

CEPAL

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ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

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LC/G.1547-P

April 1989

Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual rates of growth or variation signify compound annual rates.

Individual figures and percentages in tables do not necessarily add up to corresponding totals, because of rounding.

UNITED NATIONS PUBLICATION

ISSN 0251-2920

CEPAL

Review

Santiago, Chile

Number 37

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The heterogeneity of poverty. The case of Montevideo

*Rubén Kaztman**

The economic crisis suffered during the present decade by the Latin American countries reduced the wages and incomes of many families, with a consequent deterioration in the living conditions of the affected population. Homes which had previously met the minimum conditions for ensuring the social integration of their members sank into poverty, thus increasing the heterogeneity of this phenomenon.

In this article we propose a method for identifying this heterogeneity on the basis of the information customarily gathered by national household surveys concerning income and ability to meet basic needs.

The applicability of the method is illustrated by means of data on Montevideo for the years 1984 and 1986. An analysis of the changes recorded during this period in the percentages of homes that were short of income or failed to meet basic needs enables us to draw some conclusions concerning the effects of various policies on the situation of the various categories of poor people.

The macroeconomic policies applied by the democratic government which was established in Uruguay in early 1985 —policies which have been reflected in an increase in real wages, a drop in unemployment and the containment of the inflationary process— improved the situation of the "recent poor" but not that of the "chronic poor", nor that of the households suffering from "inertial shortages". These last two categories did not seem to react in the short term to macroeconomic reactivating policies. The author suggests some specific policies to benefit these groups.

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This study was presented at the Technical Seminar and Workshop on the Measurement and Investigation of Poverty in Argentina, Brazil and Uruguay, organized by the General Directorate of Statistics and Censuses of Uruguay and by ECLAC, in April 1988.

Introduction

Poverty is usually defined as the more or less permanent situation of households whose shortage of income causes critical shortages in meeting basic needs. Many of the limitations affecting both the studies on this subject and the design of policies based on the results of such studies arise from the variety of interpretations that can be placed on some elements of the definition. This is why the word "poverty" denotes phenomena with different meanings.

One such element, an analysis of which is essential for a determination of what poverty means, is the duration of the situation of critical shortages brought about by the shortage of income. Until this variable is defined, "poverty" will cover widely divergent situations. For example, it will include the results of the impact of recessions or economic crises on the labour market, with the consequent deterioration of the living conditions of households and the failure to satisfy certain basic needs of their members. It will also include those other situations of chronic poverty whose maintenance and reproduction are promoted by factors which are endogenous and exogenous to the population segment affected. In these latter cases, which are usually the most severe ones, the permanent nature of the poverty situation may be the result of the productive system, of ethnic or cultural discrimination and of the internalization, in various spheres of life, of values and attitudes that reinforce what has been called the "vicious circle of poverty". The existence of these mechanisms poses one of the most serious and complex challenges from the standpoint of the design of policies aimed at the eradication of poverty.

A discussion of the subject of insufficiency of income to meet basic needs is also fundamental for clarifying the meaning of the word "poverty". In the quantitative investigation of poverty the greatest effort has undoubtedly been concentrated on determining the poverty line, that is to say, the minimum income required in order to enable households to ensure the psycho-physiological development and social integration of their members. The widespread use of this measurement is a result, first, of the

fact that the conceptual underpinning that serves to support it has a relatively solid logical articulation and, secondly, of the fact that the basic information for estimating the poverty line is available in an increasing number of countries which have adopted regular household surveys as instruments for the systematic collection of data on household incomes. Nevertheless, for reasons which we shall discuss below, the measurements obtained by this method are not enough to distinguish poverty caused by temporary business conditions from the other kind of poverty which results from the economic or the socio-cultural structure or a combination of both. Thus the total number of households which are below the poverty line includes both the chronic poor and the recent poor.

