

CEPAL

Review

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Metropolization and tertiarization: structural distortions in Latin American development

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One of the central aspects of development is the process whereby the penetration of technical progress into primary activities expels manpower, most of which has to be absorbed by urban economic activities. ECLAC has devoted attention to this question ever since its earliest documents were produced, and has been spurred by the interpretation of the difficulties attending the said process to much theoretical thinking and empirical research.

The author once again takes up the topic to stress two of its aspects: metropolitan gigantism and spurious tertiarization. These phenomena are expressions of a structural distortion in our economies, whose underlying cause is the unequal social distribution of the means of production, of power and of income, which shapes the structure of supply, the sectoral distribution of the labour force and the spatial location of the population.

The enormous difficulties placed by this structural distortion in the way of productive absorption of underemployed and unemployed manpower are aggravated by the present crisis, the high rate of population growth and the minimal absorption capacity of modern technology. Since the current possibilities of absorption in the metropolises are so slight, the occupational retention capacity of smaller nuclei and of agricultural activities must be increased, but that requires, *inter alia*, redistribution of land and priority resource reallocation, apart from new urban-rural patterns.

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Introduction

"The invasion of Lima by people from the provinces began in silence; when the highways were opened it turned into a torrential flood. Indians, mestizos and landowners moved into Lima and left their towns and villages emptier or inactive, their life-blood ebbing away. In the capital Indians and mestizos endured (and are still enduring) a painful ordeal of initiation; dragging out existence in the squalor of the outlying districts, lightless, waterless and almost roofless, until they gradually 'found their feet' in the city, or gave a city touch to their amorphous settlements, as they themselves became regular workers or employees." (J.M. Arguedas, 1950.) (The underlining is the present author's.)

This percipient and moving observation by a great Peruvian writer was recorded more than three decades ago. It was the time when, albeit in diverse degrees and with diverse characteristics, the phenomenon of rural migrations to the cities and particularly to the metropolitan nuclei began to assume a more visible and problematic guise. With the passage of the years, realities very different from those of the past have come to prevail in the structures of employment and production, in the size and nature of large cities, in rural-urban relations and in the agricultural sphere.

In the present notes the guiding thread will be constituted by these changes, which have indubitably been among the main factors influencing the transformation of the Latin American style of development.¹ In other words, it seems obvious that the changes in the structures of employment and production, in metropolitan concentration and in the relations between the agricultural and the urban world have had profound repercussions on income distribution, on the rate and pattern of growth and on external relations.

Furthermore, a long-term perspective has been adopted which covers the last two or three decades, as the case may be, disregarding, save for indispensable allusions, the interrelationships of the subject with the external situation and above all with the current in-

¹ A summarized and amended version of a document entitled *Transformaciones estructurales y estilos de desarrollo: anticipaciones, desvíos y opciones estratégicas* (RIAT 803/1), presented by the author at an ECLAC-FAO consultative meeting of experts on styles of development and agricultural policies (Consulta CEPAL-FAO de Expertos sobre Estilos de Desarrollo y Políticas Agrícolas, Santiago, Chile, 7 to 11 November 1983).

ternational crisis. The main reason was the need to narrow down an approach too broad in any case for the author's possibilities, although another operative factor was the belief that many of the problems resuscitated, brought to light or posed by the external crisis were already present or brewing in the evolution of the previous period, as is true, for example, of visible or total unemployment.

A reminder must also be given of the limitations of any general reflection in view of the marked differences between countries, and all the more if attention is concentrated on structural traits. This is borne out by the background data presented. Nevertheless, it is hard to find any country that has not had to cope with one or other of the problems in question.

I

Trends in recent decades: Predictions and realities

If a glance is cast at development in recent decades it is tempting to compare some of its main elements with the predictions formulated in certain early studies by ECLAC and Dr. Prebisch (ECLA, 1950; Prebisch, 1973).

Although the main gist of those analyses concerns the centre-periphery system and industrialization, they have been from the outset indissolubly linked with the nature and implications of the penetration of technical progress into primary activities and determined by that process. This can be seen in the argument developed in the documents cited, to which reference is made in a recent study (Pinto, 1983). The chain of reasoning is as follows:

i) In outward-directed development "technical progress only affected small sectors of the vast population as it usually only penetrated where it was needed to produce foodstuffs and raw materials at low cost for delivery to the great industrial centres...

ii) "As modern technique increases productivity, a surplus of labour, no longer needed by agriculture, is created. It then becomes the task of industry and other activities to absorb this labour productively. ... As technique improves and fewer people are needed to obtain more primary products, the surplus of gainfully employed population, together with the natural increase, become employed in industry, transport and trade, as a logical consequence of the expanding markets and specialization and diversification of production. ... There is an increase in

the demand for certain personal services; furthermore, the State, as its functions expand, absorbs an increasing proportion of the additional real income and also of the gainfully employed population.

iii) "Hence, agricultural improvement and industrial development are two aspects of the problem of economic development. ... Just as the development of industry, transport and trade, as well as services, needs the labour which is no longer necessary to primary production, the latter in its turn could not expand further without a corresponding development of these other activities" (ECLA, 1950).

1. *Latin America's experience: affinities and deviations*

How far and in what way has the development of Latin America followed the general pattern inspired by the paradigm of European capitalist development and by certain changes and relations which undoubtedly can be generalized where technical progress spreads?

A first bird's-eye view might suggest that—in broad outline—events more or less closely followed the course foreseen, particularly where the diversification of production, spontaneous, intentional or enforced industrialization, and increasing urbanization gradually created fitting circumstances for the absorption of the labour force no longer needed in primary activities and offered it new opportunities which attracted it to

the cities. As time went by, however, this process and its affinity with the reference model petered out. Long before the present crisis, and from many different angles, critical voices had begun to cast doubt on the predicted sequences and relations and to denounce irregularities and divergences which were shaping other very different and censurable situations. Thus there was an emergence or recrudescence of motives of concern that have become predominant in the last 20 years: among them, income distribution; the "insufficient dynamism" of the system; the shortage of employment, urban marginality and disguised unemployment; land tenure and the peasant problem; external dependence and pertinacious structural heterogeneity.

For the purpose of these notes, what is of interest is the fact that the labour force displaced from the primary sectors, plus the manpower existing in the metropolises themselves, seems to have far exceeded the productive absorption capacity of the secondary and tertiary sectors and of the urban nuclei where the migratory flow and population growth have been concentrated. Accordingly, with the mammoth size of the principal cities has come to be associated a phenomenon of spurious tertiarization, especially in unskilled services or in various kinds of under-employment or informal occupations. Moreover, the rural-urban population shifts would seem to have had little significance as regards improving the socio-economic status of agricultural activities or reducing disparities in productivity in relation to the other sectors and within the rural sphere itself. On the other hand, what does stand out is the loss of relative importance of the agricultural product and employment in agriculture, despite food shortages and the insufficiency of employment opportunities in other fields.

The economist Pedro Vuscovic, analysing the pattern of urban-rural relations resulting from these changes, concluded in an important study that there are no other societies today—and never have been any in the history of capitalism—which have come to show urban-rural, countryside-town relations such as those that have grown up in Latin America; with so marked a differentiation in the levels of living and ways of life, in the patterns of consumption of the respective populations; and also with so extreme a concentration in a single great urban centre, of dis-

proportionate size in relation to the total rural population, a characteristic which means that account must be taken of the relations not only between countryside and town but also between the great metropolis and the smaller urban centres: metropolises which in some cases attain colossal dimensions, even in comparison with the larger urban centres in the most advanced capitalist world (Vuscovic, 1981).

