratory flow set mostly in this zone, while in other zones like Formosa this phenomenon was much more reduced, that is why the demographic importance of the indigenous communities continued to be a relevant factor.

¹ While there might be found some beginnings in the first World War period.

² Result of the petrol crisis.

³ Province of Buenos Aires, Santa Fe, Córdoba, Entre Ríos y La Pampa

The beginning of the substitutive stage, did not reduce the existing regional breaches. The high transporting cost determined the establishment of the substitutive sections, mainly around the big urban pampean centers. In this context the faraway regions, like Formosa, specializes in the elaboration of non-pampean primary products and export of unqualified manpower.

In short, during the twentieth century, Formosa behaved essentially as a periferic economy, facing the impossibility to develop projects tending to satisfy the growing internal demand. This economy weakly integrate to the capitalist structures of production, for a great part of the century, based its "developments" on the transferences of the federal government, which was translated into an exponential increase of the provincial of the provincial state, which employs more than 35% of the employed nowadays.

As a result of the explained previously about zones as Formosa, they have a demographic structure similar to the existent in other developing countries, with a high average of sons per home, high child mortality, low expectancy life, etc. While in the urban center of great Buenos Aires, this same rates and measures read averages, although inferior, similar to a developing country.

Actually, the regional heterogeneity must be read as disparity in the sociodemographic structure, which, however, is not enough to explain phenomenons as poverty, which is compound of multiple dimension and aspect.

Our purpose is to show the characteristics of our country in that sense. Indeed, while for the national total, the global rate of fecundity per woman shows a clear decline in the last decades (3.2 for '80-'85 against 2.6 for 2000-2005), there is a differential behavior for province of Buenos Aires and Formosa. For the first one, a rate of 2.47 is estimated for the year 2000, while in Formosa it would be 3.54.

Other indicators vary in this sense: while the annual birth rate is 21.0 for the beginning of the decade, it ends showing 18.8 going down. However, in province of Buenos Aires, it is 18.5-17.4, while Formosa presents 32.7-25.3 for the same period.

All this, could explain why in Buenos Aires the population projections for the year 2000 indicate that 26,2 % of it is formed with minors up to 14 years, while 10,3% are adults over 65 and more. For the same period, Formosa shows an opposite demographic structure: 35.7% of its population are minors, while only 5.5% represents the older adults.

Table 1.1**Sociodemographic selected indicators. National Total, Province of Buenos Aires and Province of Formosa. Decade of 1990 indicators.**

Indicators	Nativity rate**		% of minors under 14*		% of adults over 65 years and more *		Global rate of fecundity *		Child mortality rate **	
	1990	1999	1990	2000	1991	2000	1990	2000	1990	1999
National total	21,0	18,8	30,62	27,72	8,8	9,7	2.83(1)	2.44(1)	25,6	17,6
Province of Buenos Aires	18,5	17,4	29,0	26,28	9,2	10,3	2,67	2,30	24,2	16,6
Formosa	32,7	25,3	40,0	35,71	5,1	5,5	3,82	3,3	33,2	23,6

***Source: INDEC; Serie Análisis Demográfico No 7 , Proyecciones de Población INDEC; Indicadores demográficos nacionales y por provincia CNPV**

**** Fuente: Programa Nacional de Estadísticas de Salud Ministerio de Salud.**

***** Fuente: EPH, Encuesta Permanente de Hogares, INDEC. Ondas Octubre.**

(1) Note: these data belongs to the period 1990/95 and 2000/05 in that order.

This differential behavior affects directly the labour market structure, being one of the causes of the existence of a lower labour level in Formosa than in Buenos Aires, consequence of the high percentage of the population in economically inactive ages.³

Although some indicators present a clear declination, as the birth rate in Formosa, as in the province of Buenos Aires and the city of Buenos Aires⁴, other indicators present the same variation, as the child mortality, or the vegetative growth of the population. Even so, these are not enough to explain the contrary sense of the variations that measure poverty. In fact, despite the apparent improvement in the demographic indicators, poverty has been increasing in both cities. Moreover, the poverty growth has been bigger in those agglomerates which have a better performance in the indicator previously mentioned.

As we see, the child mortality rates have been reduced in both jurisdictions, as the mortality rate of children under five years and the birth rate as well. However, we find a high percentage of children under five in the poorest income quintile per capita. Even though this is not a poverty indicator per se, it is about how population is distributed depending on their incomes. In fact it is in this span of incomes that the major quantity of minors is concentrated. The question that be asked is if it is a result of

³ About fecundity rates transition, see Lattes and Mychaszula.

