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INDUSTRIAL DEVELOPMENT, OCCUPATIONAL STRUCTURE AND
SOCIAL STRATIFICATION IN LATIN AMERICA

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INDUSTRIALIZATION, OCCUPATIONAL STRUCTURE,
AND SOCIAL STRATIFICATION
IN LATIN AMERICA

Specialized sociological literature analyzing Latin American development has focused on the so-called obstacles to change and on the study of the social forces that might be able to change a situation of stagnation and underdevelopment. Some of the principal hypotheses referring to the social conditions of development and many of the essays written on the social situation of Latin America assume the existence of a traditional dominant, oligarchical, and, according to some authors, even aristocratic class controlling the political and economic system of the region. To the authors of these hypotheses the traditional class appears to be opposing change. Simultaneously, the idea has evolved that the "mobilized but unincorporated" masses constitute the dynamic basis of the political and social system. These masses are conceived as, according to the ideological preferences of the analysts, "potential class" or "citizens masses" governed by the motives and orientations of consumption which the "demonstration effect" of developed countries stimulates, or as "marginal masses" threatening the existing society, just as in the past the "barbarians" threatened western civilization.

There has also been much emphasis on the supposed effects of the development process in the Latin American social situation, namely, that insufficient dynamism of economic development becomes apparent in the inability of the productive system to create enough employment and thus to absorb the demographic growth of the region. Consequently, whenever industrialization begins or when urbanization is accelerated, the typical conditions of underdevelopment become immediately apparent. These conditions are there in the society and economy, but as long as the patterns of agrarian economy prevail they do not become dramatically apparent. Industrialization and urbanization make the precariousness of the prevailing situation apparent. Thus, the formation of vast areas of favelas, barriadas, callampas, or
/whatever name

whatever name is given to miserable living areas, brings right into the cities the low standard of living - involving health, housing, and education - of a substantial portion of the population. If to these considerations is added the high rate of population growth of rural areas and the lower urban strata, it is easy to understand why frequently the dynamic potential of popular discontentment is said to add to the rigidity ascribed to the traditional political and social establishment.

However, and without denying the situation of want in which the larger part of the population actually lives (there is even a tendency of the absolute numbers of people living under substandard conditions to rise), a careful evaluation of the magnitude, range, and significance of the changes that have occurred in Latin America during recent decades seems to be appropriate. Obviously, such changes will have different significance in the various countries of the region and will show up in different levels of the social and economic structure, both in the demographic and occupational structure and in the productive system.

In this paper an attempt will be made to identify these transformations, on the basis of the information available. In order to avoid the mistake of talking generically of Latin America as if it were a region affected by homogeneous problems and sharing similar perspectives, attention will be focused on only a few countries. As selective criteria, a basic dimension was chosen: the degree of development of the industrial-productive system. Therefore, the specific purpose of this paper will be to determine the transformations that occurred in the socioeconomic structure of those Latin American countries most industrialized, selected according to the availability of pertinent statistics.

Based on the analysis of such data, the image of the region as one politically controlled by traditionally classes little inclined to modernize does not readily correspond to the real situation of the countries under consideration. Further, the data demonstrate one should not assume that during the development process the same patterns are being repeated which once characterized the evolution of today's older industrialized countries. In the latter, industrialization operated autonomously; in the countries
/being studied

being studied it follows a pattern in which the technical economic advancement of the older industrialized countries impose certain norms. Although there have been structural changes, some rather accelerated and with deep effects, the data do not uphold the hypotheses that industrial advancement and socioeconomic transformation - even in the more developed countries in the region - have achieved social and economic integration patterns similar to those prevailing in developed countries. The available data sustain hypotheses about changes in social and political integration patterns that are perhaps more realistic.

Throughout the paper an attempt will be made to pinpoint some features of the emerging social structure which diminish the validity of the hypotheses upholding the "oligarchy-people" pattern as well as of those assuming modernization of the region in terms of the formation of "mass industrial societies". The last section will present a possible interpretation of the type of development being achieved in Latin America. In the long run, the perspective of this paper emphasizes that the social and economic changes in Latin America are considerable.

Structural Changes in Latin America

The change experienced by Latin America during the last years, although it took particular connotations in each country, expressed itself through general tendencies in the area as a whole. The manifestation of these changes can be appraised in various dimensions. For the purpose of this study the most significant are urbanization, composition of the employed population, and the evolution of industrial production.

The Urbanization Process

Between 1925 and 1962 Latin America was characterized by rapid urban growth, mainly due to migration from rural to urban areas. Table 1 illustrates this phenomenon. Even though the rural population increased in absolute figures during the period under consideration, if the relation between urban and rural population is compared in percentages terms, urban population increased substantially with respect to the rural.

/Table I

Table 1

CHANGES IN URBAN AND RURAL POPULATION
LATIN AMERICA, 1925-1962
(Percentages)

| | <u>1925</u> | <u>1950</u> | <u>1955</u> | <u>1960</u> | <u>1962</u> |
|---------------------|------------------------|-------------|-------------|-------------|-------------|
| Rural | 70.5 | 60.7 | 57.3 | 53.9 | 52.6 |
| Urban ^{a/} | 29.5 | 39.3 | 42.7 | 46.1 | 47.5 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | (92,869) ^{b/} | (156,146) | (178,880) | (205,941) | (217,826) |

a/ "Urban" population is that living in localities of 2,000 inhabitants and over.

b/ In thousands of persons, percentages were extracted from the totals.

Source: Z. Slawinski, "Los Cambios Estructurales del Empleo en el Desarrollo de América Latina", Boletín Económico de América Latina, X, N° 2, (October 1965), p. 161.

In 1925 over two-thirds of the population lived in towns of less than 2,000 inhabitants, whereas in 1962 almost half of the population lived in urban centers of over 2,000 inhabitants. Besides, the population increase rate is higher in capitals and larger cities (100,000 inhabitants and over) and in the long run, this fact will cause noticeable modifications in the behavior of social groups.

Between 1925 and 1950 rural population decreased more or less noticeably, a trend which became intensified in the decade 1950-1960.^{1/} During the period called "import substitution" this process accelerated. Notwithstanding, the rhythm of urban growth surpasses that of industrial development in Latin America, and in some cases there is urbanization without industrialization.

^{1/} Settlements of over 2,000 inhabitants registered a 55 percent increase during 1950-1960, while in the previous decade the rate of increase was 44 percent. Z. Slawinski, "Los cambios estructurales del empleo en el desarrollo de América Latina", Boletín Económico de América Latina, N° 2 (October 1965), p. 161.

Employed Population

Parallel to the urbanization process during this period, changes occurred in the structure of the employed population. The obvious result of a diminishing rural population and an increasing urban one is a decrease of the active population engaged in farming and an increase of that in the nonfarming sectors (Table 2). The new population sectors being formed, due in part to the rural-urban migratory movement, were absorbed chiefly by the services sector (tertiary), which indicates that in Latin America growth of the industrial sector (secondary) follows a relatively slower rhythm than that of the tertiary.

Table 2

CHANGES IN EMPLOYMENT
LATIN AMERICA, 1925-1962

(Percentages)

| | <u>1925</u> | <u>1950</u> | <u>1955</u> | <u>1960</u> | <u>1962</u> |
|------------|------------------------|-------------|-------------|-------------|-------------|
| Farming | 61.3 | 53.1 | 50.0 | 47.3 | 46.1 |
| Nonfarming | <u>38.7</u> | <u>46.9</u> | <u>50.0</u> | <u>52.7</u> | <u>53.9</u> |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | (19,913) ^{a/} | (28,235) | (30,301) | (32,360) | (33,190) |

^{a/} In thousands of persons, percentages were extracted from the totals.

Source: Slawinski, p.161.

