

# CEPAL

## REVIEW

NUMBER 50  
AUGUST 1993  
SANTIAGO, CHILE

ANIBAL PINTO  
*Director of the Review*

EUGENIO LAHERA  
*Technical Secretary*



UNITED NATIONS

## CONTENTS

<b>In memory of Pedro Vuskovic</b>	9
<i>Jacobo Schatan</i>	
<b>Regional integration in the 1990s</b>	11
<i>Gert Rosenthal</i>	
<b>The integrationist revival: A return to Prebisch's policy prescriptions</b>	21
<i>José Manuel Salazar</i>	
<b>Trade liberalization in Latin America</b>	41
<i>Manuel Agosin and Ricardo Ffrench-Davis</i>	
<b>Growth, crises and strategic turnarounds</b>	63
<i>Joseph Ramos</i>	
<b>Market failure and technological policy</b>	81
<i>Jorge M. Katz</i>	
<b>The monetary crisis, dollarization and the exchange rate</b>	93
<i>Paulo Nogueira Batista Jr.</i>	
<b>Financing decentralization</b>	109
<i>Dolores María Rufián Lizana</i>	
<b>Intraregional migration of skilled manpower</b>	127
<i>Jorge Martínez</i>	
<b>Social sciences and social reality in Central America</b>	147
<i>Andrés Pérez</i>	
<b>The history of the social stratification of Latin America</b>	163
<i>Enzo Faletto</i>	
<b>Socio-economic structure and collective behaviour</b>	181
<i>Rodrigo Baño</i>	
<b>Index of CEPAL Review, Numbers 1 - 50</b>	201
<b>Guidelines for contributors to CEPAL Review</b>	237
<b>Recent ECLAC publications</b>	239

# Socioeconomic *structure and* collective behaviour

---

**Rodrigo Baño**

*Professor with the  
Department of  
Sociology of the  
University of Chile  
and research  
professor with the  
Latin American Faculty  
of Social Sciences  
(FLACSO) - Chile.*

This article provides an overview of a number of changes that have taken place in the region's economy, together with their effects in terms of its social stratification, and analyses the different social sectors' options for political action. A series of economic changes have altered both the traditional heterogeneity of the Latin American economy and the relative weight of its various sectors; this is reflected, for example, in the heightened importance of agribusiness and the reciprocal penetration of the services and production sectors. Today a generic distinction between "incorporated" and "excluded" social groups is generally accepted, but these categories are not only imprecise and lack homogeneity; they also underestimate the relations that actually exist between the two, such as those frequently observed to have been established between the formal and informal sectors via subcontracting practices. As the heterogeneity of the regional economy changes, new sectors may come to exert an influence over social and political processes. This points up the need to review the conditions for collective action afforded by a capacity for organizing and broadening the base for a community of interests, whether as a means of corporate defence or as a way of presenting those interests as an agenda for society.

# I

## Present economic and social structures

Structural heterogeneity is a permanent trait of the Latin American economies, but economic transformations have gradually altered the nature of that heterogeneity and have changed the countries' patterns of social stratification in very important ways. A roughly-drawn distinction between people who have been "incorporated" into the economy and society and people who have been "excluded" from those spheres can certainly be postulated, but the two categories need to be clearly defined, since the former's status as "participants" does not prevent them from displaying sharp differences among themselves, and those who are "excluded" do not form a homogeneous group either. The important point is that significant relationships exist between the two sectors; they do not constitute categories which function under different systems without reference to one another. In specific terms, this form of exclusion tends to be associated with membership in the so-called informal sector, but the people classified as belonging to this sector because of the type of work relations they establish (ill-defined contracts, an absence of social benefits, a lack of organization) often do take part in what we generally classify as modern or "formal" activities via subcontracting mechanisms. This is the case, for example, with peddlers, or "itinerant vendors", who are actually distributing products made by transnational corporations. Thus, if categories such as "incorporated" and "excluded" are to be used, they need to be carefully defined, since otherwise they pose a theoretical problem similar to that which arises when we postulate the existence of "structural dualism". The differences separating the two therefore need to be clearly delineated, as do the nature, the mutually-agreed terms and the dynamics of the relationships existing between them.

---

■ This article is based on a study on social structures and development styles in Latin America ("Estructura social y estilo de desarrollo en América Latina") which was prepared in conjunction with Eazo Faletto for the ECLAC Social Development Division.

Another factor to be borne in mind is the changes taking place in the relationships among the various economic activities (i.e., the manufacturing, agricultural and services sectors). The classic system of categorizing them into primary, secondary and tertiary sectors has often been coupled with the idea of there being a certain sequence in the development of each. In Latin America, it has often been thought that economic trends were sometimes departing from this growth pattern, and that these departures signalled the presence of distortions in the region's social structure and stratification. The fact of the matter is that changes in the relationships among these sectors have markedly altered, for example, the importance of agribusiness and the implications of the mutual penetration of the services and production sectors (primarily in such activities as finance and marketing and, more recently, communications and informatics). Shortcomings in cross-sectoral linkages within the region are still appreciable; but in those cases where interconnections have been formed, changes have also occurred in the pattern of social stratification which do not fit in with the traditional classification systems. In the following pages an attempt will be made to illustrate –admittedly in a very general way– some of the problems outlined above with a view to contributing to future analyses of these new characteristics of the region's social structure and stratification. A suitable starting point for an analysis of the relationship between the economic sectors and social structure is Rubén Kaztman's essay on sectoral transformations in employment in Latin America (Kaztman, 1984).