⁴ We have the provincial statistics. However, most of the population is concentrated in Buenos Aires, cutting on the bias the results.

sociocultural factors that the poor have more children, or if it is a consequence of the lack of an accessible and public policy of reproductive health.

The reproduction of poverty is highly related to these factors: in the lowest income sections the quantity of children per home is almost twice than in the quintiles of highest incomes.

In addition, the poverty reproduction affects severely the formation of capacities to get out of it. As long as the householders heads cannot obtain a minimum sustenance income, the minors of that home have differential access to the educative and health services, becoming potential poor family heads. On the other side, the young people also see the possibility of continuing or ending their secondary studies interrupted, as their access to intermediate level studies, when they have to prematurely find a job.

The existence of homes with incomes below the poverty line determinate not only the evolution of this in a short term, but also implies the impossibility of the minor to that home to break the poverty cycle they live into. This is a result, between other things, of the incapacity to get the human capital necessary to enable them to obtain jobs of higher level of qualification and therefore a higher level of wages.

Finally, we would like to point a phenomenon that increased to the estimation we have, and it is the female householders. We will talk again about this subject in the home strategies, but the census of '91 already shows that an important home's percentage is in this situation. Again the behavior is differential in both agglomerates and Buenos Aires inclines to indicators more similar to advanced countries.

Table 1.2

Home with female householder divide into kind of home and jurisdiction. *Censo 1991.*

	Total Homes	Homes with female householder %	Homes with female householder					
			With two or more people	With four or more people	Unipersonal	Complete Nuclear	Incomplete Nuclear	Extender or Compound
National Total	8,927,291	1,995,907 22,4	41,3	25,4	33,3	6.0	30,9	27,7
Province of Buenos Aires	3,535,695	733,533 20,7	42.0	23,8	34,2	7.0	31,7	25,6
Great Buenos Aires	2,172,716	442,400 20,4	42,1	26.0	31,9	7,6	33,1	26,4
Province of Formosa	92,512	19,725 21,3	39,5	43,5	17.0	9,2	32,3	39,1

Source: Serie Estudios No 36 Hogares particulares con poblacion objetivo: perfil sociodemografico

Indeed, in Formosa homes (in this case with female leadership) have more members, being much less the unipersonal homes, in general associated with older ages. According to the data previously presented, the presence of older adults is pre-eminent in great Buenos Aires, in contrast with, Formosa, occurring the oposite in the case of the minors⁶.

In the same way, the unipersonal homes with females leadership are more frequent in those localities in which, apart from a high percentage of adults over 65, this phenomenon is associated to the life expectations increase, which is in clear variation with the sex. The unipersonal homes of Great Buenos Aires with male leadership only represent 5.9% of this type of home.

Table 1.3

Life expectation at birth, classified by sex and province and difference between men and woman (in years). Country total and provinces.				
Political-territorial division of the mother	1990-1992			
	Both Sex	Male	Female	Difference
Argentine Republic	71,9	68,4	75,6	7,2
Buenos Aires City	72,7	69,2	76,5	7,3
Province of Buenos Aires	72,1	68,5	75,8	7,3
Province of Formosa	69,4	66,3	72,6	6,4

Source: INDEC, Serie Analisis Demografico, Num3

⁶ These data belongs to Census '91, and we expect to get brought up to date from census 2001. The statistic we have during the '90 are of urban cities (aglomerados), the representativity and the coefficient of variation present that clasification.

Chapter II

The labour market has historically presented deep differences between the cities of the great Buenos Aires and Formosa. Since the early 20's the expansion in great Buenos Aires was given by development of the importations substitutive programme, promoting the work in the industrial section, which produced at the same time the growth of the services sector, while in Formosa the dynamic was given by the export of manpower, mostly unqualified, to great urban centers; and the growing importance of the public sector as one of the principal job offers. This expansion of the public sector was enabled by the important tranferences recieved from the federal government.

In this section we will analyze the labour market, since it is the principal source of households incomes. Our job will use the EPH (Permanent household survey), which is made twice a year in the main cities of the country. We will compare the evolution of two cities (agglomerates) with very differential sociodemographic and economic characteristics, as the agglomerates of Buenos Aires and Formosa.

