Urbanization of poverty: comparison of Brazil, Bolivia and Chile

Abstract. The article deals with the urbanisation of poverty and new poverty connected with different social and environmental problems. We examine whether the positive relation between population growth and poverty growth exists in urban areas in Brazil, Bolivia and Chile. Our analysis is based on the comparison and regression analysis of relation between the urban population ratio and the urban poverty ratio. The results do not confirm the given hypothesis that the rapid urbanisation has led to a higher rate of poverty in urban areas in Latin American countries. We argue that urban poverty has been decreased whereas the urban population has grown in the chosen countries.

JEL Classification: I31; I32; I38
Keywords: Urbanisation; Poverty; Brazil; Bolivia; Chile

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1. Introduction

Urbanisation is a phenomenon accompanying economic development. Since 2007, the urban population has reached 50% (World Bank, 2016) and in the next year it surpassed the rural population. The European Union, the United States, Japan and other developed countries belong to the most urbanised. However, in the last years, mainly countries in Asia and Africa have faced urbanisation. Urbanisation plays a specific role as a long-term problem in Latin America which concerns 78% of the urban population of one of the most urbanised regions in the world (World Bank, 2016). In addition, Latin American countries not only profit from urbanisation but also have to fight against negative externalities.

Urbanisation without efficient social and public services many to obstacles regarding development, among which are the creation of informal settlements, drug cartels, violence, criminality, environmental degradation, overcrowding in urban peripheries and other socio-economic problems. Migration to urban areas has moved the location of global poverty to cities, triggering the process known as the urbanisation of poverty (Jaitman, 2015) [7]. Consequently, in the unplanned and new urbanised places, there arises a situation called the «new poverty» (The Economist, 2010) which means a complex problem connected with drug addiction, violence, family breakdown, teenage pregnancy, residential segregation and environmental degradation [10]. Violence and insecurity are still high in Latin America. Such phenomena are concentrated mainly in urban areas, which is sometimes interpreted as «new violence» (Briceno-Leon & Zubillaga, 2002) [3]. It is a consequence of new poverty which is caused by the transformation of urban areas. New violence includes non-state armed actors using violence as an instrument to control their territory, and they often collaborate with the police and military forces in many cases. Thus, the situation in cities is sometimes called as «hybrid states» or «violent democracy» (Glebbeek & Koonings, 2015) [6]. Besides, drug bosses and gangs have real power in the newly urbanised areas. These street gangs, pandelas in Spanish, are illegal groups organising arms and drugs trafficking. They act according their own unwritten laws which must be respected in the area of their control. They operate in the periphery of cities and towns, in the areas called as slums or shanty towns.

In the article, the focus is on poverty in urban areas, the creation of slums and gated communities, urban quarters secured by alarms and separated by fences, walls, gates and other physical barriers from other parts of city or town. They arise to protect the citizens in the neighbourhood of slums. In the next part, we will define whether that the rapid urbanisation has led to a higher rate of poverty in urban areas in
Latin American countries of Chile, Brazil and Bolivia. We are researching these three countries because each of them belongs to a different group of human development. We have used the Human Development Index obtained from the United Nations survey to measure the level of development. Chile, as one of the most developed countries in the region, represents a country with a very low level of human development; Brazil is also a highly developed country according the index, and Bolivia, the least developed country in South America, represents a country with a medium level of human development.

On the basis of this research, we wish to investigate whether the rapid urbanisation has led to a higher rate of poverty in urban areas in Latin American countries. Thus, we are testing data for the three countries of Latin America, namely Chile, Brazil and Bolivia representing a country with a high level of human development and Bolivia representing medium level development according to the Human Development Index (HDI). Our analysis is based on the comparison and regression analysis of the relation between the urban population ratio and the urban poverty ratio. Further, we will research poverty reduction in urban areas and poverty reduction in rural areas and compare them with regard to the analysis of the urbanisation of poverty. The data and information which will help us answer the abovementioned questions come from the World Bank, CEPALSTAT, the United Nations Population Division and we are studying various indicators of urban population and the population from late 1980s to the present.

2. Brief Literature Review

Chile and Brazil have always been highly urbanised countries. Chile, as the most developed country in Latin America, had already belonged to the urbanised countries before the 1950s. To be precise, 58.36% (CEPALSTAT) of urban population was living in Chile in the middle of the last century. In Brazil, the urban population surpassed the rural population at the beginning of the 1970s, after the military coup. Meanwhile, the urbanisation process in Bolivia started approximately twenty years later, in the 1980s. The main reasons were droughts (1983-1985) in the Andean area and the economic crisis (1985-1990), which resulted in bankruptcy of tin mines (Alvarez-Berríos, Páez-Ramos, & Aide, 2013) [1]. These key events significantly influenced internal migration in Bolivia and the urban population was surpassed in 1985 for the first time.