These notes are intended to explore a new method for approximating the number and nature of the households affected, which would enable us to determine the meaning of poverty as a concept through the differentiation of its more or less permanent manifestations. In this method information on income that is normally collected in household surveys is combined with indicators of the failure to meet basic needs, formulated on the basis of data which are investigated by means of the same instruments.¹

Our proposal thus has at least two advantages. First, it enables us to differentiate the categories of households suffering from shortages—those in which we find shortages in the satisfaction of basic needs or find insufficient income, or both—a subset of which consists of poor households; in this way it indicates

objective groups for whose benefit specific policies helping them to solve their problems should be formulated. Secondly, it enables us to follow the evolution of such categories through an examination of the information contained in regular household surveys.

Among the most significant consequences of the most recent economic crises in the Latin American countries, and particularly in Uruguay, are the processes of downward mobility. This is why we shall first analyse with special attention those situations in which poverty is generated by a decrease in household income. Without prejudice to the foregoing, we also examine the characteristics of the three years from 1984 to 1986, during which those income levels improved.

The basic assumption of this exercise, a discussion of which takes up the next chapter, is that the index of unmet basic needs responds only to very severe deterioration in household income, and the response lags far behind that deterioration. Thus, when an economic crisis impoverishes many households, a large percentage of them will have incomes below the poverty line, but without exhibiting critical shortages in the dimensions of basic needs incorporated into the index. This assumption concerning the time lag of the impact of economic vicissitudes on various characteristics of households enables us to regard some of them as hangovers from the past, and therefore to formulate hypotheses concerning the direction of the social mobility experienced by the household.

I

The index of unmet basic needs

The annexed diagram shows the indicators selected for constructing the index. These are strongly skewed towards shortcomings in housing and in the support infrastructure for its

functioning. The bias was not intentional but resulted from the type of information furnished by the conventional instruments used for the massive and systematic collection of data in Uruguay (censuses and household surveys), whose permanent purpose is not that of investigating how well households meet such fundamental needs as food and health. The index incorporates in the category of "unmet basic

¹Detailed descriptions of the processes used for selecting these indicators are given in separate documents prepared by the ECLAC Office at Montevideo, one of them in collaboration with the General Directorate of Statistics and Censuses of Uruguay. (See ECLAC and ECLAC-DGEC.)

Diagram

BASIC NEEDS, DIMENSIONS FOR MEASURING THEM
AND INDICATORS OF CRITICAL DEPRIVATION

Basic need	Dimensions	Indicators of critical deprivation
1. Housing and minimum domestic equipment needed for the household.	<ul style="list-style-type: none"> • Type of dwelling. • Overcrowding. 	<ul style="list-style-type: none"> • Households living in rented dwellings, huts, houses built from discarded materials and types of dwellings whose walls are not made of masonry. • More than two persons per room.
2. Infrastructure that will guarantee minimum sanitary standards.	<ul style="list-style-type: none"> • Availability of drinking water. • Type of system for the elimination of human wastes. 	<ul style="list-style-type: none"> • Households which use water from cisterns, wells, streams and brooks for drinking and cooking. • Households with no bathrooms or with a waste elimination system classified in the category of "others" with respect to this variable. Shared by three or more persons in the household.
3. Access to educational services.	<ul style="list-style-type: none"> • School attendance. 	<ul style="list-style-type: none"> • With the presence of children from 6 to 12 years of age who have stopped attending school or have never attended.
4. Subsistence capacity of the household.	<ul style="list-style-type: none"> • Heads of household who have dependants and insufficient educational levels. 	<ul style="list-style-type: none"> • Heads of household 44 years old or younger who did not complete primary school and those 45 years old or older with 0 to 2 years of formal education, in households with more than three persons per wage earner.

needs" those households which are unable to take care of all the needs under consideration. The undemanding nature of this criterion was compensated by using such procedures for the selection of indicators as would guarantee the criticality of each of these shortages.

One of the consequences of the aforementioned bias is that the index tends to reflect aspects of the household's living conditions which are more permanent than those reflected by income in household surveys.