During the 90's the impact of the structural reforms provoked a generalized increase of precariousness of the labour market. The increase of the unemployment and the underemployment, the wages downfall and the reduction of the labour creation level were common determinators in the labour market evolution through the decade. Even though the argentine economy, during the 90's, obtained growth rates unknown since the 60's, this growth was focused essentially in branches of intensive capital and in the incorporation of capital goods jointly with new organizing schemes that allowed a significant increase of labour productivity.

The low levels of labour creation in part of the argentine economy can be explained because of the major growth of the productivity with regards to the products, which rebounded in a reduced elasticity product of the employment.

Table 2.1

Variation of labour, labour productivity and the product.

Year	PIB non agricultural	Urban labour	Productivity
1990 – 2000	54.3	16.2	32.8
Elasticity product of labour : 0,3			

Source : Ministerio de Economía and Indec.

The impact of the structural reforms was not homogeneous in the totality of the country, the different productive and sociodemographic structures determined differential impacts, not only at the labour level of the different agglomerates, but essentially in the diversity of the strategies used by the households facing the new labour panorama.

The two analyzed agglomerates present in the early 90's a clearly differential situation, as we can see in the following chart.

Table 2.2 Activity rates, employment, unemployment, and full employment. October 1990. Encuesta Permanente de Hogares

Rates	Formosa	GBA	% Difference
Unemployment	5.4	6.0	-10.0
Activity	32.9	40.3	-18.4
Employment	31.1	37.9	-17.9
Full Employment*	28.3	34.6	-18.2

*Note: Full employment = labor - underemployment.

The rates of employment, activity and unemployment in the agglomerate of Formosa, in the early 90's, are lower than the registered in Great Bs As. Although part of this difference can be explained by the different sociodemographic structures, these themselves are not enough to analyze the importance of the branches found⁸. The nonexistence of a dynamic labour market in the case of Formosa and the low rates of female activity could be the main cause of these differences. The lack of dynamism in the formesean economy is reflected when we analyze the importance of the public sector. The importance of the state section and the impossibility to reduce it in an economy with practically no important economic activity of private condition was one of the main components in the differential behavior in the agglomerate with regards to Buenos Aires during the 90's.

The stabilization of the Argentine economy with the establishment of an 'Convertibility Plan' at the beginning of 1991, was possible thanks to the renewal of the external capitals flow, result of the re-negotiation of the external debt (Brady plan) and the policy of privatization. The re-establishment of the basic macroeconomic equilibriums allowed the establishment of a stable growth path, at least in a short term. The Argentine economy grew almost 30% during the first three years in the 90's,

which was translated into an increase of the employment level in most part of the urban agglomerates of the country during the first years of the decade.

However, this growth rates could not hold for a long time, because of the external vulnerability of the argentine economy. The establishment of a stable exchange rate and the opening of the economy, permitted the emplacement of 'a roof' to the internal prices and the control of the inflation; but this process was not automatic and the inflationary inertia in force until 1994 determinated the overvaluation of the exchange rate, which has many consequences. On one side, the indiscriminated opening of the economy together with the overvaluation of the exchange rate produced the dismantling of important local sections, incapable to compete with success in the world market. The impact of the opening over companies with little capital and the impossibility to iniciate a reconversion process successfully, determinated the disappear of a good part of these, with their consequent harmful effect on the labour demand. On the other side, it determinated the existence of a chronical commercial deficit that produced the necessity of a constant capital flow that enabled to keep the growing levels of activity. A downfall of the capital entrance determinates, in a convertibility scheme like the one adopted by Argentina, the reduction of the monetary suply and the following reduction of the activity level as a result of the elevation of internal interests rates.

The change of the external conditions, at the begging of 1995, product of the Tequila crisis, deeply affected the argentine economy. The flight of capitals product of the external panic to the vulnerability of the latin american countries caused a downfall in the product level of 2.6% however, its impact over the labour market was much more transcendent. The unemployment level reached are only overcame by the values registered during the 30's crisis.

However, the impact of the Tequila effect was not homogeneous in all the urban agglomerates of Argentine, essentially because of the differential behavior of the activity rate.

Even though the argentine economy recovered from the 1995 crisis, the recovery of the labour market was partial and even though high rates of economic growth were obtained during 1996 and 1997, the behavior of the economy in a long term shows to be wandering, with reduced periods of economic expansion and deep economic depressions, as a result of the high external vulnerability.

The labour market during the 90's has presented, in spite of the deep regional differences, a systematic patron of impoverishment of the working relations. These can be observed not only in the increase of the unemployment rates, but also (as to be

⁸ See appendix.

expected) in a downfall of the wages levels, a growth of the labour rotation, a reduction of the formal jobs and an important increase of the underemployment. Paradoxically, during the same decade the Argentine economy has witnessed a remarkable economic growth, which however has not been molded into an increase of the quality of life levels of the population.

