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NEW POVERTY IN ARGENTINA AND RUSSIA: SOME BRIEF COMPARATIVE CONCLUSIONS

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Editorial note. This joint conclusion is based on the papers by Kessler and Di Virgilio (on new poverty in Argentina) and Yaroshenko (on new poverty in Russia) published in this issue of Laboratorium. See those papers for authors' contact information.

DIFFERENT SOCIETIES, DIFFERENT NEW POVERTY?

In general, the concept of new poverty focuses on the emergence of groups characterized by strong downward mobility, as well as previously unknown types of poverty. Its specific definition, therefore, varies among countries. The cases of Russia and Argentina illustrate this variation. In Russia, new poverty became a subject of debate following the market reforms of the 1990s, several years later than in Argentina. Poverty in post-Soviet Russia has a number of specific features. Firstly, it is a widespread phenomenon. Impoverishment peaked in 1999: at that time, depending on the standards used, the share of poor people was between 20 and 50 percent. Since the early 2000s, owing to economic stabilization, the number of poor people has been slowly reduced, but the share of the population with incomes lower than the subsistence minimum is still high—between 8 and 35 percent of Russians. Secondly, it is a problem that affects previously secure social strata, the so-called "new poor": economically active people who were protected in Soviet times but now face sustained downward mobility and employment insecurity. The highest incidence and risk of poverty is among families with children, the unemployed, and low-earning employed adults. Thirdly, those who have been suffering from extreme long-term poverty for the past 10–15 years are worst off. We know they include different vulnerable groups (such as unstable families with children, single mothers, the disabled, the unemployed, and migrants), but so far we know little about intergenerational poverty transmission.

Some researchers have suggested that what was new about the "new poverty" was the scale of the phenomenon, and in particular the extension of poverty to blue-collar workers. Others stressed the new structure of poverty, insisting that the so-called *biudzhetniki*, i.e. civil servants (non-manual or white-collar workers employed by the state) are the new Russian poor following the collapse of real socialism. Svet-

lana Yaroshenko argues in her article that industrial workers are the main victims of the recent marketization. They were protected in Soviet times, but experienced prolonged downward mobility and radical status loss. She places these changes in the context of the former Soviet industry's structural adjustment to globalized market demands and the dismantlement of the strong Soviet redistributive system, which centered on the workplace and benefited the "working class." Yaroshenko focuses on the extreme poor, whose living standards are low and who risk remaining in their miserable situation in the long term. Workers suffer from extreme poverty more often than civil servants or those in the service sector. The depth of their poverty is greater. Moreover, they have become a "weak resource" group due to their lower level of education, insufficient professional skills, and lack of legitimate opportunities for exchanging obligations with their partners or accumulating household savings.

Gabriel Kessler and Mercedes Di Virgilio demonstrate a different process. In Argentina, the structural poor are the "historical" poor: people or households who lack education, live in slums, and have large families. Their employment is informal, unstable, and low-paying. The new poor appeared in the 1970s during the military dictatorship (1976–1983), and since then, Argentina has experienced successive waves of impoverishment. The new poor are former members of the middle class: they are more educated than the structural poor, they don't live in slums, and their families are smaller. The causes for impoverishment have changed with each successive wave of downward mobility. In the 1970s and 1980s, it was caused by the freezing of employee salaries coupled with inflation, leading to a very intense depreciation of earnings. At the same time, the end of protectionist tariff barriers against imports destroyed thousands of small and medium-sized businesses. In the 1990s, the main problem was unemployment, largely connected to the privatization of public companies. After the crisis of 2001, a new wave of impoverishment shook the entire middle class.

The use of the concept of new poverty in Argentina precedes its widespread use in recent years to characterize new traits of poverty in post-industrial societies. Globally, the impoverishment (or new poverty) of the middle classes is often related to the growth of the service sector and the expansion of low-wage jobs. However, this model does not fit the Argentine case. On the one hand, impoverishment there precedes this global trend. On the other hand, although a similar process was at work in big Argentine cities, especially in the 1990s, the new low-wage service jobs created were occupied not by the middle classes, but rather by young, low-qualified people from a working-class background.

NEW POVERTY: DIFFERENCES AND SIMILARITIES BETWEEN ARGENTINA AND RUSSIA

The "new poor" in post-socialist Russia are mostly long-term poor with low standards of living, lacking both material assets and cultural/social capital. They are able-bodied people employed in unstable jobs and often excluded from the system of

social support. Svetlana Yaroshenko argues that in post-socialist Russia, long-term poverty is structured by class, gender, and categorization by the state. New poverty is formed at the intersection of class, gender, and post-Soviet citizenship as a result of long-term exclusion from generally accepted standards of living. She stresses that poverty as a "real," self-reproducing and persistent social phenomenon did not exist in Soviet times. Rather, it was a statistical and temporary predicament linked to certain stages of the life cycle. Kessler and Di Virgilio show a different morphology of new poverty. New poverty in Argentina has no clear gender dimension. Men and women have been equally affected, because the descent into poverty was linked to their occupations, which had no obvious gender profile. Regarding civic status, the new poverty was linked to the rolling back of social rights due to a labor law reform in the 1990s which eased employer regulation. At the same time, social policy targeted the structural poor rather than the new poor. Social policy was territorially based in areas with large concentrations of structural poor. However, the new poverty encouraged the incorporation of women and young family members into the labor market to compensate for the lack of employment of adult males, and these newcomers were generally employed in unskilled jobs, poorly paid, and without social insurance. Nevertheless, unlike in Russia, the new poor were better equipped—in terms of social and cultural capital—to escape poverty during periods of economic recovery, as has happened in recent years.