/Table 3

Table 3

DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT
LATIN AMERICA, 1925-1960

(Percentages)

| | <u>1925</u> | <u>1950</u> | <u>1960</u> |
|----------------------------|-------------|-------------|-------------|
| Nonfarm: | 38.7 | 46.9 | 52.7 |
| 1. Mining | 1.0 | 1.1 | 1.0 |
| 2. Manufacturing | 13.7 | 14.4 | 14.3 |
| a. Industrial | 3.5 | 6.9 | 7.5 |
| b. Artisan | 10.2 | 7.5 | 6.8 |
| 3. Construction | 1.6 | 3.7 | 4.9 |
| 4. Basic Services | 3.2 | 4.2 | 5.2 |
| 5. Trade and Finance | 6.7 | 7.9 | 9.2 |
| 6. Government | 2.2 | 3.3 | 3.7 |
| 7. Miscellaneous Services | 7.9 | 9.9 | 12.1 |
| 8. Nonspecified activities | 2.4 | 2.4 | 2.3 |

Source: Slawinski, p. 164.

Indeed, Table 3 shows that the manufacturing sector remained practically static, although in absolute figures it was growing during the thirty-five years under scrutiny. However, in spite of this relative stability, the artisan sector shrank and the industrial developed. The increase of the construction sector is also considerable. The nonmanufacturing sectors grew even faster. This can be appraised by looking at the respective figures for the "basic services", "business and finance", and "miscellaneous services" sectors. It is noticeable that not all of the population migrating from the rural to the urban sector, where the main source of new occupation development is considered to be, was absorbed. The remnant left remains marginal to the economic system.

/Because of

Because of the diminishing importance of the rural sector and the resulting predominance of the urban sector, it can be inferred that the traditional system of domination based on the hacienda has somewhat lost its significance, or is taking a new form.

Evolution of Industrial Production

The productive structure of the region also experienced appreciable transformation. For the purpose of this paper the most significant modification was the increasing importance of the industrial sector within the economy as a whole. Although the growth of this sector was smaller compared with that of the nonmanufacturing sector, the changes are undeniable. Obviously, the manner of the expansion of the industrial sector has not been the same for the various countries. There are some apparent differences, which makes it possible to establish certain types of countries categorized in three large groups:

- 1) countries of relatively long-established industrialization;
- 2) countries of recent industrialization;
- 3) countries of an incipient degree of industrialization.

Based on these categories, Table 4 has been compiled reflecting the different stages of growth over thirty years. The first group of countries - those of "old" industrialization - continued in the process with a per capita growth rate of approximately 100 percent between 1930 and 1960 (it almost doubled in Argentina and more than doubled in Uruguay and Chile). The second group - of more recent industrialization - experienced an even more pronounced growth of approximately three to four times the initial rate. This was not so in the third group, which started out with very low production and did not achieve any considerable global growth during the period of time.

Because of these trends, the following discussion will consider the countries of the first groups listed in Table 4, where it is possible to speak of an industrial economy. The last country of each of the two groups, Uruguay and Costa Rica, will not be discussed since their economies represent considerable deviation from the historical evolution within their respective groups.

/Table 4

Table 4

EVOLUTION OF THE PER CAPITA INDUSTRIAL PRODUCTION IN
18 LATIN AMERICAN COUNTRIES, 1930-1960

(Per capita product generated in the manufacturing
sector in 1960 U.S. dollars)

| <u>Group I</u> | <u>1930</u> | <u>1940</u> | <u>1950</u> | <u>1960</u> |
|------------------|--------------------|-------------|-------------|-------------|
| 1. Argentina | 152.5 | 172.6 | 234.0 | 277.0 |
| 2. Chile | 44.2 | 54.3 | 98.2 | 108.5 |
| 3. Uruguay | 97.9 ^{a/} | 84.7 | 130.6 | 164.0 |
| <u>Group II</u> | | | | |
| 4. Brazil | 24.8 | 32.9 | 56.8 | 101.6 |
| 5. Colombia | 13.0 | 23.6 | 42.8 | 60.5 |
| 6. Mexico | 34.4 | 46.2 | 65.2 | 112.1 |
| 7. Peru | b/ | b/ | 36.2 | 56.1 |
| 8. Venezuela | b/ | 38.0 | 51.3 | 87.6 |
| 9. Costa Rica | b/ | b/ | 45.4 | 57.5 |
| <u>Group III</u> | | | | |
| 10. Bolivia | b/ | b/ | 26.6 | 20.1 |
| 11. Ecuador | b/ | 23.7 | 34.4 | 40.5 |
| 12. El Salvador | b/ | b/ | 15.7 | 16.4 |
| 13. Guatemala | b/ | b/ | 22.0 | 24.1 |
| 14. Haiti | b/ | b/ | 8.8 | 9.5 |
| 15. Honduras | 9.9 | 10.4 | 15.8 | 22.6 |
| 16. Nicaragua | b/ | b/ | 21.7 | 30.9 |
| 17. Panamá | b/ | b/ | 33.6 | 43.0 |
| 18. Paraguay | b/ | b/ | 53.3 | 47.1 |

^{a/} Year of 1935.

b/ Data not available.

Source: Simposio Latinoamericano de Industrialización, El Proceso de Industrialización en América Latina, Anexo Estadístico. Santiago: Comisión Económica para América Latina (CEPAL), 1966, p. 23.

Note: Cuban and the Dominican Republic are excluded for lack of data.

/An analysis

An analysis of change and industrialization will be made initially on the basis of two dimensions: per capita net product, defined as the ratio between the gross domestic product and the number of inhabitants, and urbanization, considering the population living in places of over 2,000 inhabitants. Special attention will be given to the changes occurring in the occupational structure and to the social consequences of these changes.

Per Capita Net Product.^{2/} The changes in the productive structure of Latin America in general affected the countries of groups 1 and 2, generating movement in the net product (Table 5). Modifications in the per capita net product were considerable without being spectacular. With 1950 as a base, the indexes show that in 1963 there was a relatively pronounced variation in these countries, Argentina and Venezuela being the lowest and highest respectively.

Table 5

EVOLUTION OF PER CAPITA NET PRODUCT IN SELECTED
COUNTRIES OF LATIN AMERICA, 1950-1963

| | <u>Argentina</u> | | <u>Brazil</u> | | <u>Colombia</u> | | <u>Chile</u> | | <u>Mexico</u> | | <u>Peru</u> | | <u>Venezuela</u> | |
|------|------------------|------|---------------|------|-----------------|------|--------------|------|---------------|------|-------------|------|------------------|------|
| | \$ | Ind. | \$ | Ind. | \$ | Ind. | \$ | Ind. | \$ | Ind. | \$ | Ind. | \$ | Ind. |
| 1950 | 720 | 100 | 248 | 100 | 319 | 100 | 393 | 100 | 249 | 100 | 172 | 100 | 870 | 100 |
| 1955 | 751 | 104 | 285 | 115 | 358 | 112 | 410 | 104 | 289 | 116 | 198 | 115 | 1085 | 125 |
| 1960 | 788 | 109 | 322 | 130 | 378 | 118 | 431 | 110 | 330 | 133 | 221 | 128 | 1226 | 141 |
| 1963 | 721 | 101 | 341 | 137 | 398 | 125 | 462 | 118 | 344 | 138 | 248 | 144 | 1257 | 145 |

Source: CEPAL. This data was kindly supplied, adjusted, and corrected by P. Orellana, member of the Instituto Latinoamericano de Planificación Económica y Social. (INSTITUTO)

^{2/} When analyzing the per capita net product it should be kept in mind that the entire production of all sectors of economic activity are included.

/The countries

The countries experiencing the fastest increases were those less developed in 1950. Argentina, however, which from the beginning of the century - and especially from 1930 on - was partially industrialized, evidences a relative stagnation from 1950 to 1963, whereas countries like Brazil, Colombia, Mexico, and Peru experienced a relatively substantial increase during the thirteen-year period. In Venezuela, oil production contributed substantially to the rise in the net product, causing the high figures in the index and the dollar amount. Since that sector of economic activity was the only one contributing significantly to the net product,^{3/} Venezuela may be considered a case of fortuitous development.