The poverty line is calculated on the basis of the income levels necessary to cover the cost of a basic consumer basket. We then deduce that when a household's income decreases below this line, all or some of its members will necessarily suffer from one or more critical shortages. In the face of this situation, the household must define priorities, ordering its needs and the means for satisfying them in accordance with the decision-makers' perception of the relative costs of the changes in each of these satisfying means, which ultimately reflects the relative importance assigned to them by the household.

The index of unmet basic needs relates to a very limited fringe of the spectrum of needs that are taken care of by the contents of our basic consumer basket; consequently, rising above or falling below the poverty line need not be reflected in changes in the satisfying means covered by the index. The income elasticity of the satisfying means selected in comparison with that of the other satisfying means for basic needs will be greater or smaller, depending on the priority given them as a factor of adjustment to the new situation and, on the other hand, the greater or lesser immediacy of the changes in each satisfying means, once the decision to change them has been taken.

In the consideration of the income elasticity of the indicators related to the dwelling, we must emphasize the central role played by the dwelling and its territorial location as symbols of belonging to a specific social stratum. It should also be taken into account that length of residence in the household's present home is associated with the degree of integration into the local community, with the existence of personal

links with neighbours, with a knowledge of the forms of access to various types of services and with the intensity of feelings of identity and belonging. This explains the resistance normally provoked by changes in domicile, especially when these represent a downward movement in the scale of local prestige.

One of the possible responses to a deterioration in income is a move to a dwelling which is less desirable with respect to location, quality of structural materials, overcrowding, drinking water and forms of access to and suitability of sanitary services. Nevertheless, in the light of the foregoing, we may conjecture that it would take a very sharp drop in household income and a very prolonged situation of economic shortage to overcome the social inertia that results from being rooted in a dwelling of a specific level.

Among the alternative responses that may affect the dimensions of satisfaction mentioned above is the freezing of any investment for the maintenance of the dwelling, which probably causes a significant deterioration in its quality, even though this will become perceptible only in the long term. Similarly, it may be decided that no investments will be made to adapt the dwelling to changes in household size that result from different cycles in family life, and this could eventually result in overcrowding. But since the increase in household size need not coincide with the period of deterioration of income—something which is more likely to decrease the birth rate—the association between the two variables will be visible only in the medium or long term. Lastly, there is the alternative of subletting part of the dwelling, with loss of privacy and comfort, greater density of occupancy, etc.; this is the only response that can be reflected in short-term deterioration in the dimensions of satisfaction considered in the index.

To sum up, it is probable that in the short term the indicators of unmet basic needs related to housing will exhibit a trajectory apparently independent of the variations in per capita

income when the household falls below the poverty line. This implies that the manifestation of the effects of the new economic situation lags behind housing conditions, which respond to the combined influence of social and cultural factors.

The other two indicators which make up the index—school attendance and subsistence capacity—are also relatively independent of a deterioration in the economic situation that brings the household below the poverty line. In the first case, parents who have become accustomed to sending their children to school and have built up expectations concerning the children's future on the basis of education will renounce these expectations only in extreme economic circumstances. This is particularly true in a country such as Uruguay, where education is a priority value within the predominant cultural pattern and where there is an extensive system of free public education.

With regard to subsistence capacity, let us recall that the indicator defines as cases of critical shortage those cases in which the head of the household is less than 45 years old and has not completed his primary education, or is 45 years or older and has less than two years of primary education, and in which the ratio of wage earners or unpaid family workers to the total number of household members is less than 1/3. Since the educational status of the head of a household is not affected by a drop in household income, this indicator is, to some extent, independent of the change in a household from a non-poor to a poor condition.

It can be asserted, therefore, that the critical shortages incorporated into the index of unmet basic needs do not function, at least in the short term, as an adjustment variable in the face of the forced reduction of expenditures that must be experienced by households that fall below the poverty line. Undoubtedly they will suffer a lack in the coverage of some basic needs of the household members. But the first needs affected in the unavoidable process of expenditure reduction will be other needs, not those met by the selected indicators.