### 1. The manufacturing sector

A number of authors have formulated definitions of existing forms of industrial organization. Touraine (1989), for example, says that in many countries four different levels of industrial organization can be distinguished: dominant industries, which are often engaged in extractive activities and sometimes provide more than half of a country's exports (copper in

Chile, tin in Bolivia, oil in Venezuela and Ecuador); large-scale modern industries, which are usually owned either by the government or by foreign interests; domestic industries and the construction industry, which are controlled by private investors of the country in question; and the informal sector, which is made up of small, low-productivity units. Other authors classify companies chiefly by size (large, medium and small companies and microenterprises), by the type of product (commodities, capital goods, consumer durables, consumer non-durables), or by reference to many other criteria. Of course, each of these classifications is related to the specific objective of the study in question. These various ways of classifying business enterprises have a bearing on studies concerning social stratification because, more often than not, those who are conducting such studies have to make use of the existing classifications. Thus, we need to recognize the fact that, if the most decisive feature of stratification in Latin America is the social heterogeneity generated by its heterogeneous economic structure, then the way in which we are to draw those distinctions does indeed make a difference.

Perhaps the first consideration is the much-discussed imitative pattern of consumption and of some production structures. Fajnzylber (1983) saw a morphological affinity between the industrialization process in Latin America and in the advanced countries: Latin America's industrial growth had been very rapid (even faster than in some developed countries, in fact), the alteration of its sectoral structure fitted in with that of the more advanced countries, and the increase in its productivity was considerable and was associated with the most dynamic sectors. This similarity between a large part of the region's industrial sector and the advanced countries did not, however, extend to the production base of the economy as a whole, but was instead concentrated primarily in production activities or product lines capable of finding a niche in the international market.

An examination of the current situation reveals that in some cases the industrial sector has established strong linkages with other sectors, but such tie-ins have not been as widespread or as positive as one would hope; for example, if we look at the connection between manufacturing and the agricultural sector, we find that most agricultural machinery, pesticides, fertilizers and other manufactured inputs are imported, and that, as a rule, manufacturing industries have not managed to make full use of the potential market represented by agriculture. It is important

to note that where linkages between manufacturing and agriculture do exist, the distortions in the former's production pattern are transmitted to the latter and influence the existing forms of social stratification, which, as noted earlier, are associated with structural heterogeneity. On the other hand, it is doubtful whether, even if the existing industrial pattern did expand its linkages with the agricultural sector, it would work a change in the latter sector as a whole. Since the expansion of the manufacturing sector has been accomplished primarily through the addition of new product lines rather than through an increase in the scale of production for existing goods, there is reason to believe that increases in production will tend to be oriented mainly towards raising the consumption levels of middle- and upper-income social groups.

The situation as regards the relationship between the manufacturing and services sectors (e.g., in the financial market) is somewhat similar. The activities in which transnational corporations predominate are generally the ones that are growing the fastest, display a strong ability to secure external backing and afford high rates of return. It is therefore not surprising that they are more attractive to investors in the financial sector, including its domestic segment. Indeed, it is interesting to note that transnational corporations are obtaining a growing share of their financing from sources within the host country.

Another significant factor is the linking of large-scale enterprises through, *inter alia*, the formation of large holding companies. De Oliveira (1989) cites the Brazilian petrochemical complex of Bahía as an illustration of this type of linkage: the holding company owns stock in 13 firms, is directly involved in the management of 10 companies now in operation and 7 more that are starting up, and indirectly in another 18 firms in the chemical, petrochemical, alcohol-chemical and pharmaceutical industries.

Large holding companies have also been formed in many other countries. These companies' basis for capital accumulation is no longer chiefly found in the financial sector—as it was until quite recently—but rather in the production of tradables for the international market (agricultural, mining and manufactured goods). A large portion of the stock in these holding companies is often held by transnationals, but the scope of external interests goes far beyond that. De Oliveira (1989) states that in Brazil there is virtually no sector or large firm that is not using some foreign patent, trademark, technology or production process.

There is also a great deal of foreign capital invested in the production of consumer durables.

The presence of foreign firms is not unique to Latin America (Fajnzylber, 1983), but the scale of that presence may be, as well as its imitative production structures and the acceptance of such a presence in activities that do not necessarily entail a high level of technological complexity. In policy-making in this connection, there is a conspicuous absence of participation by domestic groups that could play an influential role in terms of public action and in modifying the behaviour of national firms, both public and private.

This relative absence of local initiative is particularly glaring in the area of decision-making regarding available technological options. Entrepreneurs are primarily guided by microeconomic considerations, and the technologies they choose are therefore similar to those used by the leading firms that are determining the direction of industrial expansion. Since the latter are usually transnational corporations, the technological profile that ultimately emerges corresponds more closely to these firms' growth and diversification goals than to macroeconomic objectives such as, for example, a long-term increase in employment. Moreover, the growth path of transnational corporations often does not go hand in hand with that of the host country's production structure as a whole. Not only do transnationals tend to grow more than their national counterparts; the type of products associated with these corporations tend to expand more rapidly than do goods produced by national firms for the domestic market. Thus, the heterogeneity that generates sharp inequalities in the region's social structure and stratification tends to be heightened by this process.

It is generally believed that large firms are modern and use sophisticated technology while small firms are more traditional. In some instances, however, large companies are the ones using traditional technologies while small enterprises are utilizing advanced technology. What is more, the modernity of a company cannot be measured solely by the technology—when defined as production equipment and machinery—that it uses; the way in which its production activities are organized, the dynamism of the economic relations it establishes and the role it plays in industrial development must also be taken into consideration.

Given the above, it follows that capital goods industries are in the best position to transmit

and disseminate technological development and, hence, that Latin America's weakness in the area of technology is associated with the backwardness of this branch of industry.

Manufacturing companies have been classified on the basis of a variety of criteria. One such criterion has been the size of the company as measured by the number of employees. This criterion not only involves a numerical difference; it also implies differing levels of operational complexity and different forms of organization and ownership. Each of the component groups within a company—owners, entrepreneurs, executives, administrative personnel, various types of workers—establishes relationships with the others that set it apart from similar groups in other types of firms. This generates a greater degree of heterogeneity and influences the social stratification and behaviour of the various groups.

