INTRODUCTION

Through much of the twentieth century, Argentina stood out among Latin American nations due to the significant influence of its middle class. Various elements shaped this class, which not only occupied public service positions, as was the case in most of Latin America (Touraine 1988), but was also involved in a wide range of occupations. Its genesis occurred during the 1930s, when differential rent deriving from the agricultural sector resulted in distribution toward the administrative, service, and public administration sectors. During both the first and the second administrations of Juan D. Perón (1946–55), social benefits favored the middle segments of society and also led to the formation of a protected working class that, to a large extent, considered itself part of the middle class. Economic modernization generated new qualified jobs and led to remarkable intergenerational social mobility. These new jobs could not be taken by the elites, thus allowing middle classes to gain access to strategic positions. This was another distinctive feature of Argentina.

Sociology has often struggled to define the “middle class.” Combining a quantitative and a qualitative approach, we define the middle class as comprising people performing a wide range of non-manual occupations, such as clerks, professionals, and small-business owners. Argentine studies of this trend in the 1980s that adopted this definition located 47.4% of the economically active population in this segment (Torrado 1994). Thus, a rather heterogeneous middle class had emerged by that time, including public workers, administrative staff, professionals, small entrepreneurs, and businesspeople. Available data on impoverishment refers to them. However, it is important
to note that self-perception of class membership widely exceeds this structural definition: indeed, research from the same period reveals that almost 70% of the population (IPSA 1984) included itself in this group. In 2005, the share was 55% (Grupo CCR 2005). These figures are crucial to the definition of a national social identity.

The middle classes are structurally heterogeneous in their lifestyles, but they do share certain defining characteristics: increased access to education, built-in expectations of intergenerational social mobility, a trend to acquire homes in urban and suburban areas, an expenditure structure that prioritizes consumption over savings and a tendency to social modernization in terms of habits and practices. Their socio-political and socio-cultural attitudes are quite diverse, but while they may be left or right of center, they are generally opposed to Peronism—the great national-populist movement that has dominated Argentine political life since the 1940s.

In a country that stands out because of its continuous state of economic and political crisis during the past century, the middle classes experienced frequent lifestyle fright like no other social category. Above all, they were affected by inflationary processes since 1950. Nonetheless, nothing could be compared to what took place from 1976 on, during the last military government. At that time, a considerable portion of the middle classes experienced a downward mobility process that became known as “new poverty.” The process of pauperization that affected part of Argentine society was huge in scale: between 1980 and 1990, workers lost 38.8% of their income value, and the figure was even greater for middle-class occupations. Furthermore, salary disparities within these occupational categories increased. The depth and persistency of the crisis that began in the mid-1970s resulted in hundreds of thousands of middle-class families falling below the officially defined poverty line. In Greater Buenos Aires, inhabited today by some 13 million people, new poverty grew by 465% between 1980 and 1990 (Kessler 1998:96). Among the poor, one group stood out: pauperized former members of the middle classes, who became the new poor. They were joined by those who were not below the poverty line, but experience a significant drop in income, forcing them to completely change their lifestyle.

Beyond the individuals who were affected by it, the pauperization of the middle sector marked a point of no return: the end of a certain kind of society. Until then, Argentina had been a relatively integrated society—at least by comparison with most

---

1 Structural or traditional poverty refers to the criterion of unsatisfied basic needs (UBN), which considers in its measurement a set of variables essentially linked to lack of housing, waterworks, plumbing, and sanitation. In turn, poverty due to low income refers to poverty situations associated with insufficient income to pay the cost of the basic foods basket, goods, and services. The impoverished belong, then, to the group that falls under the poverty line; yet they do not lack conditions related to the UBN indicator (Minujin 1992:24).

2 For instance, skilled self-employed workers lost 52%, industry workers 38%, and service workers 41%, whereas those less skilled and closer to the bottom of the wage scale lost less: the figure for both domestic service workers and small employers is 18%, yet heterogeneity within those groups was vast.
Latin American countries—where a large middle class had emerged as a result of a continuous process of upward social mobility. Scholarship was taken by surprise by this new phenomenon. A debate began on heterogeneous forms of poverty, and sociologists distinguished between the new poor and the traditional poor, who are characterized by a series of long-standing deficiencies: low income, low educational attainment, precarious jobs, poor housing, and large families (Minujin 1992).

Impoverishment affected a heterogeneous category, the middle classes. In fact, as a social category, the new poor are characterized by being part of a hybrid stratum, in a twofold sense. On the one hand, they are closer to the middle sectors and share common economic and cultural variables with a long-term effect, such as education level and family structure—fewer members than those of structurally poor families—yet they resemble the structural poor in that their incomes are low, they suffer from underemployment, and they lack social security coverage. These are all short-term variables resulting from the crisis. On the other hand, their origins are hybrid. As we mentioned, the statistics show marked income reductions in all occupational categories during the 1980s. By the same token, they illustrate that in each category, the gap between those earning the highest wages and those at the bottom of the scale was increasing. Hence, the new poor became a heterogeneous group made up of the “losers” in each occupational category. Quantitative heterogeneity had a qualitative counterpart: the diverse socio-professional profiles of the new poor were accompanied by diverse social backgrounds in terms of socialization, family origin, education, and professional history. Before finding themselves in poverty, each member of the group had evolved different expectations, beliefs, consumption patterns, and potential resources. Following pauperization, such background diversity would lead to heterogeneous ways of experiencing poverty.