Chapter 3

As we got to observe in the previous chapter, although the evolution of the labour level was not similar in the two cities analyzed, the main component of the unemployment evolution must be found in the activity rates in each agglomerate.

Chart 3.1. Evolution of the activity, unemployment and employment rates.

<i>Period</i>	<i>Unemployment</i>		<i>Activity</i>		<i>Employment</i>		<i>Full Employment</i>	
	Formosa	GBA	Formosa	GBA	Formosa	GBA	Formosa	GBA
1990	5,4	6,0	32,9	40,3	31,1	37,9	28,3	34,6
1991	8,3	5,3	32,9	40,8	30,2	38,6	27,9	35,7
1992	8,9	6,7	33,8	41,7	30,8	38,9	27,9	35,9
1993	8,3	9,6	33,7	43,3	30,9	39,1	27,5	35,2
1994	6,8	13,1	33,0	43,1	30,8	37,4	27,8	33,0
1995	6,7	17,4	33,0	44,2	30,8	36,5	28,7	31,1
1996	8,1	18,8	31,0	44,9	28,4	36,5	26,2	30,3
1997	6,3	14,3	33,5	45,1	31,4	38,7	28,7	32,8
1998	6,9	13,3	34,3	45,4	32,0	39,4	29,2	33,0
1999	8,2	14,4	32,8	46,0	30,1	39,4	27,8	32,4
Decade Balance	51,9	140,0	-0,3	14,1	-3,2	4,0	-1,9	-6,4

Source: INDEC, EPH

In Great Buenos Aires the downfall of the employment rates, the wages and the vulnerability of the labour hiring of the householders, since 1993, determined the necessity, in part of other members of the home, to participate in the labour market in order to substitute or complement the incomes of the leader facing this new economic situation. This caused a significant increase of the activity rates of young people and women. Despite this last one is growing in time because of sociocultural factors, the significant growth of this tendency in the last years can only be explained as a product

of the search for principal or additional incomes⁹. The situation of the characteristics of the labour market in the 90's previously described, could reject the supposition that the increase of the activity levels in Great Buenos Aires were caused by an improvement in the working conditions.

The evolution of the employment rate, although it grew 4% during the decade, was not enough to fulfil the requirements of a labour supply in constant expansion. Still, this apparent dynamism of the labour market is not so. If we analyze the evolution of the full employment, without considering the underemployment who wish to work more hours, we see that the full labour level reduced during the decade 6.4%, which clearly indicates the precariousness of the working situation in Great Buenos Aires during the decade.

Unlike Great Buenos Aires, in the agglomerate of Formosa was verified a slight fall of the activity level, in spite of a slight fall in the employment rate, which allowed to relatively keep low the unemployment rate. The slight downfall of the activity rate could be caused by two factors, on the one hand because of the 'discouragement effect' and on the other hand because of the migrations. In the first case, the behavior can be explained with the nonexistence of job obtention expectations, product of the lack of dynamism of the local economy. In the second case and hypothetically we can suppose the existence of internal migrations to localities with more economic dynamism and its following effect in the age structure of the population.

As we can see, the survival strategies adopted by the homes in both agglomerates, were diametrically opposite, while in Great Buenos Aires the instability of the labour hiring led to a systematic increase of the activity levels, in Formosa this impact determined a reduction of the total labour supply through the decade. However, it is to be noticed that the female activity level in this agglomerate, shows a similar behavior to other agglomerates, meaning that it grew more than the male activity, but the distinctive thing about Formosa is that the growth was made at the expense of the male activity.

⁹ About this subject, there should be another explanation, and this is that Argentina is not detached of a phenomenon that is shown worldwide and it is the 'female householders', mainly in the initial cycles. This is added to the fact that most are monoparental and at the homes live children under 18 years in charge of those women. This also provokes a steady growth of the labour demand of this part of the population.

Chart 3.2. Rate of activity per sex. Agglomerate Formosa and Great Buenos Aires.

<i>Period</i>	<i>Agglomerado Formosa</i>			<i>Gran Buenos Aires</i>		
	Male	Female	Total	Male	Female	Total
<i>Year 1990</i>	77,1	38,1	56,2	53.7	28.1	40.3
<i>Year 1998</i>	73,4	39,6	55,3	56.2	35.4	45.4

Source: EPH- INDEC.

