

## SOCIAL EXCLUSION IN URBAN URUGUAY

Judy L. Baker<sup>1</sup>  
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### Abstract

This paper reviews the processes of social exclusion in urban areas of Uruguay using both qualitative and quantitative methods. It focuses on understanding the geographic polarization or spatial segmentation of income groups and how that may be linked to social exclusion, the characteristics of the marginal neighborhoods most affected, the characteristics of vulnerable groups among the population, and the processes of social exclusion from the perspective of labor markets, access to services, and access to social networks. The qualitative analysis is based on field work in poor marginal neighborhoods, while the quantitative analysis uses household survey data to characterize the process of geographical social exclusion examining the between and within area distribution of income.

### I. Introduction

In many developing countries the characteristics of the urban poor go beyond the traditional definition of poverty. While the latter generally refers to the lack of access to material resources, there are other factors which are linked to poverty. In the case of Uruguay one of these factors is an increase in the perception among the poor of exclusion from the rest of society. While this group only represents a small proportion of Uruguay's total population, the phenomenon is of relevance to policy makers given demographics, and the cyclical nature of poverty. While fertility rates in Uruguay are generally low, they are substantially higher among the poor with approximately 40 percent of Uruguayan children now born into poverty, raising concern for the future.

The concept of social exclusion is defined in the literature as a multidimensional process which weakens the links between individuals and the rest of society (ILO, 1996). These links can take on an economic, political, socio-cultural, and a spatial perspective. The economic dimension refers to processes that hinder individuals from gaining financial resources through labor markets, credit and insurance markets, basic services, and land, thus causing them to be poor. The political dimension of exclusion refers to individuals lacking the ability to enable them to exercise their legal freedoms and participate in decision-making. Political exclusion particularly affects the poor as they do not have the same access to education and information which would empower them to

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<sup>1</sup>The author is a Senior Economist with the Latin America and Caribbean Region at the World Bank. This work was prepared in the context of a World Bank study entitled, "Maintaining Social Equity in a Changing Economy" (World Bank Report No. 21262). The field work on social exclusion was carried out by a team led by Patricia Reynoso and Claudia Romano. The quantitative work on polarization was carried out collaboratively with Luisa Corrado and Melvyn Weeks. Edmundo Murragarra carried out work on vulnerability, and helpful comments were received on the various stages of the paper by Carine Clert, Shelton Davis, Norman Hicks and Quentin Wodon. For comments, please contact [jbaker2@worldbank.org](mailto:jbaker2@worldbank.org).

take full advantage of their rights under the law. The social-cultural dimension of exclusion is linked to the isolation of specific groups through education, language, and ethnic practices. Finally, the spatial or geographic perspective refers to the negative effect of location externalities on individual attributes. The more dimensions by which a person is excluded, the more this vulnerable person becomes.<sup>i2</sup>

In Uruguay, the process of social exclusion is a relatively new phenomenon and is particularly visible given that the country has a relatively low level of poverty, negligible indigent poverty, and has traditionally been characterized as a homogeneous society with the most equal distribution of income in Latin America. There is only one small ethnic group (Afro-Uruguayans) representing about 5 percent of the population, and generous welfare policies over the past decades have ensured that most Uruguayans receive access to basic health, education and other social services. Historically, city neighborhoods were quite heterogeneous, with households of different income levels living side by side and sharing the same public space. This integration provided a social cohesion between individuals of different cultural and socio-economic backgrounds. It also provided wider social networks (for job search, etc.), the presence of adult role models for youth coming from more disadvantaged families (those without stable employment or educational attainment), and better opportunities for social mobility.

The emergence of a ‘new poor’ resulting from job losses during the recessions in the 1990s and other structural changes in the labor market, has likely contributed to an increasing segmentation in Uruguay society. Many of these individuals have left their residences in middle class neighborhoods in the center of Montevideo where rents and utility bills are high, and have moved into one of the growing marginal neighborhoods surrounding Montevideo and other urban areas. They have also lost their access to the extensive social benefits linked with formal employment. The marginalization may be made worse by continuing migration from the poorer rural parts of Uruguay to the major centers, with these people, too, settling in peri-urban locations. Together, these movements appear to have contributed to a fragmentation within Uruguayan society between the poor and non-poor as these neighborhoods are often geographically isolated, have higher levels of crime and violence, lower levels of services, little public space, and generate an area stigma which affects access to labor markets and social networks.

The following section (II) analyzes the spatial polarization taking place using econometric techniques. Section III discusses the characteristics of the marginal neighborhoods most affected; Section IV reviews the characteristics of vulnerable groups among the population, and Section V presents the findings of a qualitative study carried out in poor marginal neighborhoods looking at the processes of social exclusion from the perspective of labor markets, access to services, and access to social networks. Section VI concludes.

## II. Spatial Polarization

The clustering of the poor in marginal areas appears to be a key factor in understanding the process of social exclusion. Along the lines of the findings of Quah (1997) based upon a study of the evolving distribution of incomes across countries, the distribution of individuals along income and geographical dimensions may result in a polarization effect with a clustering of poor people in low income areas and of wealthier individuals in upper income areas. This results in a bi-modal distribution, where the modality has a geographical expression. More generally, if more than two peaks emerge, a social stratification process may be detected. While convergence studies emphasize the between region component of differences in income distributions, polarization depends upon both between and within region distributions.