II

Estimation of the number of households below the poverty line

1. Methodology used in constructing the poverty line

The poverty lines utilized here result from the application of the method based on food. This consists in estimating the cost of a food basket that will "adequately" cover the minimum nutritional needs of the population and then multiplying that cost by the reciprocal of the fraction of total expenditures represented by food expenditures, calculated on the basis of those households whose food expenditures are somewhat higher than the estimated minimum budget needed to meet the aforementioned nutritional needs.

The food basket corresponds, with a minor adjustment, to the one defined by Altimir (1979), which, according to that author, was estimated "...on predominantly normative bases, even though account was taken of the relative availability of foods and the consumption habits in each country".

On the basis of this basket, expressed in grams per person per day for each type of food, we calculated the individual needs per month, and we then evaluated them at the average market price for each month. Such market prices are representative of those charged in Montevideo in the market of final consumption (prices to the consumer), and the great majority of them correspond to the average prices used by the General Directorate of Statistics and Censuses for calculating the Consumer Price Index and published together with it.

With respect to the significance of food expenditures as a fraction of total expenditures—which include housing and all consumer expenditures—we considered the value used by Altimir (50%). Consequently the food expenditure was multiplied by 2 to obtain its equivalent in total expenditures.

With the above-described method, we estimated the per capita values of the poverty line for October 1984 and for October 1986; the values were found to be N\$2 754 and N\$9 607, respectively.

2. The stability of household income

In order to determine whether or not a household is in a poverty situation, we compare the monthly income per member of the household with the value, at market prices, of monthly needs per person, as established by the poverty lines.

The amounts of income considered in defining the position of the household with respect to the poverty line are those for the month preceding the time of the interview. Accordingly, the poverty or non-poverty of the household in question is defined only with respect to this period. Any attempt to investigate more permanent economic situations of households runs into the limitations of the information collected by the continuing survey, which was not designed to cover long periods of reference. One month is the period for which most of the sources of income considered in the survey were investigated (the earnings in cash and in kind of labourers and office workers, members of production co-operatives, self-employed persons, employers, retired persons and pensioners, in addition to subsidies, fellowships, grants and rents). An exception is constituted by special gratuities, prizes and profit shares, which are declared on a quarterly basis, and interests, cash dividends, and royalties on patents and copyrights, for which the income received during the year prior to the interview is investigated. These latter sources, however, are of little significance for households which are on the verge of the poverty line.

To sum up, the household incomes used here are sensitive to variations caused by temporary conditions of the economy and the labour market, and consequently they do not enable us to distinguish whether the inadequacy of resources experienced by a household is permanent or transient in nature.

Table 2

**MONTEVIDEO: SOCIO-DEMOGRAPHIC PROFILES OF HOUSEHOLDS
ACCORDING TO CATEGORY: 1984 AND 1986^a**

(Percentages of the total for each category)

Characteristics of the heads of household	Chronic poor		Recent poor		Inertial shortages		Integrated		Total	
	1984	1986	1984	1986	1984	1986	1984	1986	1984	1986
Demographic										
— Average age (years)	43.0	43.8	49.6	49.3	48.4	48.7	54.7	53.9	52.9	52.6
— 60 years or older	12.1	14.3	30.8	30.2	28.4	25.2	40.5	38.5	36.7	35.6
— Retired persons and pensioners among those who are 60 years of age or older	95.9	69.8	83.8	80.1	56.2	71.8	76.5	76.9	78.7	77.0
— Women	17.5	16.7	21.2	21.0	13.0	21.3	24.9	24.3	23.4	23.3
Employment										
— Unemployed	6.8	6.3	7.2	5.1	1.8	1.9	3.0	1.6	3.8	2.3
— Employers	0.7	1.7	0.7	2.3	2.3	8.5	8.9	9.9	6.8	10.8
— Self-employed but without business premises	13.8	16.7	13.8	20.0	7.0	5.9	6.5	5.6	7.5	7.9
Social marginalization										
— Did not complete elementary school	43.5	43.7	30.5	27.9	39.1	39.4	21.4	17.7	24.9	21.2
— Unmarried cohabitation couples	25.4	23.7	9.9	11.2	10.1	21.0	3.5	4.2	6.5	6.9
— Squatters and <i>de facto</i> occupants	35.3	31.2	10.1	12.5	19.6	15.4	6.1	8.8	10.7	10.7
— Owners	19.2	27.2	33.8	31.1	40.2	46.3	67.3	65.4	58.4	58.7
— Income per person	1 626	5 804	2 051	7 333	4 787	17 022	7 621	26 368	6 348	22 828