Chapter IV

The labour market is a central element in the analysis of the income distribution and the poverty evolution, because it is the main determinant of households resources, without considering the participation of the public sector in this issue.

During the 90's, the income structure evolved regressively mainly because of two factors. In the first place, the labour market's dynamic, in the second, a deepening of the regressiveness in the taxation.

The growth of unemployment, the light downfall of the wages levels⁴, together with a considerably increase of the product and productivity determined an increment of the income in part of the highest levels of the quintile distribution. Although the increase in the regressiveness of the income distribution has been a common factor, in Argentina during the 90's, the levels in which this phenomenon has operated have been different.

It is to remark that in Formosa there are strong levels of poverty compared to Great Buenos Aires. These levels in general, are associated to the NBI indicator. However, it is necessary to study the indicator that shows poverty according to the income dimension: we use the poverty line⁵ for this.

The existent methodological problems to make comparisons lead us to choose the agglomerate of GBA to analyze the poverty in its whole dimension.

In fact, for NBI indicators, el 91 census relieved that 16,8% of the households of GBA had its basic necessities unsatisfied, while in Formosa it is 33%. Formosa is one of the poorest provinces of our country in terms of this classic indicators. Moreover, there are not results brought up to date yet, until a new population census takes place in 2001. In spite of this, we suppose that the NBI tendency is falling in all the agglomerates.

⁴ The increase of inequality could be explain -even middle of 90's- cause of unemployment. From 1994, by the gap in the income per capita of households and the growth of the underemployment. See Altimir, Beccaria, G Rozada and Frenkel, G.Rozada.

⁵ LP.

This poor people that we call "structural" get into the classification of poverty because of the characteristics of their housings, as this householders on their members in school age⁶. We propose a showing that the more relevant factor in the '90 was the increment the poverty per incomes and it was, essentially, as a result of the transformations in the labour market and in the macroeconomic indicators.

The methodological problem with the LP is that we can only work with estimations for the interior of our country since the "basic alimentary basket" and the Engel coefficient are only available officially in GBA (see appendix)

It is for this reason that we only show the comparison of NBI for both agglomerates using the '91 census and then we will show the evolution of the LP for Great Buenos Aires. Nevertheless, the comparison between both must be done carefully for the notes we made about the basket prices.

We prefer then, to see the evolution of the poverty line in the agglomerate of Buenos Aires to show the increase of it in concordance with the regressivness distribution, changes in the labour work, etc.

This new phenomenon called "new poor" has major influence over GBA, where the existence of new homes under that line is verified although they have their basic¹⁰ structural necessities fulfilled.

In the following chart we show with NBI (for the '91 Census) according to the condition of the householders's activity. As we see, Formosa has the double of poverty with independence of the activity condition of the householders. However, NBI affects in the same way both agglomerates. We need another measurement for an approach to the problem of poverty in the nineties.

Table 4.1

Percentage of home NBI per activity condition of the householders. Censo 1991			
Agglomerates	Employed	Unemployed	Inactive
Great Buenos Aires	16,8	26,6	14,2
Formosa	33,2	53,9	36,9

Source: INDEC, perfil de los hogares y de la población con NBI, Serie Estudios 24

⁶ See Appendix

¹⁰ The utilization of the NBI indicator with the EPH is lightly different in its comprehension with regard of the same indicator for the Census. We prefer to take de Census data and use the EPH for the households incomes.

The difference can also be visible if we take LP. Indeed, while the households below the LP in the agglomerate of Formosa is 41.2 in 1992, in GBA it is of 13.6%. In the same way, in 1999, the 18.9% of the households is poor in GBA and 45.8% are below the poverty line in Formosa. There is not doubt the poverty is bigger in Formosa in every sense, either if we talk about structural poor or new poor. However, we wish to show that in GBA, poverty is increasing much more than in Formosa in relative terms, that the distribution of the income is getting even worse in the 90's and that the labour market has suffered deep transformations that had not bring bigger benefits to the population.

This poverty levels for GBA can only be explained by the deep transformations of the labour market. As we see in the next chart, the unemployment rate increases between the poor and also between the "non-poor". This implies that the unemployment is a phenomenon that affects, conditions and determinates the poverty condition.

Table 4.2

Evolution of the unemployment rate depending on the poverty condition (LP)					
<i>Great Buenos Aires. October 1991 - October 1999.</i>					
Unemployment Rate	Oct 1991	Oct 1993	Oct 1995	Oct 1997	Oct 1999
Poor	14,7*	30,1	36,6	30,7	31,1
No poor	3,6*	7,8	13,3	10,8	10,7

Note: * Value with coefficient of variation over 10%.
Source: SIEMPRO, en base a Encuesta Permanente de Hogares (EPH), INDEC.