2. *Metropolitan expansion*

In analysing the phenomenon of metropolization it is as well to explain that the term carries a pejorative undertone only in respect of two clearly identified situations, which may or may not coincide: that of the big city which becomes—in everyday language—unmanageable, almost livable-in, or simply inefficient, viewed from the angle of economies of agglomeration; and that of a main centre, also very large, which instead of irradiating its progress throughout its peripheral areas, has an inhibiting or deleterious effect on them or simply neglects them, thus affecting national integration and the desirable degree of national homogeneity. In other words, there is no question of prejudices, either anti-city or even against the largest centres, since the benefits attaching to these are manifold; but it is not hard to imagine turning-points whence the balance becomes increasingly negative. Suffice it to say that any Latin American of my generation has seen with his own eyes the transformation of cities which two or three decades ago were hospitable and attractive, and which today are labouring under the well-known evils of metropolitan congestion and deterioration.

The high growth rates of the urban population and the considerable percentage of it that is settled in the principal city are the most striking figures recorded, particularly if those showing the relevant situations in the industrialized countries, whether capitalist or socialist, are borne in mind (see table 1). Even in places where urban expansion was more moderate in the period 1960-1980 (as in Argentina and Uruguay) or more spread out (as in Brazil or Colombia), excessive concentration in the dominant nucleus is to be found, or gigantism of the principal metropolis (for example, São Paulo or Bogotá).

With reference to this subject, Sergio Boisier

Table 1
URBANIZATION

	Urban population				Percentage of urban population			
	As a percentage of total population		Average growth rates		In the largest city		In cities of over 500,000 inhabitants	
	1960	1980	1960-1970	1970-1980	1960	1980	1960	1980
1. <i>Capitalist industrial countries</i>	68	78	1.8	1.4	18	18	48	55
2. <i>Socialist industrial countries</i>	49	62	2.4	1.8	9	7	23	32
3. <i>Latin American countries</i>								
Mexico	51	67	4.6	4.3	28	32	36	48
Guatemala	33	39	3.8	3.9	41	36	41	36
El Salvador	38	41	3.2	3.3	26	22	...	...
Honduras	23	36	5.4	5.5	31	33	...	...
Nicaragua	41	53	4.0	4.7	41	47	...	47
Costa Rica	37	43	4.2	3.3	67	64	...	64
Panama	41	54	4.4	3.6	61	66	...	66
Venezuela	67	83	4.7	4.2	26	26	26	44
Colombia	48	70	5.2	3.9	17	26	28	51
Ecuador	34	45	4.4	4.2	31	29	...	51
Peru	46	67	4.9	4.2	38	39	38	44
Bolivia	24	33	3.9	4.1	47	44	...	44
Paraguay	36	39	2.9	3.8	44	44	...	44
Chile	68	80	3.1	2.3	38	44	38	44
Argentina	74	82	2.0	2.1	46	45	54	60
Uruguay	84	84	1.3	0.6	56	62	56	52
Brazil	46	68	4.8	4.1	14	16	35	52
Cuba	55	65	2.9	2.1	38	32	38	32
Dominican Republic	38	51	5.6	5.4	50	54	...	54

Source: World Bank, 1982, table 20.

recalls the conclusions of an Inter-American Development Bank study on the situation and prospects of 19 cities with populations of more than one million, located in Mexico, Venezuela, Peru, Chile, Argentina and Brazil. In 1950, they harboured 21.2 million inhabitants, a figure which reached 52.6 million in 1970 and which is assumed to have risen to 76.9 million in 1980. The mere increase between 1970 and 1980 probably exceeded their total aggregate population 30 years ago (Boisier, 1976). It is superfluous to mention the variety of astounding projections as regards what would necessarily happen by the year 2000 if the trends recorded were to be maintained.

This is indubitably one of the realities whose

roots reach far back into our region's history. Colonial times and the primary-exporter phase of growth helped to establish these dominant and absorbent urban centres. And the same thing happened —sometimes to a greater extent— during the subsequent stage of “inward-directed” development based on industrialization. While we shall revert later to other contrasts in this respect with the pattern of the industrial revolution in Europe, it is worth while to note here that, generally speaking, it was not the great “political capitals” that were the seats of this process. In a word, the counterparts of Manchester rather than those of London were the main focal points. One may think, for instance, of Rome, Paris, Berlin or Madrid *vis-à-vis* Milan-Turin,

Alsace-Lorraine, the Ruhr and Barcelona-Bilbao.

Furthermore, the propensity to settle in big metropolitan nuclei and the remarkably high rates of urbanization observable in Latin America must be assessed with an eye to the nature and evolution of the structures of employment and production between 1960 and 1980 (see tables 2 and 3).

As regards the sectoral distribution of the labour force, a notable characteristic is the simultaneous and almost equally intensive movement towards a relative increase of employment in services and a reduction in agriculture. The expansion of the tertiary sector is reproduced and accentuated in countries that differ widely in size and circumstances, such as Costa Rica and

Peru, Colombia and Panama, and even Argentina, where the structure of employment was better balanced in 1960. A feature peculiar to Chile was that the proportion represented by services was already very high in the base year (50%, as in Uruguay) and reached the exceptional level of 62% in 1980.

The moderate increase in the share of industrial employment primarily reflects the trend followed in Brazil, Mexico, Cuba and Venezuela. In other economies, in contrast, the decrease in the relative importance of employment in agriculture is accompanied by very small increases or even reductions in industrial employment, as in Argentina and Chile. In 1980 the proportion represented by services was—in Latin America as a whole—much the same as in the capitalist

SECTORAL DISTRIBUTION OF THE LABOUR FORCE

(Percentages)^a

	Agriculture		Industry		Services	
	1960	1980	1960	1980	1960	1980
1. <i>Capitalist industrial countries</i>	18	6	38	38	44	56
2. <i>Socialist industrial countries</i>	41	16	31	45	28	39
3. <i>Latin American countries</i>	47	31	20	24	33	45
Mexico	55	36	20	26	25	38
Guatemala	67	55	14	21	19	24
El Salvador	65	58	17	22	21	27
Honduras	70	63	11	15	19	22
Nicaragua	62	39	16	14	22	47
Costa Rica	51	29	19	23	30	48
Panama	51	27	14	18	35	55
Venezuela	35	18	22	27	43	55
Colombia	51	26	19	21	30	53
Ecuador	58	52	19	17	23	31
Peru	52	40	20	19	28	41
Bolivia	61	50	18	24	21	26
Paraguay	56	49	19	19	25	32
Chile	30	19	20	19	50	62
Argentina	20	13	36	28	44	59
Uruguay	21	11	29	32	50	57
Brazil	52	30	15	24	33	46
Cuba	39	23	22	31	39	46
Dominican Republic	67	49	12	18	21	33

Source: World Bank, 1982, table 19.

^aThe *agricultural sector* covers crop and stock farming, forestry, hunting and fishing. The *industrial sector* includes mining, manufacturing, construction and public utilities (electricity, water and gas). All other branches of economic activity are comprised in the *services* category.

Table 3
STRUCTURE OF PRODUCTION
(Percentages)

	Agriculture		Industry		Services	
	1960	1980	1960	1980	1960	1980
1. <i>Market-economy industrial countries</i>	6	4	40	37	54	62
2. <i>Non-market-economy industrial countries^a</i>	21	15	62	63	17	22
3. <i>Latin American countries</i>	17	11	32	38	51	51
Mexico	16	10	29	38	55	52
Guatemala	...	...	...	...	...	...
El Salvador	32	27	19	21	49	52
Honduras	37	31	19	25	44	44
Nicaragua	24	23	21	31	55	46
Costa Rica	26	17	20	29	54	54
Panama	23	...	21	...	56	...
Venezuela	6	6	22	47	72	47
Colombia	34	28	26	30	40	42
Ecuador	29	13	19	38	48	49
Peru	18	8	33	45	49	47
Bolivia	26	18	25	29	49	53
Paraguay	...	...	...	...	...	...
Chile	10	7	51	37	39	56
Argentina	16	...	38	...	46	...
Uruguay	19	10	28	33	53	57
Brazil	16	10	35	37	49	53
Cuba	...	...	...	...	...	...
Dominican Republic	27	18	23	27	50	55

Source: World Bank, 1982, table 3.