Other literature related to spatial segmentation comes from the U.S. looking at the social consequences of ‘neighborhood effects’ in urban areas, particularly on youth. Most of the studies show that geographic or neighborhood clustering by socioeconomic group can have some effects on outcomes such as children’s life chances. For example the U.S. Department of Housing and Urban Development has explicitly encouraged local housing agencies to promote mobility and deconcentration of poor families among recipients of the Section 8 tenant based assistance program based on evidence that the concentration of poor families in high-poverty and high-minority neighborhoods is bad for the families and the communities in which they live (Turner, Popkin, and Cunningham, 1999).<sup>3</sup>

Ellen and Turner (1997) provide a comprehensive review of the empirical evidence on how neighborhood environment may affect individual behavior and outcomes, summarizing that a strong neighborhood environment can discourage or sanction disruptive behavior by individual residents. Case and Katz (1991) also find that for inner-city youths in a tight labor market (Boston in early 1989), neighborhood effects, or the extent to which neighbors influence youth, do exist. Residence in a neighborhood in which many other youths are involved in crime, use illegal drugs, or are out of work and out of school is associated with an increase in an individuals probability of the analogous outcome even after controlling for a variety of family background and personal characteristics.

Jencks and Mayer (1990) offer a different view, looking at both how much effect the social composition of a neighborhood or school has on children’s life chances, as well as family background, measured by five outcomes: educational attainment, cognitive skills, criminal activity, sexual behavior, and economic success. They conclude that family background plays a greater role than neighborhood effects, and offer a tentative hypothesis stating that when neighbors set social standards for one another or create institutions that serve an entire neighborhood, affluent neighbors are likely to be an advantage.

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<sup>3</sup> The Section 8 Program provides subsidies (approximately 70 percent of actual cost) to low-income families for rent in moderately priced housing.

In the case of Uruguay, data are not available to measure neighborhood effects on individuals, but it is possible to analyze changes in the spatial distribution of income groups which will help to determine if indeed polarization is taking place (Baker, Corrado and Weeks, 2000). This analysis is possible at the level of census sections, or neighborhood clusters for the period 1989-1996.

For each individual and each period we have information on income and area of residence. If  $y$  denotes income,  $\bar{y}..$  denotes mean per capita income over all regions and  $\bar{y}.._r$  mean per capita income for region  $r$ , total ( $TS^t$ ), within ( $WS^t$ ), and between ( $BS^t$ ) sum of squares given by:

$$TS^t = \sum_{i=1}^m \sum_{r=1}^R (y_{ir}^t - \bar{y}..)^2, WS^t = \sum_{i=1}^m \sum_{r=1}^R (y_{ir}^t - \bar{y}.._r)^2, \quad \text{and}$$

$$BS^t = \sum_{r=1}^R (\bar{y}.._r - \bar{y}..)^2$$

$$\text{where } TS^t = WS^t + BS^t.$$

Based on the above, the proposition for the conditions which characterize polarization of individuals along geographic lines between periods one and two are:

- i)  $BS^2 > BS^1$  where between-area variance is increasing
- ii)  $WS^2 < WS^1$  where within-area variance is increasing.

An alternative is to decompose a standard inequality measure such as the Theil index into within and between area components. This is the approach used here (e.g., in table 4.2 below), with a correction to take into account the fact that the population size in each area is not the same. Details on the methodology are provided in Baker et al. (2000).

In comparing changes between 1989 and 1996, the data show an increased clustering of individuals in the lower deciles both in Montevideo and in the interior urban areas, and within the disaggregated neighborhood clusters (census sections) particularly in Montevideo. For Montevideo as a whole, the *within* area inequality measure (Theil index) falls from 1.621 in 1989 to 1.596 in 1996, and the *between* area inequality increases from 0.081 to 0.116. As explained above, a decrease in within area inequality would indicate clustering by income group, and an increase in between area inequality would imply more heterogeneity in income levels between areas. Both these changes demonstrate spatial polarization by income group.

Decompositions for the neighborhood clusters in Montevideo show that for most of the low income areas in Table 1, there was a fall in the *within* area inequality during the 1989-1996 period. For example in the neighborhood classified as census section 11, inequality fell from 0.84 in 1989 to 0.77 in 1996 (see Annex A). Over the same period, average per capita household income for this area fell by approximately 12 percent and the standard deviation by 15 percent.<sup>4</sup> At the same time, the change in the *between* area

<sup>4</sup> Income is based on per capita household income in 1989 values deflated using the inflation rates based on the annual CPI.

inequality was positive for most of the low-income neighborhood clusters, The results of the analysis also show that polarization is not symmetric -- poor individuals are clustering more, but the higher income areas still have a higher income variance and more inequality.

**Table 1: Spatial Changes in Montevideo by Neighborhood Clusters**

Census Section, (neighborhood), Montevideo, by average income (89-96)	Mean Income	Inter- census Population Growth (1986- 1996)	% of population in Irregular Settlements (1996 Census)	Theil Decompositions	
				Change in <i>Within</i> Area Income Inequality, 1989-1996 <sup>1</sup>	Change in <i>Between</i> Area Income Inequality, 1989-1996 <sup>2</sup>
<i>Lowest-income</i>					
13	65.0	21.0	45.0	-	+
17	67.6	6.6	13.3	-	+
16	70.8	13.9	15.9	-	-
11	72.0	6.8	18.7	-	+
25	76.3	9.7	16.7	0	+
2	83.9	-30.15	0	0	0
9	84.8	17.7	16.3	-	-
21	85.5	6.5	12.4	+	+
<i>Mid-income</i>					
20	93.3	-2.1	3.3	-	0
22	98.0	-2.9	2.2	-	-
19	102.8	-9.7	0	-	-
3	113.3	-17.2	0	+	-
12	116.6	-5.3	0	-	+
14	125.6	-5.5	1.7	-	-
8	129.0	-10.8	0	-	-
10	143.3	2.1	3.1	+	+
<i>Highest-income</i>					
5	146.6	-10.4	0	+	+
15	147.7		0	-	+
7	148.8	-10.7	0	+	+
23	150.3	-7.2	0	-	-
24	152.3	-0.1	0	+	0
4	166.5	-14.0	0	+	+
6	188.1	-11.0	0	0	+
18	193.8	-1.7	0	+	+

<sup>1</sup>A negative change in the *within* area Theil decomposition indicates a decrease in inequality, (or polarization by income group), a positive change indicates an increase in income inequality within area. A zero refers to no change.

