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Hadrien Saiag

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FINANCIAL PRACTICES AS ADAPTATIONS TO INCREASING VULNERABILITY

The dynamics of solidarity and protection in the suburbs of Rosario (Argentina)¹

Hadrien Saiag²

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Abstract

This chapter studies household-based solidarity and protection mechanisms, through a detailed analysis of their savings and indebtedness practices. It is based on five months of fieldwork carried out in Rosario (Argentina) in 2009. Household budgets reveal a wide variety of practices that reify savings and extend debt relations over time. They also highlight the prominence of domestic solidarity and protection mechanisms. The ubiquity of these household-based mechanisms should be understood as a response to the weakening of employment-based solidarity and protection schemes, induced by the dismantling of the Fordist-like wage-labour nexus that prevailed among Rosario's low-income households until the 1990s.

Key words: solidarity, protection, savings, debt, informal economy, household economy, Argentina.

1. Introduction

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² Post-doctoral Fellow, Human Economy Program, University of Pretoria, hadrien.saiag@gmail.com

This paper aims to provide an understanding of the reconfiguration of protection mechanisms through a detailed analysis of low-income households' saving and indebtedness practices in Argentina. Financial practices are more than just technical solutions for smoothing individual consumption over time (Servet, 2006; Guérin, Morvant-Roux and Servet, 2011 ; Guérin, 2006; Chamoux et al., 1994; Johnson, 2004): they involve a complex set of social relations specific to the household economy. These mechanisms act as a safety net, woven out of relationships of kinship. It is argued that the prominence of household solidarity today should be understood as a response to the weakening of employment-based solidarity and protection schemes, provoked by the dismantling of the Fordist-like wage-labour nexus. This argument is supported by an analysis of protection mechanisms found at both the level of households and wage-labour-related social protection institutions. In this respect, Karl Polanyi's (1944) distinction between four principles of economic integration (reciprocity, redistribution, householding and the market) provides a useful analytical framework (Servet, 2007; Hillenkamp, 2009; Hillenkamp and Servet, 2011).

This paper is based on research carried out from August to December 2009 among low-income households in the suburbs of Rosario.³ The author observed the daily financial practices of 18 households and conducted in-depth interviews with each of them to better understand the interdependencies among household members. The households' economic conditions varied (some were better off than others), but they shared two main characteristics: (i) the irregularity and low level of their income, resulting from informal economic activities; and (ii) their involvement in a Fordist-like wage-labour relationship⁴ over the past 20 years. This characteristic, specific to Rosario, a highly industrialized economy until the 1990s, is important because it allows us to establish a hypothesis concerning the dynamics of household- and employment-based solidarity and protection mechanisms.

Section 2 argues that the dismantling of the Fordist-like wage-labour nexus and the related transformation of social protection schemes led to increasing difficulties for Rosario's low-income population to access money. Section 3 presents and contextualizes the wide diversity of households' saving and indebtedness practices aimed at preserving their access to means of settlement in case of need. Section 4 suggests that these practices reveal the prominence of household-level protection mechanisms. Finally, the conclusion proposes a

³ Rosario, located on the Parana River about 400 km north-east of Buenos Aires, is the third largest city in Argentina with almost 1,200,000 inhabitants in 2010.

⁴ The Fordist-like wage-labour relationship is characterized by employment stability (i), social protection related to the employment status (ii), and a hierarchical organization of production (iii).

hypothesis concerning the dynamics of employment- and household-based protection mechanisms as a result of the dismantling of the Fordist-like wage-labour nexus.

2. A transformation of social protection due to the dismantling of the Fordist-like wage-labour nexus

According to qualitative data obtained during the fieldwork (see also Sosa, 2007), until the beginning of the 1990s Rosario's northern and southern suburbs were highly industrialized. Prevailing norms of employment were similar to the Fordist-like wage-labour nexus found in most Western countries until the 1970s. That is, provided the hierarchical structures of (big) firms were not questioned, employment could be maintained until retirement. In the case of married couples, men were usually the sole breadwinners; wives stayed at home to manage the housework. However, the establishment of fixed parity between the Argentinean peso and the United States dollar in 1991, which led to an overvaluation of the peso, significantly altered this norm. This situation was problematic because at the same time Argentina had liberalized its trade regime. The peso could not be devalued, because trust was rooted in its fixed parity with the dollar (Roig, 2007). Therefore, given the fixed exchange rate and the overvaluation of the peso, the only way to enable domestic companies to remain competitive was to resort to deflation and a reduction in gross wages (Beccaria, Esquivel and Maurizio, 2007; del Pont and Valle, 1998), while also introducing much greater flexibility in the labour market. During the 1990s, income inequality rose, and the number of workers without social security increased significantly.⁵ These changes in Argentina's macroeconomic context strongly affected the previously highly industrialized suburbs of Rosario, resulting in massive deindustrialization and an increase in various forms of informal employment.