Based on this criterion, Castillo and Cortellese (1988) use the following definitions in reference to Latin America:

(i) Large firms are those which employ over 100 people, exhibit a relatively large-scale industrial structure, have a diversified operational scheme that is organized into specific units (e.g., different units for various types of management functions, administration, finance, sales, production, maintenance, development, etc.), base the organization of their workforce on a division of labour, have a generally complex ownership structure, use a strategy oriented towards an oligopolistic structure and imperfect competition, and target their activities for international as well as domestic markets.

(ii) Medium-scale firms employ between 50 and 99 individuals; their strategy is aimed at increasing their scale of production and expanding their markets; executive duties are generally performed by more than one person; their organizational scheme is less complex than that of large firms but more so than the schemes used by small companies; and they tend to maintain a certain degree of flexibility in their production activities.

(iii) Small firms employ between 10 and 19 people; they are usually owned either by an individual or a simple partnership, and the owner generally performs all or most management tasks; their capital/labour ratio is low, but may vary depending upon the line of business in question; they have a high degree of technological flexibility; their markets are nearby, although there are exceptions in this respect; and their business objective is generally not a type of

growth that would entail a more complex organization or a larger scale of production.

(iv) "Informal" firms have a rudimentary organizational scheme, lack a clearly-delineated division of labour as well as any well-defined division of ownership of the means of production, are based on very little capital and require few skills of their employees.

The relative shares of total manufacturing employment accounted for by each of these different types of companies vary from one country to the next.

With respect to the relative position of manufacturing-sector workers, Wolfe (1990) has stated that during the 1980s these workers were subject to even more severe disturbances than middle-income wage-earners were. These effects were the result of a combination of actual decreases in income and purchasing power and extreme insecurity regarding these workers' place in society and their future prospects. The decrease in their wages amounted to as much as 50% in some cases, and at some points in time, the number of workers employed in the manufacturing sector tended to remain constant or even to decline while the urban labour force as a whole was growing steadily. The various types of manufacturing industries and firms exhibited considerable differences not only in wages but also in terms of working conditions, labour relations, legally-mandated benefits and access to social security and welfare systems.

Most of the researchers who have studied the labour movement and the unions have used skill levels and degrees of specialization—which often are closely associated with the type of industry in which workers are employed—as criteria for classifying workers; but the nature of the company in which they work (e.g., whether it is a transnational corporation, an oligopoly, a firm with a high or low degree of organizational complexity, etc.) is also a decisive factor in terms of their differentiation. These two bases for worker differentiation give rise to sharply differing labour-movement orientations and courses of trade-union action. Nevertheless, in broad terms, Wolfe (1990) has emphasized the fact that during the 1980s most of the trade unions became less able to defend the interests of their members, and their capacity for influencing national policy was greatly diminished.

## 2. The agricultural sector

The rural population in Latin America has become a minority, although its size has generally remained

constant in terms of absolute numbers. It is more integrated into the countries' societies and economies than in the past, but this integration has, for the most part, taken place on very disadvantageous terms and has not been complete (Wolfe, 1990).

López Cordovez (1982) indicates that the profile of the agricultural sector differs from one country to another, ranging from highly prominent to quite limited. Be that as it may, he also points out that, according to national accounts, between 1970 and 1980 the gross domestic product (GDP) of the region's agricultural sector climbed by 3.5% per year, as compared to an increase of 5.6% in total GDP. During the same period, agriculture's share of total GDP slipped from 14% to 11.4%, while the agricultural workforce's share in total employment shrank from 42.1% to 36.2%. These decreases were coupled with a number of shortcomings in the following areas identified by López Cordovez: (i) the potential food demand of Latin American societies, with around 4.5 million undernourished people (food production expanded by 0.8% per year while effective demand grew by 3.6% per year); (ii) the production potential of the region's agricultural sector, inasmuch as only slightly more than a quarter of the land suitable for agriculture was actually farmed; (iii) requirements in respect of agricultural exports; and (iv) the growth rate of production.

Social inequality within the agricultural sector continues to be a cause of concern. The United Nations Food and Agriculture Organization (FAO) has calculated that in 1973, 70% of the farm population in Latin America was living under subsistence conditions, that 45 million agricultural wage-earners and 40 million small landowners were together earning about 35% of total agricultural income, and that their average per capita income was an estimated US\$115 (in 1970 dollars) per year. Medium-scale agricultural producers represented 28% of the farm population and 43% of the sector's economic units. Large landowners represented 2% of the farm population, owned 22% of the economic units and had an estimated income of US\$2 560 (again, in 1970 dollars) per year. Another part of this picture was a still very concentrated pattern of land access, with large landowners occupying 47% of the land under cultivation and *campesinos* just 2.5%.

If a distinction is drawn between agribusiness and the agriculture practised by small farmers, we see that as of the early 1970s, the differences between the two were significant.

During the past few decades, traditional agriculture has been in decline in Latin America. According to Gomes and Pérez (1979), three options for dealing with this situation have been applied in varying combinations in the different countries: an increase in the number and relative proportion of wage-earners in the active population within the agricultural sector; the physical expansion of subsistence farming (although at times this has occurred only in terms of the number of people and production units); and increased migration to the cities. At the same time, however, the capitalist type of agrarian economy has clearly been becoming the predominant form. All the rest, in one way or another, have come to be dependent upon it; in the case of small landholdings, this has been due to the occasional hiring out of manpower; in the case of independent peasant farmers, it has been because they have had to sell a portion of their surplus output on a market in which the capitalist form of agrarian economy had a decisive impact; and in the case of large landholdings, it has stemmed from the need to restructure internal production relations in order to remain competitive in the market. In this regard, Miró and Rodríguez (1982) noted that no progressive homogenization processes have been observed to be at work in the region's agricultural sector, and that the impact of the capitalist economy on this sector is manifested in some geographic areas and spheres but not in others. Gomes and Pérez (1979) believe that the peasant economy is also linked to the modern agricultural sector through marketing firms and agribusiness, which have developed in conjunction with the capabilities for expanding commercial agricultural production. These companies tend to manage the market on a monopsonistic basis, which gives them an additional means of securing the surplus produced by the peasant sector; the peasant farmers, for their part, are the ones who usually have to absorb the effects of price fluctuations and gluts on the market.