Even though some of the other countries experienced substantial increases in their product in comparison with Argentina or Venezuela, they are far below the per capita of these two countries. Thus, Chile, which in the early fifties also had a product high in comparison with the other countries (except Argentina and Venezuela), shows a relatively low increase during the period. The increase experienced by Brazil and Mexico is meaningful considering that the two countries had a total population of almost 120 million people in 1963. They show a rise in the index figure from 100 in 1950 to 137 and 138, respectively, in 1963. Colombia also experienced an important though less rapid transformation than that of Brazil and Mexico. Peru, which shows a net product lower than any of the other selected countries, has one of the highest rates of increase, slightly surpassing even Venezuela's.

Although there was an increase of the per capita net product, probably associated with the rate of industrial development, it is undeniable that both the growth of that product and the industrial impulse, though not insignificant in absolute terms, did not reach figures of any real magnitude on a per capita basis in view of the rapid growth in population in all these countries.

^{3/} In 1962, 1.3 percent of the employed population was occupied by that sector of activity and contributed 31 percent of the total gross domestic product.

Table 6

PERCENTAGE OF URBAN POPULATION IN SELECTED
COUNTRIES OF LATIN AMERICA, 1950-1960

| | <u>Argentina</u> | <u>Brazil</u> | <u>Colombia</u> | <u>Chile</u> | <u>Mexico</u> | <u>Peru</u> | <u>Venezuela</u> |
|------|------------------|---------------|-----------------|--------------|------------------|-------------|------------------|
| 1950 | 64 | 31 | 36 | 58 | 46 | 28 | 49 |
| 1960 | 68 | 37 | 48 | 66 | 51 ^{a/} | 41 | 61 |

a/ Secretaría de Industria y Comercio. VII Censo General de Población, México, D.F.
Source: 1950: CEPAL. 1960: Simposio Latinoamericano de Industrialización,
p. 32.

Urbanization

As indicated by Table 6, the increase of urban population between 1950 and 1960 is perceptible in all seven countries; however, there are peculiarities that should be pointed out. In Chile, and even more so in Argentina, there was already urban predominance before 1950 and the proportional increase of this population did nothing but reinforce a previous condition. In Colombia, Mexico and Venezuela, the balance in the population swung from rural to urban. In contrast, although Brazil and Peru had a growing urban population, the rural population still dominated.

The occupational structure

Table 7 shows trends in the distribution of the employed population according to agricultural and nonagricultural occupations and according to sectors - agriculture (primary), industry (secondary), and services (tertiary). The seven countries fall naturally into two groups: those having more than half of their labor force in farming and those with predominantly nonfarming employment. In 1960 Brazil, Mexico, and Peru were in the first group, and Argentina, Chile, Colombia and Venezuela in the second. If this trend continues, by 1970 none of these countries will have over 50 percent of farming employment in their occupational structure, and - even more significant -
/in all

in all of them industrial employment will remain proportionally stable, while services will increase substantially. In other words, the agricultural sector will be diminishing in favor of services.

Table 7

OCCUPATIONAL STRUCTURE OF SELECTED COUNTRIES
OF LATIN AMERICA, 1925-1960

(Percentages)

| | <u>Argentina</u> | | | <u>Brazil</u> | | | <u>Chile</u> | | |
|---------------------|------------------|-------------|-------------|---------------|-------------|-------------|--------------|-------------|-------------|
| | 1925 | 1950 | 1960 | 1925 | 1950 | 1960 | 1925 | 1950 | 1960 |
| 1. Farming | 32 | 24 | 22 | 68 | 61 | 52 | 37 | 30 | 25 |
| 2. Non-farming | 68 | 76 | 78 | 32 | 39 | 48 | 63 | 70 | 75 |
| a. Manufacturing | 20 | 23 | 21 | 12 | 13 | 13 | 21 | 19 | 17 |
| b. Nonmanufacturing | 48 | 53 | 57 | 20 | 26 | 35 | 42 | 51 | 58 |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| | (4,080) | (6,850) | (8,040) | (10,310) | (17,109) | (22,480) | (1,350) | (2,061) | (2,600) |

| | <u>Colombia</u> | | | <u>Mexico</u> | | |
|---------------------|-----------------|-------------|-------------|---------------|-------------|-------------|
| | 1925 | 1950 | 1960 | 1925 | 1950 | 1960 |
| 1. Farming | 65 | 57 | 49 | 70 | 58 | 53 |
| 2. Non-farming | 35 | 43 | 51 | 30 | 42 | 47 |
| a. Manufacturing | 17 | 14 | 15 | 11 | 12 | 17 |
| b. Nonmanufacturing | 18 | 29 | 36 | 19 | 30 | 30 |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| | (2,650) | (4,030) | (5,150) | (5,000) | (8,111) | (11,873) |

/Table 7

Table 7

| | <u>Peru</u> | | | <u>Venezuela</u> | | |
|---------------------|-------------|-------------|-------------|------------------|-------------|-------------|
| | 1925 | 1950 | 1960 | 1925 | 1950 | 1960 |
| 1. Farming | 61 | 59 | 54 | 63 | 42 | 32 |
| 2. Non-farming | 39 | 41 | 46 | 37 | 58 | 68 |
| a. Manufacturing | 18 | 16 | 15 | 10 | 10 | 12 |
| b. Nonmanufacturing | 21 | 25 | 31 | 27 | 48 | 56 |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| | (1,750) | (2,788) | (3,490) | (882) | (1,685) | (2,416) |

a/ In thousands of persons, percentages were extracted from the totals.

Source: Simposio Latinoamericano de Industrialización, pp. 11-13.

This trend is clear and seems even more marked in countries with greater maturity, such as Argentina and Chile. Therefore, the conclusions of some studies based on isolated analysis of certain countries, studies which emphasize the differences in the effects of industrialization on the occupational structure and on social stratification in underdeveloped countries as compared with developed countries, seem to warrant generalization within the region.^{4/} Indeed, while in countries of original industrial development the primary sector of the economy diminished initially in favor of the secondary, in Latin America rapid expansion of the tertiary occurs from the very beginning of the industrialization process. Thus, the formation of extensive tertiary sectors, which was a late effect of industrialization in Western Europe and the United States, becomes manifest from the beginning of industrialization in Latin America.

Comparative data with regard to the composition of the occupational structure leave no doubts. In Table 8 the Latin American countries of groups 1 and 2 still having more than 50 percent of their population employed in

^{4/} See G.A.D. Soares, "The New Industrialization and the Brazilian Political System", Santiago, 1966, mimeo. The methodological procedure of that paper was used as reference in the analysis of the compared evolution of the employed population.

/in farming

in farming by 1960 are compared to countries which were becoming autonomously industrialized during the last century.^{5/} The fact that in the Latin American

Table 8

OCCUPATIONAL STRUCTURE: THREE LATIN AMERICAN COUNTRIES
COMPARED TO OTHER COUNTRIES AT THE TIME OF INDUSTRIALIZATION
(Percentages)

| <u>Countries</u> | <u>Years</u> | <u>Primary</u> | <u>Secondary</u> | <u>Tertiary</u> |
|------------------|--------------|----------------|------------------|-----------------|
| Brazil | 1960 | 52 | 13 | 35 |
| Mexico | 1960 | 53 | 17 | 30 |
| Peru | 1960 | 54 | 15 | 31 |
| Austria | 1880 | 50 | 28 | 22 |
| France | 1886 | 52 | 29 | 20 |
| Italy | 1871 | 52 | 34 | 14 |
| U.S.A. | 1880 | 50 | 25 | 25 |
| Ireland | 1841 | 51 | 34 | 15 |

Source: Simposio Latinoamericano de Industrialización, pp. 11-13.

countries the tertiary sector has expanded more than the secondary indicates that the degree of industrialization achieved is considerably lower than that of the European countries on the respective dates. The results are similar when comparing the Latin American countries with an occupational structure of less than 50 percent in farming employment (Table 9). Further, by comparing typical occupational structures of countries of advanced industrialization, the United States and England, and analyzing their evolutionary process, we see that their occupational profiles are markedly different from those of Latin American countries with a small primary sector.

