

THE FIVE CITIES OF BUENOS AIRES: POVERTY AND INEQUALITY IN URBAN ARGENTINA

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Summary

The distribution of local public investment in infrastructure and education by the city government of Buenos Aires is highly skewed to some districts within the city. From 1991 to 1997, 11.5% of the population received 68% of public investment in infrastructure. These patterns correlate closely with the share of population with unsatisfied basic needs, primary and secondary school drop-out rates, and the absence of health insurance. This analysis shows that local government decisions contribute to intra-urban inequality and poverty in Buenos Aires and that “place” matters in the distribution of welfare and opportunity.

1. Introduction: Setting the Context

This essay explores the problems of urban poverty and inequality in Buenos Aires by examining how public investment within the city contributes to existing socio-economic patterns and differences. The essay examines whether location or “place” is a significant factor in explaining the incidence of poverty and inequality. Evidence from other countries has shown that locational differences can play important reinforcing roles in the incidence of poverty and inequality, and can also offer important clues on what remedies might be appropriate. Available national data on cities and towns in Argentina indicate that, in contrast to the macro-economic and labor interpretation of the determinants of economic welfare, important dimensions of poverty and inequality are the result of the impacts of public policies on specific places within jurisdictions. Differences in levels of welfare and quality of life within the federal capital of Buenos Aires itself, with 3.5 million people, are so great that it is possible to distinguish five broad levels of well-being or “five different cities.”

The common perception that “place” is not very important in the current social and economic debate is also related to the history of local institutions. The power of the national government and the absence of elected local institutions, even in a highly urbanized country, and particularly in a mega-city such as Buenos Aires, which had its first elected mayor in 1996, have meant that local and neighborhood problem-solving has not been a central feature of political and institutional history. The arena for problem-solving has been “*la nacion*” and not “*el barrio*”. Respondents in a 1998 World Bank survey list local government as third after the national and provincial governments as institutions effective in alleviating poverty. Based on experience in other countries, Argentina has under-valued both the potential of improving welfare of individuals and families through local action and the importance of place as an arena for collective identity and effective action. This is in part a legacy of the period of dictatorship in which community activism was severely repressed.

Despite recent history, the observation about the role of place in Argentina is nevertheless somewhat surprising. Historically, the country’s development has been “bi-modal”, with extraordinary wealth extracted from the land and through agriculture, while at the same time creating enormous value in industry, commerce, and trade in its cities, particularly Buenos Aires. A study by the Economic Commission for Latin America (ECLA) shows that industry and commerce together generated US\$2.1 million per hour in Buenos Aires in 1998. These two complementary economic engines have propelled the country to income levels close to those of developed countries. The choice of location of investment in the rural areas has been critical in determining productivity and welfare. Some provinces are much richer than others, implying not only differences in natural resources, but also judgments about investment opportunities by two centuries of investors, national and foreign.

According to the World Development Report 1999/2000, 89% of the national population lived in urban areas. Argentina has one of the most urbanized populations in Latin America, largely a result of past urban growth. More than 59% of the urban population lives in the 25 largest urban areas and of that population of 19 million persons, accounting for 50% of the national population, almost 11.5 million live in metropolitan Buenos Aires. 1998 per capita income is \$8970 for a population of 36 million people.

Table 1 shows the importance of urban-generated economic product within the national economy. By 1985, almost 80% of Gross Domestic Product (GDP) was generated in the four most urbanized provinces plus the federal capital.

Even though the federal capital accounts for a large share of the loss of product during crisis periods, the second tier of cities—Cordoba, Mendoza, and Santa Fe—along with the Province of Buenos Aires, maintained positive growth when the size of the national economy was shrinking. Indeed, the urban share of the economy did not decline when GDP declined.

The Argentine economy, like the population, is urbanized. While the economic importance of the City of Buenos Aires receives most popular attention—in 1995, it alone accounted for 25% of GDP—the role of “the other urban Argentina” is considerable in industrial production, in servicing agriculture and other extractive industries

City or Group	Gross Product		
	1970	1980	1985
Federal Capital	13 222	15 705	13 589
Buenos Aires	15 750	19 022	20 037
Córdoba	3 025	4 317	4 466
Mendoza	2 280	2 261	2 633
Santa Fe	4 114	5 650	5 729
Total Urban Group	38 391	46 954	46 455
Total	46 522	59 719	59 239

Table 1. The urban location of gross domestic product; gross provincial product by provincial group and province: 1970-1985; (Millions of US\$ of July 1988)

The economic importance of Buenos Aires is a result of the location of investment, construction, and commerce in a city with more than 11 million people. Buenos Aires was identified in February 2000 by the United Nations as the world’s tenth largest metropolitan area, with 12.4 million people.

Indicators of quality of life, communications, air quality, noise, crime, as well as economic indicators place it within the range of southern European cities such as Barcelona, Madrid, and Milan. Like those great cities, Buenos Aires is above all, “a city of places”, with many distinct and special locations, with their own identities, histories, functions, and aspirations.

Differences in the quality of life or public health status between, for example, the north and south of the city have existed for more than a hundred years. It is surprising, therefore, that “place” does not appear to have been publicly recognized as so important in the struggle for social and economic welfare. The essay will identify how current policies and programs might be strengthened to address these twin problems of poverty and inequality, starting not from the macro-economy, but from below.

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Biographical Sketches

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