^aData based on the net material product.

central economies in 1960, and in several countries of the region (Venezuela, Colombia, Chile, Argentina and Uruguay) the corresponding levels equalled or exceeded those of 1980 in the central economies aforesaid. The contrasts with the European socialist groups are particularly marked in respect of the proportion of industrial employment.

The panorama can be more clearly visualized if the profiles and modifications of the sectoral structure of the product are taken into account (see table 3). Although the share of services did not increase in the years under consideration, its level approached that noted in the capitalist industrial economies in 1960.² But

² The figures for the socialist economies relate to the "net material product" and are not comparable.

more significant is the fact that there was no change in 1980 notwithstanding that the contingent employed in the sector increased from 33% to 45% of the total labour force (see table 2), which meant that its apparent rate of increase of productivity was very low (see table 4). It would seem to have reached barely 1.7% as against a global rate of 3.4%.

A similar balance-sheet for the period 1950-1970 is shown in an ECLA study on the sectoral evolution of the product, employment and productivity in a group of eleven representative countries (ECLA, 1977). It is concluded there that from the outset of the industrialization process the growth rates of services in Latin America resembled those of the global product. The productivity of the sector, however, increased at very low rates; consequently, albeit the product of

Table 4
LATIN AMERICA: EVOLUTION OF PRODUCT
PER PERSON EMPLOYED, 1960-1980

(Dollars at 1980 prices)

	1960	1980	Percentage increase	Growth rate
Total	3 287	6 764	105.8	3.7
Agriculture	1 152	2 269	97.0	3.4
Industry	4 323	11 212	159.4	5.0
Services	5 130	7 215	40.6	1.7

Source: World Bank, 1982.

services in Latin America represented more than half the total product, both in 1950 and in 1975, it was generated with low levels of productivity and high percentages of employment. According to the study in question, while the annual growth rate of employment in the tertiary sector was 4.1%, its productivity rose by barely 1.1% during the period discussed.

So rapid an evolution of services seems at variance with what is a manifest and generally accepted fact, namely, the intensive technical modernization which the sector has undergone, especially in the last twenty years. The concentration of this progress in information systems and the financial sectors has implied the elimination of routine jobs and the expansion of many other well-paid occupations requiring mastery of the ascendent technique.

From another standpoint, however, it seems evident that this modernization (whose intensive and indiscriminate character gives obvious grounds for reservations) went hand in hand with the proliferation of all sorts of informal occupations or services, whereby the sector's traditional heterogeneity was accentuated. Here, undoubtedly, is to be found the main culture medium of what has been called spurious tertiarization, i.e., the nearest thing to disguised unemployment; the precarious and thinly-spread distribution among many of functions or jobs which could be performed by a few. Be that as it may, these two disparate movements do most to account for the unsatisfactory evolution of efficiency in services.

A comparison with parallel data for the agri-

cultural sector reveals very patent and suggestive differences. To begin with, a considerable reduction of its importance in the product and in employment can be noted —about one-third in each case. This did not affect the significant disparity between its shares in employment and in the product: 31% in the former and 11% in the latter, as clear as possible a sign of the sector's comparatively low productivity, although its evolution was relatively favourable as against that of services. Thus, by 1980 (see figure 1) very few countries (Colombia, Argentina and Uruguay) showed an approximate equilibrium between the proportions of employment and of the product represented by agriculture; this might suggest either that there was still an appreciable surplus of available population or that the yield obtained from the disposable resources was deficient, a disjunctive which will be reverted to later.

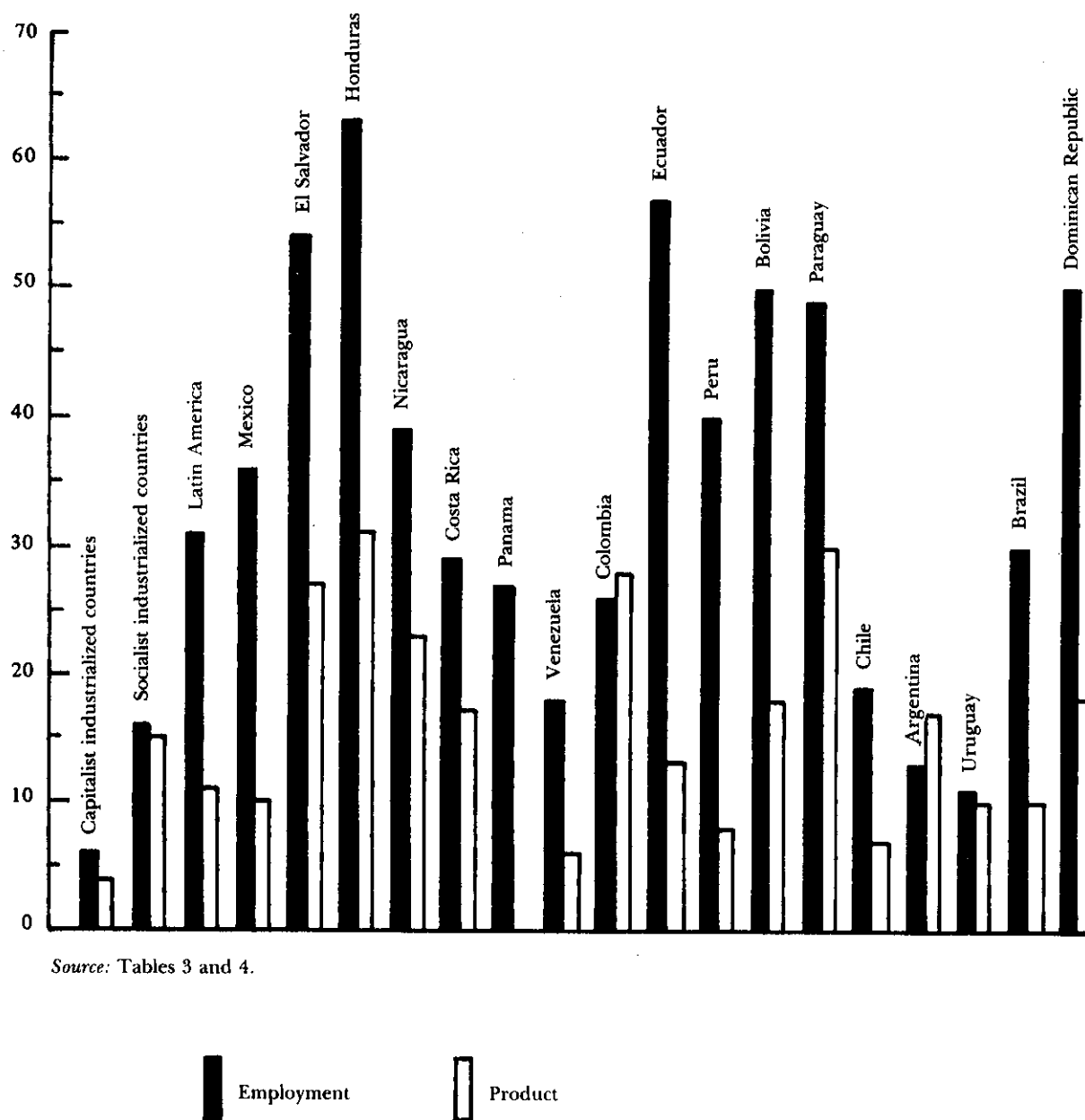
3. A critical review

The tendencies towards metropolization and tertiarization, together with the manifest relegation of the agricultural-rural sector to a position of declining significance, call for a critical review of their *raison d'être* and implications. This is all the more necessary inasmuch as the changes referred to are similar in broad outline to what has happened in the industrialized economies. Thus, some contradictions might be interpreted as proper to a retarded development and likely to disappear in the long run, as the standard of reference was more closely approached. But this is not the case, inasmuch as the analogy is riddled with misconceptions.

