
CHAPTER 3 Private Adjustments: Households, crisis and work

**Mercedes González de la Rocha
and Alejandro Grinspun**

Changes in the labour market have led to the erosion of work and a growth of informality in many countries. These developments, combined with cutbacks in public provision of social benefits and services, have forced households to organise their labour, time and other resources so as to protect and, if possible, increase their consumption. Their capacity to adapt and ward off vulnerability varies with factors such as household size, composition, and its stage in the domestic cycle. Many cope admirably, in no small measure because of strategies devised by women. However, the pressures faced by millions of poor households are stretching these capacities to their limits. Short-term coping strategies cannot totally offset the consequences of economic change. In some cases, they may even undermine a household's ability to recover and move permanently from vulnerability to self-sufficiency. There are increasing signs of breakdown in family and community support systems, along with social isolation, alcoholism and drug abuse, all of which should seriously concern policy-makers.

This chapter is based on a review of a sample of country studies financed by United Nations Development Programme (UNDP) from 1997 to 1999.¹ Drawing lessons from these studies is fraught with methodological problems. First, the review covers a highly heterogeneous group of countries, ranging from small island economies to the fourth most populous nation in the world. Second, few of the reports offer the kind of ethnographic material that permits detailed exploration of the coping strategies and livelihoods of the poor. In addition, the time period, quality of data, analytical approaches and methodologies differ from one study to another, precluding close comparability. These limitations notwithstanding, the studies contain a wealth of information on household responses to economic and social transformation.

The chapter is organised in five sections. The first demonstrates that wage income constitutes a major element of poor people's livelihoods and presents cross-country evidence of a growing deterioration of wages and work conditions. The second section discusses a number of factors that impinge upon the capacity of households to respond effectively to those changes. It also analyses the differential impact

of change on individual household members, showing how declining livelihood opportunities typically impose unequal costs and burdens. Section three analyses a range of domestic responses undertaken by poor households that have been forced to undergo private adjustments in order to cope. The final section highlights the importance of social exchange and reciprocity networks for people's survival, but calls attention to the crumbling of such networks under the pressures of poverty.

Household resources and economic opportunities

The innovative strategies and resourcefulness that poor people use to survive economic change derive largely from 'private' initiatives implemented at the household and community levels. Labour plays a critical role.²

Work needs to be considered in all its forms — formal wage employment, informal work for cash, unpaid labour and subsistence production — because all of these permit individuals and households to mobilise their labour power so as to secure their livelihood. Even in countries where subsistence livelihoods prevail, wage employment is a crucial element for survival. Indeed, wages make the largest contribution to household income in countries that range from Latvia — where wages account for over 60 per cent of total household income — to Grenada, where most households derive their earnings from either wages or self-employment in small-scale agriculture and the services sector (Kairi 1998; Gassmann 2000). In Lebanon, where wage earners make up more than two thirds of the labour force, the majority of the poor also depend on wages or are self-employed (Lebanon 1998).

It is not surprising, then, that poverty is often closely associated with unemployment and low wages. Wage trends are the single most important factor explaining changes in wellbeing in Bulgaria (1998a), while in Latvia households whose main breadwinner is looking for a job face the highest poverty risk³ (Gassmann 2000). In Palestine, too, the poverty incidence of households whose members are not in the labour force amounts to 33 per cent. By contrast, full-time employment is the strongest indicator that a household is unlikely to be poor⁴ (Palestine 1998). There is also a strong association between unemployment and low satisfaction of basic needs in Lebanon (1998), while in Angola employment makes the largest positive contribution to consumption levels, especially in households with working wives (Wold and Grave 1999).

Even where formal wage employment is scarce, labour still constitutes the main asset of the poor. Like other household resources, labour does not exist in a vacuum. What matters is people's ability to convert those resources into assets that can lessen vulnerability and improve wellbeing. Vulnerability can result from a change in the amount or quality of the resources a household possesses, or in the opportunities it faces — or both. Understanding vulnerability thus requires focussing simultaneously on the characteristics of households, their endowment of resources,

and their structure of opportunities, particularly in their relationships to the market and the state.

Ample cross-country evidence points to significant transformations at the household level that stem from a process of economic and societal change characterised by the erosion of work. Families have been especially hard-hit in countries in transition to a market economy, which have seen a substantial rise in unemployment and in casual work. In Mongolia, the transition has resulted in widespread unemployment and underemployment, coupled with falling real incomes. Mongolia's population is very young, and the lack of job opportunities has resulted in a 40 per cent unemployment rate among people under 25 years of age. Once a person loses a job, she will probably remain unemployed for some time. This sets in motion a cycle of cumulative disadvantages that narrows the prospects of large sections of society to secure a decent livelihood (Mongolia 1997).

In Bulgaria, swift, radical economic reforms cut wages and social benefits drastically, pushing many workers into the informal economy. Data shows that Bulgarian people are working harder to make ends meet, often with little success. Casual employment has not only mushroomed, but is concentrated in the lower tiers of the labour market where incomes are low and insecure (Bulgaria 1998c). Similarly, many Latvian households are turning to self-employment and subsistence production following a substantial decline in the relative importance of wage employment since the onset of transition. Discrimination in hiring practices, wage arrears and temporary and precarious forms of work have become commonplace, and increasing wage dispersion contributes further to social stratification. The chronically unemployed tend to become self-employed in very unproductive subsistence activities in agriculture. This has resulted in a substantial movement of the Latvian population away from the urban-based cash economy (Gassmann and de Neubourg 2000).

Elsewhere, the erosion of work can be attributed to the effects of economic crises and the adjustment policies implemented in their wake. The growth of unemployment and precarious jobs due to closure of firms, rising labour flexibility, the weakening of labour unions and the decline in public sector employment has reduced the prospects of many Uruguayan families for building their future through stable jobs (Uruguay 1999). Labour flexibility is also rising in South Africa, increasing the share of low-paid and less secure employment. This in turn exacerbates social stratification, as the bulk of the self-employed tend to be concentrated among the African, rural and female population (South Africa 1998).

East Asian countries have also experienced a growth in informality. In Indonesia, one of the countries most severely affected by the 1997 financial crisis, real wages dropped by 33 per cent between August 1997 and August 1998, pushing a large number of people who had been formally employed in 1996 below the poverty line. While unemployment in Indonesia is traditionally low, partly because poor

people cannot afford idleness, as much as 70 per cent of all poor household heads were self-employed in 1998, whereas only 28 per cent were wage earners (Indonesia 1998). Even in South Korea, where steady employment growth has provided the basis for the country's remarkable record in reducing poverty, half of all urban employment in 1993 was in the informal sector, and unemployment rates were relatively high, particularly in slum areas⁵ (Korea 1998).

Formal employment is acutely scarce in most poor countries, and is typically performed by men. Because the poor cannot afford the luxury of unemployment, they are forced to survive on extremely low earnings, with long working hours and harsh working conditions. In Grenada, for example, wage labour has dropped as a result of government downsizing and a steep decline in agriculture, in which wage labour had prevailed. Both small farmers and rural labourers now exert pressure on urban employment, where light manufacturing for export has failed to fill the gaps due to comparatively high wage levels. A large part of the adult population is able to find only casual jobs in the informal economy (the only sector that has grown in recent years⁶ (Kairi 1998).

Unemployment is also a growing phenomenon in Sudan, affecting largely women, the young and the rural labour force. Sudanese women, in general, appear to be more vulnerable to job destruction and less prone to benefit from job creation (Sudan 1998). In Angola, the urban informal sector shelters not only the poor, but also the better-off. In nearly three out of every four households in Luanda, at least one member works in the informal sector, mostly in commerce where women predominate (de Sousa 1998).

As informal activities proliferate, casual labour becomes a critical source of income for households. Casual labour, however, is characterised by very low and irregular wages, especially in urban areas where the market is saturated and competition for jobs is keen. It is therefore no surprise that in Kampala, employment was ranked among the three main priorities in participatory assessments carried out in four communities. As elsewhere in Uganda, almost everyone capable of physical work is engaged in producing for his own subsistence⁷ (Uganda 1999a).

Household determinants of vulnerability

As labour market opportunities shrink, some people find refuge in the informal sector, which constitutes a crucial ingredient of their livelihood strategies. Often, however, the informal sector is as saturated and stagnant as the formal economy. In such circumstances, people are forced to adjust in order to forestall vulnerability. These changes, however, do not affect everyone in the same way. Households are typically endowed with different amounts of resources, which equip them differently to cope with change. The ability of a household to combine resources is affected by its size, composition and type, its stage in the domestic cycle as well as

Box 1. Unemployment, informality and poverty in South Africa

Unemployment in post-*apartheid* South Africa encompasses up to 30 per cent of the economically active population. It is highest among Africans, women, youth, the rural population, and those with no work experience — often as high as 55 per cent of those in poor households, who typically rely on multiple income sources to reduce risk. Livelihood strategies include a combination of agriculture and fishing, self-employment in small and micro-enterprises, wage labour, and claims against the state (pensions, unemployment insurance and state child maintenance), employers (pensions) or individuals (private child maintenance). Other critical income-earning and income-stretching activities include domestic labour, illegitimate activities (drug trafficking, prostitution and petty theft), the sale of household assets and the use of natural resources for cultivation, grazing, fishing.

