

Social precarity in Mexico and Argentina:

Trends, manifestations and national trajectories

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From a multidimensional and dynamic approach, this article focuses on the linkages between labour, unemployment, poverty and inequality, examining the forms which social precarity has adopted in Mexico and Argentina in the new economic environment. It contends that the weakening of employment-based integration mechanisms, marked inequalities in access to opportunities and increasingly rigid social structures are evidence of strong exclusionary trends, which exhibit specific characteristics in each country. After analysing national trajectories and the levels of integration achieved under the import-substitution industrialization model, the article examines the deterioration of working and living conditions witnessed over the last few decades. It concludes with a discussion of some of the dilemmas and challenges which the transition towards more equitable, socially supportive and inclusive societies poses in terms of research and public policy.

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I

Introduction

The labour market has not only lost its capacity to promote integration and social mobility, but has also become one of the main sources of vulnerability and social exclusion for large, growing sectors of the population. Increased levels of unemployment, labour insecurity and social vulnerability not only suggest a progressive weakening of the relationship between economic growth and employment, but also cast serious doubts on the ability of the new economic model to absorb the labour supply and reduce poverty and persistent, growing inequalities.

The drive towards integration, as Pérez Sainz (2003) has pointed out, does not feed into the globalization process, and the labour market plays a larger role in the dynamics of social dis-integration today than it did in the past. In addition to the erosion of earlier integration mechanisms, rising disparities in the distribution of opportunities to access the “advantages” of current processes reflect a social structure that is becoming increasingly rigid. The initial conditions of an individual’s life play an ever more important role in determining his or her fate, and inherited disadvantages exact a heavy toll in an environment marked by hostility towards the “losers” in the new social game.

Social, economic and political institutions act as mediators in the relationship between inequality in the distribution of income and social exclusion, either favouring or blocking opportunities for the shared social experience that is essential to the exercise of citizenship.¹ In Latin America, social exclusion processes are reflected in the conditions that accompany the incorporation of vast sectors into society, in their integration patterns (Faria, 1995), which lead to an unfavourable form of inclusion (Sen, 2000) and the creation of a second-class type of

citizenship (Roberts, 2004). Disadvantages in this case do not arise from being “left out”, but rather from the segmentation produced by State institutions –in other words, from differentiated inclusion in the social system. This segmentation is a historical feature of Latin American “welfare regimes”, and has emerged with renewed force as social services are progressively dismantled and “commodified”, drastically widening social gaps through differential access to employment, education, health care and housing opportunities, and through differences in the quality of such opportunities.

The patterns and trajectories of these inclusion processes display different characteristics in different social contexts. The diverse nature of the social structures of Latin American countries and the different forms which expectations of well-being and equity can assume –depending on the urbanization and social stratification patterns, labour traditions and welfare mechanisms involved in each case– must be acknowledged in order to avoid simplistic, overly broad assessments of the forms which social precarity adopts in the new economic environment.² The cumulative disadvantages (Paugam, 1995) associated with work precarity and precarity in other areas of economic and social life (family, income, living conditions and social contacts) is precisely what makes certain groups more vulnerable than others to social exclusion.

The experiences of Argentina and Mexico are particularly illuminating in this regard. In the early 1990s, the two countries differed significantly in terms of inequality, poverty, the role of the middle class in the social structure, labour traditions, levels of social protection, labour market adjustment mechanisms and modes of insertion into the international economy. However, the profound, widespread deterioration of employment and the unprecedented levels of poverty

¹ Similar levels of inequality may produce different effects in terms of social exclusion, depending on the degree to which opportunities to do and obtain things are a function of income levels (Barry, 1998). Thus, when the quality of public health and education services is even throughout and high enough to be used by a large majority of the population, individual income becomes less relevant. As T.H. Marshall observed in 1950 (see Marshall, 1992), the extension of social rights is an instrument for the elimination of inequalities arising from social origin which influence the distribution of opportunities.

² The concept of social precarity comprises living conditions, work conditions and their mutual implications. Precarity of living conditions involves inadequate income, the duration of financial deprivation over time, its impact on housing, its corrosive effect on social, family and marital networks, etc. Precarity of work conditions involves the nature and quality of employment, and the implications these factors hold in terms of job satisfaction and prospects for mobility, learning, personal development and other issues (see Gallie and Paugam, 2002).

and inequality suffered by Argentina during the 1990s –which were made worse by the 2001 crisis– and the persistence and entrenchment of a highly segmented, inequitable social structure in Mexico have brought the two countries closer together, in terms of distributional inequity, than they were at the beginning of the decade.³

This article examines the main trends and manifestations of social decline in Argentina and Mexico during the 1990s from a multidimensional, comparative perspective, exploring the forms which the relationship between labour, unemployment, poverty and inequality have adopted in each case. Section II analyses both the integrative and exclusionary dynamics of the import-substitution industrialization strategy that prevailed in both countries –at varying rates and degrees of intensity– between 1950 and 1980. It notes that the disparities in the integration achieved during this period are key to understanding the dimensions and depth of the deterioration of working and living conditions which

followed the model's dismantling. Section III highlights certain aspects that help to explain the various forms which labour market transformations can assume, noting the convergence of different elements, such as patterns of engagement with the international economy, labour traditions and their influence on the concepts and practices surrounding the idea of "work" and unemployment, and the various manifestations of the relationship between employment, unemployment, the informal sector and poverty in both countries.⁴ Section IV explores the progressive hardening of the social structure in two key dimensions: inequality in the distribution of educational opportunities and the weakening of opportunities for social mobility through employment, particularly for sectors in the lower reaches of the occupational structure. The conclusions in section V highlight some of the main dilemmas and challenges which the transition towards more equitable, supportive and inclusive societies poses in terms of research and public policy.

II

Development strategies, employment and social integration: unfulfilled expectations, forgotten promises

Inequality and poverty are certainly not new to Latin America. An evaluation of the impact of different strategies or development models on the social structures of Latin American countries does, however, reveal differences in their capacity to achieve integration.

Until the 1980s, the relationship between economic growth and productive absorption of the labour force, as well as an incipient welfare regime (albeit a limited and imperfect one marked by significant disparities between countries and regions), fuelled the expectations

³ During the first half of the 1990s, Argentina was in the middle of the scale among the countries of its region in terms of inequality in the distribution of income, according to the Gini coefficient. By the end of the decade, it had reached a high level of inequality (the joining the ranks of most of the other countries of Latin America). By 2002, it was (together with Brazil and Honduras) one of the most unequal countries in the region. Mexico remained among the group of countries with high levels of inequality between 1990 and 1999, moving to the middle of the scale in 2002 (ECLAC, 2004). The recent decline in the concentration of income in Mexico should be approached with caution. It is unusual, given the country's difficult economic situation, in which production has become stagnant and per capita income has dropped by 2.6% between 2000 and 2002. Changes have also been made in the sample

design (size and distribution of the sample) and questionnaire of the 2002 National Household Income and Expenditure Survey, which makes comparisons with the 2000 survey difficult (see ECLAC, 2003, inset I.4).