The consequence of this structural shift has been to relegate Rosario's working classes to the margin of Fordist-like wage-labour forms of employment. At a macro level, few, if any, efforts were made to redress this situation until the end of the convertibility regime in 2002, but since then public policy to stimulate employment has been pursued through macroeconomic measures: the peso's exchange rate with foreign currencies has been deliberately undervalued in order to improve the competitiveness of domestic products and

⁵ It is difficult to quantify this phenomenon, as measurement methods are diverse and controversial. However, all the authors who have tackled this question contend that the labour market has become more precarious. See, for instance, Beccaria, Esquivel and Maurizio (2007); Rofman and Lucchetti (2006); de Pont and Valle (1998); and Giosa Zuazúa (2007).

support Argentina's partial reindustrialization (Giosa Zuazua, 2007). Admittedly, the proportion of non-registered wage earners (i.e. those not registered in the Argentinean social security system) decreased significantly from 2002 to 2007, from 42.5 per cent to 35 per cent of total wage earners (this proportion was approximately 34 per cent in October 1995), and has remained stable since the end of 2007. However, this sharp decrease is entirely due to the increase in the number of declared workers from 2002 to 2007: the absolute number of non-registered wage earners actually increased slightly from the third quarter of 2003 to the second quarter of 2010 (Damill, Frenkel and Maurizio, 2011). Thus, macroeconomic policy has not yet been able to reduce informal forms of employment. Moreover, income inequalities between employment categories increased from 2001: only the private sector's average wage recovered (in 2004) and then exceeded its October 2001 level. However, public sector and non-registered private sector real wages have remained stable since 2006 – approximately 25 per cent below October 2001 levels.

Because Rosario's suburbs were highly industrialized, its working class neighbourhoods have been directly affected by these macroeconomic changes. Indeed, during the fieldwork, none of the interviewees was directly involved in a Fordist-like wage-labour relationship, despite having previously (in the past 20 years) held a job which offered stability, a regular salary and social protection. Indeed, only the daughter of one interviewee and the father of another enjoyed a stable job, with a fixed salary and related social benefits (e.g. health coverage, unemployment benefits and a pension scheme). Most of the interviewees' income derived from a combination of some kind of contingent labour (*changas*), self-employment (as clothes or food vendors, recyclers of urban waste, participation in second-hand markets) and social assistance subsidies.

The dismantling of the Fordist-like wage-labour nexus led to deep changes in low-income households' access to money. It deprived them of the protection and solidarity associated with the wage-labour employment and welfare state in two ways. First, access to money is much more uncertain and market-dependent in the "new" forms of the informal economy than it was in the "former" wage-labour nexus. In the latter, acceptance of hierarchical rules ensured relatively stable access to money, regardless of the short-term results of the firm (risk was absorbed by the owners of the means of production). In the "new" forms of informal employment, low-income households are marginalized in terms of access to means of settlement: they depend on wage-labourers' expenditures, which in turn depend on

those of the owners.⁶ Indeed, in contemporary bank-issued money, owners of the means of production benefit from privileged access to means of settlement through productive credit, and wages are part of their expenditures. The income of informal workers, on the other hand, depends on wage earners' expenditures. Under this dynamic, the wage-labour nexus regulates the circulation rate of the means of settlement. In Rosario's suburbs, wage earners are usually paid either once (municipal employees) or twice a month (on the 5th and the 20th). Informal workers' incomes are highly dependent on these dates. And yet, neither informal income-generating activities nor household expenditures respect monthly or bi-monthly cycles. As result, low-income households' access to money through their participation in informal forms of employment is highly precarious, and is not sufficient to meet their financial needs.