Today, Chile and Brazil belong to the top 5 most urbanised countries in the region, and they are more urbanised than the average number of Latin American and South American countries. The urbanisation ratio of both countries is higher than 80%. While the Latin American and the Caribbean regions (also Chile and the averages) will be eliminated. Thus, the barrios cerrados in metropolises such as Sao Paulo, Mexico City, Buenos Aires or Santiago de Chile can no longer be named this way. In these new urbanised areas in the suburbs, people live more than 50,000 inhabitants who are provided with all public and private services, therefore they may be understood as the “gated cities” (Borsdorf, Hidalgo, & Sanchez, 2007) [2]. In different Latin American countries different names are used to mark gated communities, among which are “condominios in Chile and Brazil, barrios privados in Argentina, conjuntos or urbanizaciones cerradas in Ecuador and recintamientos cerrados in Mexico” (Borsdorf, Hidalgo, & Sanchez, 2007) [2].

The gated communities in Latin America are not only a feature of metropolitan regions, in addition are also seen in the medium-sized and small towns. However, the negative impacts of urbanisation are stronger in large cities than in cities which are less urbanised. Thus, the barrios cerrados in metropolises such as Sao Paulo, Mexico City, Buenos Aires or Santiago de Chile can no longer be named this way. In these new urbanised areas in the suburbs, people live more than 50,000 inhabitants who are provided with all public and private services, therefore they may be understood as the “gated cities” (Borsdorf, Hidalgo, & Sanchez, 2007) [2]. In different Latin American countries different names are used to mark gated communities, among which are “condominios in Chile and Brazil, barrios privados in Argentina, conjuntos or urbanizaciones cerradas in Ecuador and recintamientos cerrados in Mexico” (Borsdorf, Hidalgo, & Sanchez, 2007) [2].

3. Purpose

Poverty in urban areas leads to the formation of slums and gated communities. Because of this, there arise many negative problems in cities. Cities in Latin America belong to the most urbanised areas, hence, the problems which arise from urbanisation and urban poverty are linked with the issues of urbanisation of poverty. Today, the relation between the growth of urban population and urban poverty has become one of the key problems for both the scientists and politicians in Latin America.

For these reasons, we deal with the impact of rapid urbanisation on poverty rate trying to decide whether the rapid urbanisation has led to a higher rate of poverty in urban areas in Latin American countries (Chile, Brazil and Bolivia).
4. Results

We started by investigating the relations between urban growth and poverty growth in urban areas. The following graphs (Figure 1) show the evolution of growth of urban population and urban poverty from the end of 1980s and early 1990s to the present. In all of the selected countries, we observe growth of population in urban areas, which agrees with the phenomenon of urbanisation in Latin America in the last decades. At the same time, urban poverty has decreased in Bolivia, Brazil and Chile.

5. Conclusions

The article deals with the phenomenon called the urbanisation of poverty or new poverty. Urbanization is a phenomenon accompanying economic development and plays a specific role as a long-term problem in Latin America which concerns 78% of the urban population in one of the most urbanized regions in the world. We have examined whether the relation between population growth and poverty growth exists in urban areas. We have tested data relevant to three Latin American countries, namely Brazil, Bolivia and Chile, the countries which are facing a high level of urbanization today. Our analysis was based on the comparison and regression analysis of relation between the urban population ratio and the urban poverty ratio. The results do not confirm the set hypothesis: the rapid urbanisation has led to a higher rate of poverty in urban areas in Latin American countries.

Improvement of life conditions and reduction of poverty is a national trend in all the researched countries. Except for Bolivia, the level of basic services, such as access to water and electricity, sanitary, sewerage and telephone access, is high.

Brazilian Bolsa Família is the biggest conditional cash transfer programme in the world. It was launched in 2003 by Luiz Inácio Lula da Silva, the 35th President of Brazil. The main aim of Bolsa Família is to create conditions which will allow people to overcome their poverty, which, in turn, will lead to the growth of equity. The national government provides direct money transfer to people living in misery after fulfilment of given conditions aimed at health care and school attendance. Chile Solidario, the programme launched in 2004 in Chile, tries to improve social capital quality through building stronger school and health care institutions. The Bono Juancito Pinto, the Bono Juana Azurduy and the Renta Dignidad were implemented in Bolivia. They are aimed at improvement of school attendance, health care and mothers and their children and unemployed poor Bolivians between the ages of 18 and 24 who live in the suburbs of cities. All those programmes are conditional cash transfer and focus on the improvement of the social capital quality in order to break the intergenerational transmission of poverty.

The results of the national strategies show that they have helped people living in poverty in countryside more than those in the cities with regard to the improvement of school attendance and health care. Taking into consideration each indicator, we conclude that rural areas have reached better results than urban territories, which adds new evidence to a discussion on effectiveness of poverty reduction programmes for cities.

These findings validate that the character of poverty is different according to territory. With respect to cities, in new urbanised places, there arises so called new poverty accompanied by the new violence phenomenon, which leads to the creation of gated communities where the upper middle class and the richest citizens live in order to protect their possessions and safety. Poverty reduction in cities is more complicated because of a complex problem connected with drug addiction, violence, family breakdown, teenage pregnancy, residential segregation and environmental degradation. As a result, children living in cities have worse school attendance and drop out from school earlier. This is a key obstacle for the improvement of social capital in society in order to fight poverty and inequality in the long term.

Reference


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