⁴ It should be noted that the research data available for both countries date from 2002 or earlier and cover a period of low economic performance in Mexico and full-fledged crisis in Argentina. This has specific implications for some of the problems addressed in this article –particularly in section III, subsection 2, which covers the informal sector and vulnerability, and explores the relationship between work precarity, unemployment and poverty. The lack of comparable, more recent data has restricted the author's ability to explore the behaviour of these variables in Argentina and Mexico beyond the stages of the business cycle.

of social mobility of large sectors of the population in Latin America. Urbanization, industrialization, the development of a public education system and the expansion of non-manual labour were expected to produce more equitable societies. Some countries came closer to fulfilling these expectations than others, where they became unfulfilled promises for large portions of the population.⁵

While the capacity for integration of the import-substitution industrialization model varied greatly among and within the countries of the region, the labour market was dominated by integrative trends, and formal employment was its point of reference.⁶ Even though workers in the urban and rural informal sectors were excluded from welfare subsidies –mostly in the form of social security benefits– the degree to which they were excluded varied significantly within

the region.⁷ As Filgueira (1998) notes, these variations have been completely “forgotten” by the neoliberal critique of the import-substitution model –an oversight which has made it impossible to understand the diverse effects of the model’s dismantling in Latin America. The decline that followed was certainly more marked and severe in countries which had achieved a greater degree of integration when the model was in force.

Table 1 compares some of the characteristics of the labour markets of Argentina and Mexico between 1950 and 1980. In Argentina, urbanization, industrialization and an increasing shift towards wage employment among the economically active population (EAP) emerged earlier than they did in Mexico and the rest of the region; formal employment also played a greater role in Argentina, and underutilization of labour –in terms of underemployment and unemployment– was lower.

TABLE 1

Latin America, Argentina and Mexico: Characteristics of the labour market in Latin America, 1950-1980

(In percentages of the Economically Active Population – EAP)

	Urban EAP	Salaried employment ^a	Manufacturing	Services ^b	Urban formal employment ^c	Under-employment ^d	Unemployment
Latin America							
1950	43.5	53.6	14.1	25.7	30.1	46.5	–
1980	64.0	58.9	18.3	38.2	44.6	42.2	–
Argentina							
1950	72.0	71.3	24.5	42.1	56.8	22.8	4.9 ^e
1980	84.4	72.2	21.0	54.6	65.0	25.7	2.6
Mexico							
1950	34.5	51.1	11.2	20.4	21.6	56.9	7.0 ^e
1980	61.5	63.4	19.0	36.1	39.5	40.4	4.5

Source: PREALC (1982) and ECLAC (1990).

^a Data on salaried employment for 1950-1970 period.

^b Services includes commerce, shipping and services.

^c Defined by the Regional Employment Programme for Latin America and the Caribbean (PREALC) as those urban EAP categories not included in the urban informal sector.

^d Defined as the sum of the urban informal sector (non-professional own-account workers, unpaid family workers and domestic workers) and traditional rural workers.

^e 1970 figures.

⁵ Different levels and rates of urbanization, industrialization and population growth, as well as the expansion of the public educational system, among other factors, created heterogeneous social structures in which the relative importance of the urban working class and the middle class varied from country to country. Consequently, while these classes generally had a stronger presence in Argentina and Uruguay in 1970 (20% manual agricultural labourers, 40% non-agricultural manual labourers and 40% middle and upper strata), the same could not be said of Mexico, where their presence was much lower (45%-30%-25%), and Brazil (50%-30%-20%). The size of these

classes was extremely small in countries such as Guatemala (60%-30%-10%). See Gurrieri and Sainz (2003), p. 156.

⁶ Although it never absorbed a majority of the workforce, formal employment grew steadily between 1950 and 1980, generating six of every ten new jobs. Thus, 40% of new jobs were in the informal sector, 15% were in the public sector and the remaining 45% were provided by mid-sized and large private businesses (Klein and Tokman, 2000, p. 18).

⁷ For an analysis of the relationship between the informal sector and the development of social citizenship in Latin America, see Bayón, Roberts and Saraví (1998).

In Argentina (which, along with Uruguay and Chile, embarked on a development process quite early on and which pioneered the creation and expansion of a social security system) the integrative effect of import-substitution industrialization manifested itself in relatively low levels of social inequality, poverty and underutilization of labour. These levels remained steady until the mid-1970s, placing the country in a privileged position in Latin America.⁸ This may be attributed to the convergence of several factors, such as slow population growth, higher levels of urbanization, a more rapid shift to wage-based employment and the early expansion of the public education system. Coverage in basic social services such as health and education was almost universal. The formal sector provided over 70% of wage employment (Marshall, 1998), and the informal sector –surrounded by a dynamic domestic market and a growing middle class– took on some quite unique characteristics. Unlike its counterparts in other Latin American countries, it was not a “refuge” or subsistence mechanism. On the contrary, it was made up of stable, self-employed workers with relatively high incomes, mid-level skills and moderate productivity rates. A significant percentage of this workforce had access to fringe benefits.⁹

While integration was less successful in Mexico, the country underwent profound, accelerated social and economic transformations during this period. Industrialization and urbanization came late, and advanced rapidly, transforming a basically rural and agricultural country into a predominantly urban, semi-industrial one.¹⁰ Coverage in basic services, such as education and health care, expanded, but their quality

was lower than in Southern Cone countries, and significant regional disparities –both quantitative and qualitative– emerged in their provision. The segmentation of social services increased, not only as a result of lower basic-service coverage, but also due to the expansion of the informal sector. Wage employment ratios fell, and the income and benefits associated with formal employment were not as significant as they were in early-development countries (see table 1). As of 1978, following a period of steady growth in State health-care coverage, social security institutions covered only 38% of the overall population –nominally– while 45% of the population, mostly in rural areas, received no cost-free or quasi-cost-free medical care (COPLAMAR, 1985).

Despite the reduction of inequality in the distribution of income that took place between 1963 and 1984, inequity in the distribution of the benefits of growth remained, even during the “golden years”. By the end of the period, the wealthiest 20% of the population received over 50% of available income, and almost 6 out of every 10 Mexicans continued to live in poverty (Moreno Brid and Ros, 2004).¹¹

The privileged position of Argentina began to gradually deteriorate in 1975. In less than three decades, the social structure of the country underwent a transformation without parallel in Latin America. Inequality and poverty increased, and earlier channels of social mobility were significantly weakened. These changes first began appearing in the mid-1970s, as the previous development model ran its course. During the 1990s, a new socioeconomic model emerged. The new model not only involved new patterns of insertion into the global economy, but also created new relationships between households and the labour market and the State, which shook the country’s social structure to its roots.¹²

⁸ Urban poverty levels in Argentina circa 1970 were between 4% and 5%, and the Gini coefficient of household income distribution was 0.41% between 1953 and 1961, compared to 0.52 in Mexico and 0.57 in Brazil (Altimir and Beccaria, 1999).

⁹ Between the mid-1940s and 1970, the growth of small-scale commerce accounted for almost half of the growth of own-account activities, and almost 5 in 10 self-employed workers belonged to the middle class (Torrado, 1992). The low cost of repairs in relation to the price of consumer goods also contributed to the growth of own-account mechanical, electrical and electronic-appliance repair work among the working class during this period (Marshall, 1978).