Poverty has substantially increased, and it is important to see what is the relation with the activity condition. Indeed, between the poor, most of them are inactive, as there are children. But the increase of the poverty has been verified not only in the unemployed but also in the employed, this how the impoverishment of the labour relations, the downfall of the wage and the involuntary underemployment influence the quality of life of the population.

As we can see in the following chart, between the poor in 1991, the majority were inactive where, as we said, are the minors. In spite of this, the participation of the population with regard to the activity condition varies as the 90 decade goes by.

Indeed, in the year 1999 we see how the composition of the poor varies according to the growth of the activity rate and the unemployment rate. There are more inactive that pour to the labour market and the participation of the unemployed and

employed in poverty increases. What we wish to notice is how the increase not only of the unemployed between the poor but also of the employed varies. To sum up, this shows that the labour creation in this years, and even the existent labour, is going into the precarious forms and wages downfall direction since between the poor people, the employed grows fifteen percent.

Table 4.3

Participation of poverty with regard to activity condition.		
Great Buenos Aires. October 1991 - October 1999		
	Poors	
	1991	1999
Employment	19,9	22,9
Unemploymentt	3,4	10,3
Inactive	76,7	66,8
Total	100,0	100,0

Source: Elaboración propia en base a EPH, ondas octubre. INDEC

On another side, we would like to remark that between poverty, we can find different measures to indicate its severity. It is known that in the last years the poverty has different dimensions which we should consider, but exceed the terms of our work.

What we'll show are the extremes of this situation: on one side the indigents who cannot fulfil the basic food requests and the population in risk, which lives in households with incomes are between the value of the poverty line and 25% over it.

In one case, we see how the indigent population increases in the 90's in GBA, in concordance to the poverty growth in general. But we also observe how there is a proportion of population steady in time that is in "risk situation". As the chart shows, this proportion lightly descended during the decade: it is to be thought that those householder in risk at the begging of the decade, passed to increase the poverty and indigence percentages at the at the end of it.

But poverty and indigence grew more in proportion: this can only be explained by the vulnerability that the labour market shows in front of the suffered transformations, since those who we cannot considerate 'in risk' because their incomes are near to the LP, may get under the line in a sudden change of their activities conditions.

Table 4.4**Evolution of the poverty indicators****Great Buenos Aires. October 1991 - October 1999.**

	Octubre 1991	Octubre 1993	Octubre 1995	Octubre 1997	Octubre 1999
Incidence of poverty (%)	21,6	16,9	24,8	26,0	26,7
Incidence of indigence (%)	3,0	4,4	6,3	6,4	6,7
Population in risk (%)	10,2	7,3	10,0	8,3	9,1

Source: SIEMPRO, en base a Encuesta Permanente de Hogares (EPH), INDEC.

Lastly, we wish to recall that the importance of the public sector in the formosean economy, has determinated a lower level of precariousness of the labour relations in the agglomerate. Even though there have been registered some important employment downfalls, these have not affected the householders less than in GBA.

Table 4.5**Housholders according to activity condition**

Rates	Formosa		GBA	
	1991	1999	1991	1999
Employment Rate	73.8	68.4	70.3	67.0
Unemployment Rate	2.7	6.4	2.8	10.3
Activity Rate	75.9	73.1	72.3	74.7

The income of the householders is the central component of the home income, that is why its reduction affects the home directly. Although in Great Buenos Aires the downfall of the levels of householders wages was compensated partly because of a growth of the occupation of housewife and young people, these have acceded to lower wage levels than the ones recieved by the householders.

The impoverishment of the labour relations has not only determinated a more regressive distributuion of the income, but also a systematic increase of the poverty levels since 1994. The reduction of the home incomes has determinated an important growth of poverty in both agglomerates, although both present different levels and poverty structures.

Table 4.6

Income distribution -Total Family Income-							
Quintile (IPCF)	Great Buenos Aires			Formosa			Difference (%)
	1990	1998	Difference (%)	1990	1998	Difference (%)	
1	7.5	6.5	-14.2	7.1	6.5	-8.5	
2	12.1	10.3	-14.6	11.6	10.7	-7.8	
3	14.5	14.6	0.8	16.2	14.8	-8.6	
4	21.2	21.8	2.8	24.3	22.8	-6.2	
5	44.7	46.8	4.8	40.8	45.2	10.8	
Total	100.00	100.00		100.00	100.00		

Source: EPH-INDEC.