A critical view of metropolization seems to have won a consensus, especially regarding the undesirability of past trends, being maintained or strengthened, whether through enlargement of the big cities, or through the primacy of the leading nucleus, or through a combination of the two. It is even admitted that some arguments adduced in this respect in the industrialized countries may be still more cogent when applied in Latin America's circumstances.³

³Gilbert (1976) points out that the situation is yet more marked in Latin American cities, where the lack of fiscal funds, low per capita income and unbridled speculation in construction and real estate imply that the distribution of

Figure 1
THE AGRICULTURAL SECTOR: ITS SHARE IN THE PRODUCT
AND IN EMPLOYMENT, 1980



costs and benefits is very unequal and favours the higher income groups. In Bogotá, as in many other cities, there is a sharp division between the upper-income residential suburbs in the north of the city and the slums and shanty towns in the south and north-west. The northern area enjoys better road, telephone, water and electricity services, and where appropriate services cannot be provided by the public sector, as in the case of health and education, these high-income sectors can

organize them on their own account. Gilbert goes on to say that diseconomies are inequitably distributed. The worst consequences of traffic congestion are suffered by the middle and low-income groups living between the centre of the city and the more affluent northern suburbs. Needless to say, arguments like Gilbert's are current coin in any of the big Latin American cities, save for well-known relative exceptions.

Something that is obviously still a moot question—despite the skilled and praiseworthy work of specialists—is what must or can be done with respect to metropolization and particularly to the employment problems that have been aggravated by its inordinate expansion. They are especially linked with the tertiarization process, since it is to the services sector above all that the increment in the metropolitan population stemming from its own demographic growth and from the rural primary sector has resorted. Moreover, setting aside the small increase in the participation of industry, the expansion of services is the counterpart of the decline in agricultural employment (see table 2).

Criticism of these changes and trends is founded on well-known facts, which demolish any analogy with what really happens in the industrialized economies, against a background of average levels of income and productivity far above those prevailing in the Latin American region.

By way of illustration, suffice it to consider the disparities in the per capita product (see table 5), and the fact that in Latin America the stratum that represents the poorest 50% of the population receives only under one-third of the average income.⁴ At those levels (less per year than 700 dollars at 1980 prices), the population in question has to allocate a high proportion of its expenditure (about 50%) to food and a very small share (a little over 10%) to non-essential services.⁵

As regards standards of productivity in the agricultural sector, an approximate picture of the contrasts can be deduced from the differences in productivity per area farmed and per person employed in industrialized economies and in Latin American countries (see table 6). The very high productivity in the industrialized world—whether in respect of land use or of yield per person—means that its dwindling labour force is able to satisfy its own requirements in full, leaving a big surplus to meet demands in other spheres.

⁴According to estimates for 1970 (Pinto, 1976).

⁵The data relate to Chile, but they admittedly represent situations common to the region, with the exception, mainly, of the River Plate countries (Filgueira, 1981).

Table 5
PER CAPITA GROSS NATIONAL PRODUCT
IN DIFFERENT REGIONS

(Dollars at 1980 prices)

	1955	1980
Whole world	1 320	2 500
Europe	4 640	10 720
United States	7 031	11 560
Japan	1 600	9 000
Latin America	875	2 000
Low-income countries ^a	160	260

Source: World Bank, 1982, table 3.2.

^aRepresented 47% of world population in 1980.

Table 6
AGRICULTURAL PRODUCTIVITY AND
AREA PER PERSON EMPLOYED, 1979^a

	Land (dollars/ha)	Labour (dollars/person employed in the sector)
<i>a) Industrialized countries</i>		
United States	69	13 000
Canada	56	7 400
France	284	4 300
Denmark	409	6 600
The Netherlands	1 067	7 200
Italy	452	3 000
Japan	2 571	2 000
<i>b) Latin American countries</i>		
Mexico	51	700
El Salvador	243	400
Costa Rica	160	1 300
Venezuela	60	1 500
Colombia	102	1 600
Ecuador	114	500
Peru	23	370
Brazil	25	370
Argentina	22	3 000
Uruguay	27	3 000

Source: Prepared by the Joint ECLAC/FAO Agricultural Division.

^aAgricultural product at factor cost, divided by the number of hectares under crops plus permanent pasture, or by the labour employed in the agricultural sector, as indicated, and expressed in dollars at constant 1963 prices. The figures have been rounded.

It is these realities that account, in essence, for the phenomena described, and induce caution in appraising their reproduction—even though at a distance, yet with a pronounced bias—in the Latin American countries. In every case, analogies are shown to be fallacious by the unequal degrees of development of the productive forces and the manifest failure to meet the basic needs of a sizable contingent of the Latin American population.

This structural distortion suggested by the prevailing trends and situations in the tertiary and agricultural sectors is a significant part of the general maladjustment affecting the current development style. The structure of production (or of supply, if foreign trade is taken into account), shaped as it is by unequal income distribution and other contributory factors, is a long way from the “normal” composition (according to the industrialization structures identified by Hollis Chenery) which would be appropriate to the average income and to the nature and ranking of the needs of the bulk of the population, even if the idea of an equidistributional utopia were to be dismissed (Chenery, 1960). In other words, whereas average income or productivity would require that a considerable (or at least a larger) proportion of human and material resources were used to produce basic goods and services to meet the over-ridingly urgent needs proper to the situation, the region’s production potential is primarily channelled into the supply of goods characteristic of industrial economies (with average incomes five times higher or more) or into a disproportionate services sector which to a great extent represents a dumping-ground of disguised unemployment (Pinto, 1973).

4. *Incidence on employment and poverty*

The circumstances described have had, *inter alia*, a vitally important effect, expounded in recent PREALC and ECLAC studies, on the employment problem and poverty (Tokman, 1980).

Whether the categories utilized are those of formal and informal sectors, of underemployment of the labour force or the poverty lines, the truth is that—apart from the alarming scale of each problem—in every one of them can be seen a tendency for the urban nucleus to be most strongly represented. Thus changes overtake the

categories characteristic of former times, when the rural agricultural world was the focal point of comment and denunciation, while the urban centres—if not exalted as a paradise to which to aspire—at least were presumed to be an intermediate purgatory on the way to happier destinies with greater potentialities (as was hinted at the end of the quotation from J. María Arguedas).

In more recent times—and not because the dearths or lags of the rural sphere have been overcome—it is the cankers of the city that attract attention. And with good cause. As is pointed out by Tokman (1981), “there is a clearly growing transfer of rural underemployment to urban areas. This means that today the phenomenon is much more visible than thirty years ago... The effects on the supply of basic urban services are also quite clear”. Urban underemployment rose from 13.6% of the total in 1950 to 19.5% in 1980, whereas the share of agriculture dropped from 32.6% to 22.6%. Given the notable increase in the urban population—which as a proportion of the total went up from 40% to 65% between 1950 and 1980—the implication is that the absolute figures are already higher than those for the rural environment. The latter still has a bigger population below the poverty line, but the proportions and volumes tend to alter, prejudicially to the urban sectors. In sum, by 1980, 46% of poor households, as against only one-third of the total, in 1960, were settled in urban areas (see table 7).

Lastly, mention should be made of another suggestive fact: “the difference between the agricultural wage and the wages of some of the less skilled urban activities into which migrants are usually incorporated, such as construction, has tended to decrease”. Conversely, “the tendency for basic wages to become more homogeneous is combined with an increase in wage heterogeneity in the urban markets. ... The better-organized wage-earners, who are working in larger, more productive companies, have been more successful in defending their incomes than those holding jobs at the base levels of the labour market” (Tokman, 1981).