¹⁰ Between 1940 and 1980, the economy grew at an annual rate of 6.4%, and the share of manufacturing in GDP rose from 15.4% to 24.9%. The percentage of the population living in urban areas rose from 35% to 66%, and the overall population increased almost fourfold, from 20 million to 70 million. Literacy rates doubled, reaching 83%; average schooling among the adult population rose from 2.6 to 4.6 years, and life expectancy at birth rose from 24 to 65 (INEGI, 1985).

¹¹ According to Cortés (2000), the reduction in the concentration of income which took place between 1963 and 1984 (when the Gini coefficient dropped from 0.523 to 0.456) was due mainly to an increase in the relative share of the country’s intermediate and lower deciles caused by a drop in the share of the wealthiest 10%. This trend was interrupted and reversed in later years, when the participation of the upper decile rose consistently.

¹² Between 1974 and 1991, the Gini coefficient rose from 0.36 to 0.447, reaching 0.51 in 2000. Income differences between the richest and the poorest decile tripled, and poverty levels increased fourfold. In 1974, the average per capita income of the richest 10% of households was 12 times that of the poorest 10%; in 1991 it was 23 times higher, and in 2000 it was 38 times higher. Poverty in Greater Buenos Aires in 1974 affected no more than 5% of households; this figure rose to 9% in 1986, and 25% in 1990

The occupational structure of Mexico underwent profound changes during the 1980s, beginning with the crisis of 1982. Their basic effect was to lower the more modern sectors' share of total employment, as informal employment (primarily self-employment and unpaid family work) increased. In absolute terms, informal employment increased by 80% between 1980 and 1987, absorbing 33% of the labour force by 1987 (ECLAC, 1989).¹³ Instead of improving in 1988-1994, when the Mexican economy expanded moderately as a result of a new growth strategy, the shortfall of stable, adequately remunerated employment since 1982 –described by Lopez (1999) as a “structural imbalance”– worsened, as did inequity in the distribution of income. The Gini coefficient rose from 0.456 to 0.514 between 1984 and 1992, and the concentration of income in the richest 10% of the population rose from 34.2% to 40.5% during the same period (Cortes, 2000). A general overview of the 1990s reveals a transfer of income from the poorest households to the richest ones, with little variation occurring in the relative position of middle-income households. The country's entry into the North American Free Trade Agreement, the 1995 crisis and its after-effects not only slowed the growth of the

population's purchasing power, but also tilted it in favour of the richest 10% at the expense of the real income of the rest of the country's households—especially the poorest 30% of the population. As a result, inequality levels in the year 2000 were similar to those of the 1960s (Hernández Laos, 2003).

This preliminary analysis is necessary in order to understand the extent and depth of the social decline experienced by Argentina and Mexico during the 1990s, as well as the disruptive impact of that decline on their social fabric. Roberts (2004) notes that, compared to other nations such as Brazil, the countries of Central America and Peru, the middle and working classes of Argentina and Uruguay face a much steeper decline in their living standards and a more dramatic reconfiguration of their employment opportunities. This situation is compounded by another important factor: the memory of better times. Unlike Argentina and Uruguay, the urban populations of many Latin American countries have no “golden” benchmarks in the past with which to evaluate present crises. They have always struggled for survival. This is a difference which affects not only political life, but also the formal and informal mechanisms employed to deal with crises (Roberts, 2004).

following a bout of hyperinflation; in 1994 it dropped to less than 15% and climbed once again to 21% in 2000 (Damill, Frenkel and Maurizio, 2002; Beccaria, Altimir and González Rozada, 2003). Wage employment not registered with the social security system rose from 19% in 1974 to 27.3% in 1990, reaching 38% in 2000, while unemployment increased more than sevenfold, from 2.6%

to 19% between 1980 and 2001 (Permanent Household Survey, National Institute of Statistics and Censuses).

¹³ The discrepancies between these data on informal employment in Mexico in 1980 and the figures in table 1 arise from the fact that the latter were calculated based on the urban EAP, whereas the data obtained from ECLAC (1989) refer to the labour force as a whole.

III

The worsening of the labour market: a comparative overview

Despite the similarities between the economic policies applied in Mexico and Argentina –particularly during the first half of the 1990s (stabilization, trade and finance liberalization, privatization)– and the vulnerability of both countries to external disturbances, their labour markets adjusted very differently. Open unemployment, which stood at similar levels in both countries at the end of the 1980s, rose sharply in Argentina, whereas in Mexico it remained low (see figure 1).¹⁴

In Argentina, the evolution of employment, poverty and inequality indicators during the 1990s was convincing, painful proof of the country's progressive social decline. There was no European-style welfare regime in place to deal with drastic increases in unemployment, job insecurity and poverty, and the “cushions” or “escape valves” found in Mexico and

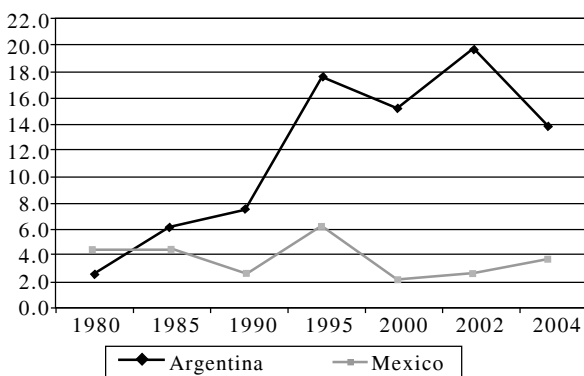
other Latin American countries –namely, maquilas (offshore processing plants), migration and the informal sector¹⁵– were also either lacking or weak. In Mexico, these cushions helped keep unemployment relatively low, although they failed to improve living or working conditions for large segments of the population.

While working conditions deteriorated in both countries during the 1990s, the characteristics of their decline differed. In Argentina, the main –though certainly not the only– labour-market adjustment mechanism was unemployment, whereas in Mexico low unemployment was accompanied by a significant reduction in wages, coupled with growth in the informal sector. A low open unemployment rate, high levels of informal-sector employment, low wages and a low share of wages in GDP were among the distinctive characteristics of the Mexican economy (Lopez, 1999).¹⁶

In Argentina, where the labour market had traditionally been characterized by higher levels of formal employment and protection, the rapid growth of unemployment and precarious employment (underemployment and employment lacking social security benefits) was accompanied by a drop in the capacity of the informal sector to absorb labour, especially where self-employment activities were concerned. During the 1990s, save for 1996, when the aftershocks of the severe crisis of 1995 were being felt, unemployment rates in Mexico were actually the lowest

FIGURE 1

Argentina and Mexico: Urban unemployment, 1980-2004
(Average annual rates)^a



Source: ECLAC (2004c and 2004d).

^a Average annual rate of urban unemployment.

¹⁴ Open unemployment has fallen substantially in Argentina since 2002, whereas it has been on the rise in Mexico since 2000; as of 2004, however, Argentina still possessed one of the highest unemployment levels in the region, while Mexico had one of the lowest.