^{5/} Colombia will be excluded from the table since the employed population of this country is distributed in almost equal proportions between rural areas and cities.

/Table 9

Table 9

OCCUPATIONAL STRUCTURE: THREE LATIN AMERICAN COUNTRIES COMPARED
TO OTHER COUNTRIES IN PROCESS OF INDUSTRIALIZATION
AND ALREADY INDUSTRIALIZED

| <u>Countries</u> | <u>Years</u> | <u>Primary</u> | <u>Secondary</u> | <u>Tertiary</u> |
|------------------|--------------|----------------|------------------|-----------------|
| Argentina | 1960 | 22 | 21 | 57 |
| Chile | 1960 | 25 | 17 | 58 |
| Venezuela | 1960 | 32 | 12 | 56 |
| France | 1954 | 28 | 37 | 35 |
| U.S.A. | 1900 | 38 | 27 | 35 |
| Germany | 1929 | 30 | 41 | 29 |
| Greece | 1940 | 29 | 36 | 35 |

Source: Simposio Latinoamericano de Industrialización, pp. 11-13.

Table 10

OCCUPATIONAL STRUCTURE OF THE UNITED STATES
AND ENGLAND, 19th AND 20th CENTURIES
(Percentages)

| | <u>U. S. A.</u> | | | <u>England</u> | | |
|-------------|-----------------|-------------|-------------|----------------|-------------|-------------|
| | 1870 | 1900 | 1950 | 1881 | 1900 | 1951 |
| Agriculture | 53 | 38 | 13 | 13 | 9 | 5 |
| Industry | 22 | 27 | 37 | 50 | 51 | 49 |
| Services | 25 | 35 | 50 | 37 | 40 | 46 |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |

Source: Simposio Latinoamericano de Industrialización, p. 11.

/The following

The following conclusions become apparent: the proportion between the secondary and tertiary sectors remain more or less equal in the most industrialized countries even though the primary sector is substantially decreased, as in England and the United States, both of which have large tertiary sectors. Expansion of the tertiary sector does not interfere with the expansion of the secondary. Hence, in order to characterize the degree of advancement of the modern-industrial structure of countries like Argentina, Chile and Venezuela, it would be premature to say that the decrease of the primary sector of these countries points to the growth of the tertiary sector and stabilization of the secondary. Either these countries are developing according to structurally different patterns than those guiding industrialization in industrialized countries, or the data shows that there is "contamination" of relationships between the variables being analyzed. A more detailed analysis is therefore required before making generalizations based on the comparison.

Indeed, the hypotheses does not appear to explain sufficiently the cause of the characteristic distortion of the urban occupation structure in Latin America; namely, the fact that, with a smaller number of people occupied by the secondary sector, an industrial production volume is achieved equal to that reached by the countries of original development at the time these latter had a primary sector of the same magnitude. The premise of this hypothesis is that there exists in Latin America an industrial development based on modern technological conditions that allows for more production with less labor. This trend is undeniable, as the larger expansion of the industrial product demonstrates when it is compared with the increase of the secondary sector. However, indicators of factors favoring industrialization show that with the present employment distribution in Latin America it is improbable that an industrial production equivalent to that achieved by the countries industrialized in the past may be obtained by extension of the secondary sector (See Table 11).

/Table 11

Table 11

PRODUCTION OF ELECTRIC ENERGY: INSTALLED CAPACITY (MILLIONS OF KW) IN
SELECTED LATIN AMERICAN AND INDUSTRIALIZED COUNTRIES

| | <u>U.S.A.</u> | <u>France</u> | <u>Germany</u> | <u>England</u> | <u>URSS</u> | <u>Italy</u> | |
|--------------------|------------------|---------------|-----------------|----------------|---------------|--------------|----------------------------|
| 1928 ^{a/} | 82,794 | 12,976 | 27,870 | 10,879 | 5,007 | 9,630 | |
| | <u>Argentina</u> | <u>Brasil</u> | <u>Colombia</u> | <u>Chile</u> | <u>Mexico</u> | <u>Peru</u> | <u>Venezuela</u> (1962) |
| 1963 ^{b/} | 4,584 | 6,379 | 1,158 | 1,136 | 4,192 | 1,041 | 1,977 |

Source: a/ United Nations, Statistical Yearbook, 1948, pp. 258-262.

b/ United Nations, Statistical Yearbook, 1964, pp. 343-349.

Therefore, available data calls for extreme caution in regard to conclusions about the formation in Latin America of a differentiated occupational structure of the type characteristic of the industrial societies. Does this mean that there have been no significant changes in the occupational structure, and, hence, when taking the latter as an indicator of social stratification, there has been no formation of "middle strata" nor extension and differentiation of the "popular sector"? The urbanization trends, the formation of the tertiary sector, and the evolution of the industrialization indicators seem to point to the contrary. The Latin American societies considered here have undergone transformation that cannot be underestimated; they have industrialized, but they also present significant differences from the socioeconomic structure of the industrialized countries. Let us analyze this apparent contradiction, using the available data, with the purpose of determining the transformation of the secondary sector and its possible implications in the stratification patterns, and at the same time analyzing the significance of the tertiary sector in Latin America.

Changes in the Secondary Sector

Table 12 clearly shows that the trend of manufacturing employment within the overall nonfarming occupations (secondary and tertiary) is one of

/Table 12

Table 12

PARTICIPATION OF INDUSTRIAL EMPLOYMENT
IN TOTAL NONAGRICULTURAL OCCUPATIONS
(Percentages)

| | <u>1925</u> | <u>1940</u> | <u>1950</u> | <u>1960</u> |
|---------------|-------------|-------------|-------------|-------------|
| Argentina | 30 | 32 | 30 | 26 |
| Brazil | 36 | 34 | 33 | 28 |
| Chile | 33 | 26 | 26 | 23 |
| Colombia | 48 | 35 | 33 | 29 |
| Mexico | 36 | 32 | 29 | 30 |
| Peru | 46 | 41 | 39 | 34 |
| Venezuela | 27 | 21 | 18 | 18 |
| Latin America | 35 | 33 | 31 | 27 |

Source: Simposio Latinoamericano de Industrialización, p. 14.

proportional decrease. In practically all of the more industrialized countries of Latin America, the same pattern is noticeable, which is nothing but the result indicated in Tables 8 and 9: the growth of the tertiary sector at the expense of the primary. Nevertheless, in absolute numbers there is a continuing increase between 1925 and 1960 of the number of persons joining the secondary sector. Thus, the number of people occupied in manufacturing in Argentina practically doubled during these thirty-five years, more than doubled in Brazil, almost tripled in Mexico, and more than tripled in Venezuela; even in Chile, Colombia, and Peru, registering smaller increases, the increase of employment in the secondary amounted to approximately 60 percent. The mass of people moving from agricultural activities to manufacturing is considerable, in spite of the relatively small increase in the secondary sector.

/Table 13

Table 13

POPULATION EMPLOYED IN THE MANUFACTURING SECTOR ACCORDING
TO THE DISTRIBUTION BETWEEN INDUSTRIAL AND ARTISAN EMPLOYMENT
(Percentages)

| | 1925 | | 1940 | |
|---------------|-------------------|----------------|-------------------|----------------|
| | <u>Industrial</u> | <u>Artisan</u> | <u>Industrial</u> | <u>Artisan</u> |
| Argentina | 40 | 60 | 49 | 51 |
| Brazil | 32 | 68 | 49 | 51 |
| Chile | 29 | 71 | 48 | 52 |
| Colombia | 11 | 89 | 24 | 76 |
| Mexico | 30 | 70 | 50 | 50 |
| Peru | 6 | 94 | 16 | 84 |
| Venezuela | 14 | 86 | 44 | 56 |
| Latin America | 26 | 74 | 41 | 59 |

| | 1950 | | 1960 | |
|---------------|-------------------|----------------|-------------------|----------------|
| | <u>Industrial</u> | <u>Artisan</u> | <u>Industrial</u> | <u>Artisan</u> |
| Argentina | 61 | 39 | 58 | 42 |
| Brazil | 52 | 48 | 56 | 44 |
| Chile | 49 | 51 | 54 | 46 |
| Colombia | 30 | 70 | 34 | 66 |
| Mexico | 55 | 45 | 64 | 36 |
| Peru | 28 | 71 | 38 | 62 |
| Venezuela | 47 | 53 | 60 | 40 |
| Latin America | 48 | 52 | 52 | 48 |

Source: Simposio Latinoamericano de Industrialización, pp. 17-18.