In agriculture, the standard wage falls well below the subsistence minimum and the labour market is little developed. Mining relies largely on poor rural workers. Community and domestic services are mostly informal and performed by women. Of the 1.2 million people now in the informal sector, 86 per cent is African and 7.6 per cent coloured. But informality is not homogeneous. While informal wage employment provides an average income above the poverty line, mean and median incomes among the self-employed amount to half and one-ninth, respectively, of the mean monthly income across all informal categories. Moreover, income dispersion among the self-employed hides a large majority of people far below the poverty line. At least 45 per cent of those self-employed in informal activities earn less than the Supplemental Living Level (SLL), which is set at 35 per cent of the poverty line. Africans, young people aged 15 to 24, women and rural inhabitants constitute 76, 67, 60 and 46 per cent, respectively, of the self-employed earning less than the SLL. Eighty per cent of those with all 'markers' (African women aged between 15 and 24 in rural areas) belong to this category.

by factors related to headship, all of which determine the number of potential contributors to the household economy.

Households are commonly defined as social and economic units consisting of one or more individuals who live together and share both the 'roof' and the 'pot', that is, dwelling and food. As long as this element of 'sharing' exists, a single household can comprise several conjugal units. However, because this 'sharing' is often taken for granted, it is seldom discussed.

In reality, households encompass a complex array of relationships involving economic, social, cultural and political aspects of reproduction. They are social units organised not only around a 'shared' house and a 'shared' pot of food, but also around the complex task of generating incomes and managing labour — that most important livelihood ingredient for the poor. Analysing vulnerability requires opening up the *household* so as to assess how resources are generated and used, how

they are converted into assets, and how the returns from these assets are distributed among household members.

Most studies of households have emphasised their ability to adapt to worsening employment, goods and services markets by means of increasing their effort. In so doing, households have not only been able to survive, but also to retain their basic form of social organisation, the family, which itself guarantees the physical and social reproduction of the poor. But this premise obscures the fact there may be limits both to the adaptive behaviour of poor people and to the viability of households as such. In addition, this premise masks the different impacts of economic crises and restructuring upon individual household members. These differentials tend to vary most significantly with gender and with age.

Household size and composition

The size of a household, its structure and the availability of income earners are crucial elements of vulnerability. In general, poverty is more prevalent in large households with few income earners. Findings from Uganda (1999a, 1999b) show a clear association between household size and access to land, work and food. Polygamy, for instance, is frequently linked to failure to meet basic needs. Polygamous families tend to be more prone to disease and to lack preventive health care (including mosquito nets) and enough food, as well as proper clothing and adequate housing. Large households in Lebanon (1998) are also reported to have lower levels of income than the average, while in Palestine the poverty rate increases consistently with household size, beginning with two-person households. The largest Palestinian households, with ten or more members, have the highest poverty rate (34 per cent in 1997), followed by single-person households (31 per cent). Poverty is also deeper in these households (Palestine 1998).

Even in Latvia, where households generally average of 2.47 members with a mere 0.52 children, recent data show that poverty ratios increase with each additional household member. Households with only one person have the lowest poverty risk (less than two per cent are below the poverty line), while almost 20 per cent of the individuals living in households with four or more members are poor. The larger the household, the deeper the poverty: poor households have three members on average, compared with only two members in non-poor households (Gassmann 2000). By contrast, in South Korea large family size is not associated with low income. According to data of 1982, poor households in Seoul were smaller than the national average (Korea 1998).

Our review thus provides some evidence of greater poverty characterising large households, but the association between the two variables is not always clear. A large household with only one provider and many small children will differ from a household that has an equal number of members, but a larger proportion of adults

who are in a position to participate in income-generating activities.⁸ Better-off households may also be more capable of staying together than poorer ones, which would result in smaller household size among the poor. Variables such as a household's dependency rate, rather than size alone, must be taken into account in assessing the degree of vulnerability of particular households. Size *per se* is not the issue; a combination of several factors, notably the availability of household members to generate incomes plays a critical role.

Sex of the household head

Female-headed households have increased almost everywhere as a result of demographic and socio-economic changes. Conventional wisdom holds that they are poorer, more vulnerable and more prone to transmit disadvantage to the next generation than households headed by men. Particularly when the head is a single mother, female-headed households are also the objects of stigma and discrimination in many societies, especially those that regard the nuclear family with a male breadwinner as the desired norm. A heated debate has developed in recent years between those who support the idea of a close association between female headship, poverty and vulnerability, and those who see these households as economically and socially viable. Our review of findings from several countries leads us to conclude that there are no grounds for arguing that female-headed households have a greater incidence of poverty or vulnerability than other single- or two-parent households.

Households headed by women are poorer in Bulgaria, Lebanon, Palestine and South Africa. The poverty rate among South African households with a female head is 60 per cent, compared with 31 per cent for male-headed ones (South Africa 1998). In Lebanon, the percentage of households below the poverty threshold is 40.3 per cent for those headed by men and 57.7 per cent in the case of households with a female head. This disparity is due, first, to the greater probability of widowhood or divorce in households headed by a woman, which implies the loss of a major source of income from the work of the former husband. Second, greater poverty among female-headed households can be explained by the lower wages obtained by women, whose mean wage is 78 per cent of that earned by men (Lebanon 1998). Likewise, households headed by women in Palestine constituted about eight per cent of all households in 1997, but 11 per cent of those living in poverty. Predictably, the poverty incidence is much higher among female- than male-headed households (30 per cent vs. 22 per cent). In poor households alone, 73 per cent of those with a female head, compared to 63 per cent of those headed by a man, suffer from 'deep poverty', which entails an inability to satisfy their minimum requirements of food, clothing and housing (Palestine 1998).

By contrast, findings from Angola, Indonesia, Latvia, Maldives, Sudan and Uganda show that households headed by women have equal or even higher

incomes and consumption levels than their male counterparts. The presence of children in the household, its structure and composition, and the age of the head have a stronger influence on the probability of being poor than female headship. For instance, Latvian households tend to be poorer if they have children, regardless of whether a man or a woman heads the household (Gassmann 2000). Nor is female headship always the unwanted consequence of male desertion; it is often the outcome of women's own desires and decisions (Maldives 1998).

Recent data from Sudan also cast doubt on the thesis that female-headed households constitute a homogeneous group that tends to be poorer than those headed by males. Households with a woman head have a smaller number of members and therefore are less crowded. They also have a much higher per capita income than those headed by men in both urban and rural areas. At the same time, whether a household is headed by a man or by a woman has no statistical significance in its total level of income (Sudan 1998).

Gender and age of the household head are major poverty risk factors in Angola. But contrary to the stereotype of the 'feminisation of poverty', female headship is relatively more prevalent among better-off households and less prevalent among poor ones in urban areas than is the case with male-headed ones — although both types are equally represented among the extremely poor. In the countryside, though, female-headed households have the highest poverty level and the highest food budget share (Ceita 1999).

Results from the Uganda poverty assessment show that, in all the communities studied, female-headed households are characterised by higher consumption of food and medical treatments. This observation is in line with the well-documented fact that when women have control over an independent source of income, they tend to give priority to spending on food and other basic necessities that have a positive impact on family wellbeing. Thus, even if households headed by men may be richer in income terms (which is not always supported by the evidence), those that are headed by women appear to be better off in other respects because of their greater emphasis on welfare-enhancing consumption practices (Uganda 1999a, 1999b, 1999c).

The importance of the domestic cycle

Households are not static, but very dynamic social units. They evolve over time and are exposed to varying levels of vulnerability as they go through different phases in their domestic cycle. Capturing this element requires a longitudinal perspective that takes into account the various stages in the developmental process of households. Each of these stages is conducive to particular social arrangements that influence their ability to mobilise their labour and other resources in the face of change.

The *expansion* and the *dispersion* stages are critical times for poor households in

terms of their exposure to vulnerability. These are the stages in the domestic cycle when the pool of household labourers relative to its dependants is lowest — fewer members are available to generate incomes for the domestic unit.⁹ This is particularly prominent among the growing numbers of old people in Latvia and Bulgaria, where the state has reduced old-age pensions and child benefits following the collapse of communism (Bulgaria 1998a; Gassmann and de Neubourg 2000). Data from Lebanon (1998) and Palestine (1998) also suggest that households headed by young and old workers — in the early stage or the dispersion years of the domestic cycle — are much more vulnerable to poverty than those whose main providers are between 40 and 54 years old. Similarly, findings from a participatory assessment in South Africa corroborate the life-cycle dimension as a key determinant of the movement of households and individuals into and out of poverty (South Africa 1998).