Source: ECLAC, on the basis of data from the *Continuous Household Survey* of the General Directorate of Statistics and Censuses.

^aSecond half of each year.

older and —possibly as a result of this— there is a larger percentage of female heads of household. In addition, they include a larger proportion of employers and entrepreneurs and a correspondingly smaller percentage of marginal positions in the labour market, as is often the case with self-employed persons who have no workplace of their own. But the most marked differences are found in the specifically social sphere. The percentage represented by marginal forms of cohabitation and of occupancy of dwellings is much lower than in the other categories, and there is also a clear difference in the proportion of heads of household who have not completed their elementary education.

2. Households with inertial shortages

This category includes those households which exhibit one or more critical shortages in the dimensions considered, even though they have declared a per capita income that places them

above the poverty line. Their percentage representation among all households is low (approximately 3.5%) and does not show any substantial variation between 1984 and 1986 (table 1).

It has already been stated that the income per household member provides a picture of the situation at the time when the data are collected, while the index of unmet basic needs, in the light of the inherent inertia of the cultural factors associated with each of the indicators that make it up, includes some important keys to the social history of the households, their successes and failures in previous efforts to accumulate material wealth or human resources. It should be added that the existence of critical shortages in these households is a hangover from an earlier poverty situation, which lasted long enough to accustom the household members to a life style marked by such deficiencies.

The low relative significance of this group of households is consistent with the basic character

of the needs selected, whose source of legitimacy lies in the social standards that predominate in Uruguayan society. Thus, the shortages suffered by this group may be interpreted in terms of the time required to adapt the allocation of the principal resources of the household to the general patterns of consumption. In support of this hypothesis, it can be argued that the change in some of the critical shortages usually presupposes some degree of security with regard to the expectation that the household will continue to earn an income beyond the minimum required to cover a basic consumer basket for a period sufficiently long to justify the commitment of expenditures designed, for example, to improve the livability and infrastructure of the dwelling. However, it is also valid to assume a more pessimistic view of the possibilities of a conceivable adjustment between income and shortages, proceeding from the assumption that there will persist certain residues of a "poverty culture" which does not adopt the priorities of the dominant pattern and therefore does not regard as critical the needs incorporated into the index.

The average per capita income of the households in this category is almost three times the value for the "chronic poor" and more than double the value for the "recent poor", both in 1984 and in 1986 (table 2). This means that there is no problem about the measurement of incomes; if this group had been only slightly above the poverty line, there would have been reason to suspect biases that would place it below that line as a result of errors not due to the sample.

An interesting way to gain a better understanding of the peculiarities of these households may be found in a comparison with the profiles of critical shortages of the other group—the *chronic poor*—that exhibits unmet basic needs. The difference between the two with regard to the level of failure to meet basic needs is very sharply marked (table 3). Most of the households with inertial shortages exhibit a deficiency in only one of the dimensions considered; this in sharp contrast to the situation of the "chronic poor", where the failure to meet basic needs forms part of a syndrome that covers several dimensions of living conditions at the same time. The households which suffer from

Table 3

MONTEVIDEO: HOUSEHOLDS WHICH EXHIBIT ONLY ONE SHORTAGE, 1984 AND 1986^a

(Percentages of the total number in each category represented by the number suffering from this shortage)

Type of shortage	Chronic poor		Inertial shortages	
	1984	1986	1984	1986
Overcrowding	41.0	38.8	76.4	74.1
Water	32.6	35.6	74.4	69.2
Dwelling	42.2	32.1	77.5	79.7
Sanitary services	16.2	23.7	75.5	61.2
Subsistence capacity	23.5	27.3	91.7	80.0
School attendance	33.3	35.7	90.0	72.7

Source: ECLAC prepared on the basis of data from the *Continuous Household Survey* of the General Directorate of Statistics and Censuses.