From that moment on, the phenomenon of new poverty became part of Argentinean society. This first wave of impoverishment was peculiar because it was not accompanied by job losses. As will be explained, in the decades that followed, the causes of impoverishment varied: in the 1990s, new poverty was due to the high unemployment rates reported from the very beginning of the decade. This phenomenon became steeper due to the convertibility crisis at the turn of the century (2001–02), when income-related poverty affected more than 40% of households in Greater Buenos Aires. A marked recession and high unemployment rates caused violent impoverishment. Therefore, in dissimilar contexts and with different degrees of intensity, continuous impoverishment processes affected distinct groups of the population: whereas in the

---

3 The idea of social mobility was reflected by actual events. Gino Germani’s classic study of intergenerational mobility (1963), using data from the 1960s, shows that 36.5% of Greater Buenos Aires survey respondents whose parents were blue-collar workers managed to obtain middle- and upper-class jobs within the span of one generation. 77% of those whose parents belonged to the lowest occupational category—unskilled workers—achieved either skilled worker status or middle-class jobs within the same period.

4 In this populous district, income poverty in October 2001 reached 25.5% of households. By May 2002—after the depreciation—that percentage rose to 37.7%. This situation got worse throughout 2002 and by the end of the year it reached 42.3% of households (INDEC 2008).
1980s, wage-dependent workers were the most affected, in the 1990s it was the turn of the unemployed: those entering the labor market for the first time, the poorly-skilled, and/or adult household supporters close to retirement age. They all witnessed changes in their daily life and began to move in unstable social trajectories. In many cases the fall was final. Others achieved some improvements before becoming victims of the following crisis.

With regard to social policies, impoverishment meant new challenges, since they were dealing with a population in need whose geographic location and cultural patterns differed from those of the traditional poor. As of today, there are still no specific programs targeting this population.

This article focuses on the experience of pauperization, the peculiar feature of new poverty: a significant and stable family income loss which can bring about—or not—an occupational downward mobility. In other words, a loss of status but not necessarily a change in roles. It is a radical shift in lifestyle which affects every dimension of daily life, social relations and identity. This article briefly reviews new poverty in Latin America in order to focus on different aspects of the Argentinean case based on our research of several years and that conducted by colleagues. Our works on the experience of pauperization (Cortés and Kessler 2003; Kessler 1998; 2000; 2008; Kessler and Di Virgilio 2005; Minujin and Kessler 1995) and those of other authors (Minujin 1992; Feijoó 1992; 2001) showed the magnitude of this process, which characterized the new poverty in Argentina from its origins. Despite its limitations, the case of Argentina may be instructive when analyzing other societies in the region and on other continents. After all, income concentration in Latin America during the 1990s was, to a large extent, achieved at the expense of middle-income strata (Hoffman and Centeno 2003). After a recovery in the past few years resulting from significant growth rates in Latin American countries, the consequences of the global financial crisis create new challenges for the region’s middle sectors. Yet primarily, this article and the comparison with Svetlana Yaroshenko’s companion piece on Russia enable us to shed light on an issue raised years ago that remains unanswered: the similarities between the great impoverishment in Argentina and the one that took place in the former Soviet Union following the shift of political and economic regime there.

In those studies, formal education achieved by adult members of the household—essentially, household head and spouse—was considered as a social class indicator. This indicator is usually associated with typical occupations performed by each class. When dealing with the impoverished middle sectors, we selected households whose adult members had completed secondary education and/or had access to complete or incomplete post-secondary education, and were engaged in non-manual labor. In relation to housing, these families owned houses in the city proper and not in the shantytowns, gaining access to them (at least in the beginning) through formal housing market mechanisms. Education, occupation, and housing are related to lifestyles which define social interaction opportunities and access to a variety of social resources (Sautu 2001). Quantitative and qualitative data included throughout this paper allows us to grasp the relevance of the new poverty phenomenon and to understand it by gaining access to the actors’ experience.
NEW POVERTY IN LATIN AMERICA

The notion of “new poverty” is not as central in Latin America as it might be in other regions. That is probably due to the fact that structural poverty has remained persistent and the middle classes have not historically been considered important. We have been unable to find references to new poverty in the numerous studies of poverty undertaken by international organizations. However, the position of vulnerable local middle classes has gradually entered the local debate. In fact, middle classes were affected differently in each country by the debt crisis of the 1980s and, following the implementation of structural adjustment programs, by income concentration processes, a rise in the cost of private services, and a reduction in the quality of public services, as well as labor market shifts in the 1990s. Some studies of this topic began to be undertaken on the heels of these processes. One of the foremost among them is the one conducted by Lomnitz and Melnick (1991) in Chile, who were interested in the situation of teachers under Pinochet’s regime in the 1980s. Reforms in the national education system and the ban on trade union activities caused the teachers—who were a paradigm case of a middle class occupying public positions—to lose economic and social power. Following further growth and the appearance of the idea of a more heterogeneous, “emerging middle class,” worries about pauperization were renewed as the limits to Chile’s development model became apparent. As early as 2000, it was possible to observe that sectors with fewer resources were the most affected by job loss and income depreciation. The increase experienced in overt unemployment in Chile and the Santiago metropolitan area from 1998, “face as a counterpart the reproduction of higher inequality levels” (Sabatini and Wormald 2005:33). Impoverishment of lower-middle sectors and an ascending, emerging middle class are two sides of the peculiar configuration of inequality presented by Torche (2005) in Chile. Her study showed that vast sectors of the population are threatened by the ghost of impoverishment. This is mainly due to the peculiar traits of Chile’s social structure, which features significant occupational mobility, high income concentration in the top deciles and little differentiation between lower and lower-middle sectors, which makes them structurally vulnerable. Likewise, in a context in which the labor market gives priority to highly skilled workers, a new, “hard” poverty phenomenon emerges. This is made up of people and households lacking the basic resources and opportunities needed to overcome their condition by their own means.