Other studies document the presence of ‘critical age groups’ such as children, youth and the elderly. In Grenada, for instance, women and children are most severely affected by poverty. But elderly people are also vulnerable. Neglected by their adult children, they are often forced to depend on the charity of friends or the

Box 2. Coping with protracted crisis: Bulgarian households during transition

Bulgaria’s transition began with swift, radical economic reforms that drastically reduced minimum wages and social payments. Real wages and social assistance declined by an estimated 65 to 70 per cent between 1990 and 1998. By 1997, the minimum wage purchased only 33 per cent of the minimum subsistence basket. The share of total household income devoted to savings fell from ten per cent in 1989 to three per cent in 1997, when real consumption represented less than a quarter of its 1990 level.

Bulgarian families have resorted to various strategies to stave off poverty. Many households are removing their children from school. Second jobs and home-based production rose significantly. Only 25 per cent female-headed households have a person with a permanent job, compared with 75 per cent in those headed by men. One million people now work in the informal economy — which, according to a recent World Bank study, accounts for more than 40 per cent of Bulgaria’s GDP. Now on a par with the private formal sector, the informal sector has become one of the driving engines of the Bulgarian economy. Growing absenteeism in numerous enterprises seems linked to more time spent on second jobs. Declining opportunities and the rise in casual work have increased pressures to migrate. Romany families have resorted to clan networks to secure jobs in distant places, while Muslim families tend to move from rural areas to the cities. People are now producing larger amounts of goods for their own consumption — including growing food, raising animals and producing basic textiles and garments for family use. The shift to subsistence production encompasses urban as well as rural families.

church (Kairi 1998). In Uganda, too, old age is frequently associated with poverty, particularly in situations where the aged are sick and lack support from relatives (Uganda 1999). And in Lebanon, the percentage of households below the poverty line is higher among heads aged 55–59 years, as well as 39 years or less. Workers earn higher wages for only about ten years of their working lives (Lebanon 1998).

Gender relations and household differentiation

Households are best conceptualised as a site of not only cooperation, but also of conflict and negotiation. They often constitute an arena of confronting interests and unequal burdens and access to resources, in which women, children, youth and the elderly are in the weakest position. A commonly held assumption is that households constitute a ‘melting pot’ in which differences among its members merge and disappear. If this were true, household dynamics could have a moderating influence on the conditions that women face in labour markets, to take only one example. But if the household itself is a locus of inequality, intra-household relations will add another layer of inequality to that created by markets. Social inequality will thus increase rather than diminish. It is therefore important to ‘open up’ the household and examine its internal dynamics and social organisation. As long as households are treated as a ‘black box’ in which the distribution of resources and capabilities is assumed to be equitable, we fail to understand the real impact of economic change on poverty and vulnerability.

In fact, household restructuring in response to declining opportunities and adjustment has not affected every member in the same manner. In many countries, women appear to be paying the highest cost of household transformation. They are working harder and longer hours, without any significant positive change in their status. Angola provides an example of women’s increasing role as breadwinners during economic crises. In terms of their contributions to the household economy, poor women are now on an equal footing with men, yet continue to bear the burden of domestic chores assisted only by their children. Data from time-budget studies in urban Angola show that women have longer working days as a result of their double role as breadwinners and housewives. The same data reveal that men are not contributing to household chores to the extent that women have become breadwinners. Women, for instance, collect most of the firewood needed by the household. Collecting water also consumes many hours of women’s time — and although men are doing more shopping than in the past, they still seldom take part in other domestic tasks (Ceita 1999; Wold and Grave 1999).

Data from Mongolia provide evidence of women’s ‘double burden’ as an outcome of the transition. In the past, the state supported women in their childbearing and child-rearing functions through the provision of generous benefits. These were largely withdrawn in the early 1990s, as a result of which the number of day-

care facilities dropped from 441 in 1990 to 71 in 1996. Yet women's perceived roles as 'care-givers' continues. As a result, many now face a work burden that encompasses their responsibilities both within and outside the household. This double burden often creates role conflicts that lead to lower career mobility for many women who try to balance the different demands they now face. Indeed, far from gaining control over their lives, women seem to encounter greater conflicts as they gain a footing in the paid sphere without being able to shed some of their traditional domestic responsibilities (Mongolia 1997).

In other countries, too, women's participation in wage employment and other income-generation activities has not produced equality in gender relations. In Uganda, women perform as much as 50 per cent of the work involved in cotton production, but do not control the money they earn. They also participate very little in the process of decision-making at the household or community levels. Men alone are involved in the transport business, in which women are not allowed — although in practice, they often carry heavy loads of goods from one place to another on foot. The marketing of produce is also mostly a male domain. Women can only participate with their husbands' permission and, if they do, they are allowed to handle only very small quantities of goods. Even then, women are expected to declare the outcomes of their transactions, as well as account for the money they spend for household consumption. Wives may be entrusted with money to keep, but have no right to spend it unless their husbands permit them to do so (Uganda 1999a).

Differential access to resources and discrimination against women and girls are common in many countries. Reluctance on the part of husbands was among the main reasons given by both men and women to explain the low female labour-force participation rate in Maldives. Ironically, men's control over women's lives seems to be an obstacle for the mobilisation of some key household resources, such as women's work. Stunting and wasting are especially prevalent among girls, partly because of the high incidence of infections and the acute anaemia suffered by many mothers (Maldives 1998).

Likewise, boys are said to be more valued than girls in Uganda, where families prefer to keep boys at school if they cannot educate all their children. Women who took part in the participatory assessment carried out in that country reported they felt 'at the mercy of their men' and had 'no voice even when the man is misusing the money' (Uganda 1999c). They also stated that their husbands beat them for attending meetings, and prevent them from using family planning services because they do not approve of such practices. Women's heavy workload, together with lack of ownership and limited access to land and other valuable resources, makes them not only poorer, but also more vulnerable in facing hardship and economic crises. In both rural and urban areas of Uganda, men control the most important

household assets, including land, livestock, housing, TV sets, radios and vehicles. Perhaps the clearest indication of women's subordinate position is the fact that, upon a husband's death, widows are bequeathed to their husband's brother, together with all their household assets (Uganda 1999a).

Even though poverty and insecurity at work seem to be eroding men's traditional role as the family's main provider, the resilience of patriarchal systems of authority has prevented the changing roles of men and women in the productive sphere from translating into more equitable gender relations within the household. Indeed, as feelings of inadequacy on the part of men increase, the maintenance of patriarchal norms and values is leading to severe strains between the sexes. According to qualitative data from Uganda, being poor has severely eroded men's self-esteem and 'undermined their manhood'. Out of frustration, many men are said to resort to drugs, crime and violence (Uganda 1999a). In Grenada, too, lack of male self-esteem and feelings of inferiority, shame and frustration are associated with long-term unemployment and are leading many men to become engaged in illegal activities to support their families. Increased violence, crime and prostitution, as well as a deterioration of family life are reported as outcomes of job insecurity and lack of economic options (Kairi 1998).

Altogether, though, gender identities appear to be enormously resilient, even in the face of rapid change. In some cases, this resilience may serve as a buffer against extreme hardship, while in others it may constitute a serious handicap. The most revealing data come from Latvia, where unremitting economic pressure has led to pervasive feelings of depression, ranging from mild apathy, constant insomnia and stress to an obsession with suicide. Women, though, reported that their concern for their children has prevented them from even considering the possibility of committing suicide — which, together with drug and alcohol abuse, is much more prevalent among men, whose identity seems to depend heavily on their ability to earn money (Trapenciere et al. 2000).

This leads to the very interesting and largely unexplored area of masculinity and the impact of economic change on men's lives. Reversing our ignorance of these subjects is critical to improving our understanding of processes of social transformation in a truly gender-balanced manner.

Coping strategies and social reproduction

Labour market trends have triggered important changes in livelihood strategies. As a growing number of individuals experienced unemployment or had no other alternative but precarious jobs or subsistence agriculture, they have had to mobilise other sources of income to protect their consumption. In responding to these changes, the poor have displayed remarkable ingenuity and resilience. But the acute and protracted nature of the crises that have beset many countries seems to

be eroding the resource base of the poor, straining their capacity for survival.

It is useful to distinguish between two different types of household strategies. A *reproduction strategy* involves a series of economic and non-economic activities aimed at ensuring the long-term reproduction and wellbeing of the household unit and its members. A *survival or coping strategy* is typically a short-term response to shock and stress, implemented to cope with the expected and unexpected hardships of everyday life. Short-term coping strategies may be further distinguished between *household work strategies* aimed at protecting or increasing household resources and *restrictive practices* based on cutting down or modifying household consumption of goods and services. The former are implemented mainly through a process of intensification of work performed by members of a household, whereas the latter often result from a failure of work-based strategies to prevent the erosion of a household's resource base — and are therefore a clear sign of decreasing household capabilities.

The distinction between the two is mainly analytical, since in actual practice many strategies have an element of both. It is sometimes difficult to know when an alteration in consumption stops being a coping mechanism and instead leads a household into destitution. Some changes in consumption patterns (like eating more cereal instead of meat) can be understood as coping strategies, while others (curtailing total consumption, dropping out of school or not visiting a doctor) are rather an indication of a failure to cope.¹⁰ Both, however, are a response to constraining conditions, as households have to make tough choices within a binding budget limits. These choices often involve very costly tradeoffs. In general, a strategy can be said to exist as long as a household has the ability to choose. Once this capacity is lost, it is no longer possible to strategise.