^aFor the total number of households with a specific shortage, whether it occurs alone or in combination with others, we calculate the percentage of the latter for each of the two types of households with critical shortages.

Table 4

MONTEVIDEO: HOUSEHOLDS WITH UNMET BASIC NEEDS ACCORDING TO INDICATORS OF CRITICAL SHORTAGES, 1984 AND 1986^a

(Percentages of the total number of households with unmet basic needs)^b

Type of unmet basic need (UBN)	Inertial shortages		Chronic poor	
	1984	1986	1984	1986
Overcrowding	18.9	24.1	81.1	75.9
Water	37.1	33.0	62.9	67.0
Dwelling	38.5	48.5	61.5	51.5
Subsistence capacity	19.0	18.5	81.0	81.5
School attendance	21.7	20.8	78.3	79.2
Sanitary services	33.1	33.6	66.9	66.4
Total number of households with UBN	37.7	40.4	62.3	59.6

Source: ECLAC prepared on the basis of data from the *Continuous Household Survey* of the General Directorate of Statistics and Censuses.

^aSecond half of each year.

^bFor the total number of households with a specific shortage, whether it is found alone or in combination with others, we calculate the percentage of such households for each of the two categories which suffer from the critical deprivations considered.

inertial shortages could no doubt be helped by the implementation of *ad hoc* policies relating to specific aspects of the situation; obviously, however, this is not true of the "chronic poor".

The analysis of the information contained in table 4 enables us to infer what are the shortages in which each of these two types of household has been over-represented in the universe of households with unmet basic needs. Those which suffer from inertial shortages are clearly under-represented in the indicators which relate to the size of the household (overcrowding) and to the presence of children (school attendance and subsistence capacity), while they are close to their proper representation in those indicators which relate directly to the quality of the dwelling's infrastructure. It is useful to compare these data with those found from a comparison of the profiles shown in table 2. These indicate that the heads of households which have inertial shortages are, on average, older and better integrated into the labour market. In fact, among these we find a much lower rate of unemployment and a lower frequency of marginal positions in the labour market (self-employed workers without their own business premises) and a significantly greater percentage of employers. However, this is the type of household which is closest to the type represented by the chronic poor with regard to the indicators linked to social marginality (percentage of heads of household who have not completed their elementary education, percentage of cohabitation without marriage and of squatters and *de facto* occupants in the total number of households).

In the light of all of the foregoing, we conclude that one of the typical features of households with inertial shortages would be a history of poverty, during which the members of the household have formed values and habits which control the allocation of the household's resources in a way which is different from the patterns of consumption predominant in Montevideo society. Part of this history has been a consequence of the cost of social reproduction. In the stage of the life cycle which we are considering, children would already have entered economically active life or would have formed their own households, a fact which explains the under-representation of this group

in the indicators of overcrowding, subsistence capacity and school attendance. Lastly, for reasons which cannot be identified from the available data, the profile of the position of the heads of these households in the labour market is closer to that of the heads of households which have sunk into poverty.

3. *Households in a situation of chronic poverty*

This category includes those households which are below the poverty line and which exhibit one or more critical shortages. In 1984 they constituted 7.5% of the total number of households in Montevideo, but three years later this percentage had decreased to 6.7% (table 1), thanks to the resurgence experienced by the Uruguayan economy about the middle of the decade.