/This trend

This trend points to a general conclusion, still provisional, emphasizing the numerical importance of the new occupational sectors in the seven Latin American countries considered here. It becomes necessary, therefore, to find out more details about the new industrial sectors. Let us first analyze changes in the manufacturing sector as presented in Table 13.

In comparing the initial and final dates of this table it can be seen that only in Peru and Colombia artisan employment continued to be predominate within the overall manufacturing sector. In all other countries the increase of industrial employment surpassed that of artisan employment. It is noteworthy that in Mexico two-thirds of the entire manufacturing occupations belonged to the industrial sector and only one-third to the artisan. Brazil also presents a significant difference favoring industrial employment. In these two countries the latter increased six and four times respectively - in thousands of persons - during the period of time considered. The data in Table 13 also indicate that differentiation of the industrial sector became accentuated between 1940 and 1950, a period during which the conditions of the international market favored the intensification of "imports substitution" due to the war.

Table 14 presents data on industrial occupation distribution by size of enterprise, data which confirms the importance of the "modern sector" in the occupational structure of the countries considered. With the exception of Venezuela, industrial occupation in enterprises of 100 and more workers amounts to 50 percent or more of the total persons occupied in manufacturing; this reinforces the foregoing statements about the importance of the modern industrial sector within all employment in manufacturing. Furthermore, although the secondary sector decreased proportionally in regard to overall occupation, the contribution of the manufacturing sector to the formation of the gross domestic product increased in almost all countries (Table 15).

The little data available indicate that in a parallel fashion the average remuneration per capita in the manufacturing sector is higher in enterprises of 100 or more workers.^{6/} All this suggests that relatively

^{6/} Simposio Latinoamericano de Industrialización, El proceso de industrialización en América Latina, Anexo Estadístico. Santiago: Comisión Económica para América Latina (CEPAL), 1966, pp. 59-61. Subsequently will be referred as Simposio Latinoamericano de Industrialización.

Table 14

PERSONS OCCUPIED IN THE INDUSTRIAL SECTOR
ACCORDING TO SIZE OF ENTERPRISE
(Percentages)

| | <u>1960</u> Brazil | <u>1963</u> Colombia | <u>1957</u> Chile ^{a/} | <u>1961</u> Venezuela ^{b/} |
|-----------------------|---------------------------------------|-------------------------|------------------------------------|--|
| From 1 to 4 persons | 8 | 4 | - | - |
| From 5 to 19 persons | 15 | 18 | 15 | 37 |
| From 20 to 99 persons | 21 | 26 | 28 | 26 |
| 100 and over | 56 | 52 | 57 | 37 |
| | <u>100%</u> (1796.8) ^{c/} | <u>100%</u> (254.1) | <u>100%</u> (206.7) | <u>100%</u> (156.9) |

a/ Data for Chile is not available in the "1 to 4 persons" category.

b/ The computations for Venezuela are for 5-20 persons, 21-100, and 101 and over, respectively.

c/ In thousands of persons, percentages were extracted from the totals.

Source: Simposio Latinoamericano de Industrialización, p. 35.

better paid strata are formed in the urban-industrial sector. These strata - even though they are not considerable in percentage - have a specific weight in absolute figures sufficient enough to be able to speak of consolidation of a modern industrial sector with some impact on consumer demand. On the other hand, internal differentiation in the industrial sector is accentuated. Thus, salaries paid per person employed in the "dynamic industries" - which form when the development process turns to the internal market and becomes an imports-substituting process - are noticeably higher than those paid in the other industrial sectors. At the same time, the number of persons employed in that type of industry has continually increased during recent years.^{7/} The repercussions of

^{7/} Ibid, Table II-18, p. 52.

Table 15

CONTRIBUTION OF THE MANUFACTURING SECTOR TO THE GENERATION
OF THE GROSS DOMESTIC PRODUCT AND EMPLOYMENT
IN THAT BRANCH OF ACTIVITY
(Percentages)

| | <u>Argentina</u> | | <u>Brazil</u> | | <u>Colombia</u> | | <u>Chile</u> | | <u>Mexico</u> | | <u>Peru</u> | | <u>Venezuela</u> | |
|---|------------------|------|------------------|------------------|-----------------|------|--------------|------|---------------|------|-------------|------|------------------|------------------|
| | 1951 | 1960 | 1951 | 1960 | 1951 | 1960 | 1951 | 1960 | 1951 | 1960 | 1951 | 1960 | 1951 | 1960 |
| % GDP generated in manuf. ^{c/} | 27 | 32 | 25 ^{a/} | 26 ^{a/} | 14 | 17 | 19 | 18 | 21 | 23 | 16 | 19 | 8 ^{b/} | 11 ^{b/} |
| % of EAP in manuf. ^{d/} | 23 | 21 | 13 | 13 | 14 | 15 | 19 | 17 | 12 | 17 | 16 | 15 | 10 | 12 |

^{a/} Includes construction, mining and quarrying, electricity, gas, and water.

^{b/} Excludes oil.

^{c/} Source: United Nations, Statistical Bulletin for Latin America, III, N° 1.

^{d/} Simposio Latinoamericano de Industrialización, pp. 17-18. Estimates based on official statistics. Data corresponds to 1950 and 1960.

Note: GDP has been computed taking the values at factor cost as a base, except for Peru, and Venezuela, whose market prices of 1950, 1960, and 1957, respectively, are used.

these trends within the manufacturing sector on social stratification are also considerable. Next to a labor sector with a certain capacity for consumption, a sector of technicians and clerks is created that assumes significant proportions within the secondary sector (Table 16).

The conclusions from these data are unequivocal with regard to the effects of the stated structural transformations on the formation and differentiation of the secondary sector. The importance and the composition of the tertiary sector remain to be analyzed to obtain a clearer idea of the social effect of the transformation.

/Table 16

Table 16

MANUFACTURING SECTOR: RATIO OF MANUAL TO NONMANUAL EMPLOYEES
(Percentages)

| | Argentina 1954 | Brazil 1960 | Chile 1957 | Mexico 1960 | Peru 1960 | Venezuela 1961 |
|--------------------------|-------------------|----------------|---------------|----------------|--------------|-------------------|
| Workers | 70 | 79 | 87 | 65 | 84 | 75 |
| Nonworkers ^{a/} | 30 | 21 | 13 | 35 | 16 | 25 |

^{a/} Includes employees, family members, and owners.

Source: Simposio Latinoamericano de Industrialización, p. 52.

Changes in the Tertiary Sector

Indeed, if growth of the tertiary sector would express - as in the case of the secondary sector - creation of occupations directly or indirectly linked to the impulse of the dynamic-industrial sector, it would be justified to state that structural changes reached such a degree in the socioeconomic structure of Latin America that the concept of "post-automation industrial societies" would be the only one fit to describe them. However, this is not the case, as already stated. In order to have really expressed the differentiation of the urban services sector, the magnitude of the tertiary sector and its continuing growth would have required a much more developed industrial basis than that actually existing.

As a first approach, the distribution of the tertiary within the urban sector is given in Table 17. Obviously, the data there indicate an enormous percentage of people in the tertiary sector when compared with the secondary sector. To explain the phenomenon of "overloaded tertiary", several hypotheses will be advanced, most of which express a valid dimension of the problem.