Our review of country findings provides substantial evidence of a growing tension between short- and long-term livelihood strategies. In many countries, coping strategies are not only proving insufficient to offset the consequences of economic crisis and change, but may also undermine people's ability to recover in the future. This implies that there may be limits to the adaptive behaviour of the poor and that a survival strategy that relies on an intensification of household resources cannot be sustained permanently.¹¹

Household work strategies

People adapt to worsening conditions by increasing effort. This often involves a twofold strategy consisting of more, as well as more intense, work. When incomes fall, households react by placing more members in the labour market and raising the share of informal and family-based work for cash, including the use of unpaid labour of women and children. Female labour-force participation rates have increased in almost every country, while men's traditional role as main family providers has declined in importance. Children's labour, which is seen as a resource

to be invested in short-term strategies for survival, has also been on the rise. Household members who are already in the labour market tend to take second jobs and work longer hours, even as the total number of household income earners rises. As a rule, precarious and low-paid activities have increased at the expense of formal employment and income from wages and salaries. For many families, the informal economy now provides the basis for their livelihoods.

Mobilisation of additional household members

Since wages are a vital component of livelihoods, households' capacity to place their members in the labour market is one of the most crucial mechanisms for coping with economic hazards. According to evidence from many countries, households seek to compensate for an income loss by expanding their pool of income earners. This often involves adding members who had never been active economically (such as women and children) or had already stopped participating (like the elderly). In Indonesia, for instance, the dramatic fall in real wages from 1997 to 1998 was accompanied by a 3.5 per cent increase in the labour force. This increase was largely due to higher participation rates by women, especially married women with children, who decided to enter or return to the labour market after a period of absence (Indonesia 1998).

Mobilising additional household labour is critically important because it helps reduce dependence on a single source of income, which constitutes a key determinant of vulnerability. The economic position of Latvian households is directly related to the number of wage earners (Gassmann 2000). By contrast, the vast majority of Palestinian households depend on a single earner, largely the male head. This may help explain why, in the absence of female labour to supplement the income of the male breadwinner, poverty rates increase consistently with household size (Palestine 1999).

It is important to not only expand the pool of household earners, but also diversify the sources of income by drawing, when possible, from both wage and non-wage sources. This is one of the most typical strategies deployed by households seeking economic alternatives to protect their incomes. Both in Uruguay (1999) and Korea (1998), women and children work on a regular basis for extra household income, mostly in casual and informal jobs with a high degree of irregularity and instability. Poor Korean households are characterised by a higher number of workers, an indication that intensifying the use of labour is one of their mechanisms to make ends meet. In Bulgaria, too, the rise in second jobs, informal work and subsistence production means that more household members are working and that they do so for longer hours (Bulgaria 1998a). Likewise, between 13 and 19 per cent of Indonesian households have had to add the work of previously inactive members in their survival strategies since the beginning of the crisis (Indonesia 1998).

Family-based work for cash

In places where labour markets are not well developed and subsistence activities prevail, family members contribute to the household economy by participating in a mix of family-based cash and subsistence activities. This is the case in many poor countries where rural self-provisioning is the norm. Nevertheless, subsistence production is limited neither to agriculture nor to rural areas. A small but growing number of non-peasant families, including in some middle-income countries, are shifting to home-based production for lack of cash income, even in urban sites.

Where livelihoods depend on a single source, such as in many fishing communities of Uganda's Kalangala district, they are at greater risk (Uganda 1999b). To reduce this risk, people mobilise the collective efforts of all household and community members. Thus, although different in kind from formal wage employment, rural livelihood strategies also rely on mobilisation of household labour and the diversification of income sources for their survival. In rural Grenada, the majority of the poor do not have access to land, and even those who do lack the necessary resources to turn it into an asset. For this reason, the bulk of poor Grenadian households rely on 'backyard gardening', producing their own food for both consumption and sale or exchange (Kairi 1998). A similar situation is present in Indonesia, where a large number of agricultural households can be found in urban areas surviving on a combination of subsistence farming and family-based informal production and trade (Indonesia 1998).

In Uganda, too, subsistence farming is the main livelihood activity in rural communities, where very few people depend on paid employment or trade. Farming systems in Kapchorwa cover a wide range of food and cash crops, underlining the importance of having different sources to draw from. Women participate actively in the household economy, particularly in farming and petty trading, while boys and young men are becoming increasingly involved in casual work such as brewing, collecting firewood or grinding millet. Self-provisioning agriculture is also present among Uganda's urban inhabitants, who tend to poultry and goats and grow yams, bananas, potatoes and legumes in their gardens (Uganda 1999a, 1999b).

Traditional livelihoods in Papua New Guinea include subsistence gardening, river and seabed fishing, hunting and gathering. Everyone capable of work contributes to the household and village economy, from children as young as ten years old to elders aged seventy. When fishing or hunting is done for subsistence purposes, villagers use traditional techniques that inflict no harm upon their natural habitat. But as people increasingly need cash income to pay for school fees and services, they are intensifying their production in order to sell their catch or prey for cash. Lacking other means of earning incomes, villagers are also turning to cash cropping. This involves clearing large tracts of forest to create space for farming, hunting larger amounts of wildlife, and fishing more frequently, in larger quantities

and farther away from the seashore. People's increased dependence on the cash economy is illustrated by the fact that in 1990, 43 per cent of rural households were involved in coffee production and 36 per cent in copra production (Papua New Guinea 1998). This example highlights the tension between short-term survival strategies and long-term social reproduction, as the intensification of the use of natural resources poses a serious danger to the sustainability of people's livelihood strategies in the future.

Intensification of work

Households are also responding to income shortfalls and job loss by intensifying the total amount of work performed, both by individuals who were already working and by the household unit as a whole. This applies to formal wage as well as non-wage employment. Evidence from Bulgaria, Indonesia, Uruguay and other countries shows people working longer hours, taking on additional jobs and increasing home-based production in an attempt to prevent the erosion of their incomes.

Indonesian families, for instance, coped with the recession that began in 1997 through a process of intensification of work. In a survey conducted in 1998, more than one third of urban poor households and half of rural poor households had taken additional jobs, while 34 and 42 per cent of poor households in urban and rural areas, respectively, were working overtime. Middle-class households also increased their work effort in order to prevent a slide into poverty. Despite all these efforts, poverty rates increased steeply after August 1997 (Indonesia 1998).

Second jobs also gained in importance among Bulgarian workers. From 1990 to 1998, the share of wages from the main job in total household income dropped from 58 to 53 per cent, while that of second jobs rose nine-fold, from 0.4 to 3.6 per cent. They comprise mostly temporary and part-time jobs, as well as undeclared services performed on the side, meaning that Bulgarian wage earners have been pushed into the informal or 'black' economy where consumption has increased remarkably (Bulgaria 1998c).

In Uruguay (1999), men as well as women and children are important agents in the household work intensification strategies that have accompanied structural reforms in that country. Men engage in self-employment, work longer hours or accept jobs that may require fewer skills and pay less than their earlier ones. Women and children take on precarious jobs to complement family income. For both of them, this normally entails a heavier workload, as women retain their domestic responsibilities and children struggle to keep up with their schooling.

Women's contributions to the household economy

Women's labour has become a crucial asset for household survival and reproduction. Women participate in income-generating activities in growing numbers,

while men are encountering mounting problems to carry out their role as providers. Rising female participation rates in the labour force are an indication of these trends, although lack of jobs and the general contraction of the wage sector in many countries often limit women to low-paid, casual work in the informal economy. Predictably, women play a pre-eminent role in many of the work substitution practices implemented by households by shifting to home-based production of goods previously acquired in the market.

In countries like Latvia (Gassmann and de Neubourg 2000), households with a female breadwinner are evenly spread across social strata and constitute a majority of all households (56 per cent). The significant rise in labour force participation in the wake of the 1997 crisis in Indonesia can largely be attributed to higher participation rates among women, many of whom entered the labour market for the first time (Indonesia 1998). In Angola, almost half of all economically active women participate in informal activities, contributing substantially to household income. This large female presence is associated not only with a lack of job opportunities in the formal economy, but also with women's need for flexible work hours to balance wage employment with household and child care responsibilities¹² (Ceita 1999). In Uganda, casual labour is performed predominantly by women, who participate actively in petty trading and the marketing of produce, as well as in the production of cassava, potatoes and cotton. As in Angola, women's participation in the generation of household income is so important that households with only male income earners are reported to be among the poorest in Kampala (Uganda 1999a). In spite of this, many Ugandan men place restrictions on female participation in economic activities, especially on married women in rural villages.