López Cordovez (1982) lists a series of traits characterizing the modern agribusiness sector: greater homogeneity as a production segment, firms whose economic size ranges from medium-scale to large, considerable control over production resources, a substantial amount of capital and a certain investment mix, the adoption of relatively complex technological systems, some degree of specialization in the chosen product lines, sophisticated technical and administrative organizational schemes, the establishment of certain types of labour relations,

interrelationships with other spheres (e.g., finance, manufacturing, commerce and the media), and ties to centres of power and decision-making. In addition, as indicated by Gomes and Pérez (1979), modern enterprises are the ones that most often benefit from government investment in infrastructure and from many economic incentives and support services, as well as access to credit, profitable prices, relatively protected markets and technical assistance. As a result of all this, new technologies tend to be concentrated in firms of this type and modern business conglomerates tend to become consolidated. Another feature of these groups is their political ability to secure the support of the State apparatus.

Transnational corporations have also played a role in the modernization process, not only in traditional agrarian activities but also in the creation of agribusinesses. Although agribusiness has been around for some time in the region and the food sector is actually one of the most important components of regional industry, it mirrors the pattern exhibited by the industrial production structure. It is also true that within the agricultural sector, the branches that produce staples expand more slowly than do those making products designed for middle- and upper-income strata.

López Cordovez (1982) contends that agribusiness depends primarily upon agricultural entrepreneurs for its expansion, since they can provide linkages between its production activities and commercial activities. Agricultural enterprises therefore gear their products to the tastes of middle- and upper-income urban consumers who can afford to buy their processed products. Agribusiness, according to the above author, thus bypasses peasant agriculture and poor rural and urban consumers. Transnational corporations have not, however, confined their activities to the development of agribusiness; there has also been heavy foreign investment in agricultural machinery, agrochemicals (fertilizers, insecticides, fungicides, herbicides) and veterinary products.

An increasingly widespread shift towards wages as the preferred form of remuneration for agricultural workers has gone hand in hand with this transformation of the agrarian sector. The changeover to wage-based remuneration has not, however, always ushered in more permanent employment situations. Temporary work has become a quite common hiring basis, and is routinely used in Argentina and Chile for the fruit harvest and packing and in Central America for the coffee harvest, but it is spreading to



other activities as well. In Brazil, an estimated 40% of the agricultural workforce is hired on a temporary basis. According to Kazzman (1984), this practice is associated with the introduction of labour-saving technology in some –but not other– phases of the production cycle for each crop and with the oversupply of labour. In some cases, employers even go to the cities and to the outlying areas of major metropolises to recruit temporary workers for seasonal jobs. For Miró and Rodríguez (1982), the hiring of temporary workers to take the place of permanent employees is associated with the surplus supply of labour; however, when there is no such surplus or alternatives are available (such as migration to areas along the agricultural frontier), relations similar to those seen in sharecropping systems, or even openly semi-servile relations, tend to be recreated. The hiring of temporary workers takes place even in areas where agribusinesses are operating when labour shortages arise.

Paradoxically, an increase in family farms has accompanied the development of the agribusiness economy. This expansion of the peasant-farmer, or *campesino*, sector has been a quite widespread phenomenon in the Andean countries (Bolivia, Chile, Ecuador and Peru), but it is also beginning to be a factor in, for example, Central America as well. Agrarian experts characterize the fundamental motivation for peasant agriculture's economic activity as being to ensure the household's income level, reproduce its workforce and permit the replacement of farming tools and equipment. The organization of its production tasks is family-based, and the main aim is the reproduction of the family unit in either its present or an expanded form. This sector should not, however, be thought of simply as the continuation of a traditional activity.

Indeed, during the crisis of the early 1980s, peasant agriculture's response capacity was sometimes better than that of agribusiness, and it helped to make the decrease in the output of commodities less sharp than had been feared. There have even been some cases where groups of small-scale landholders have managed to obtain better terms of trade for food products on the domestic market while receiving increased State assistance for peasant agriculture. Nevertheless, since the primary goal of the peasant-farmer economy continues to be to ensure the survival of the family group, with the emergence of these new conditions peasants have begun to spend part of

their time working for wages on production units not run by their own family. The income earned in this way has become a basic component of peasant-household subsistence and of the peasant economy itself.

### 3. The services sector

The development of the services sector and its implications are a subject of debate in Latin America today. As compared to the experiences of the advanced countries, this sector's growth does not appear to bear any relation to the level of development of the sectors engaged in direct production activities. In 1980 the share of total Latin American economic activity accounted for by services was similar to what it had been in the central capitalist countries in 1960, and in countries such as Argentina, Chile, Colombia, Uruguay and Venezuela, the figure was the same as or higher than the 1980 figures in the economies to which they were being compared (Pinto, 1984). This fact notwithstanding, other authors have indicated that the way we look at the services sector has changed. They maintain that development was traditionally regarded as a process that took place in stages and as a gradual transition from agriculture to industrialization and from there to a post-industrial stage that was sometimes known as a "service-based" society.

Prieto (1986) notes that some later studies have attributed special importance to the links that appear to exist between certain service activities and the rest of the economic and social fabric. He feels that the externalities generated by these links are of such a magnitude that the efficient, inexpensive provision of certain services will not only become one of the determinants of the pace of development, but will also play a crucial role in shaping the development styles and patterns being sought by the countries of the region. This appears to apply to the current phase of the international economy's development, although we need to determine which services may be playing such a role and which are not and are therefore part of the phenomenon that has come to be known as "spurious tertiarization". This author also discusses the size of the services sector in Latin America and its economic, social and technological significance; on average, this sector contributes around 60% of the total value added by the region and employs at least 46% of its labour force; the latter figure may be even higher, in view of the concentration of labour and the importance of service

activities in the vast informal sector of the economies of the region. Without attempting to downplay the significance of the services sector, it should be noted that this last statement introduces a note of caution with regard to the role it plays. While recognizing the modernization of many elements in the sector, Pinto (1984) draws attention to the hypertrophy of Latin America's major cities and associates it with a spurious form of tertiarization, especially as regards unskilled services and various forms of under-employment or informal work.