Although the poverty levels are clearly different in the two agglomerates, the remarkable is the evolution of it throughout the decade. While in the agglomerate of Great Buenos Aires the increase of the poverty has been relevant, in the agglomerate of Formosa there is an increase, but the quantity is not equal to the quantity suffered in Great Gran Buenos Aires.

Conclusions

The impact of the structural reforms in Argentine Republic have surely changed the growth pattern followed by our country for almost forty years (1930/1975). This new growth pattern based on the reduction of the importance of the state role in the productive field and the economic opening allowed the obtention of high growth rates during the first half of the decade. However, the sustenance of this model in a long term is minimally uncertain, as a result of the high vulnerability of the external economy.

The obtention of high levels of growth, was given together with the worsening of the quality of life levels, so it is to be remarked that the economic growth is only a necessary condition, but it is not enough to reduce poverty. In this sense, it is essential not only the achievement of stable growth paths, but also the obtention of growth patterns that enable an improvement of the life quality of the more postponed sectors of population.

The opening in the Argentine economy, has showed that sections of intensive labour have not been developed, as they should be, but sectors of intensive capital protected by the world market -by natural or artificial barriers- have consolidated.

The obtention of growth patterns that considerate the development of sectors of intensive work is central in any strategy of poverty reduction in middle or long term.

This work has focused in the analysis of two agglomerates with very different sociodemographic and economic characteristics, with the aim to show not only the differential impact of the reforms but also the existence of socioeconomic realities very different in the Argentine Republic.

On the other side, we meant to show how, in the agglomerate that posses better demographic behavior, there is an increase of poverty and an intensification of the regressiveness. To explain this, we tried to describe how the impacts in the labour market, product of the structural reforms, influence the levels of poverty. It is a methodological fallacy to assume that without these changes poverty would have been minor, since this is not demonstrable, and we only have knowledges of what really happened.

The increase of poverty in Argentine during the 90's, does not have only short term effects. The downfall of household incomes determinates directly the human capital acquired by the young, that is why a last of the present conditions, will determinate a reproduction of poverty in a long term; not only because of the big quantity of minors in this homes, but essentially for the incapacity of these of socially ascend, facing the low levels of human capital possessed. Although the State must fulfil a central role in the objective of avoiding the perpetuation of the poverty cycle, the reestablishment of minimum income levels that allow a proper nutrition, the normal access to educative and health services is fundamental in any strategy of poverty reduction in a long term.

Methodology

The information sources used were the National Population and Housing Census, the Permanent Home Survey (both made by the National Institute of Statistics and Census), the Vital Statistics of the Health Ministry and the statistics of National Counts of the Economy Ministry.

The National Census of Population and Housing is made approximately every ten years (1980-1991-2001) and covers the totality of the Argentine territory. The Permanent Households Survey is made in the principal urban agglomerates of the country, it is a survey focused in the analysis of the urban labour market evolution. It covers is of 63% of the national total approximately, and 74% of the urban total. The Vital Statistics provided by the Health Ministry posses a level of provincial aggregation.

Because of the different types of coverage of the different sources, there is no comparison between the data made in this work

With regard to the poverty measuring , this was made based on the methodology elaborated by the INDEC (National Institute of Statistics and Census) in Great Buenos Aires. The basic alimentary basket and the Engel coefficient (non - alimentary) were used in the population of Great Buenos Aires. The calculation of the poverty level in the province of Formosa is made under some limitations.

Firstly, the basic alimentary basket was made taking the population of Buenos Aires as a reference, that is why this does not take into account the consumption patrons of the agglomerate of Formosa.

the valuation of this basket was made using the price indexes of GBA, since there are no price indexes of Formosa. Consequently, we cannot make a comparison between the poverty levels of the two agglomerates. The data included is to compare the differential evolution of the two agglomerates.

Appendix

Table 1

Cuadro B.1. Evolución del PBI a precios de mercado.