Even though women's work is a crucial ingredient of the livelihood strategies of poor households in many countries, they still face severe discrimination in labour markets. Sudanese women, for example, are said to be the first to suffer from job loss and the last to benefit from job creation (Sudan 1998). Women who participated in focus groups in Grenada reported that they had a regular source of income, but their wages were usually very low and insufficient to meet their families' needs (Kairi 1998). In Bulgaria, only 27.6 per cent of female-headed households had at least one person permanently employed, while the corresponding figure in households headed by men was 74.6 per cent (Bulgaria 1998b). Even in South Korea (1998), where female participation rates are relatively high and their role in labour-intensive industries has been a crucial ingredient of the country's economic success, discrimination and stigmatisation of women entering the labour market are common. Women are concentrated in agriculture and the services sector, and those who work in light manufacturing for export tend to receive very low wages. As a result, women constitute one of the few 'pockets' of poverty that remain in the country, together with the elderly and single-headed households.

The dismantling of social programs in countries undergoing adjustment or transition has further affected women's position in the work arena. Mongolia (1997) dismantled publicly financed day care centres precisely at the time when labour burdens were shifting in many households towards greater female participation as wage earners. This has left Mongolian women no choice but to take on the double role of breadwinners and care-givers within the family. Given women's critical contribution to the household economy in so many countries, curtailing social programs presumed to benefit only women is bound to have an impact far beyond them.

Children's labour

Children have been particularly victimised by the declining trend in economic opportunities described earlier. There is ample cross-country evidence that, in responding to confining conditions, households have not spared children from their work intensification strategies. As a consequence, many are not attending school or drop out to contribute their labour to the household economy. They do this either by performing unpaid work or selling goods or services to supplement family income.

Child labour seems to be of crucial importance for subsistence livelihoods in Papua New Guinea, where children at the age of ten years start contributing to the household and village economy (Papua New Guinea 1998). Ugandan households protect their paltry incomes by pulling boys, and especially girls, out of school to help with domestic chores, forcing young girls to marry in exchange for bride price, and sending children and youths to perform casual jobs for food and income. Many children in Kampala have been forced to look for jobs at an early age in order to support themselves and help their families. As the number of street children has increased over time, they are turning to illegal practices like stealing or to the exchange of sexual favours for money to survive. Sex work is also common among women in the Kisenyi Parish (Uganda 1999a).

The use of child labour is not restricted to poor countries with subsistence economies. Many Bulgarian families are removing their children from school to put them to work (Bulgaria 1998a). Korean children also contribute an extra household income regularly by working at all kinds of casual and informal jobs (Korea 1998). In Indonesia (1998), about one out five poor households relied on children's unpaid work a few months after the financial crisis. While child labour has risen throughout the country, it is particularly high among urban boys from low-income families.

Although children's work has been mobilised almost everywhere as a response to declining incomes, it is not clear if it enhances household wellbeing. Yet the consequences for children can be devastating, imperilling their health and curtailing their educational opportunities. The need to use child labour for survival is one of the most important obstacles to education in Angola, where attendance rates

among young children from families in extreme poverty are a dismal 49 per cent of their school-age cohort (Wold and Grave 1999). By contrast, data from Korea (1998) do not indicate that working children are necessarily being withdrawn from school. Nevertheless, one can presume that children who are asked to work regularly end up by dropping out of school and devoting their time to looking for work.

Expenditure-minimising and other restrictive practices

We have reviewed a number of work intensification strategies implemented by households so as to protect or increase their pool of resources in the face of declining opportunities. Often, however, such strategies are not sufficient to cushion the poor from the impact of unexpected shocks and change, forcing them to adopt a range of restrictive practices aimed at protecting the basic consumption of the household. In most cases, the latter implement a mix of both strategies. As they both seek to increase the household's disposable income, their net effect is often the same. Yet it is useful to keep the analytical distinction between the two, as restrictive practices tend to be implemented when work strategies do not suffice to offset the erosion of the household's resource base and are a sign of diminishing capabilities that may lead a household towards destitution. As a rule, these practices involve cutting total spending, changing consumption patterns and liquidating household property and savings.¹³

Cutting food consumption

Poor people in most countries have responded to shrinking opportunities by modifying the structure of their consumption, as well as by reducing it in absolute terms. This applies first to non-essential items, but very often to food staples as well. The proportion of households reducing both the quantity and quality of food consumed is very significant in Indonesia, where almost two out of five poor households cut expenditures on food after the onset of the crisis (Indonesia 1998). Urban households in Uganda, particularly in Kampala, have reduced food consumption to the point of having only one meal a day. They have also changed their shopping habits. Instead of purchasing small amounts of sugar, maize flour or beans on a daily basis, they now buy larger quantities for use over several days. This allows them to pay lower prices than they had earlier. Buying on credit has also become a regular practice (Uganda 1999a).

As households' budgets shrink, the share of expenditures devoted to food rises in many countries. In Bulgaria, food expenses as a share of total spending rose by half, from 36.3 to 54.4 per cent, between 1990 and 1997 (Bulgaria 1998a). A similar trend was observed in Mongolia after the transition, especially among households headed by pensioners or workers on fixed wages, who have slipped into poverty because of drastic declines in their purchasing power. This has led to a

Box 3. Coping with a sudden shock: Domestic responses to crisis in Indonesia

To assess the impact of the crisis on poor households, Indonesia's statistical office conducted a nationally representative survey in 1998, covering 10,000 households spread over 27 provinces. The survey found that although the crisis impacted all households, rural as well as urban, the poor were most seriously affected; many were found on the brink of survival. During the six months prior to the survey, Indonesian households resorted to the following practices to compensate for rising prices and declining purchasing power:

- **Doing additional jobs.** Almost 37 per cent poor of economically active persons in poor urban households and 49 per cent in poor rural households had to take on additional jobs to supplement their falling incomes.
- **Working overtime.** One third of poor households in urban areas and almost half in rural areas were found to be working overtime. Those employed before the crisis were working more hours, and even many middle-class families had to increase their work effort in the aftermath of the crisis.
- **Sending children to work.** Eighteen and 22 per cent of poor urban and rural households, respectively, were relying on child labour. The incidence of child labour was highest among low-income urban families.
- **Asking other household members to work.** Fourteen per cent of poor urban households and 19 per cent of those in rural areas were including the work of other household members — often people either previously inactive or retired from the labour market because of advanced age or motherhood. Many married women with children entered the labour market for the first time.
- **Reducing the quantity of food.** As many as 40 per cent of poor households had to reduce total food consumption after the crisis.
- **Switching the quality of food.** Vegetables, fruits, fish, meat, eggs and milk were the main items cut from people's diets. Nearly 60 per cent of poor urban households and half of rural households substituted rice and cereals for more expensive food staples. Non-poor households were no less affected — almost 40 per cent of them were eating more cereal and fewer protein-rich foods.
- **Withdrawing children from school.** Because the poor in Indonesia value education highly, only 2.3 of poor households in urban areas and 3.3 per cent in the countryside had pulled children out of school. But protecting children's education normally meant cutting back on other essential needs.
- **Reducing medical expenses and purchases of clothing.** People were forced to curtail health care visits and purchases of medicines to the obvious detriment of their health. Almost 73 per cent of the urban poor and 67 per cent of the rural poor also cut their expenditures on clothing.
- **Cutting expenses in recreation and transportation.** About half of poor urban and rural households, and more than 40 per cent of the better-off cut expenditures on trans-

portation, thereby reducing not only their capacity to work and generate incomes, but their ability to maintain social interactions with networks of relatives and friends. Two thirds of poor households reduced their expenses in recreation as well.

- **Withdrawing savings.** Almost one out of ten families, including 18 per cent of better-off households, had to withdraw savings in the wake of the crisis — typically a last-resort measure that poor people take in an effort to avoid cutting food consumption.
- **Pawning and selling valuables.** More than 7 per cent of poor urban households pawned some of their valuables, while 10-15 per cent had to sell them to obtain income for current consumption. The corresponding figures for rural areas were 9 and 8 per cent, respectively.
- **Borrowing from others.** In urban areas, as many as 40 per cent borrowed money and goods, generally from friends and relatives — compared with 31 per cent in rural areas. On average, one out of four non-poor households also had to borrow from others to make up for income loss.
- **Consuming own production.** While borrowing seems to be most common in urban settings, consuming one's own production includes a greater share of rural households, ranging from half of all households among the poor to over one third among the better-off. Among poor urban households, the proportion reached 19 per cent. Many urban families moved back to the countryside in search of an alternative livelihood source.

severe deterioration of people's diets, despite their efforts to protect food consumption. Daily calorie intake per person in Mongolia was 25 per cent lower than in 1989, and still remained 15 per cent short by 1996 (Mongolia 1997).

Changing dietary habits

People have also modified their consumption patterns in an attempt to save money. The consumption of bread and meat, once traditional staples in Latvian diets, has decreased in recent years. As people try to buy the cheapest food, potatoes and other vegetables have become the main items in their diet, together with cheap fish (Gassmann and de Neubourg 2000). In Mongolia, too, the quality of people's diets has suffered since the economic reforms began. Consumption of cheaper substitutes has led to serious nutritional imbalances, undoing the improvements made over a period of two decades that started in 1970 (Mongolia 1997).