OTHER DIFFERENCES

There were other differences, too. First of all, the new poor in Argentina had higher standards of living before impoverishment. In Soviet Russia, by contrast, standards of living were ascetic and minimal, but more or less equally distributed. That situation can be characterized as "equality in poverty." Secondly, the Argentine new poor suffer from downward mobility, but they can draw on a number of resources to compensate for the decline in living standards. Unlike the newly (or simply) poor in the Russian case, they can use their cultural habits and social capital to defend themselves from impoverishment. The new poor in Argentina know their civic rights and can fight for state support. In post-socialist Russia, in contrast, Soviet habits play a negative role, because there is no tradition of defending individual rights.

The institutional differences between Argentina and Russia are rooted not simply in the different histories of the societies involved, but in specific features of each society (such as degree of income inequality, mode of reorganization of capital-labor relations, and the status of those employed in the most advanced sector of the economy as well as the types of social policy employed to help the poor) which the sociologist can meaningfully generalize. Russia and Argentina represent two different cases of postindustrial development in so-called developing societies, each with its own form of peripheral capitalism. Russia represents the transiton of a real (state) socialist system with a planned industrial economy to a market regime, while Argentina illustrates the transformation of an industrial economy within the capitalist system.

The post-socialist transformation has been shaped by global tendencies of industrial decline and the rise of a service economy, resulting in limited opportunities for male industrial workers and the fragmentation of survival strategies against a backdrop of dwindling social protection. But the comparison between Russia and Argentina shows that the appearance of new poor is due not only to the growth of service sector employment and the expansion of low-wage jobs, but also to the flexibilization of the labor market and the rolling back of social rights. In this context, the Russian and Argentine cases demonstrate different social effects of industry decline and structural adjustment strategies, which open the door to the expansion of a service-based urban economy.

The case of Russia illustrates the process of long-term poverty formation due to the downward mobility of those least competitive, and therefore redundant, in the post-socialist market society—those unable to cover even their basic needs because of their unstable employment, low level of education, and unmarketable skills. The social isolation of the extremely poor, qualified as unfit breadwinners or "undeserving able-bodied" citizens, locks them in a cycle of self-destructive responses (lack of self-esteem and inability to provide for themselves) to external constraints. Unlike the structural or traditional poor with unsatisfied basic needs, the new poor are a stigmatized social category under the new conditions. Their exclusion is the social cost of the reintroduction of a market economy and the unleashing of individual initiative, which had been suppressed by redistribution and massive state regulation under the Soviet system.

The case of Argentina highlights the impoverishment of the middle classes in post-industrial societies after social cutbacks due to increased labor market flexibility. Their well-being declined as they faced income loss without job loss or displacement to unskilled jobs. They adapted by suppressing certain consumption habits and mobilizing cultural assets and social nets to overcome difficulties. They became aware of their new identity as an "impoverished middle class" and feared downward mobility for their children. But there is no general trend of inter-generational reproduction of new poverty. The new poor are well-qualified, and their education enabled some of them to secure employment or find a better job during the economic recovery. However, the number of those unable to find regular employment is on the rise, and there is nothing to prevent a further increase in the numbers of those excluded from the labor market.

One of the conclusions from our comparison is that the new poverty is a path-dependent phenomenon. That is, the content of the new poverty, and thus its definition, is a function of social, political, and economic processes that have different features in different contexts. The ways in which each sector is affected depends on its characteristic employment structure and on the factors that historically propelled its upward social mobility. The ways in which different histories and political processes give different shapes to social groups classified under the label of "new poor" demonstrates the diversity of phenomena subsumed under the concept of poverty in general, and new poverty in particular.

OUTLOOK

Market globalization and the recent global financial crises have had different effects in Russia and Argentina. In Russia, we can observe an extension of new poverty to the middle class, with high standards of living and distinctive patterns of consumption, that appeared in Russia as a result of the economic growth of the 2000s. In Argentina, the “new poor” are experiencing further deprivation and isolation. They are increasingly being displaced to unskilled jobs previously occupied by “old” (less educated) poor.

New forms of social policy are needed to block the path of degradation. These policies should be sensitive to post-industrial changes and attuned to impoverished middle classes and excluded categories of citizens. Another response to new poverty is self-limiting consumption and an aestheticization of poverty as a lifestyle. The emergence of such behavior is an important indicator of the spread of a new type of poverty: poverty seen as a conscious and informed choice. This could lead to a cultural normalization of poverty, connected with a shift toward non-material values, the acceptance of minimalist comfort as a standard of living, and a culture of self-help. Such new forms of civic participation organized around non-consumptive lifestyles could also prevent degradation. However, due to their selective nature, their overall effects will be weaker than those of a reoriented social policy.