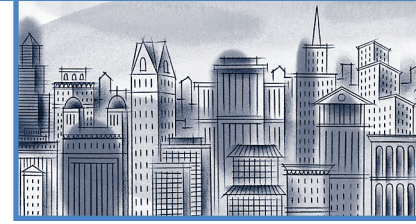




URBAN UPDATE

COMPARATIVE URBAN STUDIES PROJECT POLICY BRIEF



Perspectives on Urban Poverty in Latin America

CRAIG FAGAN

Urban issues and poverty in Latin America are an integral part of any policy debate on the region. With nearly 90% of its diverse population and 50% of its poor residing in cities, effective and efficient solutions to the problems of poverty are imperative to respond to the increasing demographic and economic pressures placed on Latin America's limited social resources.

The resulting gap between urban social wants and policy responses is only expected to widen. The United States Agency for International Development (USAID) estimates that 90% of the 2.5 billion people that will be added over the next 25 years to the world's bulging population will be found in urban conglomerations. Given this backdrop, there is an increasing urgency to promote sustainable and successful social policies in Latin America's growing cities.

The lessons learned from past urban social interventions and the current short-list of policy concerns formed the central focus of the conference, "Perspectives on Urban Poverty in Latin America," held at the Wilson Center on September 17, 2003. The day-long discussion was one of a series of meetings that the center's Comparative Urban Studies Project (CUSP) had convoked this year — from Dakar, Senegal to Bangkok, Thailand. The Washington forum framed three discussion panels around an understanding of how urban issues such as poverty fitted into the global public policy puzzle confronting Latin America and the developing world in the post-Washington Consensus era.

Considering Past Urban Policies

The initial task of the session was to devise one possible framework for evaluating urban policy in Latin America and the inroads made since the 1990s to alleviate poverty, inequality and social exclusion. The first panel, uniting top researchers, arrived at the consensus that democratic and economic openings across the region had ushered in a new and notable wave of policies that quantitatively advanced social ends. Still each panelist questioned to what extent qualitative gains were achieved for Latin America's urban poor.

Another theme of the discussion was the correlation between policies that generated economic growth and improvements in social development. Clarisa Hardy cited analytical findings on several regional countries to conclude that there was no automatic promise of growth translating into greater, improved social services for a city's poor. "There is no such thing as linear social development," explained Hardy, director of Fundación Chile 21, a leading policy think tank in Chile. For example, Brazil and Venezuela showed very divergent results in poverty reduction during the 1990s despite similar, nearly flat rates of growth — about 0.3% for the decade. While Brazil, reduced poverty by 21%, Venezuela saw its population living in poverty rise by 23.5%. As a result, Hardy concluded that this difference derived from Brazil's active social policies which formed the "cornerstone" between its modest growth, deepening democracy and greater social development.



Eduardo Amadeo, the current president of the Argentine Social Policy Association, explained that the lack of such linkages and, instead, the presence of “institutional tensions” caused his country’s recent and rapid impoverishment that had left half of all Argentines living in poverty. In Argentina, economic policy shifts during the 1990s which rapidly



Clarisa Hardy, Executive Director, Fundación Chile 21

opened the protected and largely middle-class economy led to growth but resulted in a sharp decline in the standard of living. With 57% of all new jobs created in the last decade classified as low quality and unstable, Amadeo argued that to the social disjuncture was exacerbated by poorly chosen policies that increased the pace of job creation while reducing the quality of employment, as measured by declining marginal income returns on education.

Nevertheless, Barbara Stallings, the panel’s commentator, cautioned Hardy and Amadeo on the danger of any framework which discounted the ability of economic growth to achieve social ends, whether by generating better jobs or providing revenues for increased health spending. “Economic growth provides resources for social policies without having to starve other programs like infrastructure and construction, like the environment,” said Stallings, a professor of economic policy at Brown University. This component was necessary for any critical analysis of the last decade, she argued, to avoid falling into the generalized critique by scholars that the 1990s marked a retrocession in the battle against poverty in Latin America.