The evolution of poverty in Mexico also shows some distinctiveness of its own. During the 1990s, unemployment rates were low, though Mexico did not escape a marked reduction in wages or growth of the informal sector (Bayón 2006). The counterpart to reduced open unemployment rates is high occupation within the

6 The processes described did not always take place at the same time in each Latin American country, although they all occurred by the end of the twentieth century. In each and every case, they are phenomena that show similar traits and have affected similar social categories. Thus the validity of juxtaposing these studies is based not upon the similarities of the historical situation in which they are inscribed, but rather on the resemblance between the analyzed phenomena.
economy’s informal sector, low wages, and low participation of wages in gross
domestic product (López 1999). In their analysis of intergenerational social mobility
in Mexican urban areas, Cortés and Escobar Latapí (2005) argue that during the
period of economic restructuring (1988–94), there was a decline in mobility in all
strata. Nonetheless, the effect was more evident in lower-income classes. Under the
new economic model, inequality in terms of opportunity between the lower and the
upper classes—professionals, bureaucrats and employers of more than five workers—
grew. Thus, not only is inequality intensified, but the occupational mobility system
also becomes more rigid.

Two other countries in the region have drawn attention as a result of the
impoverishment of their middle classes: Uruguay and Costa Rica. Inequality in
Uruguay has traditionally been far lower than in most countries in the region as well
as the regional average. However, Katzman (1989) warned about new poor emerging
from former members of the middle classes. More recently, impoverishment is linked
to the behavior of the labor market, particularly an increase in open unemployment
rates and informal employment, as well as a relative employment decline in the public
sector, which had helped bridge wage differences (Katzman, Filgueira et al. 2005).
Moreover, among wage-dependent workers, the gap between heads of households
with different levels of educational attainment grew, and individuals from households
with at least one unemployed member began to fall further behind (Bucheli and
Furtado 2004). Impoverishment was thus driven by the decline into poverty of lower-
middle sectors: a “short fall.” Vega Martínez’s research on Costa Rica (1999) showed
that while the middle class remained stable from a quantitative perspective, its
standard of living had declined. The study shows a middle class strongly tied to the
state. The reduction of government employment, the declining quality of state
services—leading to an increase in average household spending on private health
and education—drove the middle classes into poverty. Thus, the author concludes
that the decline of Costa Rica’s middle class began with the crisis of the state. Like
its Uruguayan counterpart, the Costa Rican middle class has been affected by the
destabilization of the mechanism that made equality possible (Montero and Bara-
hona 2003).

Brazil seems to be an exception to the rule. During the 1990s an emerging
middle class that feels threatened by insecurity and potential impoverishment
surfaced. Caldeira’s research (1996) describes a middle class entrenched between
fortified walls in private enclaves. Others depict more traditional segments of the
middle class finding themselves threatened by changes in the economy and the labor
market. O’Dougherty (1999) describes a middle class fearful of being forced to change
its consumption habits; unlike its Argentinean counterpart, which blames its troubles
on the neoliberal economic model, the Brazilian middle class believes neoliberal
governmental reforms and economic policies will restore its consumption patterns,
which are believed to be in jeopardy. Authors such as Valladares, Pétreceille et al.
(2005) question the idea of “two Brazils,” one marginalized, the other formal and
modern. Instead, they speak of a “complex Brazil” that owes much of its nature to
the growing importance of its urban middle classes. Over the last few decades, the
so-called “democratization of consumption” of durable goods among low-income Brazilian families has increased this complexity. Mota Guedes and Vierra Oliveira (2006:1 ff.), describe the manner in which “low-income Brazilians began to purchase goods and services traditionally reserved for the middle and upper classes,” such as duplex refrigerators, mobile phones, automobiles, plane tickets, package deals for tourist travel, and credit cards. Access to these goods was facilitated by inflation control, increased credit, and the falling prices of goods and technologies. Therefore, an “emerging middle class” is a feature of Brazil’s current development.

THE EXPERIENCE OF IMPOVERISHMENT IN ARGENTINA

The first stage of impoverishment in Argentina, which occurred by the end of the 1980s unaccompanied by job loss, created a category of “new poor” and defined the specific characteristics of impoverishment as a social experience different from unemployment or from the lifestyle of structural poverty. In addition, continuous waves of impoverishment have shown that pauperization is a general destabilization: every single aspect of family organization linked to household finances and seemingly unproblematic practices is subject to scrutiny, change, and suppression. It may entail removing a child from the private school his or her siblings attended, changing the family diet, restricting use of the family car, cutting back on trips, staying home instead of attending social events due to lack of appropriate attire, cancelling club memberships, giving up prepaid medical care, holidays, and certain social activities, falling dangerously behind on tax payments, discontinuing insurance payments, reneging on half-paid loans, and restricting dining invitations, among other measures. Impoverishment is lived as a transformation of daily habits, even the simplest ones, as the following testimony shows:

The single thing my children miss the most are [dairy-based] desserts: before, they could always find flan [crème caramel], they had it after dinner, it was a habit. Then, I began buying desserts every now and then. And when they did not get to have some, they would say “come on, Mom, give us dessert.” It got worse. So I made up my mind one day and said to myself: “Goodbye dessert, never again; they’d better forget about desserts and that way they won’t miss it anymore.” (housewife, 37, Buenos Aires)7