The dismantling of the Fordist-like wage-labour nexus has also threatened the linkages between employment relationships on the one hand, and solidarity and protection mechanisms, on the other, through changes to the social protection system.⁷ Certainly, the Argentinean social protection system covers a large segment of the population, as compared with other Latin American countries (Martinez-Franzoni, 2008). It is also quite old, as it was legally extended to the entire active population at the end of Perón's first presidency (1944–1955). Until the mid-1990s, the system followed a Bismarckian model that combined protection by the state and employers (through tax transfers and employers' contributions, respectively) with wage earners' solidarity (through wage-earners' contributions). Part of the precautionary savings was pooled through the social protection system and centrally administrated since the 1968 pension reform (Goldberg and Lo Vuolo, 2006). This scheme was weakened with the growth of undeclared employment during the 1980s and 1990s: social benefits (e.g. pension, health care and unemployment insurance) remained strongly tied to formal wage-labour employment until the end of the 1990s. The switch from a pay-as-you-go (public) pension scheme to a mix of pay-as-you-go and a defined contributory pension system (private) in 1994 deepened the schism between covered and uncovered populations by drastically reducing coverage for low-income groups (Rofman and Lucchetti, 2006; Mesa-Lago, 2002; Arza, 2008). The return to a pay-as-you-go public pension scheme in 2008 resulted in wider coverage, but long-term eligibility rules to contribution-based schemes did not change (Arza, 2009). In order to deal with the exclusion of informal workers from such social protection schemes, the Government of Argentina implemented a non-contributory

⁶ This is why Benetti and Cartelier (1980) qualified the relationship which binds and differentiates capitalists from wage earners as "monetary dependence" (see also Orléan, 2008, and Cartelier, 2007)

⁷ For a general theoretical analysis of national social protection systems, see Théret (2003).

assistance programme for vulnerable households (e.g. low-income, the elderly, mothers of seven or more children), based on a state (discriminatory) protection scheme (Barrientos, 2009). As a result, low-income households are excluded from wage-labour contributory social protection programmes and relegated to discriminatory poverty assistance schemes that provide poor benefits.

3. Reifying savings, keeping debts alive

The exclusion of Rosario's low-income population from the Fordist-like wage-labour nexus and institutionalized social protection schemes gave rise to increasing difficulties in accessing money. Therefore, the wide diversity of saving and indebtedness practices observed during the fieldwork should be viewed as strategies aimed at preserving households' access to the means of settlement in case of need. Those practices contradict the widespread view that poor households are unable to save because of their lack of monetary resources (see also Collins et al., 2009). Rather, because of a lack of monetary resources, households implement forms of "financial self-discipline" (Guérin, 2006) aimed at preserving savings, and resist the temptation of spending them and remaining in debt. The practices are diverse, but they all seek to *separate* what can be spent from what cannot (Roig, 2010).

Most households are excluded from highly formalized financial institutions. The *Caja Nacional de Ahorro Postal* (National Postal Savings Bank)⁸ closed in 1994, and has not been replaced by any other financial institution specifically devoted to poor households. In the rare cases that households do maintain a relationship with a bank, it is usually limited to the use of a debit card for withdrawal of social assistance subsidies, but not to hold savings in a bank account. Consumer credit supplied by non-banking financial institutions is the only highly formalized financial product widely used by low-income populations⁹ (de Nigris, 2008: 31). Still, in our sample, more than the half of the interviewees had no relationship with any formal financial institution at the time of our fieldwork.

⁸ This institution proposed current accounts and savings account books (in which savings were marked by means of a stamp) from 1915 to 1994. This savings service was very popular amongst low-income populations until the inflation of the mid-1960s. Since its privatization in 1994 (Roig, 2010), it no longer proposes any financial services to low-income populations.

⁹ It is usually necessary to present a pay slip in order to have access to this kind of loan. However, it is very common for workers without any labour contract to borrow using the name of a relative or a neighbour who can supply a pay slip.

Part of the population located in Rosario's northern suburbs has access to microfinance, provided by a local NGO, Poriajhú,¹⁰ whose mission is the "liberation of the poorest" through education.¹¹ It is the only organization proposing financial services that has established a long-term, trust-based relationship with low-income households. The lending methodology is based on joint liability groups of five borrowers. The loan amount ranges from 500 to 1,000 pesos (approximately 100 to 200 euros at the time of the fieldwork). Repayments are on a weekly basis, with an annual nominal interest rate of 6 per cent. Some borrowers invest the entire loan amount in inputs consumed on a weekly basis (such as sewing thread or foodstuffs), while others invest some in inputs and use the rest to acquire equipment for production purposes (e.g. hand mixer or sewing machine).