<sup>2</sup>A negative change in the *between* area Theil decomposition indicates a decrease in inequality, (or polarization by income group), a positive change indicates an increase in income inequality within area. A zero refers to no change.

Source: Census data (1986, 1996) and Continuous Household Survey data (1989, 1992, 1996).<sup>5</sup>

<sup>5</sup> Census Section and Corresponding Neighborhoods: 9: Colón Sureste, Colón Centro-Noroeste, Lezica, Melilla; 10: Pque. Btlla, Villa Dolores, Malvin, Malvin Norte, Punta Gorda, Carrasco, Carrasco Norte, Las Canteras, Unión; 11: Flor de Maroñas, Va. Garcia, Manga Rur., Manga, P. Rieles, Bella Italia, Jardines del Hipodromo, Ituzaingo, Unión, Villa Española, Piedras Blancas, Manga, Toledo Chico.; 13: Paso de la

These findings confirm that the polarization along income and geographic lines is occurring. While we cannot establish causality, it is likely that this phenomenon has contributed to the exclusion process. This also demonstrates that the aggregate measures of inequality (which only changed slightly during the 1989-1996 period) appear to mask the more significant between and within area changes in inequality at the neighborhood level. If the literature on neighborhood effects in the U.S. is relevant in the Uruguayan context, these findings can have potentially negative social consequences for youth. There are also potential implications for Uruguay's public housing policies which tend to cluster low income individuals together.

### III. Characteristics of Marginal Neighborhoods

The remaining analysis in this paper is based on a qualitative study carried out in six marginal urban neighborhoods (see section IV). The neighborhoods and population groups vulnerable to exclusion were first selected a set of human and social capital variables from the 1996 Census including: average educational attainment of household members (over age 20); socio-economic composition of the household (job type classification); percentage of teenagers that neither work nor study in the community; percentage of single teenage mothers; and drop out and repetition rates for children in the household (Table 2). Using these indicators, neighborhoods in Montevideo and the metropolitan zone were then ranked into high and low risk areas. Of the neighborhoods in Montevideo, thirteen, or approximately 30 percent, were ranked as high risk.

**Table 2: Indicators of High and Low Risk Urban Neighborhoods**

Risk Level	Educational Attainment (years)	Socio-Economic composition (% with 'high status jobs)	Inactive Male Teenagers (%)	Single Teenage Mothers (%)	Child dropout, repetition (%)
High risk	6.9	13.9	17.6	11.7	39.1
Low risk	10.1	40.4	6.7	3.6	18.8

This information was then combined with data on unsatisfied basic needs (mainly infrastructure), rates of unemployment, and incomes which narrowed the identification to ten neighborhoods considered most critical (including two from the metropolitan zone). Six were then selected for the fieldwork, in part due to the presence of NGOs to facilitate the coordination of the rapid participatory assessment. The final selection of neighborhoods included Bella Italia, Casavalle, Cerro, Rincon de la Bolsa, Barros Blancos, and Paso de la Arena.

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Arena, Cerro, Casabo, Pajas Blancas, La paloma, Tomkinson; 16: Tres Ombues, Victoria, Paso de la Arena, Casabo, Pajas Blancas, Nuevo Paris; 17: Manga, Villa Española, Castro, Castellanos, Las Acacias, Casavalle, Piedras Blancas, Manga, Toledo Chico; 21: Sayago, Conciliacion, Belvedere, Nuevo Paris, Paso de las Duranas, Peñarol, Lavalleja; 99: Bañados de Carrasco, Maroñas, Pque. Guarani, Flor de Maroñas, Va. Garcia, Manga Rural, Las Canteras, P. Rieles, Bella Italia, Unión.

Marginal neighborhoods can be classified into two types of areas: 'asentamientos irregulares' or irregular settlements (slums) largely settled by the 'new poor' in recent years, and 'cantegriles' or shanty towns which have been in existence for a long time and are home to the chronic poor.<sup>6</sup> In some areas the two types of neighborhoods are mixed together. Both types of marginal neighborhoods can be characterized as follows:

- Zones with high concentration of unsatisfied basic needs (including low quality housing);
- Low levels of education in the household and high percentages of school dropout and repetition;
- High unemployment and labor instability;
- Gender discrimination;
- Territorial isolation and area stigma;
- Problems of insecurity and violence.

*Irregular settlements.* The number of irregular settlements has increased throughout the country, particularly in Montevideo where the estimates are 30,000 households or 122,500 individuals.<sup>7</sup> This represents about 12 percent of the city's population. The increase in Montevideo, where the majority of the settlements are, was estimated at about 10 percent per year between 1984 and 1994. Most of these settlements are located peripheral areas forming a belt around the city.

Irregular settlements are characterized by social and economic isolation, irregular land ownership, and low standard sanitary and environmental conditions. Many of the residents are squatting on land which is not regulated. Because the neighborhoods have evolved in a relatively short span of time, they do not have sufficient social and economic infrastructure such as sewage, or roads (the poor road conditions are particularly problematic for public transportation and garbage collection). The population in these settlements have come from many different areas.