Urban Policy Meets Practice

Just how complex social policy can be was made clear in the second panel, entitled “Understanding Urban Poverty,” when panelists explored different ways of understanding the phenomenon we call “poverty.” The common thread uniting the seemingly disparate case studies was how social capital — the network of formal and informal social linkages, ties, and arrangements in a society — was weathering the erosive forces unleashed by urban poverty in Argentina, Brazil, Central America and Mexico.

The effects from the unabated growth of Brazil’s shanty towns, or *favelas*, on social capital were addressed by Janice Perlman, professor of Comparative Urban Studies at Trinity College. Her comparative study of three *favelas* in Rio de Janeiro between 1969 and 2003 revealed that rising urban poverty had undermined social capital, leading to perceptions that Brazil’s democracy was failing and inequality worsening. Nearly 19% of the city’s 5.9 million residents lived in *favelas* in 2000, compared with the roughly 13% that resided in such communities in 1970. As Perlman explained, the increase in these populations had occurred simultaneously with escalating violence and drug trafficking which had “diminished the social capital of the communities, one of their primary survival strategies for hardship in the past.”

Argentina’s “new poor” were relying on similar social networks to mitigate the effects from the country’s economic collapse, explained Gabriel Kessler, a professor at Universidad General San Martin. He said that economic policy failures and labor market shifts in Argentina over the last two decades had led to an intense “pauperization” of the country’s once vibrant urban middle classes. While in 1980 only 3.2% of the population lived below the poverty line, this number surged to 27% over the last decade and eventually passed 50% this year as increasing numbers of the middle class slipped socially downwards after Argentina devalued its currency in 2002. For Kessler, these individuals had come to form Argentina’s “new poor,” leveraging previous social positions and community networks to maintain some of the vestiges of an economic life now lost.

The notion of who was considered to be among the nation’s poor in Mexico was the subject of the presentation by William Beezley, a professor at University of Arizona. Focusing his study on Mexico, Beezley explained that the country’s anti-poverty strategies between 1917 and 1980 were largely rooted in racial and social attitudes that upheld the “*mestizo*” as the baseline for Mexican society. As a result, Beezley noted that Mexican policies equated being poor with being indigenous such that “eliminating Indian cultural practices (became) one way to eliminate poverty.” Today, Beezley observed that Mexico’s urban poor, whose ranks had been bolstered by rural migrants, needed policies that broke with past perceptions and that built upon still vibrant social networks which linked these city dwellers back to their countryside communities.



This idea that social capital could extend beyond fixed borders was advanced during the presentation by Patricia Landolt from the University of Toronto on the massive out-migration of Central America's labor force. In Guatemala, El Salvador, Nicaragua, and Honduras up to 25% of the population had abandoned their respective countries in search of better economic opportunities in the North. As a result, transnational migratory flows were providing Central American households with multiple hubs of economic and social activity at home and abroad to decrease their vulnerability to poverty. For Landolt, this shift in the spatial concept of what defined a community, "*mi barrio*," raised "questions about the traditional models with which we understood the strategies of survival of the poor."

The panel's commentator, Marta Schteingart from El Colegio de Mexico, attempted to synthesize the Central American case with how community networks across Latin America had responded to increasing levels of poverty. Yet she stressed the importance of semantics when defining the urban poor since "poverty is really a multi-dimensional concept which has to do with labor (as well as) with cultural, psychological and many other dimensions."

The Search for Solutions

Encountering policy innovations for Latin America that addressed the dynamic nature of poverty was the focus of the final panel that brought donor agency officials to the discussion

table. Panelists agreed that the problem of poverty in the region had not abated with the proliferation of policies. Between 2000 and 2002, 15 million Latin Americans fell below the poverty line, suffering economic, social and cultural losses. As a result, donor strategies were beginning to encompass programs that recognized the multi-dimensionality of poverty so that "the concept of people in need has been changed to that of people with rights," said Clarisa Hardy, the panel's commentator.