In the specialized literature emphasis has been placed on the fact that these households constitute the core of poverty. From the point of view of the proposed typology, a basic characteristic of this category is the existence of conditions favourable to the activation of mechanisms which perpetuate poverty. No doubt there are subjective elements participating in this process. We are speaking of those mental attitudes of the household members which have to do with values, expectations and activities associated with fatalism, discouragement, apathy and lack of confidence that effort will bring any reward in the form of significant achievement. These elements are transmitted from generation to generation through the socializing practices of the families (and in some cases through those of the neighbourhood context) and are continually reinforced by experience throughout the life cycle of the household members, in a perverse process which gradually reduces the possibility of the household's working its way up from poverty.

The elements of information available to support the presumed existence of the conditions favourable to the activation of mechanisms which reproduce poverty are derived, in the first place, from the very definition of this group, which refers to insufficient income to cover basic needs and

simultaneously to critical shortages in the dimensions considered. At the same time, the fact that households with only one shortage constitute only a minority of these households reveals the existence of a situational syndrome of complementary deprivations. We see that when a household's unmet basic needs are classified according to type of shortage, the chronic poor appear to be over-represented in those shortages—overcrowding, failure to attend school and subsistence capacity—which are found in the stages of the life cycle of the families that should, at least from the normative point of view, be dominated by the function of social reproduction (table 4). The above-mentioned shortages justifiably emphasize the lack of socializing capacity of these households, which is reflected in the inadequate preparation of a new generation for effective participation and positive integration into society.

A comparative examination of the profiles of these four categories confirms the conclusion that households which have sunk into chronic poverty are noteworthy for their indicators of employment insecurity, and particularly of social marginality (a high percentage of heads of households who have not completed elementary school, cohabitation without marriage and insecure occupancy of the dwelling).

4. Households in a situation of recent poverty

This category includes those households which have a per capita income below the poverty line but which do not exhibit any shortages in the dimensions of basic needs under consideration. Their significance in Montevideo has decreased from 13% in 1984 to 9.7% in 1986 (table 1).

The basic assumption in the design of the typology is that those indicators of the capacity to meet basic needs which are incorporated into the index show a certain inflexibility with respect to the changes in the economic situation of the households, and to that extent, they provide important information concerning the previous living conditions of these households.

The discrepancy between inadequate income and lack of critical shortages (the ones measured by the index), which is characteristic of this category, seems to reveal a process of downward mobility.

When the reduction in income has been recent, it does not appear to be reflected in any visible deterioration of the dimensions of the household's living conditions that are considered in the index, which would have a relatively low priority and/or greater mediacy in the processes of restructuring of the consumption patterns forced upon the household by the new economic deprivations.

A comparative examination of the profile of this group with that of the other categories that suffer from deprivation (the "chronic poor" and those with "inertial shortages") offers some support for the assumption of downward mobility. Indeed, while this group resembles the "chronic poor" in having indicators which reveal an insecure position in the labour market, it clearly exhibits its own profile with regard to the indicators of social marginality. Thus, with regard to the educational level of the head of the household, it lies closer to the national average than the other two categories. With regard to the legitimacy of the conjugal union, a variable which is often associated with instability of the couple and hence with the situation of the children, the 1984 data show that the "recent poor" are clearly different from the "chronic poor", but not so clearly from those who suffer "inertial shortages", being sharply distinguished from the latter only in 1986. At the same time, within this category the percentage of households with unstable forms of occupancy of the dwelling is clearly lower in both years than the level prevailing in the other groups that suffer from such deprivations (table 2).

To sum up, an analysis of the profile of the "recent poor" is consistent with the hypothesis of downward mobility. Unlike the "chronic poor", these households seem far removed from the syndrome that perpetuates poverty, and therefore they are better prepared to improve their situation when general economic conditions become more favourable.