The only available survey in these areas, from 1994, showed that over seventy percent of residents came from other neighborhoods. Fifty-seven percent came from houses or apartments, indicating that it is likely that their living conditions have significantly deteriorated. Half of the residents report having moved to the settlements due to economic difficulties, 40 percent came from 'cantegriles', the majority (86%) are less than 41 years old, and have a high number of children under 10 (33.5%) in relation to the total population (18.5%).<sup>8</sup> Housing is of low quality and generally overcrowded, with over one half of the households having five or more inhabitants. About 40 percent of those over 12 are unemployed, and those who do work are employed as domestic workers, laborers, street vendors, and garbage collectors.

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<sup>6</sup> The term Cantegril for the neighborhoods originated as a form of humor as it refers to an exclusive night club in the wealthy resort town of Punta del Este.

<sup>7</sup> INE, "Relavamiento de los Asentamiento Irregulares, Montevideo, 1998.

<sup>8</sup> INTEC: Relavamiento de Asentamientos Irregulares de Montevideo (1994) en Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente, Comision para la Normalizacion de Asentamientos Irregulares, Montevideo, 1996.

*Cantegriles.* The conditions in the cantegriles are generally worse than the irregular settlements, considered to be areas of extreme poverty. Housing is made of scrap materials such as wood, nylon or carton, and very small. The cantegriles are predominately inhabited by ‘hugadores’, who collect and sort garbage by horse and cart around the city in search of recyclable materials and food. The neighborhoods have few services and sanitation is a major problem. Many residents have been born there as it is very difficult to move out. Some of the cantegriles can be found in the neighborhoods of Aparicia, Saravia, Isla Gaspar, and Nuevo Paris. Cantegriles can also be found within the irregular settlements, such as Casavalle, where residents classify these areas the most isolated and vulnerable.

#### IV. Vulnerable Groups

To better understand who is most affected by the exclusion process, the qualitative and quantitative data mentioned above was used to identify vulnerable groups in the population. Six groups emerged as particularly vulnerable among the poor as they face risks beyond that of low income levels. Other factors which can affect household and individual vulnerability are access to housing and other physical assets, human capital, income diversification, links to networks and formal safety nets (Table 3). As a share of the total population, they are relatively small – ranging from about 2 to 10 percent --indicating that with few resources and the ‘right’ interventions, it would not be difficult to target appropriate assistance to these groups. This section describes the nature of the risks that these vulnerable groups face and the kinds of programs which would be beneficial.

**Table 3: Characteristics of Urban Vulnerable Groups**

Vulnerable Group	Characteristics	Poverty Rate within sub-group, 1998	Share of the population, 1998
Children in poverty (0-15 years)	<ul style="list-style-type: none"> <li>• Often from large families and do not receive adequate nurturing or parental care.</li> <li>• Very small proportion are street children who may not live on the street, but they spend large amounts of time there. Exposed to crime, violence and drugs.</li> <li>• High absenteeism, repetition and drop out rates, difficulties in learning.</li> </ul>	40.8	9.5
Inactive Male Youth, 15-24 years (not studying, not working and not looking for a job)	<ul style="list-style-type: none"> <li>• School dropouts, few skills.</li> <li>• Often vulnerable due to inadequate parenting and guidance, unstable home environment, low self-esteem, peer pressure and domestic violence.</li> <li>• Inaccessibility to labor markets due to lack of skills, social networks, and discrimination by area and physical appearance.</li> </ul>	44.1	2.0

	<ul style="list-style-type: none"> <li>Exposed to street crime, drugs.</li> <li>Those in semi-urban areas worse off.</li> </ul>		
Teenage mothers (15-19 years);	<ul style="list-style-type: none"> <li>Often see pregnancy as an escape, way to change role in society.</li> <li>School dropouts, high rates of unemployment, few skills.</li> <li>For illegitimate children, access to health care, legal rights limited.</li> <li>About one-third have had previous pregnancies.</li> <li>Problems of loneliness, isolation.</li> <li>Day care limited by hours, and age requirements.</li> </ul>	n.a.	n.a.
Female household heads with low income, low educational attainment, and in precarious situation, between 30-50 years old	<ul style="list-style-type: none"> <li>Burdens of single parenting, and single income.</li> <li>Time conflict between work and children problematic for adequate day care and sufficient parental attention.</li> <li>Those in semi-urban areas worse off.</li> <li>Extended families can play important safety net.</li> </ul>	61.5	3.3
Unemployed male adults, 40-50 years old	<ul style="list-style-type: none"> <li>Most are displaced workers, very difficult to reenter the labor market.</li> <li>Retraining opportunities are limited.</li> <li>Age discrimination.</li> <li>Severely affects self-esteem and social role as head of the family.</li> </ul>	39.2	1.0
Women 50 years or older, low income, especially widows, no children.	<ul style="list-style-type: none"> <li>Most vulnerable are those who lack formal or informal safety nets.</li> <li>Problems of safety.</li> <li>Those in semi-urban areas worse off.</li> </ul>	9.9	5.5

Source: Data from Continuous Household Survey, 1999

n.a. Not available because the sample is too small

*Children.* Poor pre-school children face two major social risks: mortality (especially among infants) and stunted early development. While these risks are directly related to the living conditions of the household, leading indicators include mortality rates and pre-school enrollment. The difference in enrollment rates between poor and non-poor is dramatic, with more than twice as many non-poor children enrolled in preschool than the poor.

Among poor children between 6 and 11 years (typically primary school age) the major risk is poor quality of education and poor nutritional status that affects their cognitive abilities. Leading indicators include household welfare, enrollment rates, and repetition rates. Nutritional and anthropometric indicators are also relevant but Uruguay does not include these in their standard household surveys. Risk indicators differ significantly between the poor and non-poor. In Montevideo, 46 percent of the children in poverty have at least one unmet basic need, as compared with 9 percent of the non-

poor.<sup>9</sup> In the urban interior, the corresponding proportions are 62 percent and 10 percent. Repetition rates are high in Uruguay, especially in the first grade and in marginal areas (not available by poor and non-poor).