In short, there is reason to acknowledge the progressive weakening of the urban option of the past, and of the large cities’ supposed capacity to

Table 7
POOR HOUSEHOLDS: URBAN
AND RURAL PERCENTAGES
OF THE NATIONAL TOTAL

(National total = 100)

Country	1960		1980	
	Urban	Rural	Urban	Rural
Argentina	48	52	57	43
Bolivia	16	84	29	71
Brazil	33	67	48	52
Colombia	45	55	60	40
Costa Rica	25	75	31	69
Chile	56	44	67	33
Ecuador	18	82	27	73
El Salvador	27	73	34	66
Guatemala	20	80	23	77
Honduras	14	86	27	73
Mexico	32	68	46	54
Panama	31	69	44	56
Peru	31	69	40	60
Uruguay	78	22	80	20
Venezuela	53	47	61	39
Latin America	33	67	46	54

Source: Estimates prepared by the ECLAC/UNDP Inter-institutional Project on Critical Poverty in Latin America.

absorb the flow of migrants as well as their own population increment.

5. The paradigm and its conditioning factors

It should be repeated that the ECLAC hypothesis was based on the historical paradigm of capitalist development, with Western Europe as its main scenario. From this standpoint, a belated but persistent transformation of agriculture gradually established the conditions for a social division of labour between countryside and town. This and the industrial revolution which followed were the factors behind the promotion and assimilation of the population shift to urban activities and nuclei.

In broad outline, the picture is clear. But perhaps a macroscopic appraisal gives an oversimplified image, unduly linear, of the long and uneven formative process of the industrialized economies of the Old World, especially in the respect of paramount importance for our topic,

namely, the absorption by urban activities of the population displaced from agriculture and other traditional sectors.

The aforesaid long-term evolution cannot be fairly assessed without taking into consideration, for example, the mass emigration from Europe to the new areas, primarily the American continent, which began in the mid-nineteenth century (see table 8). There were nearly 52 million persons that followed those routes, while the total population of Europe at the turn of the century amounted to little more than 400 million.⁶

Table 8
EUROPEAN MIGRATIONS, 1846-1932

(Thousands of persons)

Country of origin ^a	Destination ^b
Europe ^c	51 696
United Kingdom	18 020
Italy	10 092
Austria-Hungary	5 196
Germany	4 889
Spain	4 653
Portugal	1 805
Sweden	1 203
America	51 826
United States	32 244
Argentina	6 405
Canada	5 206
Brazil	4 431
Cuba (1901-1932)	857
Uruguay (1839-1932)	713

Source: Carr Saunders, 1963.

^aFigures for the period 1846-1932.

^bFigures for the period 1821-1932.

^cEuropean population, 1958: 423 million (United Nations, 1958).

There is a plethora of studies and literature (from Engels to Dickens) describing the social conditions which prevailed at that time—even in the leader country itself—and which certainly were not those corresponding to “capitalism with a human face” or to an industrial-urban system which smoothed the way for the human contingents driven out or attracted by current forces. Obviously a migratory flow of that magnitude must have proved essential for the general viability of the system and for obviating the most pessimist prophecies as to its near future (Monta-

⁶ After this exceptional international transfer, one-eleventh of the world's population consisted of peoples of European origin that were no longer living in Europe (Carr Saunders, 1963).

ño, 1979). This, of course, does not imply disregard of other factors which exerted influence in the same direction, such as the cheap and plentiful supply of food and provisions offered by suppliers in the periphery—to which the emigrants themselves contributed.

The history of these relations was undoubtedly different in the new capitalist centres, especially in the United States and in the British Commonwealth countries, but circumstances in these (relatively) empty spaces likewise differed from those existing in Latin America (A. Di Filippo, 1979).

Be that as it may, the records of the exodus from Europe afford useful background information—to which little consideration has been given—for a thorough appraisal of the version of the classic paradigm appearing in the Latin American capitalist development model.

6. *Critical review of explanatory factors*

Until a short time ago, most analyses of the basic problems, dynamics and composition of employment concentrated on such aspects as the dearth of opportunities in non-agricultural or urban activities, particularly industry, and the low levels of investment or of the growth rate. A series of PREALC studies has contributed to a fairer assessment of the significance of these factors, without denying their importance in specific circumstances and cases (Tokman, 1980 and 1981; García, 1982; and PREALC, 1982).

To begin with, it has been stressed that in the period 1950-1980, the annual growth rate of the active population in the non-agricultural universe was 3.7% and that the corresponding figure for manufacturing industry was 3.4%. It should be borne in mind that in the countries of the European Economic Community, during the 1960s—a time of great dynamism and even of significant immigration—employment in industry expanded at an annual rate of 0.5% and the total labour force by 0.2% (Pinto, 1983). Again Norberto García notes that a representative group of Latin American countries studied shows “gross investment coefficients and economic growth rates in the period 1950-1980 which placed them at the level of or even above the record of today’s advance countries in the

corresponding transition period” (García, 1982).

The problem, then, is not one of shortcomings at these levels, whatever exceptions may be discoverable if specific periods or economies are taken into account. Moreover, up to a little while ago there was a prevailing tendency to underestimate or overlook the incidence of other factors, such as population trends and metropolization (see table 1).

According to ECLAC data, between 1950 and 1975 the population of Latin America grew faster than that of any other region. In those 25 years it doubled, whereas world population increased by less than 60% and that of the industrial countries by a little over 30%. It has already been pointed out that Latin American trends—with few exceptions—are exceptionally dynamic as regards the labour force and urbanization.

Paradoxically, emphasizing this dimension implies attributing it unique importance only at the source and in long-term strategies. In other words, it may be a factor of paramount importance for the statement and explanation of the problem, but to resolve it other determinants would have to move in the appropriate direction.

Although a decrease in the demographic growth rate is predicted which would bring it down to 2.4% at the end of the century as against 3% in 1970-1975, in any event this would really imply an 88% increment in the regional population between 1975 and the year 2000. Moreover, it is estimated that the active-age population will increase during that period at an annual rate of about 2.9%: from 170 million to over 345 million between the above-mentioned years. Thus, as summed up in an ECLAC document, since the population which will reach the economically active age in the next fifty years is already born, changes in fertility and policies adopted to hasten its decline will produce effects only from then onwards. Willy-milly, in twenty years’ time two-thirds or more of the population will be living in cities. The great challenge confronting the countries of the region is how to regulate the process of urban and metropolitan concentration, while at the same time changing the existing patterns of the economic structure and improving the skills of the labour force in the countries of the region (ECLA, 1979).

II

Some restructuration options

The structural changes and characteristics described pose problems and unknown quantities of great magnitude and complexity. An attempt will now be made to explore some options which have been proposed for coping with them. Our starting-point will be the premise that greater equity and well-being depend directly and decisively upon the labour force's access to and insertion in the structure of employment and production and on the distribution and control of existing assets and their yields. We shall take the first of these elements as the guiding thread in the analysis because it is the immediate indicator of the popular strata's level and share of income.

The root of the whole matter lies in the anomalies previously identified, mainly disproportionate metropolization and spurious tertiarization. In the last analysis, these interrelated phenomena nurture structural heterogeneity, which is associated with and reinforced by disproportions of equal or greater depth in social production relations (including the ownership of assets) and the power system (Pinto and Di Filippo, 1974 and 1979). Ultimately, income distribution is determined in the main by these conditions, which in turn are reproduced and sustained by income distribution itself, in a vicious circle of reciprocal and cumulative interactions.

What possibilities or options are discernible for correcting this vicious circle and turning it in the opposite direction, i.e., towards greater structural and therefore distributive homogeneity?

In principle the reply is simple, almost a truism: all this will depend upon whether the social strata bogged down in the universe of the informal sector, underemployment or spurious tertiarization are able to raise their levels of productivity in absolute terms and above all relatively (in comparison with the average for the system), thus reducing heterogeneity in performance and inequity in income distribution.

However, the changes that have taken place in recent decades have crystallized in a structure of the product and of employment that it would be difficult to reverse in the short term. Further-

more, the increase in open unemployment in many countries resulting from the international crisis and from domestic factors, has superadded new challenges and difficulties. Lastly, a variety of research on probable future trends and changes suggests that the features identified will continue to carry weight, even if growth rates are satisfactory.