¹⁵ The issue of Mexican labour force migration to the United States lies beyond the scope of this article. It should be noted, however, that both this analysis and the manifestations of social decline in Mexico over the past few decades help to explain the forms migration has adopted as job opportunities contract and deteriorate, making it an increasingly complex and diverse phenomenon. In this regard, Canales (2002) emphasizes the need to view changes in the patterns and profiles of migration in the light of the social, economic and political transformations which have taken place in Mexico and the United States since the mid-1980s and which have significantly redefined relations between the two countries.

¹⁶ In 2000, the real minimum wage was only one third of what it had been in 1980, and salaries and wages paid by the largest manufacturing enterprises had fallen to less than 40% of their 1990 levels (Salas and Zepeda, 2003, p. 65).

in the region. In Argentina, on the other hand, unemployment rose during the 1990s, even during periods of higher growth.

It has been repeatedly argued that low unemployment in Mexico can be attributed to the lack of an unemployment insurance system, as well as the scant saving capacity of the country's workers, who must accept any work available, or "invent" jobs where none exist. This is a relevant argument, which can be used, and empirically supported, to analyse conditions within the country's borders. It falls short, however, when the problem is approached from a comparative perspective. The issue certainly becomes more complex when one considers events in other Latin American countries – particularly Argentina, where unemployment not only rose sharply during the 1990s, but also had a disproportionately strong effect on the poorest, most vulnerable sectors (those with the lowest saving capacity and very limited access to unemployment benefits). In order to understand the multiple dimensions of the problem, three factors should be taken into account.

First, the points of comparison must be clarified. The lack of an unemployment insurance system might be a relatively valid explanation for low unemployment in Mexico, if that country were being compared to the European nations – although social protection systems in Europe are highly diverse, and the subject itself is widely debated.¹⁷ It does not, however, explain why unemployment levels in Mexico are low compared to the rest of Latin America. The region's "real" unemployment insurance systems are sharply limited – in those countries where they exist – by very low coverage (in a setting where formal and stable employment is far from the norm) and low payments. An insurance system which never covered more than 6% of the unemployed population can hardly explain why upward of 20% of the EAP in Argentina has succumbed to unemployment during times of severe crisis, while unemployment in Mexico has never exceeded 6% (see figure 1).¹⁸

¹⁷ A comparative analysis of European Union countries shows little empirical evidence to suggest that welfare benefits – specifically, the existence of an unemployment compensation system – reduces incentives to work, or, to put it in other terms, stimulates unemployment. The issue is certainly more complex, and depends not only on the extent and monetary amount of the benefits provided, but also on the interaction of policies (for example, welfare benefits and active labour-market policies). See, among others, Esping-Andersen and Regini (2000) and Gallie and Paugam (2000).

¹⁸ In Argentina, the National Employment Act of 1991 provides for an unemployment insurance system; it only applies,

The second factor to consider is the link between poverty and unemployment. In Argentina, the strong relationship and feedback between these two phenomena cast doubt on the idea of unemployment as a "luxury" – enjoyed by sectors with higher levels of schooling and greater saving capacity – which the poor "cannot afford". While it is true that, from the 1990s onward, unemployment spread to all occupational categories and levels of schooling, it had a disproportionate effect on those who were most deprived in terms of education and skills. Statistics for Greater Buenos Aires show that unemployment among the poorest 10% of the population rose from 14.3% to 29.8% between 1990 and 2000 (Permanent Household Survey, INDEC).

The third, often overlooked, factor is the influence of labour traditions on the way in which work and unemployment are defined and experienced. These traditions serve as frames of reference that reveal the degree to which unemployment constitutes a clearly recognizable category. Qualitative data show that in Argentina (whose labour market has historically possessed some of the highest levels of formal employment in the region), the stability and rights associated with "work" not only affect perceptions of what constitutes a "good job", but also influence the very definition of work and social belonging, even in an environment of severe job insecurity (Bayón, 2002). Labour rights tend to be intertwined with the very concept of employment, even among low-income, unskilled workers who have never fully enjoyed those rights. The expression *changa*, which refers to odd jobs, is locally used to describe all those activities which "do not" constitute work.

In societies like that of Mexico, characterized by strong traditions and patterns of informal employment and consumption, where wage work has been less important historically, work tends to be associated more with income generation than with stability and protection, and the concept of unemployment is less

however, to stable employment, and is limited to certain segments of the formal sector. This explains its scant coverage during a period of extended job insecurity. Workers dismissed without cause from a registered job who have paid into the social security system for at least 12 of the 36 months preceding dismissal are entitled to unemployment compensation. The system applies to wage earners covered by the Employment Contract Act, and thus excludes construction workers (for whom a separate regime exists), domestic workers, and persons employed in the public and rural sectors.

recognizable to the population.¹⁹ Several studies of Mexico (and daily urban life in that country) confirm that self-employment activities or, to put it in other terms, the ability to “invent” ways of generating income to cover household needs, is a family labour tradition among low-income groups (Estrada Iguñiz, 1996). According to Selby, Murphy and Lorenzen (1994), poor city dwellers are more interested in providing their families with the resources needed to live than in holding a single, steady job. Expressions such as “trying to get by” (*buscando la manera*), “slaving away” (*haciéndole la lucha*), “hustling” (*poniéndose abusado*), etc., are vivid, gritty examples of the “whatever it takes” mentality of the urban poor.

While these three elements do not represent an exhaustive analysis of labour-market adjustments in the two countries under review, they do draw attention to the multidimensional nature of the problem. With the same objective in mind, we will now examine three dimensions that are key to understanding the different ways in which the labour market has deteriorated in Argentina and Mexico. The first dimension involves the relationship between changes in a country’s employment structure and the way it positions itself in the international economy. The second focuses on the problem of informal employment and lack of social protection. The third explores the various forms which the relationship between work, unemployment and poverty has taken in each country.

1. Export model and manufacturing jobs

The export structures of Argentina and Mexico reflect their contrasting positions within the international market. Argentina’s export sector is highly specialized in goods that require intensive use of natural resources, whereas Mexico is strongly geared towards manufacturing (both of the maquila and non-maquila variety). Primary goods accounted for 71% and 66% of Argentine exports in 1990 and 2001, respectively, while the share of manufacturing –most of it labour intensive– in Mexican exports increased from 43% to 85% during the same period (UNDP, 2003).

This pattern of specialization has had different effects on job creation, especially in the manufacturing

sector. Argentina underwent a significant de-industrialization process in the mid-1970s, and the number of jobs provided by its manufacturing sector shrank, with manufacturing employment falling by 66% between 1976 and 2001. During the 1990s, trade liberalization and currency overvaluation radically transformed the relative prices of labour and capital. This shift had a negative impact on labour demand in the tradable goods sector and encouraged the substitution of capital for labour, which led to a strong gain in productivity.²⁰ Those businesses that were able to survive increased their investment in capital assets, cutting their payrolls even during the brief expansion of 1991-1994. To this was added the loss of jobs resulting from the shutdown of small and medium-sized industrial enterprises and the implementation of labour-saving measures without additional investment in fixed assets. Despite high economic growth in Argentina during the early 1990s (mainly between 1991 and 1994), unemployment grew almost without interruption from 1991 onward (Katz, Bisang and Burachik, 1995; Heymann, 2000).