For the 11-14 age range which corresponds to the basic cycle of secondary education, the main risks are weak human capital formation mainly due to high drop-out and repetition rates (constant across grades), partially carried from primary school. About 44 percent of poor children aged 13 and 14 were still in primary school, as compared with 14 percent of the non-poor. Enrollment shows differences as well: 77 percent for poor and 96 percent for non-poor in Montevideo.

*Inactive Youth, Pregnant Teenagers.* Poor youth between 15 and 18 years are confronted with another set of social risks. Low-quality education is a major problem, evidenced by low enrollment, and very high repetition and drop-out rates. As a result of the lack of skills, unemployment rates are very high. Dropping out of school, not looking for a job, not finding one if they look for, and finally inactivity, is prevalent and increases exposure to violence, drugs, teenage pregnancy and street life. In Montevideo, inactivity among the poor between 15 and 24 is three times that observed for the non-poor.

*Unemployed (particularly female headed households and male adults).* Among vulnerable individuals between 25 and 59 years, unemployment and underemployment are the major risks for them and their dependents. Within this group, single female headed households, and males aged 40-50 are particularly vulnerable. Unemployment rates for the poor in Montevideo and the interior are about 3 times that of the non-poor. Though the rate of female headship is not different between poor and non-poor, a detailed analysis with households of two or more members show that these households are worse off.

*Elderly women.* While Uruguay's social insurance covers a large proportion of the population, there is a small subgroup of those who are not formally affiliated with the social security system. Elderly women in poverty, specifically widows with no children, are particularly vulnerable as they also do not have informal safety nets to provide assistance for them. This group is isolated, and many are in fear of their personal safety.

*Afro-Uruguayans.* In addition to the groups mentioned above are Afro-Uruguayans, representing roughly 5 percent of the total population. While little data are available by ethnic group, one study cited by the Inter Press Service, indicated that Afro-Uruguayans have higher unemployment rates, lower wages, and lower education levels than white Uruguayans.<sup>10</sup> The Afro-Uruguayans were concentrated in basic occupations such as manual laborers and domestic workers. There was some apparent narrowing of

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<sup>9</sup> There are six indicators of basic needs satisfaction corresponding to different dimensions of socioeconomic status: 1) type of dwelling; 2) *hacinamiento* (crowded dwelling); 3) access to drinking water; 4) available sewage; 5) school attendance; and, 6) sustainability of the household. An aggregate indicator (Total) takes the value of one if any of the above is different from zero (there is any unsatisfied basic need).

<sup>10</sup> This study was carried out by the National Statistical Office in 1997. See <http://www.oneworld.org/ips2/june98> for Inter Press Summary.

the gap in education levels for the 25-39 cohort, suggesting some improvement for the younger generation.

## **V. Analyzing and Characterizing the Processes of Social Exclusion**

*Methodology.* The qualitative study was carried out using focus groups, community (neighborhood) for a, interviews with key informants, direct and participatory observation, area history and trajectory, and social maps (how the neighborhood is drawn up, secure or insecure areas, housing, internal territorial division). The interactive data collection included 30 focus groups, 25 individual interviews, and 8 group interviews. The interviews and focus groups were carried out with the various vulnerable groups described above.

Among the information collected were participants views on:

*Employment:* Type and place of employment, job security, level of remuneration, job search networks and methods, obstacles to finding work, reasons for not looking for work, perceptions of unemployment, coping strategies for the unemployed.

*Access to services and resources:* type of services and resources available in community, location, ease or difficulty of accessibility, identification of services that are lacking, characterization of the quality, equality of access by gender groups.

*Access to social networks:* identification and characterization of institutions and organizations within the community, type of activities organized by community members, characterization of those activities and participants, conflicts in the community, methods of resolution, elements of cohesion, identification of things that make participation in community more difficult/easy.

The findings of the qualitative analysis are presented below by each thematic area. A few direct excerpts from the field interviews are included to provide some of the perceptions from those in the marginal neighborhoods.

*Social exclusion and Labor Markets.* The difficulties in accessing labor markets by the vulnerable groups can be enormous. The first major constraint to finding employment is a lack of skills. Many of the individuals identified as vulnerable have dropped out of school, and have very low skills levels or work experience. This makes entry into the labor market very difficult. Second is the lack of social networks. Most unskilled jobs, both in the formal and informal sector, are filled through informal family and social networks. For those living in marginal neighborhoods, these networks are weak, and do not lead to contacts which can help individuals find employment. The few 'formal' job search resources that do exist in the country are generally not accessible by the urban poor. And third is the issue of stigma. Individuals from those neighborhoods known to be poor or have high levels of crime and violence are often excluded due to perceptions by potential employers. Other areas where stigma can prevent access to jobs include physical appearance (particularly clothing, teeth), and by age (older men, youth).

As one man from a neighborhood in Cerro said, *“The young are discriminated against, because if you live from swamp on in, then you are told no (for work or education)...They discriminate against you with one look. If you’re from the hills, it’s like having a rejection sign on your forehead...”* And from a man in Rincon de la Bolsa, *“When we say we’re from around here, they don’t take us any more..”*

For those who do work, incomes are generally very low, with few benefits, and working conditions are unstable. Many individuals take on odd jobs as they find them, which require few skills. Among men, construction (seasonal) was the most dominant form of employment, and for women it was domestic work either in private homes or for cleaning services). Others also find temporary work in the port, or during the various agricultural harvests.