The above is highly relevant to our exploration of Latin America's social structure and stratification, and especially to our understanding of how they are changing. We might therefore consider a few specific cases by way of example. Kazman (1984) says that studies conducted in five countries (Brazil, Costa Rica, Guatemala, Peru and Venezuela) in the early 1980s indicate that production-related services (banks, credit agencies, financial institutions, insurance and real estate agencies, warehousing services and general business services) had the fastest rate of growth but represented only 7% of this sector. The second-fastest growth rate was that of social and community services, including government activities, the armed forces, health, education, culture, social welfare, communications, urban sanitation and other services that are primarily provided through the State apparatus. Distribution services (transport and commerce) were in third place (except in Brazil) but employed the lion's share of the workforce in the tertiary sector. Personal services—the largest component of which was domestic service—were in fourth place. Actually, this highly heterogeneous sector has indeed undergone some technical modernization, but these processes have for the most part been concentrated in informatics and financial services.

However, since modern services are bringing about changes in the characteristics of middle-income strata, it is worthwhile to consider this situation further. According to Prieto (1986), the transnationalization of services has been a logical extension of the transnationalization of goods. It has taken place within large conglomerates in the fields of banking and insurance, advertising, auditing and in many other services that provide essential support for the internationalization of the economy of the central countries. Both transnational corporations and other types of firms in the transport sector have undergone a modernization process with the introduction of containers and their associated technology and the

integration of different modes of transport into large-scale operations. Even in the production of goods itself, the services component has expanded, particularly in the area of informatics; this is especially the case for high-technology products in which international trade is burgeoning. Technology is an influential factor in the internationalization and thorough-going transformation of certain services—including some professional services which previously were provided almost exclusively by the domestic market (e.g., architectural services and management consulting)—in which computerized design or management techniques are being applied. It should be noted here that these modernization processes may also lead to increased concentration.

In addition to the modernization of services through the introduction of new technologies, however, changes are also taking place in some services' traditional forms of organization, and this has implications for the economic and social power structure. A particularly significant phenomenon in this connection is the merger of banks with non-banking financial institutions to form "multi-banks" which offer passbook savings accounts at the same time as they engage in open-market operations, administer investment and mutual funds, engage in mortgage banking, facilitate individual or corporate operations in the construction industry, etc. Moreover, investment or merchant banks have often moved over into commercial banking, and the banking industry as a whole has expanded into other sectors to form large, diversified holding companies. Foreign groups have played a pivotal role in this process.

As we have seen, the services sector is extremely heterogeneous and the social strata that make it up are highly diverse as well. A connection is often made between the tertiary sector and middle-income strata, and although this may not be entirely appropriate, since these strata are also very much a part of other sectors of the economy, the fact remains that in Latin America their growth and their social and political influence have been closely associated with the characteristics of the tertiary sector.

According to Wolfe (1990), as a result of the crisis of the 1980s—although other earlier, and not exclusively economic, factors may also have had an influence—middle-income wage-earners found themselves in insecure positions and saw their incomes decline. This may have widened the gap between reality and the aspirations of these groups (especially as they related to modern consumption patterns and

inter-generational upward mobility), which had become deeply entrenched during the years of economic expansion. Among the middle-income strata, the groups that had grown the fastest had been those positioned within the technocracy, professional fields and government bureaucracy, which were the main sources of employment for university graduates. Employment in these areas, in numerical terms, was maintained or even grew in some cases despite the crisis and policies aimed at trimming down the bureaucracy, but only at the cost of wage reductions and a deterioration in working conditions.

Rama and Faletto (1986) draw attention to the fact that the intellectual frames of reference for these groups have changed radically, becoming similar to those of their counterparts in the developed world, with the adoption of attitudes that emphasize efficiency, functional specialization, rational organization and new concepts of the State. Some dependent or wage-earning middle-income groups formed as a result of the expansion of the State's administration functions, and others did so thanks to the development of commercial services designed to meet a rising level of consumer demand in urban areas; still others owe their existence to the increase in social and community services, particularly education and health. Independent, non-manual middle-income strata, on the other hand, saw their influence decline throughout the region, were crowded out by the growth of the State and of large economic organizations and, in many cases, even declined in status relative to other groups, such as, for example, skilled manual workers. The technocracy and bureaucracy—or, more accurately, the members thereof—played a key role, however, as they administered the functions, on an *ad hoc* basis, of public resources in relation to capital accumulation and the reproduction of the labour force, and went on to articulate and mediate the relations between classes or between private interests and those resources. For all intents and purposes, their role as mediators transformed them into policy-making agents.

#### 4. The Informal sector

Many authors have drawn attention to the persistence of concentrative and exclusionary elements in the prevailing development style, with the most obvious manifestation of these elements being the size of the "informal" labour force. The Regional Employment Programme for Latin America and the Caribbean

(PREALC, 1988a) has found that the growth of the economically active population (EAP) did not slow down during the crisis (i.e., between 1980 and 1983). Initially, the adjustment chiefly took the form of a rapid increase in open unemployment and, later, in a sharp increase in urban informal employment. The 1984-1985 biennium saw the beginnings of a partial recovery: total unemployment fell by 8%, but much of this improvement was due to an increase in informal employment. Employment rose by around 2.6% annually in the formal urban sector but by nearly 7% in the informal sector. Between 1985 and 1987 the recovery strengthened, but informal employment continued to rise steeply and, in fact, served as the vehicle for the labour market's adjustment. It should be remembered that informal employment exists in all economic sectors; for example, in the manufacturing sector informal employment levels are fairly high—close to the average for the other sectors of the economy. Thus, we not only need to ascertain which individuals make up the informal labour force; we also need to bear in mind that many are linked to "informal enterprises".