Between 1991 and 1999, manufacturing employment in Argentina fell by 46.6%, whereas in Mexico it rose by 28.8% (Stallings and Weller, 2001). This reflects the “cushion” effect of the Mexican maquila industry –whose share of industrial employment rose from 14% to 30% between 1990 and 2000– in the face of manufacturing job losses in other sectors. However, the boom in maquila jobs, which doubled in just five years, from 650,000 in 1995 to almost 1,300,000 in 2000, is beginning to show signs of tapering off. Almost 230,000 such jobs have been lost in only three years (between 2000 and 2003), and the share of manufacturing in urban employment has dropped from 29.3% to 26% (INEGI, 1985; ILO, 2004).

The displacement of manufacturing-sector workers and the increase in the labour supply in Mexico were absorbed primarily by an expansion of employment in the service sector, where the number of full-time jobs increased, especially in activities characterized by a greater predominance of informal work, such as commerce. This sector accounted for one of every four new jobs created during the 1990s (Frenkel and Ros, 2004).

Argentina outpaced Mexico in terms of manufacturing job loss, while full-time employment

¹⁹ Gallie, Jacobs and Paugam (2000) note that, in the south of Italy, the prevalence of labour precarity has altered the way unemployment is perceived and experienced, as well as future work expectations, since the informal economy is the primary means of coping with poverty and job insecurity.

²⁰ After Argentina devalued its currency at the end of 2001, employment in this sector surged, growing 16% between 2002 and 2004 (*Encuesta Industrial Mensual*, INDEC).

in almost all of its non-tradable goods sectors –with the partial exception of financial services, communications and transportation– remained stagnant between 1991 and 2000. Consequently, employment in these sectors failed to offset job losses in other sectors of the economy. The main result of strong employment in the service sector was a steady increase in underemployment.²¹ Underemployment in Greater Buenos Aires, which rose from 8.3% to 15.1% between 1990 and 2000 and reached 16.8% in 2004 (Permanent Household Survey, INDEC), was one of the clearest manifestations of the deterioration of the labour market in terms of income and job insecurity.²² The loss of full-time manufacturing jobs was partially offset by underemployment in the service sector, which, given its countercyclical nature, played a similar role to that of the informal sector in Mexico (Frenkel and Ros, 2004).

2. Informal employment and lack of social protection

In Argentina, high levels of unemployment were accompanied by a slowdown in self-employment, which increased the vulnerability of large groups of workers –particularly middle-aged persons with little schooling– to exclusion from the labour market.²³ In Argentina, the share of informal employment accounted for by self-employed work fell from 22.9% to 17.5% between 1990 and 2002, as shown in table 2, whereas in Mexico it rose from 19% to 21% during the same period. The contrasting behaviour of self-employment in commerce and services in the two countries is particularly striking: it dropped from 16% to 10.7% in Argentina, and rose from 12.5% to 16.1% in Mexico.

²¹ Underemployed persons are those who work fewer than 35 hours a week for reasons beyond their control and who wish to work more hours.

²² As of October 2000, 7 of every 10 part-time workers were underemployed, and 71.4% lacked access to fringe benefits (Permanent Household Survey, INEGI). While the real average income of full-time wage earners rose by 17%, that of underemployed workers fell by 15% between 1991 and 2000 (Damill, Frenkel and Maurizio, 2002).

²³ This slowdown in self-employment can be attributed to the disappearance of numerous small stores and repair shops that were unable to compete with large supermarket chains and a massive influx of imported goods, as well as diminishing employment opportunities in certain services (such as repair work, due to an increase in access to credit for the purchase of durable consumer goods at the beginning of the decade), among other factors.

During the 1990s, unlike previous decades, the growth of salaried employment in Mexico lost momentum. The share of wage employment in the employed EAP dropped from 76.4% to 73.1% between 1989 and 2002.²⁴ The reduction of the public sector's share of wage employment –from 16.1% to 13.2% between 1994 and 2002– and a drop in employment among businesses with more than five workers –from 48.1% to 32% during the same period– help to explain the slowdown (ECLAC, 2003). Employment grew faster in those sectors which had traditionally been the most precarious –microenterprises, domestic work and unskilled self-employment. As of 2002, these sectors accounted for almost half of the urban employed population. In other words, 5 out of every 10 Mexican workers are “integrated” into the most precarious segments of the labour market, where the lack of social protection reaches alarming levels: only 1 in 10 workers in the informal sector has access to retirement benefits (see table 3). Informal workers are not, however, the only ones lacking fringe benefits; according to statistics for 2000, 4 out of 10 wage workers in the formal sector (employed by larger businesses or in the public sector) do not have those rights. As a result, in Mexico (the country with the lowest unemployment levels in Latin America), a large majority of workers lack social protection. The situation has worsened in recent years: the employed population (both wage earners and others) without access to welfare benefits rose from 61.4% to 63% between 2001 and 2004, reaching 64% during the first quarter of 2005.²⁵

Table 3 shows the degree to which the employment situation deteriorated in Argentina during the 1990s. Despite the unprecedented intensity and scope of job insecurity during that period, several indicators show that Argentina still possessed stronger social protection mechanisms than Mexico. The most visible differences between the two countries involve retirement benefits or pensions for persons over the age of 65 (68.7% coverage in Argentina, compared to 20%-25% in Mexico), access to health insurance through employment (61% and 39%, respectively) and severance compensation for wage earners (56%, compared to 20%).

²⁴ Between 1970 and 1990, wage employment increased by 154%, and own-account employment rose by 87%. Wage employment became the norm only in the manufacturing sector, however, since non-wage employment continued to predominate in commerce and, to a lesser degree, the service sector (Rendón and Salas, 2000).

²⁵ INEGI (2001, 2004 and 2005).

TABLE 2

Argentina and Mexico: Employed population in the informal sector, 1980-2002
(As percentages of total employed urban population)

	Micro-enterprises				Self-employed unskilled workers		
	Total	Employers	Salaried workers	Domestic work	Total	Manufacturing and construction	Commerce and services
Argentina							
1980	48.9	2.6	10.2	3.9	32.2	6.5	25.7
1990	44.4	3.8	12.0	5.7	22.9	6.9	16.0
1997	41.4	3.7	15.9	5.1	16.7	4.6	12.1
2000	42.2	3.4	16.0	5.3	17.5	5.1	12.4
2002	42.1	2.9	16.1	5.6	17.5	6.8	10.7
Mexico							
1984	...	...	...	2.6	24.7	2.1	14.0
1989	...	...	...	2.7	18.9	3.0	12.5
1996	43.7	3.8	15.8	3.6	20.4	3.8	15.7
1998	44.3	3.9	15.9	4.1	20.4	3.2	16.4
2000	42.5	3.9	16.0	3.0	19.6	3.6	15.1
2002	47.2	3.4	18.3	4.6	20.9	4.2	16.1

Source: Panorama social de América Latina (ECLAC, various years).