/Table 17

Table 17

PARTICIPATION OF NONMANUFACTURING EMPLOYMENT IN TOTAL NONFARM OCCUPATIONS
IN SELECTED AND ALL LATIN AMERICAN COUNTRIES
(Percentages)

| | <u>1925</u> | <u>1940</u> | <u>1950</u> | <u>1960</u> |
|---------------|-------------|-------------|-------------|-------------|
| Argentina | 70 | 68 | 70 | 74 |
| Brazil | 64 | 66 | 67 | 72 |
| Chile | 67 | 74 | 74 | 77 |
| Colombia | 52 | 65 | 67 | 71 |
| Mexico | 64 | 68 | 71 | 70 |
| Peru | 54 | 59 | 61 | 66 |
| Venezuela | 73 | 79 | 82 | 82 |
| Latin America | 65 | 67 | 69 | 73 |

Source: Simposio Latinoamericano de Industrialización, p. 13.

In the first place, the way in which data are usually presented is inadequate. For example, under the services sector it is customary to include a series of job classifications ranging from those complementary to urban industry, such as transport, public service, etc., to those in which under-employment is concealed under sporadic activities of insufficient remuneration. Also, it has been claimed that in the tertiary, bureaucratic occupations assume a disproportional share. An attempt has been made to explain this rise on the basis of the role of the public service as a channel to absorb the decadent traditional classes. However, information presented in Table 3 indicates that in the overall tertiary sector government employment reaches a moderate increase, from 2.2 percent of the employed population in 1925 to 3.7 percent in 1960. When considering the percentages of this sector in regard to the overall population, the increase ranges from 0.8 to 1.2 percent. Likewise, Table 3 permits a better evaluation of the significance of the tertiary: some of its items refer directly to occupations related to the growth of the modern sectors of the economy, such as the construction

/sector or

sector or that of basic services, which registered an increase between 1925 and 1960 from 1.6 to 4.9 and from 3.2 to 5.2 percent respectively.

Thus, the high tertiary sectors in the developing countries of Latin America, even though they exceed those of countries of original industrialization (and the differences between the patterns of development of the two groups of countries should not be forgotten), express a certain degree of formation of modern urban-industrial strata in the social structure. The difficulty in analyzing the exact significance of that process stems, on the one hand, from the relative indetermination of the marginal sectors within the tertiary sector (formed by the unemployed, underemployed, etc.) and, on the other hand, lies in evaluating the specific weight of white-collar and manual labor activities in the tertiary as a whole.

The following information in Table 18, referring to four of the seven countries being analyzed,^{8/} refines and clarifies the composition of the tertiary sector. It is very noticeable that in spite of the "normal" and moderate expansion of labor employed in business, finance, transports, and communications, labor in services increased the most during the same period. Hence, it is possible to consider certain hypotheses that may permit an evaluation of the portion within services that are due to marginalization of urban populations.

Available statistics do not allow an accurate evaluation of the proportion of the unemployed in Latin America, since the phenomenon in most cases is disguised.^{9/} The presence of unemployment in the tertiary sector is noticeable in the items "miscellaneous services and nonspecified activities": close to 10 million persons (approximately 15 percent of the labor force) theoretically are engaged in these activities, which have been practically the only items registering a decrease of productivity between 1950 and 1960.^{10/}

^{8/} The global percentages of the tertiary presented here do not coincide with those presented before, since they were taken from national estimates that were not corrected by the same criteria as the foregoing.

^{9/} "Disguised unemployment" and "underemployment" refer to the occupations of a very low income level or to situations in which working hours are less than normal. For the purposes of analysis, unemployment itself was not considered because of insufficient available data. Therefore, the evaluations presented are provisional and probably below the actual level.

^{10/} These statements were taken from Benjamín Hopenhayn, "Ocupación y desarrollo económico en Latinoamérica", Santiago: Instituto Latinoamericano de Planificación Económica y Social (INSTITUTO), 1966, p. 17, mimeo. The following data are based on that paper.

Table 18

PARTICIPATION OF THE EMPLOYED POPULATION IN THE TERTIARY SECTOR

(Percentages)

| | <u>Argentina</u> | | <u>Chile</u> | | <u>Mexico</u> | | <u>Venezuela</u> | |
|--|------------------|------|--------------|------|---------------|------|------------------|------|
| | 1950 | 1960 | 1952 | 1960 | 1950 | 1960 | 1951 | 1962 |
| 1. Trade and finance | 11 | 12 | 9 | 9 | 8 | 9 | 9 | 13 |
| 2. Transportation and communication | 6 | 7 | 5 | 6 | 3 | 4 | 3 | 4 |
| 3. Services (includes governmental, private and non-specified occupations) | 23 | 28 | 24 | 26 | 15 | 17 | 21 | 26 |
| | 40% | 47% | 38% | 41% | 26% | 30% | 33% | 43% |

Source: Argentina: Simposio Latinoamericano de Industrialización, El Desarrollo Industrial de Argentina, Santiago: CEPAL, 1966, p. 22.

Chile: Simposio Latinoamericano de Industrialización, El Desarrollo Industrial de Chile, Santiago: CEPAL, 1966, p. 14.

Mexico: Secretaría de Industria y Comercio, VI Censo General de Población, Mexico, 1950; Dirección General de Estadística y Nacional Financiera, Informe de 1961 (for 1960).

A wise guess is that in the forementioned activities there exists approximately 25 percent "disguised employment", according to specific surveys conducted in Chile and Peru. If unemployment existing in business and construction is added to these calculations, the significance of the marginalized population in the urban economic structure can be evaluated more realistically. It is not negligible that in the artisan sector of manufacturing this phenomenon must reach around 15 percent of the employed population, a level equivalent to the estimated rural unemployment.^{11/} Based on these hypotheses it is possible to set up an estimate of the minimal amount of unemployment and disguised unemployment existent in the countries being studied.

^{11/} Based on those premises Hopenhayn estimated that as a minimum there were 8,200,000 workers in a condition of disguised unemployment in 1960 (12 percent of the employed population), 9,200,000 in 1965, and that there will be 10.8 million by 1970.

/As a

As a provisional consideration, it can be stated that the undeniable differentiation of urban occupation, even though expressing the formation of middle strata, also covers up the existence of marginal masses. When considering the effects of industrialization and modernization of the Latin American economy we are again confronted with the image of a contradictory movement: the rapid and numerically significant formation of a possible class structure (relatively integrated, dynamic, perhaps open to intensive social mobility) simultaneously with the likewise accelerated formation of wide social strata apparently not integrated but possibly "available" to the values, institutions and, in a phrase, the "way of life", of industrial society.

Social Stratification

In any event, the data presented indicate important changes in the occupational structure of Latin America countries, and particularly in the more industrialized ones of the region. It is legitimate, then, to assume there have also been alterations in the social stratification system. Indeed, the data show that, within the secondary sector, nonlabor groups reached a certain percentual significance by 1960, and that labor in the industrial category exceeded that in the artisan. As to the tertiary, although it might not be generally considered as an indicator of modernization since nonmanual occupation is usually not considered important in the process of industrialization, the growth in categories such as business or finance leads to the assumption that the nonmanual occupation strata has extended throughout the overall occupational structure.

The analysis in Table 19 of the available data for the employed population as a whole indicates the trends of occupational differentiation. It is necessary to emphasize that urban population strata compared of persons engaged in nonmanual professions numerically assumed a substantial magnitude. Again this phenomenon is more important in theoretical terms than just the percentages of nonmanual occupations (professionals, technicians and scientists, managers and administrators, clerks and salesmen) within overall occupations. And perhaps it is even more important than the growth trends of these occupations, since in some cases the projections disregard the economic changes that occurred between 1950 and 1960.