By affecting almost every dimension of daily life, impoverishment is a constant coercion toward change. It is quite a different experience from that of a stable situation where routines are kept and making small decisions continuously is not part of everyday life. It also differs from upward mobility, where change exists, but as

---

7 The validity of the testimonies presented here and the theoretical inferences drawn are based on their integration in a wider theoretical context (Bryman 2000). Specifically, the results reviewed give the theory of new poverty additional density based on the Argentinean case. The examples and quotations allow to describe the experience of new poverty from the point of view of those affected.
the result of a deliberate decision. Such constant coercion creates a growing complexity in daily life. Also, from the individuals’ point of view, it is not only a change in personal situation, but a disarrangement of the social world surrounding them: “this country is not the same anymore,” argued an interviewee. This dual perception of change is an obstacle to adaptation *strictu sensu*: the adjustment to a new, already defined or definable context. Thus, those affected need to provide with meaning a particular situation to which they cannot find answers, not even in the “stock of knowledge” of society⁸ or in their own family history. Indeed, neither socialization nor culture or even existing strategies for facing a crisis can prepare them for definitive impoverishment. The downward slide of the new poor in Argentina marked the end of their sense of family trajectory; whereas every generation had moved higher up the social ladder than the preceding one, the new poverty was a turning point carrying the threat of being worse-off in the future and the fear of downward mobility for their children. That would be one of the most recurrent signs of distress expressed by those suffering impoverishment and the reason for this statement by a semi-surprised impoverished psychologist:

I know my daughter will be worse off than we are, that’s what worries me the most. I, the child of blue-collar workers, attended a private school. My daughter, whose parents are both college graduates, must attend public schooling.

(lawyer, woman, 52, Buenos Aires,)

A fall with no return, at least so perceived at that moment, makes pauperization an exceptional phenomenon in modern Argentinean history. The impoverishment of a significant portion of the middle class meant a clear-cut break with both the generational and the historical-cultural models that were the rule up to that particular time in history, which were defined by expectations of upward mobility.

**ADAPTATION STRATEGIES**

The first thing that drew the observer’s attention when visiting the homes of the new poor during the 1990s was an apparent dislocation of the traditional hierarchy of needs. In an effort to “stop the fall,” some individuals who lacked health insurance were still taking annual seaside vacations. Others continued to send their children to private schools, even though they were unable to afford health care, clothes, and

---

⁸ The concept of “stocks of knowledge” comes from Schütz. According to him, “any interpretation of the world is based on a stock of past experiences, be they our own or those which have been passed down to us by our parents or teachers. These experiences, in the form of ‘available knowledge’, serve as frames of reference” (1987:12). According to Cefaï (1994:112), this reserve of experiences does not always provide the necessary tools to interpret a new situation. “The problem arises when an actor does not know what to say or do, cannot understand what is happening, cannot understand or reach agreement with others, fails to connect a topic to existing relevancies […]. He is faced with the inadequacy of his ‘pre-structure of understanding’: his field of interpretive and motivational foresight is not such that he can define and control the situation.”
recreational activities. It was not unusual for deeply indebted individuals to frequent country clubs and regularly update their wardrobes. What had happened? Had households been shaken to such an extent that the traditional hierarchy of needs had been abandoned? No: the seemingly distorted priorities of the new poor were a function of the alternative resources they possessed, thanks to their accumulated cultural and, above all, social capital. Unlike money, these resources were indivisible. Thus, belonging to a family of health professionals or having a network of friends in the textile industry might have provided specific, predetermined solutions to certain problems while others would remain unsolved.

If this phenomenon is compared to the relationship between poverty and political patronage, the latter may be described as one of the traditional mechanisms for the informal distribution of goods and services to the poor. Patronage is made possible by discretionary control over social aid in heavily populated, electorally significant areas. Transactions of this type seem less feasible in the case of the new poor, who are not concentrated in specific geographic areas and are not the object of specific social policies. Therefore, they must negotiate for themselves if they wish to obtain scarce goods or additional benefits, or simply reduce the inconvenience of dealing with government institutions. In this regard, cultural capital, in its “embodied state,” offers a number of advantages when dealing with schools, hospitals or trade union savings associations. These advantages are clear when one compares the treatment of the new poor to that of the structural poor in the same institution. By mobilizing cultural and social capital, the former gain better access to specialists, hospital accommodations, and free medicine. They are more able to secure a place for their children at the more prestigious public schools, as well as the few existing full-day schools (coveted by families with two working parents) and nurseries for children under four, which are not part of the mandatory educational system and are thus not required to serve the entire population. The conflicts observed by the authors of this article at municipal offices involved the distribution of benefits, aid, and financial subsidies; those in the health care system arose when individuals attempted to obtain benefits not clearly established by institutional regulations.

Several of the new poor interviewed for this paper claimed to have established relationships with state bureaucrats that afforded them a degree of preferential

9 Social capital “is the set of actual or potential resources tied to the possession of a durable network of more or less institutionalized relations of knowledge and mutual acknowledgment” (Bourdieu 1980:3ff.). A more complete review can be found in Portes 1999 and Baranger 2002.