Many of the poor work in informal employment where they are not protected by any social benefits, nor by labor legislation. As cited from a man in Cerro, *“Most men work odd jobs and the women work as house servants...most of the jobs are informal, and provide no social benefits...”* Many have little knowledge or access to information systems, legal rights, support services, and some government programs, all which contribute to the exclusion process. Due to the lack of opportunities, some become involved in illegal activities such as drug trading, or robbery. Examples of worker abuse such as poor conditions, overtime with no compensation, and sexual harassment appear to be frequent. Finally, there are problems of child labor in informal activities to support family income. Children may go to sell items in the street, clean in the market, or beg. Child labor can lead to physical and mental health problems, and school desertion. As expressed by a woman from a neighborhood in Casavalle, *“The children don’t go to school because it is not important for the parents. Why should they go to school if they are not going to be able to find work? The parents take the children with them so they can help pick through the trash, or they send girls to clean in the little markets so they can bring home some food.”*

*Social exclusion and Access to Services.* Those in marginal neighborhoods do not have the same access to most basic services as the rest of the population, both in terms of quantity and quality, which has contributed to the exclusion process. A resident in Casavalle characterized her experience, *“We are isolated, they (the authorities) have forgotten us...”* As discussed earlier in the first part of this paper, general access to water and electricity is high (through both legal and illegal sources). Access to sanitation, particularly in ‘cantegriles’ is lacking and presents a risk to public health. Access to roads is also problematic, particularly for public transport offered by the municipalities and local governments. The poor urban road conditions combined with the threats of crime and violence, often prevent public buses from entering into the marginal neighborhoods, particularly in the evening. This further exacerbates problems in accessing jobs, schools, or health clinics which may be of traveling distance. Access to water seems to be a problem for some in the newer settlements, mainly in the metropolitan area (e.g. Delta del Tigre), where residents report that the local authorities have cut the public access to tap water in order to direct these consumers to new services for a fee.

Social services are also limited in many marginal neighborhoods. In health, the population has expressed problems of low quality or non-existent polyclinic services, and lack of coordination in the delivery of services between central and local governments. Residents generally cannot access other, higher quality, types of health care due to the cost nor can they belong to the various privately run mutual services which either are based on formal employment or require unaffordable contributions and co-payments. The polyclinics in marginal neighborhoods tend to have limited services, lack staff, medicines, and supplies, and require long waiting periods to be treated. Furthermore, to receive treatment a health card, issued to the poor by a means test, is required. To obtain this card, individuals must go through several procedures to apply which can be problematic as residents report that they have difficulty in gaining access to information about how this is done. About 6 percent of the poor have not obtained their health cards.

During several focus groups with women, they complained of limited access to pre and post-natal care. Few of the polyclinics have obstetric care and thus pregnant women must travel to those centers which will serve them, often some distance away. In order to ensure an appointment, one must arrive early to get a place in line (as early as 4:00 a.m.). These lines are outdoors so if it is raining the conditions are worse. The clinics are not open in the evening making it difficult for working women. And finally, if specific medications are needed, they have to be obtained in central hospitals which requires purchasing a ticket for the health co-payment and transport costs. Additional consultations require more tickets.

The issues related to education services for those in marginal areas differ depending on the level of education. At the pre-school level, coverage is low, particularly for younger children. Those facilities that do exist are again, limited to those in formal employment. While elementary school coverage is relatively high, the quality issues in poor neighborhoods are of particular concern. The schools tend to be overcrowded, infrastructure is dilapidated, and the levels of repetition and drop out are high. Violence in some schools is also a threat to both teachers and students. At the secondary school level, access is a problem. Students often have to travel some distance to attend secondary school, though public transport is not always available. The quality of teaching and infrastructure are low, and repetition and drop out rates are even higher than in elementary school. Beginning at age 13, attendance rates for the poor fall dramatically. For the 15-19 age cohort, enrollment levels for the poor have dropped to just over 40 percent. The curriculum in secondary school is also considered somewhat irrelevant, as it does not adequately train students with the necessary skills to enter into the labor force. As a resident in Paso de la Arena said about their children, *“When they used to go to school in front of the Palace (in a more central neighborhood), they had English and computers. Later when they came here, they had nothing. How do you explain to a child that no, in this neighborhood you can’t. All those things that show up on television, they don’t come here...”* And from a mother in Casavalle, *“After they turn fifteen, many kids can’t continue because there isn’t a high school in the area. So from that age on they have to pay for the bus, and many times they aren’t fed well... There are*

*many cases where children attend the public schools in a different neighborhood because of violence or some other reason..”*

For those out of the education system, such as female household heads, inactive youth, teenage mothers, or unemployed adults, there are few if any opportunities for remedial education. This could provide enormous benefits through improved opportunities in the labor market, and secondary effects on dependent children.

Nutrition and other social programs are also scarce in the marginal neighborhoods. Accessing many of these programs requires an assistance card. NGOs and community based groups provide assistance through school cafeterias and local kitchens, though these services are not sufficient to reach the current demand. Teachers report that they try to give students a better balanced meal on Fridays and Mondays to compensate for the lack of adequate nutrition children receive in their homes on the weekends.