A precios corrientes

<i>Sector</i>	1993	1994	1995	1996	1997	1998	1999	2000
<i>Millones de \$ a precios corrientes</i>	1993							
<i>PIB a precios de mercado</i>	236,505	257,440	258,032	272,150	292,859	298,131	282,869	276,948
<i>PIB a precios de mercado – Variación %</i>		8.9	0.2	5.5	7.6	1.8	-5.1	-2.1
<i>Productores de bienes</i>	76,806	81,962	81,674	87,642	94,890	95,862	87,523	85,295
<i>Agricultura, ganadería, caza y silvicultura</i>	11,737	12,609	13,253	14,664	14,625	15,275	11,650	14,308
<i>Pesca</i>	412	476	555	606	668	647	689	422
<i>Explotación de minas y canteras</i>	3,527	3,820	4,838	5,889	5,633	4,291	5,417	4,940
<i>Industria manufacturera</i>	43,138	45,873	44,502	47,723	53,382	53,266	48,003	44,407
<i>Suministro de electricidad, gas y agua</i>	4,599	4,872	5,111	5,232	5,502	5,749	6,059	7,317
<i>Construcción</i>	13,393	14,311	13,414	13,527	15,080	16,635	15,785	13,900
<i>Productores de servicios</i>	144,403	158,559	160,660	166,967	178,203	182,770	178,681	177,435
<i>Comercio al por mayor y al por menor</i>	33,862	36,568	34,955	37,754	41,477	42,385	37,650	36,543
<i>Hoteles y restaurantes</i>	5,432	6,230	6,243	6,787	7,644	8,110	7,953	7,325
<i>Transporte, almacenamiento y comunicaciones</i>	16,134	18,251	19,060	20,501	22,952	23,631	22,687	23,384
<i>Intermediación financiera</i>	9,299	9,005	9,869	9,832	10,116	10,393	11,012	17,471
<i>Actividades inmobiliarias, empresariales y de alquiler</i>	34,132	39,849	41,470	42,543	44,567	45,522	45,494	41,047
<i>Administración pública, defensa y organizaciones extraterritoriales</i>	14,562	15,569	15,607	15,497	15,860	16,463	16,829	14,131
<i>Enseñanza, servicios sociales y de salud</i>	18,180	19,630	20,268	20,452	21,366	22,155	22,256	21,951
<i>Otras actividades de serv. Comunitarios, sociales, pers. Y serv. Domestico</i>	12,802	13,458	13,187	13,600	14,221	14,111	14,106	15,583
<i>Impuesto al Valor Agregado</i>	12,207	12,472	12,193	12,564	12,776	13,162	12,771	
<i>IVA importaciones e impuestos a la importación</i>	6,500	7,662	7,227	8,486	10,525	10,437	2,978	
<i>Servicios financieros medidos indirectamente</i>	3,411	32,150	3,722	3,509	3,534	4,099		

Fuente : Dirección Nacional de Cuentas Nacionales.

Elaborado por: SIEMPRO, Ministerio de Desarrollo Social y Medio Ambiente.

Table 2

Rate	1990			1994			1998		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employment	72.5	36.2	53.1	68.8	35.7	51.5	65.4	37.9	50.7
Activity	77.1	38.1	56.2	73.4	38.9	55.3	73.4	39.6	55.3
Unemployment	6.0	5.0	5.6	6.2	8.1	6.9	10.8	4.2	8.3

Table 3

Year	Rate of inflation
1990	2,314.0
1991	171.7
1992	24.9
1993	10.6
1994	4.2
1995	1.6
1996	-0.6
1997	5.6
1998	0.9
1999	-1.2
2000	-0.7

Table 4

Año	Exportaciones F.O.B. (Millones de U\$S)	Importaciones C.I.F. (Millones de U\$S)	Saldo
1990	12,353.0	4,077.0	8,276.0
1991	11,977.8	8,275.3	3,702.5
1992	12,234.9	14,871.8	-2,636.9
1993	13,117.8	16,783.5	-3,665.7
1994	15,839.2	21,590.3	-5,751.1
1995	20,963.1	20,121.7	841.4
1996	23,810.7	23,761.9	48.8
1997	26,430.4	30,450.1	-4,019.7
1998	26,440.9	31,403.5	-4,962.6
1999	23,333.0	25,508.0	-2,175.0
2000	26,251.0	25,148.0	1,103.0

Table 5

Cuadro C.5. Tipo de cambio real con Estados Unidos y Brasil.

Base Abril 1991 = 1

Período	Estados Unidos		Brasil	
	IPC	IPIM	IPC	IPIM
1993	0.769	0.982	0.719	0.868
1994	0.757	0.988	1.001	1.094
1995	0.754	0.953	1.393	1.241
1996	0.775	0.942	1.507	1.165
1997	0.789	0.944	1.505	1.177
1998	0.792	0.966	1.437	1.169
1999	0.819	1.021	0.985	0.914

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