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and the Hardening of Poverty

Ruben Kaztman

Universidad
Católica
DAMASO A. LARRAÑAGA • URUGUAY

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by Rubén Kaztman

IPES, Universidad Católica, Uruguay

SPATIAL SEGREGATION AND THE HARDENING OF POVERTY

Historically, the city of Montevideo has had relatively low levels of poverty and inequality and a fair degree of social cohesion among its residents. This, however, has changed recently.

Since the mid-1990s, the proportion of households in poverty has more than doubled, from 8.6% in 1994 to 20.5% in 2003. More important, though, has been the progressive weakening of the links tying low-skilled workers to formal labor markets, which has been accompanied by a noticeable concentration of low-income families in 'pockets' with high density of material deprivation. Both processes are changing the social and urban landscape of the city in a manner that, left unchecked, can have long-term effects over the very fabric of Uruguayan society.

Like other countries in the region, Uruguay has been going through intense economic restructuring in recent decades. The demise of import substitution and the retreat of the state, together with erratic and modest overall economic growth, have slowed down the pace of job creation, particularly in the public and manufacturing sectors, traditionally two important sources of jobs. These changes have been accompanied by an expansion of services, where wages and employment conditions differ markedly across occupations, and a rapid incorporation of technology in the most dynamic productive areas.

The combined result of these transformations has been a decline in the demand for low-skilled work, an increase in unemployment and underemployment, and a widening of the gap in pay and working conditions among workers with different qualifications. In a context of incomplete welfare regimes typical of the region, the spread of low-pay and precarious jobs impacts negatively on the urban poor, undermining their ability to accumulate tangible and intangible assets that could help them gain access to better paid jobs and critical public services and entitlements.

Greater occupational instability among the urban poor is being reinforced by two other processes that are profoundly altering the social morphology of many South American cities. I refer to the growing segmentation in the demand for and utilization of public services, and the polarization of the urban space into ever more socially homogeneous areas. Unlike changes in the labor market, these two processes may be harder to reverse once they become firmly established.

In fact, widening income differentials do not automatically translate into increasing social distance among city dwellers. But once better off families stop consuming public services and turn to the market for their education, health, security or transportation, the services they leave behind, which now cater mostly to the poor, lose an important constituency and begin to deteriorate.

The resulting quality gap between private and public services is not the only problem, though. As the middle class deserts the public schools, hospitals and squares, these cease to provide a space where people from different backgrounds can interact *as equals* — and the scope of concerns that were previously perceived as common becomes narrower.

A visible expression of the ongoing segmentation in the labor market and the use of publicly provided goods and services is the growing *polarization* of the urban space. Since the 1980s, Montevideo has seen unprecedented changes in the spatial distribution of households from

different income groups. Large numbers of urban poor fled the city center to settle in the periphery, where irregular settlements expanded notably. At the same time, middle and upper class families moved to exclusive areas to the east of the city, increasing the physical and social distance separating the haves and the have-nots.

The geographic concentration of households with similar profiles in distinct parts of the city becomes evident by looking at the differentials in income, educational attainment and occupational status of the family head by neighborhood. Unemployment is higher in the worst-off areas of the city. So is the spread of self-employment in informal activities and of precarious jobs with limited or no social protection. These are the areas that have exhibited the greatest demographic growth of the last two decades. They are also the ones that cluster the greatest number of disadvantages: lack of critical services and infrastructure, a high density of poor households, and an above-average incidence of social ills such as teenage pregnancy and out-of-school youth who are neither working nor seeking a job.

Clearly, this phenomenon is not entirely new to Montevideo. Starting in the 1950s, rural folk who migrated to the capital settled in the city's outskirts where they established precarious settlements known as *cantegril*. By then, the urban landscape was already punctuated by a number of solidly working-class and other low-income neighborhoods that had developed since the early days of industrialization.

But the current process of spatial segregation differs from the past, not only in its intensity but in other key aspects. The rural migrants who settled in a *cantegril* were pulled into the city by the prospects of a better life. They saw their residence there as temporary — a stepping stone into a city that would give them access to jobs, goods and services they lacked in their places of origin. In turn, the neighborhoods that sprang up around factories were highly homogeneous, but their solid working-class composition bestowed upon their residents a sense of identity and loyalty that arose from a commonality of interests and life experiences at work and at home.