TABLE 3

Argentina and Mexico: Selected social protection indicators, 1990-2001
(Percentages)

	Salaried workers entitled to retirement pensions			Over 65, with access to retirement benefits or pension	Salaried workers with access to health insurance through employment	Salaried workers entitled to severance compensation	Unemployed persons covered by unemployment compensation
	Formal sector a	Informal sector b	Total				
Argentina							
1992	86.6	34.6	70.6	76.1	67.5	67.0	
1996	82.2	30.0	66.3	73.4	63.0	60.0	2.7
2001	79.4	24.7	63.0	68.7	61.0	56.0	3.6
Mexico							
1996				17.9 ^c 22.0 ^d			
2000	63.0	12.1	47.6 ^c 53.0 ^d	19.0 ^c 24.6 ^d	39.0	20.0 ^c 22.0 ^d	

Source: ILO (2003); Gasparini, 2004.

^a Salaried workers employed by businesses with more than five workers and the public sector.

^b Salaried workers employed by businesses with five or less workers.

^c National total.

^d Urban total.

Higher levels of social protection in Argentina conceal significant inequities in their distribution. According to a living conditions survey (*Encuesta de Condiciones de Vida*) conducted in 2001, 64.2% of the population over 65 was covered by some type of contributory or non-contributory retirement plan. This percentage was halved, however (32.2%), among the

poorest 20% of the population; coverage in the second quintile was 57.2%, and in the highest quintile it was 78.5% (ILO/MECON, 2005).

3. Labour precarity, unemployment and poverty

The relationship between job instability, poverty and lack of social protection manifests itself differently in

each case. Some authors argue that, in general terms, to be a worker in Latin America is equivalent to being poor; thus, one need not be unemployed to be below the poverty threshold (Portes and Hoffman, 2003). The Mexican and Argentine experiences, however, entail significant nuances that help to explain the specific characteristics of the problem in different contexts.

The relationship between employment and poverty in Mexico and Argentina –at least until the late 1990s– was particularly lopsided. As shown in table 4, the most dynamic segments of the labour market in Mexico were precisely those with the highest levels of poverty and lack of access to social benefits. In 2002, urban poverty affected 32% of the urban population and 25% of the employed. It reached 40% among wage earners employed by microenterprises and 46% among domestic workers. Among salaried workers employed by businesses with more than five workers and non-professional self-employed workers in the industrial and construction sectors (segments which comprise half of the employed urban EAP), it reached 27%.

While poverty levels among the overall population of Argentina surpassed those of Mexico in 2002, poverty among the employed was similar in both countries. This suggests a stronger relationship between employment and poverty in Mexico and a higher level of unemployment among lower-income sectors in Argentina. Consequently, while one need not be

unemployed to be poor in Argentina, the poor are particularly vulnerable to unemployment, as illustrated by the employment profile of poor households in both countries (see table 5). Although poverty among the employed is lower in Argentina, it should be noted that, between 1999 and 2002, it grew at a faster rate than it did for the population as a whole. As a result, the low wages typical of jobs generated during this period may be moving Argentina closer to the trends observed in Mexico. The two countries have thus been levelling downward as a result of deteriorating employment conditions in Argentina, rather than any improvement in Mexico.

The employment profile of poor households shows a rise in participation rates in both countries, although the increase was greater in Argentina. While participation rates were similar in both countries in 2002, poor households in Argentina displayed lower levels of occupational density and higher unemployment, as well as a marked deterioration in the average income of employed household members. The strategy of sending more members of the household into the labour market yielded different results in each country. In Mexico, it increased the occupational density of poor households, albeit at very low-income levels. In Argentina, the strategy was much less effective, and increased the number of unemployed household members (see table 5). A lack of work has

TABLE 4

Argentina (urban areas) and Mexico: Poverty in selected occupational categories, 1990-2002

(As percentages of total employed urban population)

	Total population	Total employed population	Non-professional, non-technical salaried workers in the private sector			Non-professional self-employed workers	
			Businesses with more than 5 workers	Businesses with up to 5 workers	Domestic work	Industry and Construction	Commerce and Services
Argentina							
<i>(Greater Buenos Aires)</i>							
1990	21	10	...	15	21	6	8
1994	13	5	...	7	10	4	3
1997	18	8	12	18	8	6	
1999	20	10	9	17	22	14	3
2002	42	27	31	40	43	31	19
Mexico							
1989	42	33	...	...	60	32	28
1994	37	29	...	...	56	...	...
1996	45	38	41	59	63	48	41
1998	39	31	36	49	57	39	30
2000	32	25	26	44	38	34	24
2002	32	25	27	40	46	27	21

Source: ECLAC (2003).

TABLE 5

Argentina (urban areas) and Mexico: Labour profile of poor households, 1990-2002
(Percentages)

	Poverty rate	Average size of household	Participation rate ^a	Unemployment rate ^b	Occupational density ^c	Median income of employed persons ^d
Argentina						
1990	16.2	4.51	0.47	...	0.16	2.5
2002	31.6	4.5	0.64	0.26	0.25	1.57
Mexico						
1990	39.0	6.03	0.58	...	0.29	1.6
2002	31.8	5.1	0.65	0.03	0.35	1.33

Source: ECLAC (2004^a).

^a Economically active population (EAP), including employed and unemployed/Working-age population.

^b Number of unemployed/EAP.

^c Number of employed/Number of members in the household.

^d Expressed as a fraction of the value of the poverty line.

thus been added to the problem of precarious work (work that is unstable, low-paying, unprotected, etc.). The problem is not simply a shortfall of income, but also an absence of income due to continually shifting, precarious employment and recurring joblessness.

Table 6 makes it possible not only to explore the labour characteristics of poor households in Mexico and Argentina, but also to compare their employment status with that of households above the poverty line in both countries. Poor households in Argentina faced severe unemployment in 1999-2003; 35.7% included at least one unemployed member, and one in four households included at least two unemployed members. In Mexico, on the other hand, these percentages were below 6% and 1%, respectively. A

comparison of poor and non-poor households shows that, in Argentina, the presence of at least two employed persons in the home helped to reduce its exposure to poverty; this was the case in almost 40% of households above the poverty line, compared to only 25.5% of poor households. In Mexico, on the other hand, 46.5% of poor households and 51.9% of non-poor households included at least two employed members – a difference which does not appear to be significant. The higher participation rate for employed persons from lower-income households in the informal sector is the most visible difference; while not all informal-sector workers are poor (participation in this sector is high among members of non-poor households), most of the members of non-poor households are employed in the informal sector.

TABLE 6

Argentina (urban areas) and Mexico: Labour characteristics of poor and non-poor households, 1999-2003
(Percentage of households by employment situation of members)

	At least 1 employed person	At least 2 employed persons	At least 1 unemployed person	At least 2 unemployed persons	Inactive head of household	Persons working in the informal sector
A. Non-poor households						
Argentina	76.9	39.2	14.2	1.2	30.7	39.8
Mexico	92.1	51.9	3.9	0.7	16.2	51.3
B. Poor households						
Argentina	76.6	25.5	35.7	9.2	23.3	47.3
Mexico	93.1	46.5	5.3	0.9	13.9	69.7

Source: ECLAC (2004a).