10 According to Bourdieu (1979), cultural capital exists in three forms: the embodied form, that is, as long-lasting dispositions of mind and body; the objective form, as cultural assets, paintings, books, dictionaries, instruments, machinery; and finally the institutionalized form, as a very peculiar objectivation, for as can be seen with the school degree, it confers totally original properties to cultural capital rather than simply reflecting it. This paper focuses on the first of the three states in which cultural capital is found: the embodied state. Hence, the notion of disposition refers to “attitudes, inclinations to perceive, feel, do, and think, that are internalized by individuals based on their objective life conditions, and serve as unconscious principles of action, perception and reflection” (Accardo and Corcuff 1986:229).
treatment. Nevertheless, most of their dealings with institutions were tense. Disputes usually began when they started to “speak up,” since they were financially unable to “exit” the system and engage a private service (Hirschman 1970). Clients would typically raise their voices to employees, strenuously reminding them of their obligations: how they should do their jobs (particularly in terms of customer service), how—and how fast—they should process information, and so forth. A new, public hospital client stated that “you have got to remind the employees what their duty is.” Complaints about staffers might expand to include the institution in general, with occasional references to “rights,” as well as the “respect” and “consideration” they were due on account of their social rank, professional status or other attributes that distinguished and elevated them above the general mass of people. It was not uncommon for users to threaten to lodge complaints and “report” employees, not through traditional channels (i.e., a complaint log), but rather by speaking directly to higher-ups whom they claimed to know personally.

Sometimes in the hospital they get you confused with a mother coming from a slum because they also come properly dressed. Doctors then treat you like a mother from the slums, until they realize that you know what they are talking about, that you are capable of asking good questions … then they realize who you are. (Housewife, 38, Buenos Aires)

Despite their efforts, uncertainty regarding means prevailed and every new interaction was a trial-and-error experience. No asset could be recognized as cultural capital until its effectiveness had been proven. It was impossible to stabilize resources. Attributes shown to be effective in the past (an academic degree, professional status, a vague reference to rights or citizenship) might be transformed into capital if their value was successfully demonstrated, only to lose their effectiveness with the next attempt (at a different institution or at the same one, with a different clerk or even with the same one). Users might even find themselves rebuked with a reminder that “everybody has the same rights.”

Social capital was used by the new poor to access goods and services to which they were accustomed, but which they could no longer obtain through ordinary market exchanges. Accordingly, they sought out potential suppliers among their acquaintances, creating personal networks that fulfilled some of their needs. An analysis of these networks shows that they were not created to exchange goods outside the market—unlike the classical reciprocal relationships described in studies of marginalized groups in Latin America (Lomnitz 1975), but rather to stretch the normal rules of exchange in order to obtain discounts, negotiate endless payment plans, and even barter certain goods, usually with professionals in the services sector.

Clothes-wise, I found a friend who makes me the best prices, she is a salesperson and sells me the cheapest things in monthly payments. If I have to pay credit, I borrow my brother’s credit card.

(Clerk, 48, Buenos Aires)
The assets that are transformed into cultural or social capital when facing impoverishment are actually attributes built up during previous social situations, for other purposes; they may not even have been recognized as assets. For example, for professionals wanting to move forward in their careers, having a large circle of colleagues might constitute a valuable form of social capital. However, if the professional becomes impoverished and wishes to lessen the impact of his own falling consumption levels, this accrued capital (having colleagues) becomes less valuable. Access to a more diverse group of professionals would entail more potential services, and thus be of greater use in fulfilling unmet needs. As one lawyer stated, ironically, “had I known about all the things I was going to need, instead of having so many lawyer friends, I would have hung out with a plumber, a construction worker, a hairdresser, and the owner of an apparel store.” Moreover, given the change experienced, the favors needed from others will be substantially different (loans rather than referrals, for example). There is no way of knowing whether someone who did favors in the past will be willing to accept new requests.

Social and cultural capital theory presupposes a stable environment, in which social relationships are accumulated for a specific purpose: upward mobility or surviving poverty. Impoverishment entails a change of circumstances which casts doubts on the effectiveness of accumulated social capital; its reconversion is not assured. From a conceptual perspective, the new poverty unveils the uncertain nature of the available resources, whose usefulness and consequent acknowledgment as capital will not be verified until there is an actual attempt to use them. The difficulty of creating stable new resources becomes greater for those impoverished during the crisis of 2001. The crash was so sudden, violent, and widespread that in most cases, there was no time to develop adaptation strategies such as the ones described above. Moreover, given the large number of people affected, it was impossible to develop the kind of networks that would have emerged during a less abrupt and massive downward slide (Cortés and Kessler 2003).

THE EROSION OF SOCIAL IDENTITY

How do the new poor describe their place in the social structure? Does pauperization affect previous social classifications? The new poor interviewed for this research asked themselves—and the sociologists interviewing them—who they were now. There was no single, socially classifiable answer to this question. Unlike unemployment, impoverishment without job loss involves no “detachment rite” such as dismissal, which is both the termination of an existing status and the beginning of a new one (for example, the transition from general manager to unemployed professional). It has been observed, however, that pauperization casts doubts on a crucial self-classification: membership of the middle class, which is closely tied to

---

11 Twelve percent of respondents described themselves as lower class, while 55% described themselves as middle class. This shows that the middle class is still viewed as a privileged social category. According to official statistics, poverty at the time of the survey stood at 43%.
the Argentinean social identity. During the hyperinflationary period of 1989 and 1990, the “end of the middle class” was a looming specter which threatened to annihilate an entire social stratum and the national ideal it embodied (Sigal and Kessler 1997). Its disappearance would turn Argentina into Brazil; that is, the country’s three-part balancing act would be traded for a dichotomic face-off between the upper and lower classes. Hyperinflation was a highly destructive phenomenon which left almost no social group untouched, turning concerns about the middle class into a generalized fear that the class itself was disappearing.