/Table 19

Table 19

POPULATION BY OCCUPATIONAL GROUPS IN SELECTED
LATIN AMERICAN COUNTRIES, 1950-1960
(Percentages)

| | <u>Colombia</u> ^{a/} | | <u>Brazil</u> | | <u>Venezuela</u> | | <u>Peru</u> | |
|--|--|-------------|---------------|-------------|------------------|-------------|-------------|-------------|
| | 1950 | 1960 | 1950 | 1960 | 1950 | 1960 | 1950 | 1960 |
| Professionals, technicians, scientists | 2 | 3 | 2 | 2 | 4 | 4 | 3 | 3 |
| Managers and administrators | 6 | 7 | 5 | 5 | 1 | 1 | 1 | 2 |
| Clerks | 2 | 3 | 3 | 3 | 4 | 8 | 4 | 5 |
| Salesmen | 2 | 2 | 4 | 4 | 8 | 11 | 5 | 7 |
| Farmers | 53 | 47 | 57 | 57 | 41 | 31 | 51 | 49 |
| Mining | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 |
| Transportation and communication | 2 | 2 | 3 | 3 | 4 | 7 | 2 | 2 |
| Artisans and workers | 15 | 17 | 13 | 13 | 16 | 19 | 18 | 15 |
| Services | 11 | 12 | 5 | 5 | 10 | 12 | 7 | 9 |
| Nonspecified | 6 | 6 | 7 | 7 | 12 | 6 | 8 | 7 |
| | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> | <u>100%</u> |
| | (4029.3) ^{b/} (4550.3)(1706.1)(22,341) (1543.4)(2796.0)(2737.8)(3013. | | | | | | | |

a/ Projections from the 1950 census. Note that variations exist in the data for Colombia, but not for Brazil. The reason is that for the former additional studies are used that contributed to a refining of the projection, while the latter deals with a "gross" projection.

b/ Thousands of persons; percentages were extracted from the totals.

Sources: Population Census, and CEPAL data. These data were kindly supplied by Marcos Altman, member of the INSTITUTO.

/By using

By using the same data and isolating occupations of the "services" and "nonspecified" categories, which are assumed to have a large concentration of marginal groups, it is possible to obtain a relatively realistic image of the occupational stratification of the countries under discussion.

The proportion of nonmanual occupations as compared to manual occupations increased in all countries. In spite of the weakness of the information and the caution demanded by the procedure of treating the data, it is possible to construct a simple stratification index indicating the behavior of these two categories, as done in Table 20. The relationship expresses itself much more clearly, of course, when the farming sectors are excluded from the denominator (Table 21). Taken as a whole, the ratio between nonmanual and manual occupations tends to increase, which means that the relative weight of the "intermediate sectors" in the social stratification system tends to increase.

As for the composition of the middle classes and the leading elites (either urban or rural capitalist entrepreneurs), there are relatively few studies from which to draw conclusions. However, there is enough information to construct hypotheses about the orientation, structure, and behavior of these groups. It is presently customary to point out the persistence and renovation of the traditional dominating strata, which to a large extent have managed to adapt to the changes of behavior imposed by the development stage based on large-scale exporting of primary products, and, more recently, to face with some effectiveness the changing social conditions of the industrial expansion period based on the internal market.^{12/} However, the image of a leading class imperious to the flows of social ascension is no longer

^{12/} For a critical summary of these trends and a bibliography in this connection, see F.H. Cardoso, "Entrepreneurial Elites", paper presented at the World Sociological Congress, Evian, September 1966. See also S.M. Lipset, "Elites, Education, and Entrepreneurship in Latin America", paper presented at the International Seminar on Elite Formation in Latin America, Montevideo, June 1965; and José Medina Echavarría, Consideraciones sociológicas sobre el desarrollo, Buenos Aires: Solar/Hachette, 1964.

Table 20

PERCENTAGE OF EMPLOYED NONMANUALS
OVER MANUALS, 1950-1960

(Stratification index = $\frac{\text{nonmanuals}^*}{\text{manuals}}$)

| | <u>Argentina</u> ^{a/} | <u>Brazil</u> ^{c/} | <u>Chile</u> | <u>Colombia</u> ^{c/} | <u>Mexico</u> | <u>Peru</u> ^{e/} | <u>Venezuela</u> |
|--------------------|--------------------------------|-----------------------------|--------------|-------------------------------|---------------|---------------------------|------------------|
| 1950 ^{b/} | 27.8 | 13.2 | 20.7 | 12.3 | d/ | d/ | 16.3 |
| 1960 | 38.17 | 15.39 | 31.27 | 13.89 | 24.40 | 19.29 | 33.23 |

a/ Based on a sample extracted from the census data of 1960.

b/ The middle and the lower occupational strata in secondary and tertiary sectors. Data from G. Germani, "Estrategia para estimular la movilidad social" in J. Kahl, ed., La industrialización en América Latina, Mexico: Fondo de Cultura, 1965, pp. 274-306.

c/ The figures of 1960 are based on projections from the 1950 census (by Marcos Altman).

d/ Data not available.

e/ It is necessary to note that the Peruvian census includes as "managers" a considerable proportion of individuals occupied in farming who own only a small piece of land. Since some of them are included in the general category of "nonmanuals", the quotient tends to increase.

*/ Nonmanuals includes professionals, technicians, managers and administrators, white-collar workers, and salesmen. Manuals includes farmers, cattlemen, fishermen, lumbermen, miners, drivers (transports), artisans and workers, domestic, and nonspecified workers.

Table 21

PERCENTAGE OF MANUALS OVER NONMANUALS USING
ONLY URBAN EMPLOYED^{*/}

| <u>Argentina</u> | <u>Brazil</u> | <u>Colombia</u> | <u>Chile</u> | <u>Mexico</u> | <u>Peru</u> | <u>Venezuela</u> |
|------------------|---------------|-----------------|--------------|---------------|-------------|------------------|
| 51.03 | 45.22 | 35.16 | a/ | 73.01 | 46.05 | 56.31 |

*/ See footnotes of Table 20.

a/ Data not available.

/a valid

a valid one. Recent studies^{13/} indicate that there is an incorporation of new groups and individuals - administrative or military - into the leading elites, both economically and politically. These studies also indicate a certain "intersectorial mobility" of the elites, which changes function and activity, either passing from the economic level to the political and serving as a mean of adapting to economically disadvantageous circumstances for some groups, or changing activity at the economic level, from agriculture to services, from these to industry, to banking, etc., thus securing a certain continuity between the various sectors of the dominating classes and in practice implementing an extensive system of solidarity among the traditional elites and the nouveaux riches.

The flexibility of the traditional leading classes operates in a framework of a certain economic dynamism, as is revealed by the data presented in this paper. This dynamism, which is not sufficient to incorporate the whole population into the expanding economic system, does, however, permit upward social mobility sufficient enough to force the traditional dominating classes to "share command" with the new politically or economically powerful sectors (capitalist entrepreneurs of immigrant origin, technical or professional sectors - mainly the military - of the old or new middle classes, etc.), and which seems to be sufficient enough to create expectations, fulfilled up to a certain point, of upward social mobility among the popular classes.

The few studies on social mobility in Latin America indicate that the effects of changes in the occupational structure, promoted by economic development, unquestionably permit and to a considerable degree accelerate

^{13/} The Latin American Institute for Economic and Social Planning, from United Nations Organization, is carrying out a series of studies on entrepreneurial groups in Argentina, Brazil, and Chile. Partial results obtained from the first of the papers mentioned in the previous note serve as the base of this statement. Particularly, see Luciano Martins, "Desocamentos intersectoriais na formação das elites industriais Brasileiras", preliminary discussion paper prepared within the general framework of INSTITUTE's research series, and C. Filgueira, "El empresario industrial en Chile", Santiago: INSTITUTE, 1965, manuscript. About the upper classes and the different professional elites, significant works are those of José Luis de Imaz, among the most important of which is, "Los que mandan", Buenos Aires: EUDEBA, 1964.