Consuming food of lower quality has also been a common response to crisis in Indonesia. Almost half of poor households in rural areas and six out of ten in urban areas are eating smaller amounts of vegetables, fruits, fish, meat and other protein-rich foods, which they have replaced with rice and other inexpensive cereals. The poorest urban households in particular were consuming twice as much cereal as a proportion of their diets in 1998 as in 1996 (Indonesia 1998).

Reducing health and education expenses

Another symptom of people's increased vulnerability is that poor households are cutting expenditures on basic necessities other than food. As a rule, the poor spend a much larger share of their income on health and education than the better-off do. Still, they often cannot afford the cost of schooling or health treatment.

For instance, Angola's poor devote half as much of their budgets to educational expenses compared with the non-poor. Households with high dependency rates face the toughest situation (Wold and Grave 1999). In Uganda (1999), the cost of secondary education is said to be prohibitively high for poor families or youths without support. To send their children to school, poor families have to sell household assets or curtail other essential expenses, such as rent or medicines. The cost of seeking health treatment, together with inadequate services, leads people to resort to self-medication, traditional healers or untrained birth attendants. Likewise, a large number of Mongolian children have experienced disrupted schooling in recent years. The privatisation of Mongolia's education system following the demise of communism has shifted the costs of schooling from the public sector to the family. This has resulted in lower enrolment and completion rates among children from poor households (Mongolia 1997).

By contrast, the poor in Latvia and Indonesia have so far managed to protect children's education, although only at the expense of other basic needs. Education is highly valued among Indonesia's poor in rural as well as urban areas. Consequently, while a growing number of children have been withdrawn from school since 1997, only a small proportion of families have been affected (Indonesia 1998). In Latvia, many people have had to forego satisfying other critical needs to keep children at school. This applies, for example, to medical care, which in Latvia as in other former socialist countries used to be universally provided by the state and is now a private service that must be purchased. Poor families can no longer afford medical treatment. They tend to avoid seeing a doctor as much as they can, relying instead on home remedies, over-the-counter medications or advice from professionals with whom they are acquainted — who for this reason will not charge for their services. This means that in obtaining health care, people's entitlements have been replaced by personal connections and the exchange of favours (Trapenciere et al. 2000).

Cutting non-essential expenditures

Expenses on transportation, clothing, leisure and housing are among the first to be cut in times of distress. Although these consumption items are obviously not as critical as food or health care, their significance in people's wellbeing should not be underestimated.

Many Ugandan families are unable to afford decent accommodation in urban areas, where rents typically consume a large proportion of family income. To save on rent, people stay in bad housing with no toilets, water connection or electrici-

ty, often situated in areas that are prone to floods, where they share their living quarters with many other households (Uganda 1999a). The reduction of spending on transport, recreation and clothing among Indonesian families was both drastic and immediate when recession struck in 1997. Almost two thirds of poor urban households slashed expenses in recreation, while three out of four reduced purchases of clothing only a few months after the crisis began (Indonesia 1998).

In Latvia, many households cannot afford the high cost of rent, services and utilities, especially if the head is unemployed. To cope with rising costs, families economise in various ways, substituting cheaper for expensive fuel, foregoing housing repairs, or paying only part of their rent or their telephone, gas and electricity bills to avoid eviction or disconnection of services. Although these practices have helped Latvian families cope in the short term, their standard of living has deteriorated as a result.

Drawing from savings and borrowing

While poor people's capacity to save is limited, they still manage to do so when members of the household have access to regular income. Examples of such practices can be found in the Mexican *tandas*, the *tontines* of West Africa and several other savings schemes that serve as community safety nets for occasional expenses or emergencies. It seems, however, that the capacity to save has been eroded in many countries because people no longer have steady sources of income. In a context of need, savings are an asset to be consumed.

Consuming savings and going into debt was commonly observed among households in transition countries. In Mongolia (1997), unemployment — an outcome of labour market liberalisation and enterprise rationalisation — has led people to use long-term savings for daily consumption. In Bulgaria (1998a), savings as a share of total household income dropped 70 per cent from 1989 to 1997, at which time 97 per cent of household income was being devoted to consumption. In Latvia, many people lost their life savings with the collapse of state banks, currency reforms and the hyperinflation of the early 1990s. Unable to afford the rising cost of housing and services, a large number of families have become indebted by accumulating unpaid rent and bills (Trapenciere et al. 2000).

Data from a survey carried out in Indonesia (1998) 16 months after the beginning of the crisis showed that people without regular jobs were relying on their savings as a first step before cutting consumption. Almost ten per cent of poor urban households had withdrawn savings during the six months prior to the survey. The figure for non-poor households, which have more savings to draw upon, was even higher at 18 per cent. Borrowing money and goods was another common practice, generally from friends and relatives, but also from moneylenders who normally charge exorbitant interest rates. Unsurprisingly, this practice was most common among the poor in both rural and urban areas.

Box 4. Latvia: Adjusting to a new reality

Because Latvia's economy was closely intertwined with the Soviet market, the breakdown of the Soviet Union and the ensuing economic crisis and hyperinflation forced many Latvian households to adjust to a new reality that included unemployment and a precipitous fall of real wages, accompanied by the dismantling of a system of public subsidies for housing and a wide range of services. Suddenly, utilities became a heavy burden not only for pensioners and the unemployed, but even for salaried workers. Some pensioners were found to be cutting on food, since they were not willing to go into debt as a result of the accumulation of unpaid utility bills.

To keep up with housing rent as well as utilities, many Latvian families cut back on necessary expenses when their debts become so large that they risk losing services, even their apartments. Some close off rooms or substitute cheap fuels for expensive alternatives — or simply live without heating or electricity. Many children spend longer hours at school instead of studying by candlelight at home. Many poor Latvian households limit their phone calls to urgent matters or make these calls from their office — or cut off phone service altogether. Often, they pay just a portion of their rent or utility bills to show good faith and thus prevent eventual eviction or disconnection of services.

Homes have deteriorated. Roofs leak, toilets no longer flush, gas heaters smoke, along with other problems that are publicly invisible, but no less real to those affected. Despite strenuous efforts to economise, many families have been evicted and resettled in substandard housing, where conditions are often even worse.

Pawning and selling valuables

The liquidation of household assets and the pawning or sale of jewellery and other valuables are other last-resort actions that households are forced to take to protect their consumption. The sale of household items was observed among the poor of South Africa and Sudan, where previously acquired wealth was being consumed in exchange of current income for survival (South Africa 1998; Sudan 1998). Poor urban households in Indonesia have also resorted to pawning or selling valuables as a coping mechanism, while in Latvia a majority among poor households have sold much of their furniture or moved to substandard housing in order to pay off debts and afford food and other necessities (Indonesia 1998; Trapenciere et al. 2000). Few manifestations of poverty among Latvians are more telling than the empty, dark, unheated apartments in which many now live.

Home-based subsistence activities

Income from home production is one of the livelihood sources most subject to household management. It rises and falls with short-term economic swings. It is common for poor households to react to falling incomes by increasing their consumption of goods

produced at home. Relying on informal production for sale and saving on goods previously bought in the market have enabled the poor to protect their consumption levels. This strategy is by no means limited to rural households. Many city-dwellers have moved back to live with relatives in the countryside, and even those who still live in cities are engaging in subsistence activities like backyard gardening and raising animals.

Evidence from Bulgaria, Latvia, Mongolia and Indonesia points to the growing importance of home-based production for family consumption. In Bulgaria (1998a), the share of home production in household income doubled, from 14.1 per cent in 1990 to 27.5 per cent in 1995. The substantial increase in the non-monetary share of household income since the beginning of the reforms derived large from this shift to household production. While farmers who used to produce for local markets have moved to large towns or cities, a rising number of urban people are now engaged in subsistence activities producing garments and food for family use.

Another transition country that has experienced a large increase in subsistence production is Latvia (Trapenciere et al. 2000). The dismantling of collective farms after independence affected agricultural wage labourers severely. Those left without a job perform various kinds of wage and self-employed work. But because these multiple activities do not provide year-round incomes, many unemployed people are forced to undertake subsistence work to survive. As the relative importance of the wage sector in the Latvian economy has declined, the country is witnessing a substantial movement of population away from the urban-based cash economy towards subsistence agriculture. This particularly affects the chronic unemployed, many of whom have moved away from the cities where they could not afford the rising cost of living. Some subsistence production takes place in urban areas as well. In addition to extensive backyard and pot gardening for food, animals are raised in apartments for consumption at home.

In Indonesia, which has undergone rapid urbanisation in recent history, the crisis has triggered movements back to agriculture. Instead of borrowing, a predominantly urban practice, consuming one's own production is most prevalent among rural households, both among the poor (50.3 per cent) and the better-off (37.1 per cent). Yet nearly two out of five poor urban households consume goods produced at home (Indonesia 1998). Likewise, widespread unemployment in Mongolia has led more than 95,000 people to move into herding from other economic sectors during the early 1990s to seek an alternative livelihood (Mongolia 1997). Mounting economic pressure is thus transforming the demographic landscape of many countries, whether as a consequence of long-term transition or of sudden shock.