However, these microfinance services only represent a small share of low-income households' indebtedness and saving practices; indeed, most financial practices take place far from formal institutions. All the families interviewed testify to earmark earnings to avoid the temptation of spending. For example, some of them put earnings of the first sales of each week into a separate box until the accumulated sum is sufficient to buy the inputs required for the next week's production. Only the earnings of the subsequent sales are included in the household's budget to cover daily expenses (Absi, 2007). This extremely common practice of saving in cash in order to tackle cash-flow problems is specific to activities located at the margin of the wage-labour nexus.

Usually, cash savings do not involve large sums. Only those with relatively comfortable incomes are able to save substantially more than their weekly production needs. For larger sums, different practices of reification¹² of savings have been observed. Indeed, reification (through the accumulation of different kinds of materials) is a second way to avoid the temptation of spending by effectively rendering savings illiquid (Shipton, 1992; Roig, 2010; Servet, 1995): reified savings are relatively "illiquid" because they are physically separated from monetary resources which might be spent for daily needs. For example, interviewees whose relatively capital-intensive income-generating activity (such as a home-based sewing shop) relies on considerable inputs (e.g. wool, sewing thread or paint)

¹⁰ Microcredit operations are funded by a government programme, *Bancito Popular de la Buena Fe* (Popular Bank of Good Faith).

¹¹ Poriajhú means literally "the poor" in Guaraní. For more details on the other activities carried out by Poriajhú and its microfinance activities, see Saiag (2011).

¹² The term "reification" applied to savings is preferred to "saving in kind", because the latter implies a dichotomous vision of the economy ("real" versus "monetary" spheres), contrary to "reification". Both earmarking and reification practices allow households to access means of settlement in case of need (see also the next section).

systematically purchase more inputs than needed in the short term to make sure they will not spend savings on non-business items, as that would endanger the continuity of their activity.

A gradual acquisition of materials to improve housing conditions is also a common form of reifying savings – a practice observed among all the interviewees. They save 500 to 700 pesos in cash (through a system of separate boxes or envelopes), which they then spend on building materials (especially bricks and cement). Materials can also be obtained as payment for daily contingent labour (*changa*). Once the materials are in hand, construction gets under way. The male head of a household and his sons usually supply the labour, but neighbours might also help (against remuneration). The newly built rooms might be the beginnings of a house for a recently married son or daughter, a bedroom for the parents, a bathroom, a kitchen, a room from which to sell miscellaneous articles (e.g. clothes, food or shoes), or a small sewing shop. This practice is a clear demonstration of how savings are made inaccessible to avoid the temptation of spending. The fieldwork revealed that no family ever resold bricks or cement in order to finance other spending.¹³

The acquisition of building materials should not be confused with another kind of reification of savings: the accumulation of recyclable goods, such as iron, zinc, copper, cardboard, plastic or glass bottles. These materials can be obtained in different ways. For example, in the slums (*villa*), they may be salvaged by night from urban waste by men (and sometimes women and children), pejoratively called *cartoneros*, in reference to cardboard (*cartón*). Some of the materials are sold by weight at the end of the night, but others are physically taken apart and kept aside for sale later, to pay for an unexpected event (Roig, 2010). In addition, adults and children often salvage materials from the street, such as copper wire or a broken electronic item (e.g. fan or radio). These goods are stripped down and the parts that can be sold are stored in plastic barrels kept for this purpose. Lastly, some interviewees said they managed to obtain materials through work: for example, small shopkeepers break down cardboard packaging and construction workers may reclaim used pipes (which often contain metal). Such objects are usually stored in front of the house (in Rosario's slums) or behind the house (in the adjacent low-income neighbourhoods). If necessary, they can be sold by weight to ambulatory buyers who park their trucks at night in Rosario's streets and buy recycled waste from the *cartoneros*. This form of saving is also very popular, even if it is usually associated with poverty (hence, slightly better off households in low-income neighbourhoods tend to do it more surreptitiously).

¹³ Alexandre Roig (2010) made the same observation during fieldwork carried out in the working class suburbs of Buenos Aires.