IV

Unequal distribution of opportunities and entrapment in disadvantaged situations

The above analysis of the relationship between poverty and the various manifestations of labour precarity shows a gradual erosion of the mechanisms that had previously ensured economic survival and allowed people to earn an income. The possibility of “making a living” by working, at least in a steady job, has become increasingly uncertain.

The severely diminished role of work and education as channels for social mobility –or at least as a basis for expectations of future improvement– and growing inequities in the distribution of job and educational opportunities are indications that the social structure is becoming increasingly rigid. In other words, the manoeuvring room for overcoming disadvantageous situations for persons from underprivileged households –in terms of income, employment, education, housing and other aspects– is shrinking as the environment becomes more and more hostile towards those who do not possess strong cognitive abilities and social skills. The lack of these resources leads to entrapment in life chances marked by a “spiral of precariousness” (Paugam 1995), where disadvantages accumulate and reinforce each other.

These processes were manifested even more harshly after the social reforms adopted during the 1990s, which were not only a correlate of adjustments in the economic sector but also increased the vulnerability of large sectors of the population. Universal coverage of State health and education services was found to be inefficient, as it favoured middle-income sectors at the expense of lower-income ones. Targeting strategies were implemented to change this distributional “bias” and decentralize services. The result of this effort was what Bustelo (1992), quoting an expression coined by Fernando Henrique Cardoso, described as the “*Estado de malestar*” (“badfare State”), which led to the dismantling of programmes in which the incipient welfare State had achieved some degree of progress. The psychosocial dimension of this phenomenon was evident in the freezing of prospects for upward mobility, the loss of expectations for an improved quality of life and a dogmatically individualistic ethos in which everyone was left to his

or her own fate in an atmosphere of growing social polarization (Bustelo, 1992).

1. Hardening of the social structure

(a) *Unequal distribution of educational opportunities*

The distribution of educational opportunities is one of the clearest signs of the widening gap that separates the privileged from the underprivileged. This inequity is especially significant in an environment in which access to knowledge is a key to opening up the opportunities offered by ongoing processes, and the lack of such access increases and accelerates the processes of exclusion that affect the more vulnerable sectors.

Reimers (2000) lists five processes whereby disparities in income distribution lead to disparities in educational opportunities in Latin America. They are: (i) differential access for the poor and non-poor to different levels of education; (ii) differential treatment of the poor and non-poor in school, whereby the former receive a lower-quality education; (iii) the growing tendency of students to associate only with peers of the same socioeconomic background; (iv) the contribution of parents to their children’s education, with better-educated parents contributing more; and (v) the existence of educational curricula and processes that are not specifically designed to reduce inequality.

The relationship between income distribution and distribution of educational opportunities helps to explain the importance and social value traditionally attached to education in Argentina and Mexico, given its potential for fostering integration and promoting social mobility.²⁶ Around the mid-1990s, a reverse

²⁶ In Latin America, the educational Gini coefficient (which measures inequality in the distribution of education) was 50.1 in 1960, 47.0 in 1970, 43.1 in 1980 and 41.8 in 1990. During the same period, these coefficients in Argentina were 34.4, 31.1, 29.4 and 27.3, and in Mexico they were 56.0, 51.0, 49.7 and 38.4 (World Bank, 2003). These figures reflect the higher level of educational equity that has historically characterized Argentina in the region.

relationship existed between the distribution of educational opportunities and income distribution in the two countries. Argentina ranked first among 19 Latin American countries in terms of educational equity and fifth in income distribution, whereas Mexico ranked twelfth and eighth, respectively (Reimers, 2000, table 4.1). In other words, in Argentina the social gap, in terms of income, has historically been wider than the educational gap, whereas in Mexico marked differences in income distribution are accompanied by even greater inequality in the distribution of educational opportunities. This helps to explain the key role played by the extension of public education in Argentina as a promoter of social mobility and a source of integration and social belonging. The role of education in this regard is much weaker in Mexico, where the wide educational gap between high- and low-income sectors, the high degree of segmentation in terms of the quality of education and the very low educational levels of the poorest 40% of the population are dramatic indicators of the abysmal social differences that characterize the Mexican social structure (see table 7).

Here again, the disruptive impact of the neoliberal economic model has been deeper in Argentina, where the educational gap between the richest 20% and the poorest 20% of the population widened even more than in Mexico, rising from 4.7 to 6.1 (see table 7). The deterioration of educational levels in the poorest quintile in Argentina is significant since, rather than improving, they actually became slightly worse. This would appear to reflect not only a growing

segmentation of the social structure, but also the stagnation of educational opportunities for the poorest sectors.

Although in general terms the region is moving towards an improvement in access to primary education for the poor, disparities remain –or have become sharper– precisely in those levels that are crucial to social mobility. Educational credentials play a more and more decisive role in determining access to “good” jobs, which are increasingly scarce. The higher schooling levels of the active population have led not only to a gradual devaluation of education, but also to increased exclusion of the less-educated sectors, whose job opportunities have deteriorated significantly. As the educational level of the population has improved, the minimum years of schooling required to obtain a job that pays wages above the poverty threshold has risen. Although a complete secondary education –or the equivalent of 12 years of school– is the minimum level required, it is becoming inadequate due to the increasing importance attributed to the quality of education. Years of schooling no longer constitute a passport into modern jobs; the “password” appears to be based on the provenance of educational credentials and the social capital of an individual’s family (Filmus and Miranda, 1999).²⁷

The gaps are widest at the secondary and tertiary levels. Increased educational coverage has failed to reduce differences between young people from different social strata. Disparities in educational opportunities become more pronounced from the age of 13 onward (see table 8). It is interesting to note that, in Mexico, the percentage of young people between the ages of 13 and 19 from the poorest deciles who were attending school remained practically stagnant between 1992 and 2002 (having risen from 55.6% to 57.6%), whereas in the top two deciles it rose from 80.7% to 92.8%. In both Argentina and Mexico, despite the improvements noted during the 1990s, the gap in the 20-24 age group increased sharply. In 2002, school attendance among the richest 20% was triple that of the poorest 20%.

According to data for the year 2000, among urban youth aged from 20 to 24 –regardless of whether or not they were better educated than their parents– there were 38% in Argentina and 46% in Mexico who did not

TABLE 7

Argentina and Mexico: Years of schooling in the adult population^a, by income quintile. 1992-2001

Quintiles	1992		2001	
	Argentina	Mexico	Argentina	Mexico
1	7.5	2.7	7.3	3.5
2	8.0	4.1	8.3	5.3
3	8.7	6.6	9.2	8.1
4	9.8	6.6	10.6	8.1
5	12.2	10.0	13.4	11.6
Average	9.5	6.1	10.1	7.4
Educational gap (Q5-Q1)	4.7	7.3	6.1	8.1

Source: World Bank (2003).

^a Population aged 25 to 65.

²⁷ Between 1999 and 2003, only 6.4% of poor heads of household in Mexico and 17.8% in Argentina had received more than 12 years of schooling. In more than half of poor Mexican households, the head of household had received less than six years of schooling (ECLAC, 2004a).