Marginal and illegal activities

A varied and disparate number of activities best described as 'marginal' have proliferated as a response to enhanced vulnerability. Sometimes these occur in a con-

text of pseudo-legality or in direct infringement of the law, and are as often an attempt to cope with adversity as an indication of a failure to cope. This does not imply that these activities did not exist before poverty set in or that they are confined to poor households. But faced with an increasingly hostile environment, some people have had to resort to whatever means possible to survive, which are often found in the interstices of the economy and society.

The heterogeneous mix of activities included in this category range from cheating at work to engaging in production or consumption in the black market, or undertaking illegitimate and even illegal actions. In Bulgaria (1998c), the same factors that are pushing workers towards informality also foster informal consumption in the black market. Unbilled services, undeclared activities and rents, and the hiring of illegal labour for construction and household repairs have become frequent among people who try to avoid sliding into poverty. There is also growing absenteeism in many Bulgarian firms because of people's need to moonlight. Petty theft at work for sale in the black economy is on the rise in Latvia. Some poor households, striving to make a living, engage in the illegal production and sale of alcohol, and alcohol abuse has become a matter of growing concern (Gassmann and de Neubourg 2000).

In Grenada, women who took part in focus groups discussions said that they often had no choice but to prostitute themselves. Selling their bodies was the only option they saw to obtain money to feed their children (Kairi 1998). Findings from participatory assessments in Uganda and South Africa also showed young girls and adolescent boys frequently engaging in prostitution to survive. Drug trafficking and stealing were other illegitimate activities often associated with poor youths and street children from these countries (Uganda 1999a; South Africa 1998). Apart from being a symptom of declining capabilities, illegal and marginal activities often result in social exclusion and stigma, further restricting the opportunities people may face in the future.

The limits of coping: Reciprocity networks in crisis?

The significance of what some authors call 'social capital' has been increasingly recognised in recent years. Social bonds and networks based on principles of trust and reciprocity enable people to pool resources and services in mutually beneficial arrangements, by encouraging economies of scale in purchasing or cooking, or the voluntary exchange of labour for harvesting and housing. They also provide an essential buffer, allowing the poor to borrow from neighbours or move in with relatives in times of need.

For these reasons, kin and friendship networks are a vital support mechanism, since the poor rely on them for the mutual exchange of goods, services and money. In Grenada, such self-help practices permeate society through the *marron* system,

an arrangement in which people share their time and labour to help one another with house repairs and the planting or reaping of crops. Friendship networks also provide daily mutual assistance and support in difficult times, involving even exchanges of water, food and shopping essentials (Kairi 1998). In Papua New Guinea, the *wantok* system, based on kinship ties and other relationships among people of the same language group, operates like the *marron* for social exchanges sanctioned by the community. It not only constitutes a crucial ingredient in rural livelihoods, but links rural and urban areas through an elaborate system of reciprocal obligations that binds those who have already moved towns and cities with people of their own background in the countryside (Papua New Guinea 1998).

Other examples of the importance of reciprocity networks emerge from rural Uganda, where many families derive a large part of their livelihood from close relatives, friends and churches, as well as Latvia, where most people engage in exchanging goods and services with other households. Some poor households in Uganda, especially those that are female-headed and lack support from an estranged husband or his family, draw as much as 70 per cent of their livelihoods from relatives and friends (Uganda 1999b, 1999c). In Latvia, it is estimated that over 30 per cent of the households in the richest quintile give cash, goods or services to other families, while over 50 per cent of all households rely on networks of mutual help for short-term emergencies or long-term crises (Trapenciere et al. 2000). In Palestine, too, people lacking old-age security rely on support from family members, without which they would be unable to manage (Palestine 1998).

Yet however important these social networks and mutual support may be, the fact remains that such 'community' aspects of survival are limited. These resources

Box 5. Social networks, central to people's livelihoods

Kinship ties and community networks based on social exchange and solidarity allow not only for the pooling of resources and services that make people's undertakings more efficient or productive, but provide them with a crucial buffer during emergencies and crises.

People consider their social networks a critical ingredient of wellbeing. In Mongolia, the herder households ranked as poorest and richest in qualitative assessments were those that had the weakest and strongest social bonds in their communities. Poor households tended to have few social contacts, compared with the dense web of connections maintained by better-off households. In Maldives, the progressive replacement of the extended-family system by the nuclear family seems to be one of the main causes of the increasing hardships faced by many families in the poorest atolls. In Uganda, too, people associated poverty with reduced cooperation in the family, increased social isolation and a process of 'every one caring for oneself'.

are finite — and, apparently, diminishing under the pressures of poverty itself in several countries. Under conditions of extreme hardship, reciprocity may cease to be possible. Growing stresses on kinship and neighbourhood ties can erode and eventually exhaust these relationships of mutual help and solidarity that provide critical safety nets for the poor. This, in turn, can result in increasing social isolation, a phenomenon that has received little attention despite the fact that it appears to be an important outcome of poverty.

Evidence from Uganda (1999b, 1999c) confirms that worsening standards of living are straining traditional safety nets of mutual assistance and support. The *wantok* system in Papua New Guinea is also showing some fissures resulting from growing stress. Under its system of reciprocal obligations, urban *wantoks* are responsible for supporting rural people who move to the city. But the magnitude of *wantok* obligations has expanded to the point where some urban households can no longer fulfil all their duties, and are forced to withhold support from members of their kin groups (Papua New Guinea 1998). In Latvia and other Baltic states, people accustomed to depending on social networks have had to curtail their socialising; poverty has reduced their ability to maintain those networks at precisely the time when they are most needed. Moreover, as people become more isolated, they cut themselves off from the sources of information and assistance that could help them overcome their problems (Trapenciere et al. 2000).

Unsurprisingly, people without family or neighbourhood support face greater day-to-day livelihood difficulties. Isolated households are found to be more prone to poverty than those that can count on supportive social networks — yet another indication of the importance of these networks to wellbeing. Old age and widowhood, for example, are frequently associated with poverty, particularly when combined with lack of support from relatives. Female-headed families that are left-behind are also strongly represented among the poor, especially when remittances from a husband or male relative are low or uncertain. In Maldives, a country with one of the highest divorce rates in the world, women face great economic hardship in caring for their children, since many men fail to provide for their family's sustenance. The progressive replacement of the extended-family system by the nuclear family seems to be one of the main causes of women's increasing financial hardships (Maldives 1998).

Mounting pressure on households sometimes leads to the premature separation of family members, as in Uganda, where girls are forced to marry young for 'bride price' that can sustain ageing parents and other family members, particularly in times of need (Uganda 1999b). Migration in search of work, a common practice among poor people, may also lead to the gradual disintegration of family ties. In South Africa (1998), poverty has been linked with the fragmentation of family relationships and alienation from the community. Social cohesion has been severe-

ly affected by the forced displacement of poor communities, which has destroyed their support networks. Rising violence and crime have further contributed to the spread of fear and mistrust, undermining cooperation and solidarity in the poorest communities, which, ironically, are those that need them most. Evidence of deteriorating family life, domestic violence and separation or divorce is also found among the poor in other countries, together with a growing incidence of alcoholism, drug abuse and suicide.¹⁴

It is worth noting that the weakening of social bonds is associated not only with unemployment and insecurity of livelihoods, but with the burdens of excessive workloads that limits people's time for social interaction. For example, since the closure of publicly provided day-care centres in the early 1990s, Mongolian women are forced to accommodate both the demands of a job and their child-rearing responsibilities¹⁵ (Mongolia 1997).

Because of the curtailing of social relations, the nuclear family has emerged in some countries as people's only shelter. In-depth interviews in Latvia show that families under stress either disintegrate or become more united, though a decision to remain together is sometimes dictated simply by scarcity. Many women with children choose to stay with a husband to avoid the greater distress they may face on their own, taking care of children while also working. The erosion of networks and the resulting atomisation of nuclear households have contributed to feelings of depression and low self-esteem (Trapenciere et al. 2000).

This shows that poverty and social isolation are closely related. Emphasis on the agency of the poor must not ignore the effects of severe stress on their resilience and adaptability. The 'protective' and cushioning functions of family and social networks cannot be seen as infinitely elastic. They have definite limits, and may erode to the point of exhaustion if stretched beyond those limits.

Conclusions

Research on households has made critical contributions to our knowledge of the impact of economic and societal change on people's lives, and the ways in which they organise themselves to cope with adversity. We now have a better understanding of the processes leading to vulnerability and the strategies deployed by poor households to keep it at bay. Households are very sensitive to economic and social change. Given their dependence on wage employment for survival, their organisation is intimately affected by trends in the labour market. Policies that impinge on the dynamics of the labour market are thus a major determinant of wellbeing. To comprehend the changing nature of vulnerability, we need an approach that combines the microanalysis of households and the analysis of policy and institutional change at the macro- and meso-levels.