Joint studies by the ECLAC Economic Development Division and Economic Projections Centre, for example, put the matter in the following terms: given the prevailing growth style, a decidedly dynamic annual rate of expansion (7%) and data for an economy similar to that of Brazil (and by approximation to the region as a whole), an attempt has been made to glimpse what would happen by the end of the century in certain basic respects, among them employment and income distribution, which are closely interrelated. As regards employment, the proportion of the labour force either unemployed or working in the backward (primitive and lower middle) strata⁷ would drop from 53% to 45%, approximately, between 1970 and the close of the century, whereas its size in absolute figures would be doubled. The composition of this group would appreciably alter, becoming more urban than rural. The consequent differences in productivity would be accentuated, and by the end of the period employment in agriculture and the traditional services would represent only one-fourth of the national average. What the model revealed as to income redistribution derived directly from the structure and evolution of employment. There was some improvement but the basic imbalance persisted (ECLA, 1974).

With these conditions in mind, the time has come to look into some of the options that have been propounded. In this first approximation a distinction will be drawn between *horizontal transfers* among sectors and *vertical displacements* within them.

⁷ A somewhat larger universe than that of underemployment or the informal sector.

1. *Greater absorption in the metropolises*

Some PREALC documents, particularly those by V. Tokman and N. García cited above, shed light on this subject. Thus, García, in the most recent study (1982), examines the possibilities of generating more employment in modern activities, located mainly in metropolitan areas, in order to absorb the manpower redundant in the traditional sectors, above all in agriculture. This option might be regarded as tantamount to a reformulation of the historical paradigm, dynamized by investment flows transferred from the modern urban sector, which is the one that generates or controls the capital component of the actual or potential economic surplus.

The basic assumption in the above-mentioned analysis is that the process of creating a job in modern activities entails exceptionally large resource requirements, both in absolute terms and in respect of "the *difference* between the latter and the amount of resources required to create a job in traditional activities" (a reasonable degree of productivity being understood). The arguments in support of this hypothesis transcend "the well-known concept of differences in investment per employed person between modern and traditional activities" and embrace the implications of "meeting the greater resource requirements of the differences in productive infrastructure" and "committing resources to satisfy the differences in per capita consumption between the level associated with the new occupations in modern activities and that prevailing in traditional rural areas". The problem would be, therefore, one of "reproducing surroundings or a context where the modern establishments are inserted, and without which the increases in productivity would not be realized with the same intensity". Lastly, an outstanding point is the historical context of the problem; the substantial difference between levels of agricultural and non-agricultural productivity and the corresponding levels in the central economies at a similar stage of development. Thus, the transfer to modern urban activities presupposes an accumulation effort "more intense and prolonged than has been shown by today's advanced economies during their respective processes of change in their occupational structures".

These and other conditioning factors show

how unlikely it is that the processes of absorption in the large cities can be revived with the same intensity and results as before. This conclusion is decisively reinforced if reference is once again made to the fact that the metropolitan centres—in a greater or a lesser degree—have their own serious problem of productive "indigestion" of the flows generated by migration and by their own population increase. Generally speaking, these far exceed what might be considered necessary as a functional manpower reserve, either in the strict sense of the term, or as a requisite for controlling wage movements, i.e., a stand-by contingent.

2. *Changes in the composition of employment*

An option discernible from another point of view is that of a vertical shift within the metropolitan universe, taking the form of a sort of spiralling transition from the depth of underemployment (informal jobs or open unemployment) to higher-productivity activities, whose object is the creation of goods or the provision of more or less skilled services.

In relation to the foregoing analysis, this option would have the advantage that the contingents susceptible of absorption are there already, in the metropolitan environment, doubtless in extremely precarious conditions, but with some margin of collective facilities (public utilities, a marketing system, etc.) which establishes part at least of the town-life surroundings that might facilitate their access to other more productive and profitable occupations.

Even leaving out of the reckoning the huge resource allocation which such an evolution would in any event require and the consequent repercussions on the viability of other options, the limitations or objections to this alternative are easy to see. To begin with, at a more general level, it might mean a strengthening of the system's centripetal tendencies, i.e., towards metropolization, thereby making the differences from the agricultural rural areas and the smaller towns still more marked. Secondly, it would consolidate and perhaps enhance the proportional over-importance of services, doubtless improving their content, but not clearing away the general objections to this phenomenon. And lastly, the

possibilities of looking to industry as the chief recipient of the real or potential labour force are also attended by difficulties to be overcome: on the one hand, the historical-structural pattern of relatively low percentages of urban employment represented by employment in manufacturing industry,⁸ and, on the other hand, the fact that as a result of increasing concern for the environment a negative view is taken of over-concentration of industrial activity in metropolitan areas.

3. Agricultural employment potential

From another angle, thought might be given to the possibilities of a more or less appreciable proportion of the potential flow of migrants to the cities being absorbed by the agricultural sector itself.

Let it be clearly understood that it is not a matter of re-installing in agriculture fractions of the implicit metropolitan surpluses—an idea which seems both utopian and regressive, especially in a short-term view—but of restricting the exodus in some degree by means of productive absorption in its sector of origin or in related activities.

This possibility might be quantified by assuming an annual growth rate of agricultural employment at least equal to that of the rural population, i.e., about 1.4% (ECLA, 1978). To this end, it is useful to bear in mind the rates of increase of agricultural employment and productivity in the period 1950-1975, which were, respectively, 0.8 and 2.8% per annum (see table 9, and note the time difference in comparison with table 4).

⁸ In one of the most complete studies on the subject, ECLAC stressed that "past experience in the more advanced economies has pointed to two basic features: a relatively high percentage of industrial employment in urban employment, and a rather steady persistence in this percentage" (ECLA, 1976, p. 36). Generally speaking, the proportion fluctuated around 50%, tending to decline only in recent decades because of the increasing importance of relatively skilled services. In contrast, as the study shows, "the situation has been quite different in Latin America, in relation both to the share of industrial employment in all urban employment, and to the long-term trend" (p. 37 and figures VII and VIII).

Table 9
GROWTH OF EMPLOYMENT
AND AGRICULTURAL PRODUCTIVITY,
1950-1975
(Annual rates of expansion)

	Employment	Productivity
1. Latin America (11 countries) ^a	0.8	2.8
2. Non-oil-exporting countries	0.7	2.9
Group A ^b	0.8	2.9
Group B ^c	0.2	3.1
3. Oil-exporting countries ^d	1.8	2.1

Source: ECLA, 1977, table 4.

^aArgentina, Brazil, Mexico, Colombia, Chile, Panama, Paraguay, Peru, Bolivia, Ecuador and Venezuela.

^bArgentina, Brazil and Mexico.

^cColombia, Chile, Panama, Paraguay and Peru.

^dBolivia, Ecuador and Venezuela.

Apart from the contrast in the evolution of the two variables, differences between groups of countries should be pointed out. It is suggestive that the countries which were at that time oil exporters (Venezuela, Bolivia and Ecuador) show more balance rhythms, and in particular, an annual growth rate of employment of 1.8%, a fact which may be taken as demonstrating that developments of this type are possible in specific circumstances.

The initiative proposed must of course be harmonized with the need to sustain or increase standards of productivity, given the backwardness of the sector in this respect, and the incidence of this lag on the heterogeneity of the overall economy and also of the agricultural sector itself. Unless the two objectives were combined, greater absorption of manpower in agriculture would only make the problems worse.

Furthermore, in order to go more deeply into the option under discussion, it would appear necessary to break down the global structure of the sector by its two main segments: capitalist or modernized agriculture, and peasant agriculture (Schejtman, 1980; FAO, 1981). The first element of interest for this study has to do with the share of each of these areas in employment and the trends followed in the past, not forgetting that both

encompass very wide differences between countries or within them.