And lastly, access to security is considered problematic. An estimated 70 percent of delinquent activity in Montevideo occurred in the metropolitan area where the marginal neighborhoods are located (Katzman, 1996). Residents report an increased level of insecurity due to violence, crime and corruption. They find the violence and insecurity threatening to their well being. This is also thought to have contributed to a progressive deterioration of social capital, a loss of reciprocity values and networks, and a weakening of mutual trust. As expressed by a woman in Paso de la Arena, *“The other way to survive is by stealing, by both men and women...They steal because they have nothing to eat...”* And from the Casavalle neighborhood, *“You always see the police running through the streets whenever there is a robbery, but I have never actually seen them do anything. They come into the neighborhood and you see them go past running. The problem is that there are too many kids with drugs, little kids, kids in the plaza with marijuana.”* *“Here we have the worst crimes, the more violent ones among the youth associated with drugs.”*

Violence can erode the social, physical and human capital in a community by affecting the ability of formal and informal social institutions to operate, destroying physical infrastructure such as transport systems, roads, housing, through vandalism and creating fear for transport services to enter into communities at night, and deterring the use of education services because of security risks to students, and pressures to become involved in gangs, or drugs.

While crime rates in Uruguay are relatively low, the level of concern and perception of insecurity among the population perceived to have increased as evidenced above. An opinion survey of the evolution of social problems carried out in 1995 (Katzman, 1996) shows that the percentage of those surveyed perceiving an increase in drug-trafficking was 87 percent; delinquency, 90 percent; drug addiction, 92 percent; and corruption, 83 percent. Another survey carried out in 1999 showed that close to 70 percent of those surveyed in Montevideo expressed little or no confidence in the police, and 66 percent in the justice system (UNDP, 1999). The population with possession of a

firearm in the household has also increased dramatically. During 1996-1991, 19,219 new firearms were registered. It is likely that many more were not registered.

The perceptions of insecurity are particularly high in the marginal neighborhoods where crime and violence are a major threat to the well-being of residents and levels of social capital tend to be low. While in neighborhoods such as Paso de la Arena and Belvedere only 10-15 percent of residents report feeling secure, as compared to 60 percent in wealthier neighborhoods such as Carrasco and Malvine. Police services in the marginal neighborhoods are considered inadequate.

*Social exclusion and Social Networks.* Access to social capital and social networks, whether formal or informal, can provide an important link for individuals and groups to society, for both the poor and the non-poor, and serve as a coping mechanism against vulnerability.<sup>11</sup> Formal networks include public organizations, associations, churches, NGOs and charities providing some type of service. These services include community self-help, support of public services (schools, clinics), and assistance with advocacy. Generally, participation in the marginal neighborhoods is low, in part due to lack of knowledge of services, and in part due to a lack of initiative by the potential beneficiaries. This weak link exacerbates the exclusion process. Of those who do participate, women play a greater role. Across marginal neighborhoods, those inside Montevideo had a higher access to networks than in the suburban areas where very few NGOs were present, leaving the vulnerable groups with few social networks. Many of the organizations are somewhat unstable making it difficult to achieve results on collective actions. Those organizations involved in activities which have direct results on daily needs (e.g. schools, cafeterias) tend to have greater stability.

There are a range of non-governmental organizations (NGOs) and other civil society organizations (CSOs) groups involved in social development in Uruguay, with the estimated number of groups between 150-200. Close to 60 percent of financing for NGO and CSO activities comes from external donors, with the rest coming from Government and some, albeit small, private sector contributions. Most of the groups, approximately 90 percent, are concentrated in Montevideo and the surrounding area. There are several networks and a national umbrella organization which aim to provide some coordination between groups. In some of the marginal neighborhoods, NGOs and CBOs may be the only organizations working in these areas. The organizations play an important role in providing benefits and advocacy for these excluded groups. Some of the main organizations have been quite effective in delivering Government social programs through formal contractual agreements. The Municipality of Montevideo is the main contractor, with 22 agreements registered in 1997. Many NGOs and CSOs in Uruguay are now rethinking their institutional role, particularly with regard to increased activity as executing agencies for local and national government programs, and in responding to changing social needs.

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<sup>11</sup> Social Capital can be defined broadly to refer to the rules, norms, trusts, obligations, and reciprocity embedded in social relations, social structures, and institutional arrangements in a society, all of which enable its members to achieve their individual and community objectives (Moser and others, 1999).

On the whole, the majority of NGOs and CSOs face constraints to performing effectively. This includes financial constraints, an insufficient number of qualified and permanent staff, and despite the existence of the NGO networks, a lack of coordination resulting in duplication of activities. There are also few programs which are monitored or evaluated which makes it impossible to assess how effective the programs are.

Informal networks include family, neighbors, friends, and enterprises. For the vulnerable, the nuclear family is the first resort in difficult situations such as loss of employment, illness, lack of food, or childcare. Family members can provide substantial support in accessing information and contacts for a job search, public services, or other opportunities. Secondary networks vary. In some neighborhoods they can be quite strong though in others, particularly neighborhoods with high levels of conflict and violence, networks are weak or nonexistent.

*Emerging themes.* A few additional themes came out of the consultations that are pressing problems which also contribute to the social exclusion process. The first is tension and conflict among neighbors. There are variable degrees of conflict, and the problem is particularly acute with groups of teenage males. Second, drug and alcohol consumption (mainly wine and marijuana) is also considered problematic in neighborhoods. Consumption is mainly associated with young males, though the consequences affect the quality of social and family relations. Third is the rise of psycho-social problems, such as depression, violence, and sexual abuse. And fourth, gender issues emerged in many of the focus groups. The perception is that public participation by women is restricted to certain topics (domestic, social), and that they have a lack of influence over community decision making. Opportunities in the labor market for women are limited to low paying, low skills jobs, and many women express a loss of self-esteem and confidence. Intra-family violence and abuse problems are also frequently mentioned by women during the focus group discussions. Prostitution and early teenage pregnancy are also problematic. As quoted from an interview with one girl in Bella Italia, *“The girls prostitute themselves and then end up pregnant...”*

**Coping strategies.** A number of coping strategies used by vulnerable groups emerged from the participatory research. Among them are the following:

- Occupying lands in shanty towns
- Precarious jobs
- Combing through garbage for useful items and food
- Raising animals (chickens and pigs)
- Illegal activity
- NGO and public feeding programs
- Churches
- Community organizations
- Family networks
- Neighborhood networks
- Sharing in childcare, food and cooking (with grandparents, neighbors)
- Odd jobs in construction, cleaning, gardening, and other manual labor
- Informal credit (in local stores)
- Sending children to work, beg
- Begging
- Stealing
- Occasional prostitution
- Drugs and Alcohol

Some of these coping strategies may alleviate aspects of the economic and psycho-social difficulties of poverty and vulnerability though they do not provide sufficient relief nor prevention. Government programs will continue to play the main role in preventing and mitigating risk for these groups.