Pauperization, as a long-term process, becomes visible as a social problem only after a while. It leads to the issue being formulated from an individual perspective, in terms of belonging to or being expelled from a given category. It was not posed as a single question, but rather as a concept group surrounding the term “middle class.” The initial interview question involved class membership, forcing respondents to define the criteria they had in mind for inclusion. Was it past status, educational achievements, or cultural level? Next, they were asked about the scope of change: was it an individual matter, or did it extend to an entire social group, or to society as a whole? Lastly, if an individual argued that he or she had been expelled from the middle class, what was his or her new status?

Underlying these questions was the suppression of certain consumption habits. Self-inclusion in the middle class was based on real or potential access to goods and services beyond those required for mere survival: certain types of clothing, outings, vacations, appliances, vehicles, and so forth. Education may have been important, but consumption was the decisive factor. This was so because an individual could belong to the middle class without having an academic degree, and given the lifestyle crisis, even those with an advanced education might find their class membership questioned. The subjects interviewed for this article fell into two categories: those who simply continued to claim belonging to the middle class, and those who believed themselves to have been expelled. The former listed assets that supposedly compensated for their diminished standard of living—degrees, job status, cultural background, habits, their past. Some spoke of a “massive devaluation of the middle class,” which had seen its collective standard of living decline.

Nevertheless, they did not question their own class membership or the existence of the middle class as a distinct social stratum. They stated it had become an “upper-lower class.” In their view, it was more of a collective change than an individual expulsion, since the country’s tripartite social structure remained intact, with a third segment occupying the space between the upper and lower classes. The relative position of the middle had simply declined, bringing it closer to the lower class, as shown by the following testimony:

There are no labor unions or people to defend you anymore. We are back in the times of slavery. They pay you whatever they want and if you are not pleased, then you’d better drop dead. Yet those who are doing badly, very poorly, are the ones who were always like that. They are sunk deep in the ocean and we, who are now where they used to be, are trying not to continue sinking. (teacher, 51, Buenos Aires)
Having defined the middle class in relative, hierarchical terms, we could add that the sense of belonging to the middle class would require access to certain types of consumption and avoidance of others. This explains why many interviewees rejected the idea that they might be legitimately entitled to benefits such as food stamps. Even families living in abject poverty believed such benefits were “not for them,” but rather for the “real poor.” Accepting social aid would stigmatize them; by rejecting it, they were trying to avoid being labeled. In contrast, for those who believed they had been expelled, lifestyle was the key component of class belonging. Self-exclusion was more common among those who possessed no degrees or skilled positions to compensate for their deteriorating standard of living when asked to define their social identity. From positions of relative proximity, individuals adopted different positions, depending on whether they emphasized what had been lost or what remained (“I am still a professional, no matter what”). Following their (self-)declared expulsion from the middle class, they needed a new category to identify with. Not surprisingly, they refused to define themselves as “poor.” The poor were a structural group, from which they were separated by both their past and their current lifestyle. Sometimes, unable to decide between the middle class and the “poor class,” they defined themselves as “working class,” thereby switching the parameters of classification from lifestyle to source of income (wage labor). However, interviewees tended to be hesitant rather than decisive in their responses; social identity appeared to be a rather vague matter, to the extent that the interviewer—as a sociologist—was asked where he or she would place them:

No, not middle class, anymore. There’s the poor, who where always poor, with no chance to get out. Maybe, God forbid, I might become poor, God forbid. The poor are way beyond.... I don’t know what I am, now that you ask me: I know I’m not part of the middle class, but, so far, I am not poor, where would you place me? (Housewife, 32, José León Suarez)

This situation was characteristic of the new poverty during the mid-1990s. Research conducted in mid-2002 showed a number of interesting changes. First of all, those who believed they had been expelled from the middle class were now a majority, and many of them described themselves as new poor (González Bombal 2002). The term had spread beyond the boundaries of academia to those it was intended to describe, and they appropriated it to such an extent that, in a 2005 study on perceived social identity, 33% of respondents defined themselves as members of the “impoverished middle class” (Grupo CCR 2005). The change of social identity was accompanied by an easing of strategies on the part of the new poor to distance themselves from the “real poor.” This was reflected mainly by a change of attitude regarding the welfare benefits they had previously refused. Hence, some of them—a small group, given the eligibility requirements involved—enrolled in the Unemployed Heads of Household Plan or similar programs established by the City of Buenos Aires (Kessler 2008).

12 According to a 2007 study, 24% of Jewish welfare recipients—most of them members of the new poor—were enrolled in the Unemployed Heads of Household Plan or similar programs.
Heads of Household Plan, a massive income-transfer program enacted following the 2001 crisis (Kessler 2008). What is the situation today regarding this social identity? Has it reconstituted itself among the impoverished as the economy stabilizes? Recent research describes the socio-cultural transformations that have taken place within the upwardly mobile sectors of the Argentinean middle classes since the 1990s. These changes include greater individualism, marked consumerism, avoidance of the lower classes and limited social interaction with other strata. This is most clearly exemplified by the country’s new gated communities and real estate developments (Svampa 2004).

Regarding consumption, goods which were once exclusive to the middle and upper classes have spread further down the social ladder, thanks to falling prices and easier access to credit. Since 2006, marketing companies abandoned access to durable consumer goods as a class indicator, choosing other variables instead, such as participation in expensive health care programs. Ownership of telephones, mobile phones, and traditional household appliances (refrigerators, stoves, and washing machines) is widespread, and can hardly be said to constitute a boundary between classes. Other goods, such as computers, Internet access, and vehicles, are unequally distributed between stable and impoverished sectors of the middle class (Mora y Araujo 2007). However, the new strata may soon have access to these goods, given their gradually declining prices. The question that remains unsolved is whether these impoverished sectors, which have now been partially stabilized, are recovering old ways of defining their identity through renewed access to consumption, or whether status indicators are changing, with class identity now depending on new consumption patterns and social practices rather than traditional durable consumer goods. In other words, it remains to be seen whether widespread ownership of goods that once conferred status will help to rebuild the social identity of impoverished persons, or whether their recent self-classification as members of the new poor will be altered by access to consumer goods similar to those which, in the past, would have reaffirmed class membership.