Some financial practices are a reminder that saving and borrowing often go hand in hand (see Shipton, 1992; Guérin, Morvant-Roux and Servet, 2011). Every interviewee spoke of having recently borrowed or lent money to relatives.¹⁴ Lending can involve members of the same or different generations. In the first case, it is common for family members who do not enjoy a stable income to save money by lending to relatives who are paid on a fixed-term basis. This constitutes a relatively safe form of saving, and enables the borrower to meet spending needs that arise before payday. When lending operations involve members of different generations, the creditors are almost always the elders, as discussed in the next section.

Other indebtedness practices involve parties outside the household. *Fiado* is one such practice (see also Roig, 2010 and Villarreal, 2000). The term comes from the verb *fiar*, or “to trust”, but it also refers to deferred payment for foodstuffs. Debts are usually counted in terms of commodities sold, and repaid in cash. To buy *a fiado* means to be restricted to buying from the shop that sells the *fiado*: it is usually not permitted to buy *a fiado* from different shops at the same time. All small shops (*almacen* or *granja* – but not supermarkets) as well as most street vendors offer this possibility to their clients, who reimburse their debt when they get paid. *Fiado* is among the most common sources of indebtedness among Rosario’s low-income neighbours residents.

Two other practices of indebtedness could be observed in our fieldwork, but they seemed to be much less common among the interviewees than *fiado*.¹⁵ The first is supplier credit, which only applies to small shopkeepers (such as clothing vendors) who are already relatively well established and own or rent their commercial premises. Under this form of credit, a new order is delivered against the payment of the previous order (and not against the one being delivered) – a practice known as *boleta contra boleta*. Some local forms of rotating savings and credit associations (ROSCAs)¹⁶ (*círculos de ahorro*) are also used to buy household goods. However, ROSCAs are not very common, since they are primarily used by the few remaining male wage earners employed in the major local industrial firms

In the indebtedness practices described above, it is not always necessary for the debtor to repay in full in order to contract new debts. All that is necessary is to prove one’s

¹⁴ Lending among friends and neighbours is not unusual, but much less frequent than among relatives, and does not necessarily involve close relatives.

¹⁵ Only one of the interviewees declared using supplier credit frequently, and two had relatives who were involved in ROSCAs.

¹⁶ On ROSCAs, see for instance, Ardner and Burman (1996) and Bouman (1995).

willingness to repay through regular payments (Villarreal, 2000). As a result, debt relationships tend to extend over long periods of time.

4. Some household-based financial practices

Understanding the mediating role of finance in a complex set of social relations calls for more than a mere inventory of saving and indebtedness practices; an in-depth analysis of each practice is also necessary.

Naturally, market relations are important: they tend to regulate the way low-income households access the means of settlement. For instance, in each interviewed household, at least one of its members was involved into the labour market. However, households' saving and indebtedness practices are not simply a by-product of market relationships. They reveal the specificities of a household's financial organization ("householding", in Polanyian terms), as compared with other Polanyian principles of economic integration (reciprocity and redistribution (Hillenkamp, forthcoming; Hillenkamp and Servet, 2011). Indebtedness and saving practices reveal specific household-based protection mechanisms that are deeply embedded in relationships of kinship (the foundation of household solidarity). A careful analysis of these dimensions requires devoting specific attention to the ways savings are spent and debts incurred, and distinguishing between the different relationships to time induced by each practice (Bourdieu, 1963; Baumann, 1997; and Weber, 1996).

4.1 Protecting households through savings and indebtedness

Households' financial practices, like savings and some indebtedness practices with people outside the family unit, serve to protect against specific risks.

The choice of saving through material support is not neutral. Admittedly, all savings are "precautionary", since the lack of savings would expose households to high vulnerability. However, the fact that some savings are reified is indicative of the importance of protection mechanisms. Such an "illiquidity preference" (Shipton, 1995) aims at preserving access to means of settlement in order to protect households against unforeseen financial needs. It is embedded in a linear, long-term and uncertain relationship to time. Sources of such uncertainty are diverse. Our fieldwork revealed that inflation was one of them, and the 6 per cent fixed annual interest on microcredit was a way to protect households against inflation, because the real interest rate turned negative with inflation. Moreover, long-term uncertainty

is embedded in Argentina's recent financial history. Since the late 1980s, Argentina has suffered two major economic crises, the hyperinflation of the late 1980s and the end of the convertibility regime in 2001 and 2002, which have threatened a disintegration of the country's social fabric (Roig, 2007). Memories of these events are still fresh for most Argentines, and many believe similar crises could recur.