Castillo and Cortellese (1988), quoting Víctor Tokman, describe "informal enterprises" as rudimentary organizations lacking a clear-cut division both of labour and of the ownership of the means of production, having very little capital invested and low skill requirements. "Informal enterprises" have difficulty gaining access to competitive markets and to the demand base of concentrated markets, and their ability to compete is determined by average income as an adjustment variable. In the presence of market constraints, the greater the amount of surplus labour, the lower the incomes of the individuals working in informal activities. During the recession, notes Wolfe (1990), the drop in the output of modern consumer-goods industries, in import capacity and in consumer purchasing power left some room open for small, unregulated industries, but large companies probably moved in to take up this slack by using the informal sector for piecework and the marketing of products by street vendors.

According to PREALC (1987), although informal economic activity is largely the result of the search for enough income for survival, the Governments have adjusted by passive means to this state of affairs through their tolerance for and gradual legitimization of a *de facto* situation. This is the case with respect to substandard housing, the unregulated operation

of transportation services and the growth of unauthorized commercial activity. Even as a response to the crisis, in many cases efforts were made to increase the flexibility of the labour market by modifying the labour laws or cutting back on inspections and adopting a more tolerant attitude to the evasion of the regulations in force. As was to be expected, all of this made it more difficult for the organized sectors' trade unions to pursue an active policy of collective bargaining. It is also important to note that a number of authors have likened the relationship be-

tween modern and informal activities to a trade balance. The informal segment of the economy purchases its capital goods, many of its production inputs and most of its households' consumer goods from the modern segment of the economy and, in its turn, sells a sufficient amount of a variety of goods and services to wage-earners in the modern sector to keep this trade balance in approximate equilibrium. Hence, the division of society into those who are included and those who are excluded does not signify the absence of relations between the two.

## II

### Social stratification and community of interests

The above-mentioned heterogeneity raises a social and political question as to the possibilities for collective action, i.e., the opportunities for certain sectors or groups to determine the course of the social and political process or at least to influence it. In this regard, we need to examine certain conditions for collective action that arise out of the capacity to achieve and organize a community of interests, whether as a means of corporate defence or as a way of presenting those interests as an agenda for society.

#### 1. Heterogeneity and the possibility of achieving a community of interests at the corporate level

In Latin America the virtually absolute ascendancy of neoliberal thought could lead to the facile conclusion that entrepreneurs have not only achieved a community of interests as a sector, but have also managed to shape those interests into an agenda capable of being embraced by the whole of society. The term hegemony, as used by Gramsci, could thus be applied to entrepreneurs in their capacity as a group of leaders. However, at this level of abstraction we are not in a position to comprehend the actions taken by entrepreneurs which, under certain circumstances, would enable them to exercise that hegemony.

It should be noted that the heterogeneity of entrepreneurs as a group has increased beyond the point that was traditionally used to differentiate them according to size and sector of economic activity. This reduces their chances of achieving a community of

interests. Inter-company differences in technological sophistication are important, but the nature and level of their links with other firms are more so, especially on a transnational scale.

Very little information about the upper reaches of the entrepreneurial sector is to be had, since information about the actual links existing at this level, the extent to which given entrepreneurs control different firms and the make-up of business conglomerates is generally viewed as confidential. Existing studies do, however, tend to stress the increasingly important role played by large transnational corporations in the formation of the major holding companies and the financial segment's ascendancy over the rest.

Except in some very generic areas, such as tax policy, it is usually no easy task to achieve an overall uniformity of interests. Disputes often arise between different actors which then put pressure on the State to enact measures favourable to them. The main parties to such disputes are usually national holding companies with links to transnational corporations, on one side, and firms oriented towards the domestic market, on the other.

Transnational holding companies tend to regulate their own conduct, which is why they are strong advocates of the idea that the economy can manage without State intervention and that it should be as open to external trade as possible. For their part, firms that produce for the domestic market tend to develop forms of corporate organization that will

enable them to defend their interests, which are almost always linked to specific kinds of products, and tend to call for State regulation, especially, *inter alia*, in the form of tariff protection, support prices, soft loans and technical assistance.

These leading actors of the entrepreneurial sector are not new in Latin America; on the contrary, they have almost always set the tone for the dominant sectors and have often had a turn at being in a position of pre-eminence themselves. What appears to be happening now is that many of the advantages acquired by companies involved in producing for the domestic market during the import-substitution stage are slipping away, and the export sector is once again becoming more influential. The transnational holding companies now operating in the region often defy a clear-cut differentiation between domestic and external markets, however. The segmented transnationalization of the domestic market for goods and services, along with the growing transnationalization of the labour market, even makes it extremely difficult to draw the above distinctions.

Large-scale, modern entrepreneurs are often quite cosmopolitan, with links to the international economy and a broad array of production sectors in the country and abroad. Their participation in vertically- and horizontally-integrated holding companies and in a wide variety of areas of economic activity make them very well equipped to regulate themselves and reduce or eliminate the need for them to champion their interests before the government. What is more, if it does become necessary to do so, they can command the attention of the authorities directly, who will be wary of the consequences if these companies were to mobilize their enormous economic power. In any event, the existence of this situation was brought out quite clearly during the external debt crisis.

Apart from these groups, the creation of a community of interests within the entrepreneurial sector—always a difficult undertaking due to the differing and even conflicting needs of the sector's various activities—is usually carried out through trade organizations having a long history in the region. These organizations usually act as pressure groups whose effectiveness tends to bear a direct relation to how specific the group they represent is. Today, however, entrepreneurial trade associations appear to be steadily losing power. This situation fits in with the increased entrepreneurial heterogeneity to which we referred earlier and is reinforced by the large

transnational corporations' tendency to integrate other entrepreneurial groups into subordinate positions while linking these groups' interests with their own, thus disrupting the solidarity that could form among entrepreneurs of a similar status or nature.