IV

Conclusions

First of all, we must bear in mind that the results of this exercise are intended only to serve as a guide for the formulation of a hypothesis with respect both to the specific nature of the households included in each category and to the validity and the analytical and practical usefulness of the typology outlined. Any attempt to test the assertions relating to each of these types must be based on the evidence provided by instruments deliberately conceived for that purpose, which will make possible a thorough investigation of the households defined by the combination of poverty and specific shortages. This warning at the outset is intended to alert the reader to the tentative nature of the following conclusions on the recent evolution of poverty in Montevideo and the usefulness of the proposed typology.

Between the second half of 1984 and the second half of 1986, the relative share of Montevideo households represented by those below the poverty line was reduced by 20%. This evident improvement in the people's socioeconomic conditions is consistent with the data on the general evolution of the economy, in particular the data on the increase in real wages and the decrease in the rate of unemployment during this period.

—The poor in 1984 were mostly "recent" poor. A high percentage of these households had experienced a severe decrease in income during the crisis, which, although it was part of a long-term process of stagnation, became much worse beginning in mid-1982. The subsequent process of downward mobility increased the number of those households that were below the poverty line, but it also modified the profiles of poverty. Thus, 10% of the poor detected by Altamir (1979) in Montevideo, with data from about 1970, unquestionably included households whose social and cultural conditions were different from those exhibited by the households which, in larger numbers, made up these same categories 14 years later.² In 1984, households in a situation of chronic poverty represented little

more than one third of the total number of poor households.

—The clearly differentiated profiles of the two categories suggested that the socioeconomic reactivation would have a greater impact on the situation of the "recent poor" than on that of the "chronic poor". This was in fact the case, as can be seen in table 1. Thus, approximately 80% of the reduction in poverty during this period was the result of a transfer from the category of "households in a situation of recent poverty" to the category of "households in a condition of social integration". In contrast, the macroeconomic changes did not bring any significant alteration in chronic poverty, which was reduced from 7.5% to 6.7%.

—Thus we see clearly the different kinds of impact produced on poverty by different types of public policy. On the one hand, certain categories of households—predominantly among the poor of Montevideo—seem to respond in the expected manner to a general policy of reactivation, with increases in real wages and the generation of employment. This does not happen with the households whose situation is determined by material and non-material conditions that continuously feed the mechanisms that perpetuate poverty. It is thus necessary to design and apply a set of policies that will proceed from the understanding that chronic poverty reflects a situational syndrome and not a mere circumstantial insufficiency of monetary resources, so that it must be attacked

²The estimates of the percentages of households below the poverty line about the year 1970 and in 1984 are not strictly comparable, owing to the fact that in the first case the income of households had to be corrected for under-declaration. The results observed on the basis of various hypotheses relating to income correction for 1984, not presented here, also indicate in all cases an increase in the number of poor households, although not an increase of such magnitude as is shown here. In any case, there is no reason to suppose that the level of under-estimation in 1984 was different from that in 1986, so that it is still valid to assert that during this period poverty diminished by 20%. Lastly, let us recall that the main point of this exercise is the usefulness of classification into poor and non-poor households when we combine this with the classification that relates to critical shortages.

with a global and not a specific approach. Such policies will inevitably be aimed most particularly at preventing the destiny of children and young people from being caught in the coils of the generational reproduction of poverty.

—Lastly, the households with "inertial shortages", which exhibit deprivations much more specific than those of the "chronic poor", linked in particular with housing, would derive much more benefit than the other groups from the localized policies that provide support (such as credit support, for example) for adapting living conditions to the household's income, which, while situated above the poverty line, may often be insufficient to generate any capacity for savings. Policies tending to ensure

the stability of the household's new income situation tend to operate in the same direction.

—To sum up, this typology attempts to reveal the heterogeneity of poverty, distinguishing categories of households which require different kinds of policies to remedy the deprivations they are suffering from. Parallel with this, since the typology is constructed on the basis of the information collected periodically by the Continuing Household Survey, it constitutes an easily accessible instrument for following the evolution of households that suffer deprivations, for evaluating the seriousness of the shortages suffered by those households and for formulating more exact diagnoses concerning poverty.

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