#### **IV. Conclusions**

This paper attempts to go beyond aggregate numbers of poverty and inequality to analyze the phenomenon of social exclusion in Uruguay. Social exclusion is defined as a multidimensional process which weakens the links between individuals and the rest of society. One of the main aspects in this process in the Uruguayan context appears to be a geographic polarization among the population, or more specifically, the clustering of the poor in marginal areas. With the emergence of a 'new poor' resulting from recessions during the 1990s, many of these individuals have moved from their middle class neighborhoods in the center of Montevideo to one of the growing marginal neighborhoods in the periphery of the city. These marginal areas have lower levels of services, and generate an area stigma making it difficult for some to access labor markets. This inter-neighborhood income inequality has contributed to a fragmentation between the poor and non-poor which is not captured in the aggregate data on income distribution. The clustering of the poor in marginal areas can also result in a 'neighborhood effect' which may impact negatively on individual behavior and outcomes, such as children's life chances.

Other dynamics of the exclusion process are linked to accessing labor markets, basic services and social networks. Those living in marginal neighborhoods, particularly the vulnerable groups identified in this study, face constraints beyond those in the rest of society in each of these areas. In accessing labor markets the constraints include a lack of skills, lack of social networks, and stigma attached with living in poor marginal neighborhoods. Many work in the informal sector where salaries are low, and there are few if any benefits. The quality and quantity of basic services such as health, education, nutrition, sanitation, and security is lower for those in marginal areas than in many other residential areas. Social networks such as public organizations, churches, and non-governmental organizations can provide an important link for individuals and groups to society, and serve as a coping mechanism against vulnerability. These networks do exist to some extent in the marginal neighborhoods, but participation tends low, again putting vulnerable groups at a disadvantage.

The findings of this research point to several policy conclusions related to urban poverty and development in Uruguay and potentially the rest of Latin America. First, policies which prioritize improvements in access to quality basic services, particularly education, health, transportation, social assistance, more flexible land use policies, as well as public information for those in marginal areas could help to provide an important link to jobs and human capital development, and reduce some of the facets of social exclusion. New community based programs designed and implemented by neighborhood

members based on specific needs, or expansion of existing community programs, could also help to reverse the marginalization process.

Second are policies related to housing. Policies that foster the maintenance of traditional integrated neighborhoods, or minimize the concentration of the poor in marginal neighborhoods, may mitigate the exclusion process. Such policies may not be politically popular among some, but would be deserving of further investigation.

Finally, the aggregate numbers on inequality appear to mask what is happening at a more disaggregated level such as the neighborhood. While income inequality for the country as a whole only shifted slightly during the 1989-1996 period, the within and between area changes were significant. Analysis of trends in income distribution in other countries may benefit from similar disaggregation as part of standard research on poverty and income inequality.

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Annex I: Theil Inequality Decompositions by Area: Montevideo, 1989-1996

Area (Census Section)	Within Area		Between Area		Total	
	1989	1996	1989	1996	1989	1996
<i>Lowest-income</i>						
13	0.063	0.058	-0.020	-0.022	0.044	0.035
17	0.089	0.085	-0.029	-0.034	0.060	0.052
16	0.040	0.035	-0.013	-0.011	0.027	0.024
11	0.084	0.077	-0.020	-0.031	0.064	0.047
25	0.051	0.051	-0.011	-0.015	0.039	0.036
2	0.002	0.002	0.000	0.000	0.002	0.003
9	0.057	0.046	-0.012	-0.010	0.045	0.036
21	0.084	0.092	-0.014	-0.020	0.070	0.072
<i>Mid-income</i>						
20	0.088	0.073	-0.010	-0.010	0.078	0.063
22	0.073	0.066	-0.011	-0.005	0.063	0.061
19	0.047	0.033	-0.004	-0.001	0.043	0.032
3	0.004	0.007	0.001	0.000	0.005	0.007
12	0.103	0.086	0.001	0.012	0.104	0.098
14	0.060	0.006	0.009	0.005	0.069	0.068
8	0.026	0.024	0.006	0.002	0.032	0.026
10	0.261	0.290	0.045	0.047	0.306	0.337
<i>Highest-income</i>						
5	0.021	0.025	0.006	0.011	0.027	0.358
15	0.058	0.048	0.009	0.017	0.068	0.065
7	0.026	0.029	0.009	0.012	0.035	0.042
23	0.050	0.042	0.016	0.012	0.066	0.054
24	0.122	0.123	0.034	0.034	0.156	0.158
4	0.011	0.014	0.006	0.007	0.017	0.022
6	0.020	0.020	0.010	0.012	0.030	0.033
18	0.178	0.205	0.074	0.101	0.252	0.306
Total Uruguay	1.621	1.596	0.081	0.084	1.702	1.711

Source: Baker, Judy, Luisa Corrado, and Melvyn Weeks, 2000. Based on data from the Uruguay Continuous Household Survey, 1989, 1996.