Despite all this, however, in various countries of the region the perception of a serious threat (which may have been real or imagined, but which was certainly seen as being real) to the very foundations of the entrepreneurial class sparked a strong reaction and thus strengthened its trade organizations. Later, the wave of authoritarian regimes that swept over the Southern Cone and other countries of the region found a staunch supporter for its establishment and preservation in these trade organizations, whose strength and capabilities for action were thus further augmented. As a result, these organizations have continued to be quite strong even during the period of democratic consolidation. But their strength is more political than economic, and tends to wane as the modernization process facilitates the formation and predominance of large national holding companies with ties to transnational capital.

## 2. The formation of a community of interests in middle-class strata

Apart from the theoretical and empirical difficulty of defining the middle class, considerable changes have taken place in terms of the representation, organization and action of certain groups with which it has been identified.

In the past, the most visible representatives of the middle class were a large contingent of employees in both public and private services that provided training and reproduced prevailing living conditions, a stratum of professionals and technicians, and a large petty bourgeoisie that had ties to the various economic activities and was especially numerous in the fields of commerce and transport. Its direct links to the State or its reliance on the demand generated by working- and middle-class strata contributed to its articulation in development agendas directed towards the incorporation into society of sectors that had been bypassed by the system.

Achieving a community of interests was a strong possibility in the public sector, where the capability existed to bring pressure at both the trade-organization and political levels. At a professional and technical level, trade associations' corporate defence efforts were quite successful. The petty bourgeoisie, on the

other hand, had great difficulty in achieving a community of interests, except in occasional cases where it was able to mobilize itself with the help of organizations which, although not very cohesive, managed to become a referent for collective action under very specific circumstances.

Today, the situation has changed a great deal, although the extent of that change varies markedly from one country to another (ECLAC, 1991).

One such change has been a sharp reduction in government employment owing to the rapid privatization of State production and service enterprises. Even in those instances where State employment has not been subject to direct cutbacks, its relative magnitude has declined in particularly important activities, such as education and health, which find themselves in an uneven contest with private firms that discourage their workers' efforts to assert their demands.

The public-sector crisis, which affected the individual Latin American countries in very different ways, occasioned the loss of structural positions that had afforded a relative capacity for forming a community of interests and establishing strong organizations. The emergence of private enterprise in the social services has not only led to the diversification of the counterpart services but has also helped to heighten the sector's heterogeneity. This increase in heterogeneity makes it more difficult to achieve a community of interests, since it has given rise not only to huge differentials in remuneration levels, but also to different forms of linkages with corporate bodies and labour.

Meanwhile, the loss of the "liberal" character of the activities of professionals and technicians has been accelerating as these people move, under widely differing conditions, into companies characterized by large investments in equipment and technology. The situation in the health field provides a particularly good illustration of this state of affairs, but similar situations are to be found in all areas of endeavour. In addition, new technicians and professionals are coming up who are joining companies that are very directly involved in production, such as modern advertising, communications and informatics. Their lack of a trade-union tradition and their heavy reliance on investment in technology leaves them unprepared for attempts to broaden the base of their interests at any level whatsoever. Moreover, since these are new types of activities, individual expectations of social mobility are very high, which militates against an orientation towards collective action.

Finally, the petty bourgeoisie, which always has difficulty in arriving at a community of interests, is also increasing in heterogeneity. This is caused not only by technological progress and integration into an economic model dominated by a tendency towards transnationalization, but also by the emergence of a new segment of small-scale entrepreneurs who have been crowded out of public-sector employment and have undertaken activities on their own account in commerce, transport, and even manufacturing and agriculture. Medium- and small-scale entrepreneurs' dependence on large-scale enterprise is also spreading via subcontracting practices in the services sector and by way of product processing, distribution and marketing networks (agriculture and fisheries) or component integration (manufacturing) in the production sector. This increased heterogeneity and dependency makes it even more difficult to establish a community of interests and lowers the profile of small and medium-scale entrepreneurs in the entrepreneurial sector's trade organizations.

If, in addition to the changes that have occurred in each segment of the middle class, we now look at how these various segments have changed in proportion to one another, we see an increase in the presence of those segments that are most receptive to identification with the entrepreneurial sector and to a corresponding ideology, which reinforces individualism and contributes to the fragmentation of these strata. At the same time, these strata find it more difficult to adopt positions that will bring them closer to the working class, as they had done in the past during times of greater social integration. And finally, the segmentation of the markets for goods and services and their internationalization discourage the middle classes from defending redistributive policies or championing the integration of the working class.

### 3. Community of interests in the working class

Over the years the region has devoted special attention to the working class owing to the importance—both attributed and real—of the role it has played in shaping highly influential social and political forces ever since Latin America's industrialization process began. The European development pattern, which is always present, either implicitly or explicitly, in analyses of this subject in the region, has guided many of the comparative studies done in this area (including, among others, that of Przeworski, 1983).

The working class's ability to achieve a community of interests was virtually taken for granted, while socialist thought clearly conferred upon it the revolutionary option of moving beyond that state and casting itself as the foundations for a reorganization of society. What seemed difficult for others to accomplish was presented as something that simply came naturally to workers. Although their mission in history might be called into question, trade-union organizations became an established fact as the industrialization process proceeded, and their political role also seemed clear in relation to phenomena such as populism or the configuration of what has sometimes been called the "committed State".

Studies on this sector conducted by ECLAC have told of significant changes that have a very direct impact on this sector's ability to form a community of interests and to act as a collective body (ECLAC, 1989). According to a quantitative estimate relating quite closely to the issue posed by shifts towards or away from the use of wages as the main basis for workers' remunerations, movement in the direction of wage-based remuneration, when viewed as a natural phenomenon of capitalist development, is neither linear nor constant or irreversible; generally speaking, there was movement (although it was not very rapid) in this direction during the period 1950-1980, but the crisis of the 1980s appears to have reversed this process.