**THE URBAN DIMENSION OF NEW POVERTY**

One seldom-explored aspect of the new poverty—even though it constitutes a particularly relevant dimension in order to understand social phenomena—is the spatial distribution of the situations and its manifestations, as well as its impact on access to housing and urban services. The new poverty represents a breaking point regarding the decades-old logic of poverty in Argentina. The presence of villas miseria (shantytowns) in the city is a territorial manifestation of the position occupied by the poor in the social structure. The new poverty contradicts this logic, which is

---

13 According to SIEMPRO (2001), 91% of income-poor households in the Buenos Aires Metropolitan Area are in urban neighborhoods. Only 9% are located in shantytowns or squatter settlements. Nevertheless, an analysis of the composition of urban neighbourhoods shows that 26.8% of their households are income-poor. Among households settled in shantytowns, the percentage reaches 59.1%.
characteristic of structural poverty. Social status today does not necessarily translate into housing and urban services. The new poverty is more diffuse and concealed than structural poverty; it changes the customs and practices of a city, in the city, creating new conflicts in urban life (Prévôt Schapira 2002).

Several decades of impoverishment, coupled with the impact of unemployment, have broken the mold that once confined the poor to clearly defined and identifiable geographic areas. Poverty during the 1990s arose in the nooks and crannies of cities. It manifested itself in the progressive deterioration and transformation of living spaces; a process which included gradual changes in the use and condition of physical structures. The houses of the new poor remained in middle-class neighborhoods; if they were lucky, the new poor retained ownership of their dwellings, but they were unable to make improvements or invest in maintenance. Some were even forced to modify their homes to make room for workshops or small stores, and to make an additional source of income out of them, through renting out one or more of their rooms. This is true for Jesús, who is now accustomed to doing that in order to supplement his income:

I let a room to a tenant and I have a shop, right here. I rent them [...] Yes, we live with other people [...] in the house. There was housing [available] in the house. For instance, there is a lady living here now, and in the other area of the house there was a family, a husband, a wife, two ladies and a mother-in-law, who lived there for a long time (Buenos Aires, doorman, 81 years old).

The deterioration and changing uses of physical structures were accompanied by an alteration in the logic underlying the access of the middle class to the city, which had traditionally been through the market. That was the social mechanism through which they obtained housing and urban services until their impoverishment seriously compromised their ability to use market mechanisms, especially since it was related to unemployment. In a context in which unemployment had reached vast sectors of the population (climbing as high as 21.5%), these mechanisms stopped functioning. Nelida’s account reveals the relation between changes in labor market insertion and the need to redefine the insertion in terms of habitat:

I moved in ’82 or ’83 and we came here around the time of the inflation. We had a dry-cleaning store, which is not a priority, it is something you can live without, when you don’t have enough money, you don’t send your clothes out to dry-clean, you manage at home. That’s how we went out of business, things got more expensive by the day, and people had to be more careful with the way they spent their money, we went out of business. Then we had to cut down on all of our expenses (Tigre, unemployed woman, 52 years old).

---

14 Increased overcrowding is one of the manifestations of poverty in formal settlements (Catenazzi and Di Virgilio 2006).

15 Several middle-class households became squatters as they could not afford the rent of the space/residence they were living in.
The crisis of traditional social housing access mechanisms is reflected in phenomena such as squatting.\footnote{The withdrawal of several public services by the state and the state’s declining capacity to invest in public institutions have generally affected the lower-income population. However, the effect has been particularly strong for the impoverished middle sectors, which could not find any support in those traditional mechanisms for cushioning downward social mobility processes.} Over the last two decades, the poor in Buenos Aires have taken possession of small vacant areas in the city’s downtown, such as government buildings, buildings abandoned by their owners, factories, and warehouses, which they use as living quarters. These structures often lack adequate sanitation and electricity, and utilities such as water and power are often suspended due to lack of payment.

Despite the benefits of living in the city, the occupants of these structures live in squalid conditions, given their uncertain livelihoods and the poor quality of their housing (Herzer and Di Virgilio 1996; Rodríguez and Di Virgilio 2009).

To this we must add the withdrawal of several public services by the state, services that had—until the 1990s—guaranteed certain minimum living standards. Today, these services are very limited. Beginning in the 1990s, within the framework of government reforms, the internal logic underlying the reproduction of urban life underwent significant changes. Massive privatization of services pushed the management of collective urban consumption into the sphere of the market, leading to the commoditization of basic urban services. This new model places those who claim services into a new scenario in which access is almost exclusively regulated by their capacity to earn enough income to afford a basic goods and services basket and which transfers the costs of living in the city directly to a worker’s wages (Catenazzi and Di Virgilio 2006). Facing this situation, households had to cut back on consumption of infrastructure services: water, gas, electricity, telecommunications, and transportation.

The limitations of the state were also reflected by the growing failure of urban public institutions—schools, hospitals, welfare offices—to address the needs of the poor. This is attributable to a lack of personnel and resources, as well as the elimination of certain services, among other factors. The new poor interviewed complained of having visited hospitals where doctors still perform surgeries, but with no beds, bandages, or medicines to be found; calling emergency services which still exist but have no ambulances; sending their children to schools that are still open, but fail to teach certain subjects, remain inactive for months, or are staffed by teachers who take no interest in their job; saving money to buy sophisticated alarms that ring at the police station when the house is robbed, only to find that the police never respond; and going to government offices that are still where they have always been, but seem to have lost almost all of their employees.