However Marianne Fay, a lead economist with the World Bank, noted in her presentation that part of the weakness with the present panorama of policies in Latin America was that it rested on a myth that poverty was still very much a rural phenomenon. With 60% (113 million people) of the region's poor living in urban areas, Fay argued that "if you want to do something about poverty in Latin America today, you do have to tackle the urban issue." In a soon to be released World Bank study on urban poverty, safe shelter, health, crime and violence were cited as the main challenges which strategies aimed at poor households in cities must target. To tackle these problems, Fay recommended strengthening this group's coping strategies by developing policies that built upon existing opportunities (i.e. labor) and networks (i.e. social capital).

Both Alan Wagenberg, of the Inter-American Development Bank, and Patrick Breslin, of the Inter-American Foundation, echoed these sentiments in their respective presentations about how community structures could serve as the catalyst

The **COMPARATIVE URBAN STUDIES PROJECT** (CUSP) of the Woodrow Wilson Center was established in 1991 in an effort to bring together U.S. policymakers and urban researchers in a substantive discussion about how to build the viable urban governance structures and strong democratic civic culture that are essential for sustaining cities. Research priorities for CUSP include urban health, poverty alleviation, youth populations and conflict, and immigrant communities in cities.

This publication is made possible through support provided by the Urban Programs Team of the Office of Poverty Reduction in the Bureau of Economic Growth, Agriculture and Trade, U.S. Agency for International Development under the terms of the Cooperative Agreement No. GEW-A-00-02-00023-00. The opinions expressed herein are those of the authors and do not necessarily reflect the views of the U.S. Agency for International Development or the Woodrow Wilson Center.

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For more information about the Comparative Urban Studies Project, please go to the CUSP website: <http://www.wilsoncenter.org/cusp>.



for combating poverty and achieving sustained patterns of development. They explained that the need for policies to be inclusive and reintegrate poor sectors into the national fabric was a constant across Latin America. As Wagenberg pointed out in the case of Bogota, Colombia, of the city's 6.5 million inhabitants, half lived in poverty and outside the formal system. Breslin explained that IAF funded-programs were attempting to end this exclusion through micro-credit work that supported locally-generated programs that traditional financing ignored. He cited the initiative of "Fin Común" in Mexico which had extended 1,400 loans to the capital's poorest.

This program, like many new grassroots efforts in Latin America, had leveraged the use of corporate sponsors to attain its objective — a strategy that Jeff Boyer recommended in his presentation for effective urban poverty alleviation policies. Boyer, the strategy head of urban programs at USAID, suggested that building alliances between the public and private sector was the best method for enabling Latin America's cities to offer healthy places to live, to provide basic service delivery and to develop robust, growing economies. "We see well-managed cities leading to successful economic growth," said Boyer, "and expanded economic growth opportunities increasing much beyond the scale that currently exists."

Bridging the Policy Gaps

The three panel discussions highlighted the argument among academics and practitioners that poverty, like the populations it plagues, is a dynamic and multi-dimensional concept that must be appropriately tackled.

The divergence in their ranks, however, occurs in the manner to adopt micro-level experiences into macro-level policy solutions. First, the spectrum of urban problems plaguing Latin America and its poor is too broad for singular or linear solutions. Past policy failures despite escalating expenditures are evidence that top-down approaches rarely reach their intended target: Latin America's heterogeneous urban poor. Second, strategies that de-emphasize country idiosyncrasies to postulate region-wide policy mandates equally go adrift. As Dr. Joseph S. Tulchin, the co-chair of CUSP and director of the Latin American Program at the Wilson Center, cautioned, "It is always perilous to generalize about Latin America. The diversity across the region requires that we disaggregate our subject and our focus."

The conference was a unique attempt to reconsider recent social policy outcomes in the region and to begin tracing the future direction that viable strategies should take to minimize the disconnect that has previously existed between theory and practice in the combat of urban poverty in Latin America.

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