From the background data—which do not always coincide, because of the difficulty of obtaining and organizing comparable data for representative periods or scenarios—it seems possible to draw certain fairly indisputable deductions. One is that peasant agriculture (individual or based on different forms of association) accounts for a high proportion of agricultural employment, ranging from 52% for the region as a whole to percentages fluctuating between 70% and 80% in specific countries, for example, Brazil, Mexico, Ecuador and Panama (Ortega, 1982, p. 87). According to a recent PREALC estimate for 1980, “close to 35% of the regional farm labour force worked in entrepreneurial agriculture (which includes both modern entrepreneurs and those associated with traditional forms of farming), while the remaining 65% was engaged in peasant agriculture”. Only in Argentina, Costa Rica, Chile and Uruguay did the share of the entrepreneurial segment exceed 50% (López Cordovez, 1982).

Moreover, again according to PREALC, there would seem to have been a decline in the proportion of the total EAP represented by the modern agricultural strata (from 22% to 12% between 1950 and 1980)—a greater degree of compression than was shown by traditional activities (from 32.5% to 22.6% of the total EAP). In the same connection, another study states that the expansion of capitalist activity in agriculture seems to have accelerated the process of “expulsion” of the rural labour force (Miró and Rodríguez, 1982). In dealing with the subject, López Cordovez adds other elements: “although this matter has not been adequately appraised, what does seem clear is that the nature of employment has tended to change with the adoption of capital-intensive technologies; this change has been reflected in a reduction in the number of workers with permanent jobs and an increase in the temporary hiring of manpower for some jobs which are not easily mechanized; this temporary labour comes from the *minifundios* or neighbouring small towns and even includes migrants from the cities” (López Cordovez, 1982, p. 28).

Upon what factors would the possibility depend that this situation and trend might be changed in the future instead of being per-

petuated, as it is reasonable to predict, if the basic conditions determining them remain in force?

4. Land and employment

From the specialized literature can be deduced some issues of key importance for a reply. In the first place—and closely linked—are those relating to the deconcentration and reorganization of the land ownership system and to the forms taken by technological progress. As regards the first question, it seems clear that a general requisite for raising the productivity and earnings of peasant labour is an increase in its endowment of land. Although there are sometimes opportunities of achieving this through the incorporation of unexploited resources, the commonest thing is for it to depend upon transfers from modernized and from traditional agriculture. This inevitably reopens the long-standing debate on agrarian reform, which we shall certainly not attempt to recapitulate. It is a topic whose importance and content have undergone considerable vicissitudes through time, swinging from periods when it has played a protagonistic role to others marked by lack of interest.

The experiments tried out since the Mexican revolution (and Mexico's own subsequent experience) have left behind them a wake of achievements and frustrations, on which various mutually contradictory studies are based. They have modified and enriched former conceptions, giving food for a variety of inconclusive controversies, which are in contrast with the apparent limpidity of those of the past.

Be that as it may, there is still a consensus on the problem of the concentration of land in large estates and its transcendent importance in relation to the questions of interest here. In the last analysis, a more equitable redistribution of the agricultural sector's basic asset continues to stand out as an inescapable requisite for intensifying its utilization by means of a more productive combination of human and material resources, for improving the pattern of distribution and for expanding the opportunities of full or regular employment in the agricultural sector.

In any event, this postulate may seem closer to a declaration of principles than to self-substantiation, but in our view it is sufficiently backed up by facts and by the learned studies on

the subject —always providing, of course, that priority is accorded to the objectives in question. Such a view, without forgetting or underestimating the socio-political content involved (the conflict implied by the changes in the power structure) is likewise determined by a factor to which less heed is paid but which is also decisive: the need for reform projects to be capable of responding to the specificities of an agricultural scenario which is highly heterogeneous from the regional angle and often within each country. An outsider looking on at the relevant controversy sometimes wonders whether, conversely, it has not tended to become set in a model or archetype of change which serves as a standard of reference for guidelines, criticisms and consensuses, although it admits of variants within a common framework, doubtless inspired, at the corresponding distance of time, by European experience and thinking.

In other words, even if it is agreed that agrarian reforms are an imperative necessity, their social and political viability and their actual materialization will be subordinated to a creative effort of theoretical and technical thought, capable of meeting the needs of universes so highly individual and differentiated as those of pre-Colombian America and the River Plate, multi-faceted Brazil and the Colombian or Chilean environment (Heynig, 1982).

5. *The technological factor*

The nature and effects of technological progress are closely associated with the foregoing question. For a long time now a distinction has been drawn between two main options in this respect, which complement or combine with each other in very different proportions according to the case concerned. In one of Dr. Prebisch's pioneer studies for ECLAC (Prebisch, 1973) the dichotomy was defined as a duality of goals in technological progress which was clearly and distinctly manifested in agricultural investment, with the special feature that these investments can in practice be differentiated by the end pursued. In some cases the object is to increase the amount of output per unit of land, and in others to reduce the input of manpower per unit of land and per unit of output through the mechanization of labour at its different levels, from the use

of better tools to that of technically more advanced equipment.

The two goals, Prebisch went on to remark, were of very different significance from the standpoint of the overall economy, although for the agricultural entrepreneur both the saving of labour and the increase in yield per hectare were two ways of attaining the same objective of reducing the costs and increasing the benefits of farming.

From the point of view of the overall economy, the author continued, the degree to which it was desirable to introduce mechanization —irrespective of its advantages for the individual entrepreneur— depended on the capital available not only for the purchase of equipment and the release of manpower, but also for absorbing that manpower in industry and other activities. If mechanization were carried beyond the capacity to absorb the workers it displaced, a technological unemployment problem was created. With the aggravating circumstance that in agriculture it could be more easily avoided, since investment in that sector was divisible, and to increase production it was not necessary to go in for counterproductive labour-saving.

In this connection, Estevam Strauss recalled a comparison drawn by George Washington in relation to the technological alternative illustrated in table 6. Alluding to the low yields per area under cultivation in the United States, Washington wrote that the aim of farmers in the United States was to extract, not the greatest advantage from land, which was cheap, but the maximum from labour, which was dear. In England, on the other hand, where land was dear and labour cheap, the farmer's concern was to improve the land and cultivate it to the utmost (Strauss, 1968).

The weighting and priority accorded to the options defined, although significant in essence, must not lead to overlooking other elements in the relation between technological progress and increased productivity on the one hand, and employment on the other, in the agricultural world. One of these factors is the incidence of transnationalization on the sector, and particularly on the modernized area; this phenomenon has undoubtedly played an important role on account of its decreasing absorption of labour

and other aspects of vital significance (Vigorito, 1981).

If priority is given to the option of increasing the productivity of the land and of the labour force (rather than displacing the latter) there will be reason to think that possibilities in this direction are not to be despised. Paradoxically, the backwardness of the agricultural universe in these respects is one of the bases for this supposition. Here Trotsky's well-known and provocative thesis regarding the "privileges of underdevelopment" is valid—in the sense that a backlog is available for the purposes of attempting technological leaps or break-throughs. This chimes with a perspicacious remark made long ago by Celso Furtado, to the effect that in many regions of Brazil the mere introduction of the wheel would mean considerable progress. Just opening a highway might powerfully boost agricultural productivity (Furtado, 1953). It is needless to add that this opinion is still valid and of great importance for much of the region's agricultural sector.

The queries posed before must also be related to another question of appreciable significance: the existence of a considerable agricultural potential to be exploited. In an FAO study (1981) the region's situation in this respect is the object of a realistic analysis, bringing out contrasts with regard to countries, areas and types of farming. On the basis of the general premise that the availability of suitable soils will not in the near future be a matter of major importance with respect to increasing production in the sector, it is recalled that the Latin American countries have been using about one-fourth of the potentially cultivable area at their disposal.⁹ But it must also be taken into account that three-fourths of the available potential not yet incorporated consists of problematic areas and of land subject to natural flooding, which means, on the one hand, a significantly circumscribed capacity and, on the other, very substantial infrastructure investment requirements and heavier production costs.

⁹ Different estimates exist in this connection, but there is relative agreement on the advantageous situation of Latin America in comparison with other areas in the periphery (ECLA, 1978). The latter have a per capita endowment of about 0.68 potentially cultivable hectares, as against 2.05 in Latin America (FAO, 1981).