As was mentioned before, access to property—and through it, to the city proper—was characteristic of the middle classes. By contrast, it was typical of structural poverty to be concentrated in certain areas, either villas miserias or informal settlements. Unlike them, the new poor keep their place of residence despite
pauperization. This leads to the implementation of adaptation housing strategies, as discussed above. The dispersion of new poverty and its interstitial nature present an additional obstacle to the development of a social policy oriented to those sectors. In fact, the aid programs that resulted from the economic reform of the 1990s used territorial focalization criteria which would not reach the new poor. In addition, there were socio-cultural factors to take into account: the interviewed new poor self-excluded themselves from those programs, which were meant for the “real poor.” This situation changed with the crisis of 2001, which brought a less shameful poverty and non-territorially focused income-transfer projects. Thus the new poor entered the scope of the new social policies and became a new aided population with higher request capabilities.

CONCLUSION

At the end of this overview, one might ask what changes have occurred among the new poor, if early research is compared to more recent studies. First of all, it should be noted that new poverty is no longer a novel phenomenon in Argentina. The great wave of impoverishment that swept the country in 2001 was harsher than the previous crisis, and its victims were more aware of what was happening to them. Many have been suffering the effects of pauperization for over a decade; this has caused social problems, such as a rise in foreclosures due to an accumulation of debt. Second, many of the instances of downward mobility witnessed in the early 1990s appear to have been episodes in unstable trajectories. A study of occupational mobility in Argentina (Kessler and Espinoza 2007) shows that some of those who became impoverished in the early 1990s saw their situation improve during later periods of growth, only to deteriorate afterwards. The trajectories and experiences of these individuals are not akin to a fall without recovery. Compared to those who became impoverished in the crisis of 2001, newer evidence shows that among the unemployed, the younger and the educated have had more opportunities to re-enter the labor market.

Moreover, the 1990s also witnessed structural upward mobility, that is, an increase in both absolute and relative terms in the number of jobs associated with the middle class because of the skills they require (Torrado 1994). The benefits and well-being offered by these jobs declined, however, due to falling income and a general increase in job precarity. Consequently, many individuals experienced upward inter- or intra-generational mobility in terms of the skill classification of their jobs, but their well-being remained unchanged, or even declined. This phenomenon has been described as “spurious mobility” (Kessler and Espinoza 2007).

Thirdly, the new poverty of the early 1990s was a domestic matter, which did not generate collective actions or strategies outside households. By 2000, as shown by Luzzi (2005) in her study on the Barter Club—a system for the exchange of goods and services that grew to include two million people in 2001—the middle class had come out into the open and devised collective strategies. One instance of massive departure from traditional middle-class organization that included the new poor was
the creation of neighborhood assemblies in Buenos Aires, parts of the surrounding metropolitan area, and cities in the rest of the country, in the wake of the 2001 crisis. These new experiences made the middle class an important political player, especially in Buenos Aires, albeit for a short period.

One resounding conclusion that may be drawn from this study is that the new poverty poses significant questions for public policy in different countries. These are questions which—at least in Argentina, where impoverishment has been a reality for over a decade—have not been met with innovative policies. Such policies would have to include territorial components, since cities, and access to them, have been strongly affected by impoverishment. There can be no doubt that, in this new context, tremendous creativity will be required; traditional approaches, such as those which focus on geographic areas inhabited by large numbers of poor people, are ineffective when dealing with a population scattered throughout a city. For those who have been following the phenomenon for years, including the authors of this paper, it is disconcerting to find that, even though the issue is on the national agenda and occupies a place in the public mind, no policies have been developed for this population. While the existence and growth of “hard” poverty (which public policy has also failed to properly address) is certainly an issue, our research from a decade ago had already shown that the remarkable impoverishment of the country’s households was largely due to a lack of preventive policies. While this may not have been the initial cause of impoverishment, there can be no question that a number of measures—none of them particularly costly—would have helped impoverished households cushion the impact of the crisis and, above all, avoid the accumulation of needs that peaked later on.

As mentioned in the introduction to this article, the Argentine experience may be viewed as a model of similar processes taking place elsewhere in the world. The mistakes made in Argentina—by action or by omission—should serve as a warning to other countries to avoid suffering for vast sectors of the population.

Finally, we consider it proper to raise some (self-)criticisms of those of us who studied poverty issues in the 1990s. The novelty of what was happening with the socio-professional middle categories caught our attention so strongly that we failed to see beyond it and to analyze the impact of impoverishment upon the social structure as a whole. Concretely, the impoverishment of the middle sectors and their displacement from certain jobs at the peak of unemployment, displaced the old poor to unskilled jobs; other jobs, as a result of modernization, changed classification and thus could not continue to be occupied by unskilled poor people. There was a situation of competitiveness within the labor market in which the structural poor lost eligibility and jobs that were traditionally occupied by the lower sectors are now the prerogative of the impoverished, yet better-qualified, middle sectors. Moreover, the strategy previously used by poor households—that is, supplementing the income of the head of the household, or even replacing it in times of unemployment, with a female member working in housekeeping—was also affected by the impoverishment of the middle class (Porcù 2003). Hence, it is pertinent to continue asking questions about what was happening to structural poverty in that particular context.
**ARTICLES**

**BIBLIOGRAPHY**