This chapter has provided ample evidence of the shrinkage of opportunities for

the poor, characterised by a decline of wage employment and people's growing difficulties in mobilising their labour as an asset. This has major implications for the economy and social organisation of poor households, affecting their division of labour as well as their income-generating strategies.

Work strategies for coping include sending more household members into the workforce and engaging in a range of cash and subsistence activities. Women's contributions to the household economy become more important as men's capacity to generate a sufficient income declines. Work hours become both longer and harder, jobs increasingly precarious and low-paid. Children, too, become income earners. As a result, the relative weight of informal work in the household economy tends to rise, as does the share of goods produced and consumed at home.

Work intensification strategies are often supplemented by other domestic responses aimed at shifting consumption and reducing total household expenditures. Normally, these responses take place when the mobilisation of additional household labour fails to protect family wellbeing or to forestall vulnerability. Indeed, the shifting and cutting of consumption are clear signs of vulnerability that become manifest when strategies to stretch household resources are no longer effective. The reduction of food intake, in particular, is a last-resort measure. When restrictive mechanisms go beyond minimising expenditure to the liquidation of household property and savings, the household's total resource endowment declines — yet another indication that a household is failing to cope successfully.

This points to an important finding of this chapter. The much-celebrated resilience of the poor has its limits. We need to revisit analytical models based on the assumption that the poor can always adapt to changing conditions and still survive. Emphasis on the agency of the poor should not blind us to the fact that the actions implemented by the poor to secure a livelihood take place in a context of structural constraints — and that under that certain conditions, these constraints can be crushing. The 'private adjustments' of households may become too costly for sustaining their wellbeing and reproduction.

As we have seen, household restructuring typically imposes unequal burdens on its members. The accumulated evidence suggests that women bear a particularly heavy share of the cost produced by adjustment and change. By increasing significantly their participation in the labour force, they have expanded further their already vital contributions to the domestic economy, often becoming main breadwinners. This, however, has not improved their position within the household. There, they continue to play a subordinate role.

Households are dynamic entities. As they evolve, their capacity to mobilise labour and confront vulnerability varies. They are a locus of 'cooperative conflict', in which interests merge and reinforce each other as well as compete for access to rights and resources. Together with reciprocity networks based on kin and friend-

ship relations, households constitute an essential mechanism for the survival and reproduction of the poor. As their internal organisation and their capacity to engage in social exchange erode, poor households are cut off from vital sources of support and may disintegrate. Social isolation, that critical and often neglected outcome of poverty, increases people's vulnerability, accelerating a process of cumulative disadvantages that may further impair their ability to recover and climb out of their traps. ■

Notes

Ms. González de la Rocha is Senior Researcher at the Centro de Investigaciones y Estudios Superiores en Antropología Social (CIESAS), Guadalajara, Mexico. Alejandro Grinspun is Social Policy Advisor at UNDP, New York. The authors are highly indebted to Agustín Escobar from CIESAS for his valuable inputs during the research for this chapter.

¹ The review comprises 22 reports from 15 countries (Angola, Bulgaria, Grenada, Indonesia, Latvia, Lebanon, Maldives, Mongolia, Palestine, Papua New Guinea, South Africa, South Korea, Sudan, Uganda and Uruguay). The studies were sponsored by UNDP through the Poverty Strategies Initiative (PSI).

² Human capital (health, education and skills), natural resources, productive assets, time, family cohesion, claims and entitlements, and social and institutional networks are other important household resources that can be mobilised against vulnerability. Here the analysis centres on labour, not only because it is a resource that poor people have abundantly, but also because their success or failure to put labour to work is a central issue regarding vulnerability.

³ Having access to wages, income from self-employment or pensions is associated with the lowest poverty risk, compared with households depending on income from agriculture or other social transfers. One third of the individuals in households that depend on social transfers other than pensions live below the poverty line of 24 Lats, while agriculture predominates in the two lowest quintiles of the income distribution. In contrast, private sector employment is heavily concentrated in the highest quintile, which also has a large proportion of families with at least one member with a public-sector job. While access to social assistance and unemployment compensation help some households rise above poverty levels, they are not universally available, partly because of the growth in informal sector activities.

⁴ Employment is a much more significant factor than labour force participation rates in explaining poverty rates in Palestine, even though low wages are still a better predictor of poverty levels. Only 16 per cent of the households in which the head is employed full time are poor, as opposed to 34 per cent of the households in which the head worked only part of the previous twelve months.

⁵ The poor in South Korea are classified in five categories, almost all of which are related to employment. They comprise those who are unable to work because of age or disability; those

who are unemployed but able to work; the underemployed; those who are employed but unproductive; and those who are employed but carry a heavy burden of expenses for housing, education and health care.

⁶ By and large, women sell fruits and vegetables, but fishing, small-scale cattle raising and street vending are other activities typical of this sector. Although found among all social strata, unemployment is particularly high among the youth and older, unskilled workers, particularly women, and is strongly associated with household poverty.

⁷ Casual labour normally involves piece-meal work in one's community, as well as work performed by migrants in other cities or areas of Uganda. Manufacturing is a male activity, but many women participate in petty trading, especially as 'verandah traders' and in the 'evening markets', which started when urbanisation took place and many people migrated from the countryside. Although marketing of produce is mainly the responsibility of men, some women participate, albeit only with their husbands' permission. Women also predominate in the production of cassava, potatoes and cotton, where they perform as much as 50 per cent of the work.

⁸ Research conducted in Mexico during the economic crisis of the 1980s found that extended households were better-suited than nuclear households to implement labour-intensive strategies, especially if they were at a stage in their domestic cycle in which children were able to participate as income earners. Extended households were characterised by greater flexibility and the availability of a greater pool of members devoted to income-earning activities (Selby et al. 1990; González de la Rocha 1994). Chant (1991) also found that extended households are more conducive to women's participation in the labour market and to higher levels of income.

⁹ The expansion phase refers to the situation where the domestic unit grows and increases its number of members through the birth of new members. The dispersion phase, in turn, starts when the members of the household begin to separate from the household of origin to form and organise their own units (González de la Rocha 1994).

¹⁰ Sending children to work may also serve to protect households' income and ensure their reproduction during a crisis, but it also curtails children's life prospects and often contributes to the transmission of disadvantage to the next generation. This further highlights the contradictory nature of many household strategies, some of which may severely limit the possibility of longer-term actions.

¹¹ Research on the impact of economic crisis in Latin America during the 1980s documented the process of adjustment within poor urban households. One major contribution was the emphasis on the 'agency' of the poor and the rationality of their behaviour as they struggled to adapt to changing conditions. This challenged a long tradition of research that gave pre-eminence to structural factors in the analysis of social change. However, an excessive emphasis on poor people's capacity to adapt runs the risk of overlooking the fact that households' resilience is not infinitely elastic. Coping normally involves a delicate balance between short-term strategies for survival and long-term social reproduction, and the result of this tension is not always sustainable. Protracted crises, in particular, may erode and eventually deplete the resource base on which people's livelihoods depend. It is therefore important to introduce the concept of 'sus-

tainability' into the understanding of how people cope with structural constraints.

¹² The positive contribution of women's work to household consumption in Angola derives from several factors. First, a working wife often has a working husband, while the opposite is not as frequent; secondly, wives often earn more than their husbands; and thirdly, they tend to spend a larger proportion of their earnings on the consumption of basic necessities.

¹³ We have included home-based production and migration to the countryside among the restrictive household practices, even though the former involves an element of work substitution and the latter is often driven by a search for work. While home-based production for own consumption involves a decision by a household on how best to deploy its labour power, this decision normally does not involve the mobilisation of additional household labour. Its main rationale, furthermore, is not to increase household resources but to reduce expenses on goods previously purchased in the market. Migration, in turn, can be interpreted as a strategy to enhance household resources by sending family members to work in cities or abroad for extra income. The emphasis here, however, is on movements away from the urban-based cash economy to rural-based subsistence activities, implemented in many countries to minimise consumer spending and protect basic consumption.

¹⁴ Drinking is a major problem in Latvia, where it is considered both a cause and a consequence of long-term unemployment and poverty. Chronic unemployment is reported to have significant consequences for the persons involved, who become apathetic, depressed and prone to abuse alcohol in their search for an escape from the stark reality of their lives (Gassmann and de Neubourg 2000). Alcohol abuse is also common among poor men in Uganda, while Bhangi smoking has become popular among youths in the slum settlements of Kampala (Uganda 1999a).

¹⁵ Changes in the intensity of social relations are also related to changing work patterns and organisation of production. Before the transition, socialist collectives offered considerable opportunities for social interaction, while job security resulted in employment within the same organisation for long periods of time. Both of these disappeared from the life of the Mongolian people after the transition. Higher travel costs, in turn, have weakened the ties between rural and urban members of family networks, as people are no longer able to afford a visit to relatives as often as in the past. It is precisely the unemployed and the poor who possess the fewest social contacts in present-day Mongolia.