However, even much less extraordinary events can jeopardize the precarious balance of household budgets, such as the loss of a source of income, illness, rupture with a family member, break-up of conjugal relations, or the death of a relative. All these are legitimate and recurrent reasons to liquidate savings (regardless its form), suspend debt repayments, sell household goods, or go into debt. Amassing construction materials follows a similar aim, since any other form of saving would expose households to the risk of liquidation, which would mean the project would have to be abandoned. Again, this form of saving specifically protects households from a highly uncertain future. Because nobody knows what will happen tomorrow, and because housing improvement is an imperious necessity, there is a need to protect housing projects from uncertainty related to the reduction of monetary resources.

Some saving and indebtedness practices also aim to protect households against the short-term cyclical expenditure needs specific to small-scale, non-wage labour income-generating activities. The aim of these practices is twofold: to protect household budgets from an irregular cash flow; and to ensure that the income-generating activity will not be jeopardized by the household's daily financial needs (for consumption). Indeed, households excluded from the formal wage-labour nexus must often cope with short-term consumption and income-generating activity cycles that are not necessarily synchronized. While the former usually has a daily cycle, the latter generally follows a weekly one (mainly because commercial activities are on a weekly basis (Saiag, 2011: 307-311).

Hence, four of the practices presented in the previous section enable households to manage the lag between short-term cyclical financial needs and income. Savings in cash aim to tackle cash-flow problems, while supplier credit and microcredit create a separate short-term financial circuit for non-wage labour's income-generating activities, securing a specific weekly access to means of settlement. On the other hand, *fiado* and consumer credit allow household consumption to be relatively independent of short-term cyclical fluctuations of income. *Fiado*'s repayment terms are flexible, and can usually be repaid when the client receives some remuneration.

4.2 Kinship and domestic solidarity

Two key elements show how saving and indebtedness practices in kinship-based household safety nets provide protection.¹⁷ Both these elements have a long-term and circular relationship with time (Shipton, 1995). The first one is life-cycle events (e.g. marriages, funerals and birthdays), which are impossible to avoid, even if the timing of their occurrence is uncertain. Some entail considerable expense and must be financed through indebtedness (and/or liquidation of savings). For instance, in the event of marriage, in addition to the wedding ceremony, newlyweds are often expected to move out of the family home and build their own house, which requires buying a plot of land and building materials, and sometimes paying someone to help with construction. In order to cope with these expenses, money can usually be borrowed from someone in the extended family (for example, an uncle who has a successful small business). Parents, too, usually help the new couple, donating building materials and labour. The coming of age parties of 15-year-old girls (*fiesta de quince*) also involve considerable expenses (about 4,000 pesos, as revealed in the fieldwork), even if the amounts are substantially lower than for a marriage. These parties cannot be avoided because they are considered a rite of passage to adulthood.

Savings are also frequently used during these and other key events of social life. Some are usually more regular and less expensive than weddings and *fiestas de quince*. On the other hand, events such as the death of a relative can give rise to sudden and unexpected funeral expenses, which are met by selling stocks of copper, glass or zinc. Illness can cause a similar depletion of savings by disrupting the household's productive organization (through a non-working family member, unexpected health-care costs or transporting to the hospital). Lastly, birthdays frequently give rise to considerable expenses, incurred out of pleasure, ostentation or just the desire to socialize (termed "*consumation*" by Bataille, 1991 [1949]). For instance, it is quite usual in chronically indebted households for the husband to offer his wife a new pair of shoes which might cost almost half of the household's weekly income, or for a mother to give her young son expensive clothes, even while relying on government welfare programmes to meet daily food needs (Figueiro, 2009).

The second key element which demonstrates how households' financial practices are embedded within relationships of kinship is the common practice of lending and borrowing among members of the same household, especially when creditors and debtors belong to different generations. This practice does not necessarily finance life-cycle events, but it can

¹⁷ The gender dimension of these practices is not addressed here for lack of space, but see Saiag (2011: 77-79 and 287-288), Zelizer, (1994: chapter 2) and Guérin (2002) for an overview on the "gender of money".