/"structural mobility"

"structural mobility", as some authors call it - that is, the mobility operating through creation of new employment opportunities. However, "replacement mobility", to use Germani's expression, or "position", using the nomenclature of Hutchinson (that is, mobility due to change of position and disregarding the increase of supply in new higher-ranking employments), appears to be extremely small, even in dynamic areas like the city of Sao Paulo.^{14/} Hutchinson's study unexpectedly shows that when comparing the results obtained with similar data of a society considered having low fluidity, such as that of Great Britain, the social structure of the city of Sao Paulo is even more rigid. Once again, therefore, some of the foregoing statements are confirmed indirectly: industrial development in Latin American countries, although it caused changes in the occupational structure and ultimately in the forms of social stratification, has not resulted in displacing the traditional high social groups to the extent that an "open class society" was formed. But neither has it allowed the old forms of social stratification and control to remain unaltered: the new social groups, when not displacing the old ones, have acquired upward dynamism sufficiently important to permit some of the new segments to reach the high levels of the stratification system, and, overall, almost all levels of urban population have the hope for upward mobility.^{15/}

To arrive at a conclusion, the meaning of the change process in relation to the type of society forming in Latin America needs to be explored.

^{14/} For more details refer to the pioneer studies of Gino Germani and Bertram Hutchinson. The book by Kahl (see Table 20) contains a selection, "Movilidad y trabajo", by Hutchinson (pp. 307-336); as to the works of Germani, besides that already mentioned (Table 20), refer to Política y sociedad en una época de transición, Buenos Aires: Ed. Paidós, 1962, particularly Chap. 6; also Estructura Social de la Argentina, Buenos Aires: RAIGAL, 1955.

^{15/} It is usually significant that in surveys made of samples of the popular class, motivation for social upward mobility is deferred to the children, for whom a white-collar or liberal profession is generally desired.

Economic Development and Social Change

The information presented limits the validity of pessimistic interpretations, like those denying the evidence of the existing dynamism in the industrializing Latin American societies, as well as of a naive interpretations establishing an immediate link between the limited achievements of industrialization and economic development and the attainment of social development patterns characteristic of the "mass industrial societies". It would seem, then, that the old concept of a "dual society" would be the intermediate point of balance between the two extreme positions. However, the idea of dual society produces more confusion than clarification.

Indeed, data and trends presented do not permit the conclusion that two isolated sectors have formed in the societies of the seven countries under consideration: the dynamic or modern and the stagnated or traditional. Actually, it is in what is usually called the urban-modern sector where marginal groups have become established, nonincorporated by the dynamics of economic expansion. On the other hand, as has been demonstrated, the new social groups do not completely displace the traditional sectors, and these latter apparently are much more flexible than assumed in common theories on oligarchies.

The impression remains, then, that Latin American societies have experienced changes of some importance, even in rural areas, since (although this aspect was not pointed out in the analysis) the continuing suction of rural populations by the cities alters the traditional equilibrium. The rhythm and direction of the change, however, are not the same for the various sectors of society: while next to the pre-industrial society, a policlassist center forms that absorbs part of the new social groups, a massive population sector forms possibly even faster in its periphery - urban and rural. Its existence is a direct function of the transformation due to expansion of the new economic structure, but the laws governing its movement do not follow entirely the framework of the urban-industrial system. Thus, although it is true that the Latin American "industrialized" societies present two faces, one is a function of the other and not the inverse: the dynamism of the new urban-industrial sector accentuates the growth of the periphery, but
/this does

this does not mean - in the countries here considered - that the modern policlassist center has ceased to impose its order on the whole society.

The suggested interpretation emphasizes, therefore, that in the social reorganization process, a system of oligarchies arises between the dominating sectors of pre-industrial societies and the new high strata formed by industrialization. At the same time, the low strata break up into two different groups: those entering the expanding economic system and those remaining at the periphery. It would seem appropriate in view of the available information to explain in more detail the results of this latter process, pointing out that it is the "modern sector" or "policlassist center", as we choose to call it, that determines the "movement" of industrializing societies, and that the fragmentation of the popular sectors, for the same reason, is relative: not only does a periphery of society become established in the function of the industrial-capitalistic center, but the latter also subordinates the periphery.

The last aspect requires additional clarification. Although the overloaded tertiary and the presence of marginal groups testify to the social consequences of industrialization and the economic system's inability to absorb the excess of labor generated by its operation, the data presented, and some of the studies mentioned in the notes, it would be premature to state that there is a complete rupture between the relatively more integrated core of the social system and the periphery, which many assume to be anomic and "available". In fact, the estimates presented in this paper and some trends in the expansion of the economic system point toward more cautious conclusions, emphasizing that the system in formation has a certain absorption capability and, at any rate, still has many resources to expand the channels of social control, and that the patterns of deferred social upward mobility, even though somewhat mythical, are nonetheless effective.^{16/}

^{16/} Among the few studies on the behavior of individuals belonging to the "marginal strata" and on their value orientation, one of the most significant is that of A. Gurrieri, "Situación y perspectivas de la juventud en una población urbana popular", paper submitted to the Latin American Conference on Children and Youth in National Development, Santiago, November-December 1965.

/Otherwise, if

Otherwise, if common hypotheses about complete rupture of the equilibrium between center and periphery or about the inability of the currently forming capitalist-industrial system to maintain a control system are valid, Latin America "industrialized" societies would already be fully involved in a revolutionary turmoil, which is not the case. On the contrary, situations of this type have come up in countries or regions of Latin America where the impact of industrialization did not succeed in changing the national structure in its entirety, these movements having support precisely in nonindustrial urban areas. Of course, the need of specifying the limits of the absorption capacity of the dynamic economic capitalist sectors and the adaptation forms and reaction of the "mobilized but not integrated masses" remains as a practical problem for the type of future transformation of the region and as a theoretical problem for scientific determination of the type of society that is forming. Due to lack of systematic information on the subject, it is not possible to advance any further than the previous hypotheses, sustaining that at present it still is relatively safe to talk of the existence of links of the two sectors of the popular classes among themselves and with the policlassist center, as well as of the capacity of this latter to maintain forms of social control by acting on the periphery in a relatively effective way.

Finally, after dismissing the idea of the existence of "dual societies" used to explain the double movement of reorganization of the social system and, likewise, after showing that it is the very economic development that creates at the same time a policlassist core and a mass type periphery, it should be emphasized that at the center of this type of society differentiation and stratification of the social groups form both an industrial proletariat and a numerically strategic important middle sector. This obviously reflects the existence of active entrepreneurial strata in the private or public sector of the economy. Indeed, if it is true that in society as a whole, rural populations, and those not integrated in many of the countries considered, continue constituting the majority of the population, the distinctive feature of those societies is precisely the presence of new social groups trying to break into the nation's central society.

/It seems

It seems, then, that the contradictory movement that became apparent in the analysis of the specific sectors of the occupational structure of the industrializing countries reaches a general character. The two dimensions of the transformation movement of Latin American societies operate concomitantly in each phase of the development process, and up to now it cannot be foreseen that the process is occurring as a transitional step. On the contrary, although in the more industrialized countries the differentiation and integration of the groups within the capitalist-industrial system become accentuated, nevertheless the periphery strata increase in absolute numbers. Certainly, this process also occurred in the initial phases of European industrialization. But, while in that case not only emigration process but also the dynamism of the industrial sector and its capacity to absorb labor increasingly decreased the "reserve army", in Latin America there occurs simultaneously the formation of industrial societies and the maintenance at their periphery of extensive social strata that, if no longer rural-traditional, are also not truly urban-industrial.

The Latin American situations, where the capitalist-industrial system develops without disrupting the situation of a dependent periphery, cannot be concretely interpreted without pointing toward the situation described above. More than a situation of duality, it is a situation of ambiguity: the two processes mentioned - that of reorganization of the class system and of formation of extensive social strata dependent on it but weakly linked to it - are present and mould it simultaneously and correspondingly. In no case does the resulting amalgam express duality of two polarity situations, one "modern" and another "traditional" or anachronistic. On the contrary, it expresses the way in which it is possible, under the particular condition of underdevelopment and dependency, for Latin American countries to move ahead in their industrialization process.