TABLE 8

Argentina and Mexico: School attendance in urban areas, by household per capita income quintile and age group, 1990-2002
(As a percentage of the population in the same age group)

	Ages 7-12			Ages 13-19			Ages 20-24		
	Total	20% Lowest	20% Highest	Total	20% Lowest	20% Highest	Total	20% Lowest	20% Highest
Argentina									
1990	98.4	97.9	100	68.8	62.6	79.3	23.6	12.4	39.8
2002	99.4	99.1	100	83.2	76.3	96.4	40.6	21.7	61.6
Mexico									
1992	97.4	95.8	99.5	62.7	55.6	80.7	23.9	7.1	47.3
2002	98.1	96.3	99.6	68.9	57.6	92.8	30.7	16.4	55.1

Source: ECLAC (2004a).

have access to the basic educational capital²⁸ needed to aspire to a relatively well-paid job (ECLAC, 2004b). This is an indicator of the serious initial disadvantages that beset young people from low-income households as they try to enter the labour market. It also explains why they are likely to become entrapped in inferior opportunities throughout their life courses and how this situation is likely to be reproduced across generations.

The persistent linkage between access to education and a person's social stratum of origin suggests that, to a large extent, the opportunities for well-being that are currently available to young people have already been determined by the pattern of inequalities that prevailed in the previous generation. This translates into a rigid social structure with little social mobility (ECLAC, 2004b, p. 192).

(b) *The weakening of the role of work as a channel for social mobility*

With regard to opportunities for occupational mobility, some recent studies in Mexico and Argentina show that persons working in occupations requiring lower skill levels have little chance of improving their situation and are likely to become entrapped in the most precarious situations.

In their analysis of intergenerational social mobility in urban areas of Mexico, Cortés and Escobar Latapí (2005) note that, compared to the import-substitution industrialization stage (before 1982), opportunities for social mobility declined for all strata during the economic restructuring period (1988-1994). The impact was much more pronounced, however,

among the lower income strata – unskilled industrial workers, informal workers in the service sector, *ejidatarios* (farmers who work on community land), small rural landowners and day workers. The authors note that under the new economic model, there was a widening of the differences in opportunities available to the lower classes and to the upper class – professionals, civil servants and employers of more than five workers. Thus, as inequality has increased, the system of occupational mobility has become less flexible, and the occupation of an individual's father has become a stronger predictor of the occupation that person will have (Cortés and Escobar Latapí, 2005).

In Argentina, Kessler and Espinoza (2003) have noted two particularly important aspects of emerging patterns of social mobility during the 1990s. First, as in Mexico, there has been a blocking of opportunities for upward occupational mobility among the most disadvantaged sectors. To this must be added the changes that have occurred in the occupational structure – a relative increase in the availability of jobs requiring skill levels that can only be filled by middle-income sectors, coupled with a drop in the number of jobs that can be filled by low-income sectors. Another element is the need to redefine the meaning of social mobility in the current economic environment. The authors discuss the experiences of workers who appear to have achieved upward occupational mobility in recent years and point to the disconnect between the improvement in job prestige and the social rewards that used to be associated with those jobs; thus, a process of “spurious mobility” appears to be taking place.²⁹

²⁸ Completion of at least 12 years of schooling.

²⁹ There has been a change in the functional relationship among education, occupation and income and in how one factor

V

Conclusions

The above analysis provides a better picture of the forms which the relationship between income distribution and social exclusion assumes in Latin America. High inequality in the distribution of educational and occupational opportunities –and, hence, of social protection– provide stark evidence of the fact that income levels play a key role in determining the degree of access to social services and, more and more, the quality of the services received. This has led to a growing polarization and segmentation between first- and second-class citizens. The household into which a person is born is an increasingly strong predictor of the position he or she will have in the social structure. Initial advantages or disadvantages are not only maintained –and deepened– over a person’s life course, but also tend to be reproduced across generations.

This entrapment in cycles of deprivation –in terms of education, employment, income, housing, social networks – or, in other words, the increasing difficulties faced by the most disadvantaged sectors in trying to escape those cycles, sheds light on the exclusionary effects of the neoliberal model adopted by Latin American societies –at different rates and to varying degrees– over the past two decades. These societies are characterized not only by greater inequities and segmentation, but also by more rigid social structures and fewer opportunities and expectations of social mobility.

The integrative capacity of import-substitution industrialization fuelled the hopes of broad sectors of the population, who believed that “by working long and hard” they could improve their prospects, own a house, gain access to better educational opportunities for their children, build a life for themselves – in short, aspire to “a better future”. This optimism gradually began to wane in the 1980s, and the 1990s brought a

definite break with the “past”. The devastating effects of the fiction of a self-regulating market on the social fabric (Polanyi, 1957) became especially evident when existing social protection mechanisms were dismantled, without any policy in place to prevent or mitigate the social costs of adjustment policies and economic restructuring processes.

The relationship between job instability, poverty and a lack of social protection during the period under review was manifested in different ways in Mexico and Argentina. In Mexico, low income levels and a high degree of labour precarity cast doubts on the efficacy of increasing the number of earners in the household as a safeguard against poverty. In other words, greater occupational density, in and of itself, does not make a household less vulnerable to poverty; the quality of people’s employment, which is highly stratified, is the decisive factor. In Argentina, the marked labour deterioration was accompanied by high levels of unemployment, which affected the entire employed population but had the most serious impact on the most vulnerable sectors, given their job precarity and low educational levels. Moreover, persistently high unemployment levels –notwithstanding the considerable decline experienced from 2002 onward– may indicate a rise in poverty among the employed population of Argentina. This suggests that in Argentina, as in Mexico, employment is gradually losing strength as a means of escaping poverty.

Employment, as this analysis of Argentina and Mexico shows, is not only an increasingly scarce commodity, but also a poor-quality one. Access to better occupational opportunities is strongly determined by abilities and cognitive skills to which large sectors have no access. In such a context, highly segmented and polarized patterns of integration and belonging emerge, become consolidated and deepen. This multiplicity of disadvantages can hardly be addressed using approaches and policies that confine social problems to sectors living in extreme poverty, and thus contribute to the deepening of dualism and social segmentation, as well as the spreading of vulnerability to all those sectors that are not part of the target population and have no chance of gaining access to the protection systems provided by the market.

influences the others. Education does not necessarily help a person obtain a better job, and having a better job does not guarantee a better income. Given the general deterioration of working conditions, it is quite likely that jobs that had traditionally ranked high in the occupational structure are actually of poorer quality than in the past (Kessler and Espinoza, 2003).

As Esping-Andersen (2002) has noted, the key to guaranteeing people's well-being is not simply to focus on those sectors whose income levels are below the poverty threshold and/or who live in precarious conditions *at any given moment*. The highest priority must be to identify those groups that are most likely to *persistently* remain in low-income jobs and precarious living conditions. A comprehensive and dynamic approach is therefore required, both to address the problem and to devise public policies that will help anticipate and forestall disadvantageous situations before they become irreversible.

The dilemmas and challenges posed by the transition to more equitable, socially supportive and inclusive societies and the need to rethink the definition of social protection call for the adoption of a more complex and dynamic approach. A new perspective is needed both to better understand how the "social question" is manifested in the new context and to formulate and implement public policies that represent a departure from the fragmented, uncoordinated policies of today and their often contradictory effects.

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