By contrast, the irregular settlements of late are largely inhabited by urban residents who, after having acquired the habits and aspirations typical of an urban lifestyle, are being pushed out into areas where the cost of land and housing is cheaper. Instead of being attracted into the city by the promise of a better life, they are expelled from it in a context of downward social mobility. Their physical move to the periphery represents a step toward social exclusion, rather than a springboard into full citizenship.

Life in the new urban slums does not revolve around work, as in the traditional working-class districts of old. Nor do they reveal the dense web of local associations and small-scale businesses (groceries, laundries, repair shops) that characterized many mixed low-income neighborhoods in the past. Rather, it is the precarious nature of their residents' links with the labor market that most identifies these settlements.

As the new urban poor crowd into areas with high levels of deprivation and their links with the labor market turn weaker and more unstable, they become increasingly isolated from the rest of society. And their growing social isolation may set the ground for a 'hardening' of poverty for the present generation and its transmission to future generations.

It is perhaps unsurprising that families on low and irregular incomes should cluster in the poor areas of the city. But once there, it seems that their concentration in spatially segregated neighborhoods with high material deprivation, ineffective public services and weak links to the

world of work adds further disadvantages to their residents, making it harder for them to obtain stable and protected jobs.

Exploring the impact of *residence* on the perpetuation of poverty is certainly a new area of inquiry in the region. But initial findings from research suggest that the *neighborhood* does exert an independent effect on people's chances to move out of poverty. This it does by mediating their access to physical assets as well as vital sources of human, social and civic capital in the market, the state and the community.

Our own research in Montevideo shows that, whether young or adult, male or female, people who have completed 11 years of study have a higher incidence of unemployment, or self-employment in precarious jobs lacking social protection, if they live in a poor neighborhood than those with the same schooling who reside in other areas of the city. In fact, the social composition of the place of residence appears to be a stronger predictor of the probability of a youngster being out of school *and* out of work than the educational level of his family.

Why would environmental conditions exert such impact? Evidently, accessing good jobs is harder for those who live at a distance from them. People on the city periphery may rather take lowly paid jobs that are closer to home so as to avoid the high costs of transport, in time as well as cash. In turn, employment opportunities in the vicinity are rare, to the extent that the spatial concentration of poorly endowed households conspires against the emergence of viable economic ventures. The few family businesses that exist mostly rely on unpaid family labor. So they cannot be counted upon as a source of remuneration or experience that might ease someone's entry into the labor force.

Thus, for a growing number of people, the lack of formal, stable jobs means a slow but steady erosion of the role that 'work' has traditionally played in Uruguay's relatively open society — a channel for social mobility and integration, a source of self-esteem and identity, as well as a promoter of *citizenship*.

It would be hard to underestimate the significance of this change. In fact, the unprecedented concentration of working-age people with little hope of advancement through gainful employment — people who, barely able to partake in the urban lifestyle into which they were socialized, see a widening chasm between their symbolic and their material satisfaction of the consumption patterns and aspirations associated with it — breeds a strong feeling of relative deprivation among the residents of these increasingly isolated communities. The heightened awareness of their shared adversity and of the seemingly insurmountable barriers to social mobility brings about a sense of hopelessness, which makes them more susceptible to the codes and norms prevailing in their immediate environment — codes and norms that are ever more distanced from those that regulate behaviors in 'mainstream society' and that would not reject resorting to illegal means in their quest for the elusive goals of modern-day consumerism.

Thus emerge the most disruptive, self-reproducing traits of poverty — the *ghetto* subcultures that flourish in such a milieu, and which are both a manifestation of, and a contributing factor to, the social exclusion and isolation suffered by the spatially segregated urban poor. The combined result of these processes is the progressive isolation of the urban poor, which itself becomes an obstacle for the accumulation of assets that might help them escape poverty.

The mechanisms that lead to the progressive isolation of the urban poor are many and reinforce each other. The spread of occupational instability and precarious jobs among semi-

skilled and unskilled workers renders their links with the labor market ever more tenuous, with its attendant impact on their standards of living. The physical concentration of poor households in the urban space limits the development of neighborhood associations and reciprocity networks, precisely at a time when their role as informal safety nets could prove most valuable. In turn, the shallowness and fragility of local networks and institutions, a result of the material and time constraints faced by the urban poor, weakens the mechanisms for informal social control in the localities where they live. Thus basic rules of conviviality deteriorate and are gradually replaced by mistrust and lack of cooperation.