Be that as it may, the balance is positive in the main, especially in the event of appreciation of the potential already incorporated, which according to widespread expert opinion, admits of considerably more intensive exploitation by virtue of technical progress, better balanced distribution of land and the establishment of more promising forms of ownership and management of this basic asset.

All this does not clear up the doubts and queries posed. To tackle them with greater effect it is indispensable to redefine these and other issues in a more global and integrated approach to the options analysed.

6. *Integrated options: schemes and experiments*

There has in fact been a tendency to consider the subject in a more integrated frame of reference, transcending sectoral or rural-urban approaches. Outstanding in this line are the old and new explorations in the field of spatial distribution of economic activity and the population.

With respect to the matter that is of interest here—and over and above controversies, of which there is no lack—, some general opinions and guiding principles predominate which it is useful to pass in review. In the first place, there is the criticism of over-concentration in metropolitan areas (Almeida Andrade, 1982). From a strictly economic angle, it is based on the balance of costs and benefits, the assumption being that there is a point at which the former begin to exceed the latter. With all due regard to the significance of this criterion, it seems obvious that many aspects are beyond the scope of economic calculations or are hard to quantify, especially in long-term perspectives (national integration, external relations, environmental considerations, etc.). To all this must be added the relatively slight influence irradiated by metropolitan concentrations on their peripheries or hinterland, except as regards adjacent satellite towns, which often aggravate the problem. Thus another of the possible trickle-down mechanisms comes to nothing, and conversely, others are fed which transfer resources to the centre and accentuate polarization and heterogeneity.¹⁰

¹⁰ Critiques of over-metropolization have been frequent

A second element, complementary to the foregoing, stresses a national urban system, based on promoting the development of small and medium-sized cities with the object of establishing specific subsystems, irrespective of institutional demarcations of territory. In other words, what is being considered, far from deurbanization, is another form of urbanization, more spread out and less concentrated.

Lastly—and most important of all for this overview—is the linkage of these processes with the productive activities that at once support and are supported by urban settlements. With reference to these ties, it has been pointed out that the importance of the vitality of small towns in buttressing a strong agricultural sector can hardly be over-estimated. They provide agriculture with key market services and supplies. Many of the industries (especially food or artisan industries) and commercial activities of those towns are linked—through supply or demand—to agriculture (Richardson, 1982). Obviously, the possibilities are greater and more diversified in the case of medium-sized cities or regional centres.

This rough outline will suffice as a first approximation, since what is of particular interest here is to illustrate it from the experience of Cuba, undoubtedly the Latin American country in which its suggestions have been most fully and persistently applied and adapted.

7. *The Cuban strategy*

Any reference to the case of Cuba is of course heavily loaded with polemics. Nevertheless, without disregarding the importance of the political-institutional context in which its strategy germinates and is executed, we consider its design to be of great value in clarifying the questions raised, and all the more so inasmuch as it has creatively assimilated contributions and practices from countries with widely differing political systems. Moreover, it is superfluous to recall that pre-revolutionary Cuba was distinguished in the

region for the outstanding prominence of some of the problems described in these notes (metropolization, unemployment and underemployment). They were manifested, it is true, with characteristics of their own and in their own specific and peculiar historical setting, and this should counsel caution as regards simplistic parallels with other situations in Latin America.

Bearing in mind some relevant studies (Segre, 1977; Pupo, Weinstein and Franco, no date), it might be maintained that the aim of the Cuban strategy has been to deal jointly with the urban-rural and agroindustrial dichotomies or contradictions. With the first, through what has been called urbanization of the countryside; with the second, through agricultural industrialization, understood at one and the same time as the penetration of technical progress into agriculture and as a form of manufacturing development linked as closely as possible with agricultural production.

Roberto Segre establishes the basic premises by which the programme was guided, its aim being the homogenization of the urban and rural levels of living. Outstanding among these premises is the priority accorded to agricultural development in the so-called "consolidation decade" (1965-1975). Although this ousted from its central position the industrialization *à l'outrance* of the early years, the two objectives were intertwined in so far as the new industries were based on the processing of agricultural products and were located in the productive areas themselves. The second premise derives from the former inasmuch as it implies that the territory must be treated as a network and not in terms of development poles; it was to be equipped with an urban "skeleton" and not with isolated urban nuclei. In this process, the 100 sugar-mills distributed throughout the country constitute the points of articulation of the network and the essential basis of agroindustrial tie-ups.¹¹ Furthermore, the construction of the urban skeleton involves the strengthening of the medium-sized cities, in which the primacy of the tertiary function is superseded by production-service in-

of late in central and peripheral economies alike. In China, their basic constructive elements would seem to be: a) strict control of the size of large cities; b) rational development of medium-sized urban centres; and c) active expansion of small towns (Almeida Andrade, 1982).

¹¹This role of the sugar-mills is a special feature of the Cuban experiment, as is also their utilization in a function so different from any they fulfilled in the past.

frastructures —machining-shops, light and processing industries, etc.

The study by Pupo *et al.*, gives a clear-cut idea of the concrete form taken by the ordering and composition of the urban-rural network or skeleton, which has as its counterpart the sectoral bases and relations. A schematic distinction can be drawn between the following levels: a) the capital, whose loss of relative importance has counteracted a tendency towards its greater expansion in the early post-revolution years; b) the thirteen provincial capitals (plus Manzanillo and Nipe) which have served as points of support for the tremendous investment effort directed towards the interior of the country. In these has been placed a considerable share of industrial investment. Industrial estates —those new territorial units, unknown in the pre-revolutionary era— have gradually taken shape; c) the medium-sized cities, some 12 towns of more than 20 000 inhabitants. Together with other developing or programmed nuclei, they are to act as sources of progressive introduction of industrialization into the countryside; d) the base-towns, settlements directly linked to specialized and essentially primary activities; and e) rural communities and agricultural co-operatives, entities designed to facilitate, in the first place, the concentration and specialization of crop and livestock production at a high industrial-type technical and organizational level, or, in the second place, the integration of small farmers. No attempt can be made here to evaluate the strategy in course of execution in Cuba. As was stated beforehand, the objective in view was to present an ambitious and coherent design which, despite all differences of politico-institutional context and material structure, may serve as a useful reference in tackling the problems posed.

8. *Transfer of surpluses*

At all events, this experiment, like others in the same field, successful or frustrated, once again stresses a condition of elemental importance for its viability: the transfer of surpluses from activities and areas of high relative productivity —the

so-called modern sector— to those which have been left behind or which it is desired to strengthen. All the pertinent options depend upon the possibility of securing this re-allocation of resources, which represents a choice that transcends the generic investment-consumption alternative and even the conventional income redistribution disjunctives; what is at stake is a reconstitution of the structures of production, employment and location, which will make for homogenization instead of for deepening heterogeneity, in manifold dimensions —social groups, productive activities, urban-rural relations, spatial distribution, employment opportunities, and so forth.

Framed in this setting, the agricultural sector and the rural world in general can be seen at once as a key component of the overall situation of heterogeneity and as suffering the same phenomenon within their own sphere (coexistence of a peasant economy and of an agricultural "urban sector"). This internal duality might, perhaps, be attenuated by changing the relations between the two segments (for example, redistributing the land asset), but —save for well-known exceptions— it is difficult to imagine that the problem could be overcome in its global context without large-scale transfers from the non-agricultural or metropolitan modern sector. Thus a situation arises which differs from that prevailing in the past, at least in the agricultural exporter economies; and it involves obvious conflicts, given the pressures of every kind exerted to ensure that the urban centres retain the surpluses they generate or control.

It could also be argued, however, that after a time this development would prove beneficial for the metropolitan universe, both because of the potential for brisker trade or greater specialization of activities, and because of its incidence on migratory flows which the metropolis is not capable of absorbing productively and which imply increasing demands for welfare services.

Upon the nature of the specific trends in this respect will decisively depend the future outlook for the issues explored.

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