relieve financial stress related to non-wage economic activities. Intra-household lending and borrowing is strongly codified by the indebtedness induced by kinship. Three points are worth highlighting in this connection. First, filial debts are asymmetrical. In all the interviewed households, it was considered inconceivable to refuse a loan to children if the parents could afford it. Cash, building materials and labour are commonly lent in this way. Children do not have to repay the debts owed to their parents; on the contrary, parents have to repay their debts when they borrow money from their children (a daughter can be infinitely indebted to her mother, but the reverse is not true). Indeed, it is impossible to repay filial debts; it is only possible to pass them on to the next generation, when children become parents (Warnier, 2009). Second, financial solidarity between members of the same generation (e.g. brothers, sisters and cousins) is a corollary of filial debt: it is usually taken for granted that a sibling will give financial help to another sibling in the event of illness, provided he or she can afford it. It is hard to refuse to lend to brothers and sisters, even when they became adults and their repayment capacity is uncertain. Third, marriage brings about a substantial change in the way filial debt occurs. Admittedly, it is not possible to repay debts incurred before marriage, but even after marriage parents find it hard to refuse to lend to the ascending generation, if parents can afford it. However, obligations towards the ascending generation are reduced after their marriage: once married, offspring are expected to repay any newly incurred debts owed to their parents.

Only an extreme event, such as death, can reverse the direction of filial debts, as pointed out by Raquel's painful experience. Our interview with her revealed a surprising gap between her income and her living conditions. Indeed, as a cleaning woman she is relatively well paid (compared with other interviewees), and she gains a substantial extra income from the sale of apple pies in a relatively well-off neighborhood. In addition, the father of her child gives her 400 pesos every month to cover schooling expenses for the child. For many interviewees, this is an enviable situation. And yet, she and her child share a small "house" with her parents in one of the slums located in Rosario's suburb. This paradox is the result of one major tragic event: one day, when she was a teenager, Raquel took her brother with her when she visited her boyfriend. Distracted, she turned her attention away from her brother and he died drowned. The direction of the filiation debt was reversed: from then on, Raquel became indebted to her parents. Since life has no price, this debt cannot ever be repaid; it is only possible to honor it through regular payments (Théret, 2009). Thus, at the time of the fieldwork, Raquel was working hard to support her parents. From August 2009, she took charge of her 10 nephews after their mother – her sister – died in a bus accident. As a result of

the shock, her mother had to be sent to a public hospital. Raquel paid the expenses for her father to visit the hospital, and repaid her mothers' microcredit debt (and her own) – all this, despite having temporarily stopped the apple pie business in order to visit her mother.

Saving and indebtedness practices simultaneously reflect alliance and filial-based, household level solidarity and household-based protection mechanisms. The two dimensions are interdependent: filial relationships may govern the use of savings, which in turn protect the household against specific risks (such as when a child gets ill and the household's reified savings are spent). Thus household financial organization provides household members with a safety net, which reduces the precariousness of their involvement in informal forms of employment.

5. Conclusions

This chapter suggests that there has been a reconfiguration of solidarity and protection mechanisms among Rosario's low-income households as a result of the dismantling of the Fordist-like wage-labour nexus and the growth of informal employment. Growing fluctuations in income and weakened solidarity and protection schemes for wage earners have led to a significant part of the burden of precautionary savings being transferred from social protection institutions to households. Today, financial practices of low-income populations in Rosario are characterized by the prominence of household-based safety nets. Admittedly, it is probable that the saving and indebtedness practices described in section 3 above existed prior to the dismantling of the Fordist-like wage-labour nexus. What seems to be new, however, is their prominent role in households' protection mechanisms, as informal employment exposes households to new kinds of vulnerabilities. Moreover, solidarity among wage earners has been only partially replaced by state-sponsored poverty alleviation schemes.

However, this substitution of social protection schemes by household saving and indebtedness practices is still, at present, only a hypothesis based on exploratory research. It is necessary to probe the details of this reconfiguration in order to determine if there is in fact a link between the weakening of wage-labour solidarity and protection mechanisms and the rise of households' saving and indebtedness practices. Further research is needed to deepen this analysis, through better knowledge of the dynamic dimensions of those practices. Such a research programme presents a methodological challenge: it is not easy to gain a historical perspective of households' financial practices, as revealed in our interviews when respondents

were not able to give a particularly coherent account of it. Such a research programme should avoid making a simplistic opposition between market and protection. As shown by our fieldwork, the participation of Rosario's low-income neighborhoods in the labour market through informal forms of employment led to a transformation of both their relationship with market transactions and modes of protection. Thus, a detailed analysis of ongoing processes of socio-economic change would need to address the question of interdependencies of market and protection processes.

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