In a context of declining economic opportunity, neighbors seldom provide an effective source of help for obtaining a job or information for accessing services or training opportunities. At the same time, the growing physical and social distance between the urban poor and their better off counterparts in other neighborhoods deprives them of vital connections that could otherwise be put to gainful use, and the 'flight' of those who can afford to leave robs the residents of these communities — particularly the youth — of much needed *role models* who could provide a living example of the positive association between work and achievement.

The ensuing breakdown of community trust feeds into a climate of public and personal insecurity, which creates new obstacles to the integration of the segregated poor into the larger society. Insecurity affects the choice of occupations, restricts people's mobility and makes it increasingly difficult to fully mobilize household labor, diverting key resources away from income generation into unproductive uses — looking after the house, assets or children who can no longer be left unattended.

It is in this milieu that an alternative set of norms seeps in — one that questions the normative and behavioral codes which, in the eyes of those with little hope for a better future, have failed to prevent the exclusion and isolation that are the hallmark of their lives. The experience of severe hardship and persistent unemployment, the lack of successful role models and reasonable expectations of social mobility among community members, and the weakening of the local mechanisms for self-regulation provide a fertile ground for the emergence of *marginal* subcultures that affect the public image of these neighborhoods and foster the creation of *stigma* upon their residents. They are nothing but a corollary of the gradual build-up of adaptive responses to the multiple and cumulative deprivations converging in a highly precarious setting.

Yet for the residents of these neighborhoods, the crystallization of such behaviors adds another layer of disadvantage. Whether they indulge in high risk, illegitimate activities or not, they are increasingly perceived as being at odds with the norms sanctioned by society, thereby reinforcing the isolation that is collectively imposed upon everyone who happens to live in such a segregated place. As the disparities between socially homogenous neighborhoods deepen, so will the gaps in the quality of social services, infrastructure and amenities. This will draw ever sharper contrasts between the localities that house the poor and the rest of the city.

Ominously, the current economic environment in the region seems to promote the development of neighborhoods that resemble *urban ghettos.* These are places where the chances for accumulating useful social capital for obtaining a job become narrower, where insecurity precludes the mobilization of household labor resources, and where stigma and discrimination conspires against those who seek to progress through a regular job. They are places inhabited by those who are expelled from other areas of the city, and where only

remain those who cannot afford to leave — a *residual* population living in ever more precarious conditions.

Worse, by limiting the frequency of social interactions, the physical and social distance between poor and non-poor is likely to increase society's tolerance of poverty and inequality. To remain active, feelings of empathy and moral obligation towards the least advantaged must be constantly renewed. But the decay of public spaces due to the overlapping processes of segmentation in the labor market, in the use of public services and in the urban space weakens such feelings, reducing society's aversion to inequality and making it less likely that better-off families will care for the poverty around them.

The segregated urban poor thus become the paradigmatic case of *social exclusion*, to the extent that their social isolation itself erects a barrier to the accumulation of assets that might help them escape poverty. There are those who will resist it — and eventually succeed. Many others won't, resigning themselves to their fate as 'second class' citizens. The progressive polarization of space along class lines therefore portends a worsening of the extreme disparities that already characterize so many cities in Latin America.

To arrest these trends, public policy in the region must go beyond current notions of poverty as resulting merely from the vagaries of the economic cycle or from changes in the asset portfolio of the poor and their capacity to mobilize it effectively. It needs to incorporate an analysis of changes in the *social structure* more explicitly into its interpretive framework.

Yet public policy has so far mostly assumed that improving the living conditions of the poor would enable them to become full participants in society. It is only now that the problem of residential segregation and the barriers it erects to social integration are entering the urban research agenda. So notions of *exclusion*, *disenfranchisement*, *isolation* and the like are becoming commonplace in contemporary accounts of poverty, denoting the growing numbers of people whose links with the labor market and the channels of social mobility sanctioned by society grow increasingly more tenuous, and whose place of residence is characterized by a high density of material deprivation, physical insecurity, dilapidated or inexistent public services, weak institutions, and stigma.

This suggests the need to better understand how the interaction between work and space, between a mode of accumulation and the social morphology of a city, combine so as to fragment the urban space, congeal social relations and erect barriers to equity and citizenship. It is this perverse interaction that public policy must address if it is to promote more cohesive and integrated societies. The notion of an *open city* — a city open to all — should serve as a guiding principle for efforts to not only address poverty, but respond to the demands for incorporation of its excluded groups.