In the agricultural sector, also according to these studies, a rapid shift towards wage-based remunerations took place as a result of the build-up of capital assets that accompanied the development of modern agribusinesses oriented towards exports and the domestic market. Contrary to what would be expected, however, this transition towards wage labour has not led to a homogenization of agricultural workers, which obviously hinders attempts to arrive at a community of interests. Moreover, the conditions associated with the type of enterprise in question are not the only relevant consideration in connection with a shift towards wage-based remuneration schemes in the agricultural sector; the seasonality of the production activity is also a factor and has given rise to a large segment of temporary workers –including many urban workers and women– having highly specific traits. A similar situation, albeit with some differences owing to the type of activity involved, is found in the fisheries sector.

In the manufacturing sector, the above studies indicate that workers are in very different positions

depending on whether they are employed in large-scale modern industries producing capital or intermediate goods, consumer durables or non-durables industries, medium- and small-scale manufacturing enterprises, workshops or construction. When differences in technological capabilities are added to this picture, it becomes clear that the sector exhibits a marked degree of heterogeneity which is manifested in differing and even opposing interests.

In the mining sector there have also been sweeping changes which have affected the capacity for action of sectors that have traditionally been very active in the trade unions and politics. Through a process which has long been at work but which has intensified in recent years, the introduction of modern mining technology has been edging out the labour-intensive forms of production which used to assemble vast numbers of unskilled workers in mining camps where they lived in closely-knit communities. As a result, the number of workers employed in mining has fallen sharply, while the skill levels required have risen. Although some traditional mining companies still remain, they are clearly in decline and their only chance of survival lies in re-tooling, which would translate into mass lay-offs of workers; the privatization of mining concerns would only accelerate this process. In countries with a long history of mining activities such as Bolivia, Chile and Peru, the situation has sparked a defensive mobilization on the part of the workers concerned, who have not, however, been able to halt the lay-offs, although in some cases they have managed to delay privatization. In more colourful terms, we might say that the image of coal or copper miners is being eclipsed by that of oil drillers, whose more limited numbers, high skill levels and large incomes generate other types of interests that differ from those of the great mass of workers in the country.

Finally, the above-mentioned studies indicate that the number of workers employed in the services sector has risen steeply, thereby giving rise to what has been dubbed the "tertiarization of the working class". This is in keeping with worldwide trends towards the use of modern technology in manufacturing and the growth of the tertiary sector. The increase in such workers has been especially notable in the fields of transport, communications, repair work, and personal non-domestic services (ECLAC, 1989). The upshot has been a "tertiarized" working class representing a third or more of the economically active population in many countries of the region. The

characteristics of this segment differ from those of the industrial working class which served as the basis for all the analyses of conditions and forms of action in terms of the struggle between classes. These differences arise not only because tertiarized workers are not directly involved in material production activities, but also because their working conditions are not conducive to collective identity and action. They usually work alone or in small firms, they generally lack job stability or a permanent contract, and the companies in this field, including the large firms, tend to subcontract work out to small- and medium-scale entrepreneurs, thereby making such workers' employment situations even more unstable. If we look at the situation of each segment of the working class, it becomes clear that even at this level it is difficult to achieve a community of interests. Their heterogeneity not only reduces the number of workers in equivalent situations; it also worsens the conditions in each case under which such a community might be formed.

If we now look at the overall picture with regard to manual workers, we see that those segments which usually assumed leadership positions in the presentation of workers' demands have declined in strength. The decrease observed among workers employed in manufacturing appears to be the most significant development in this connection when considered in conjunction with the earlier reduction in the combative ranks of miners.

The re-articulation of workers as a sector does not promise to be an easy task, given the loss of their identity as "the working class" as a result of the labour shifts which have added to the influence of the tertiary sector at the expense of the production sector. At the same time, the greater degree of heterogeneity among business enterprises translates into sharp differences among workers that hinder the formation of a community of interests. What is more, even when some measure of communality is achieved, it is usually in reference to specific firms and activities, and this generates a tendency towards isolation and corporate defence rather than a search for broader areas of agreement.

Another relevant phenomenon is the spread of unstable labour relations in this sector. In some cases the differences between a greater or lesser reliance on wages as the primary basis of remuneration become meaningless as new types of relationships between workers and firms, new ways of organizing the work to be done, new systems of remuneration and other

new elements are developed which move us away from traditional classifications. We are not referring here to the forms of job instability that have long characterized domestic service or temporary agricultural work, but rather to novel types of relationships that represent departures from formal work contracts for stable, regularly-paid jobs. Today, contracts tend to be task-based, offering no guarantee of stability or social reproduction; these contracts disconnect the firm from the worker in every way except the purchase of the labour incorporated in the product in question. This results in very little worker solidarity, since workers compete with one another and often do not even perform their jobs in the same physical location. Furthermore, the workday has no definite limits, since the firm is buying the work performed, not the worker's time, and even in the event of legal limitations in this regard, work shifts can be prolonged through the mechanism of overtime or, more simply, by contracting other shifts in other companies.

In sum, these changes—stemming from trends towards wage-based systems of remuneration in the agricultural sector, manpower reductions and changed conditions in the mining sector, the shrinkage of the working class in the manufacturing sector, worker "tertiarization", heightened job instability, and the growing heterogeneity of manual workers—reduce the chances of shaping a community of interests among the various groups of workers. At the same time, a decline is to be observed in the forcefulness with which workers present their demands—generally to the State—for measures to ensure the reproduction of the labour force through policies on health, education, housing and social security. Thus, the crisis of Latin America's infant welfare State and the privatization of those services makes the possibility of establishing community of workers' interests at that level more remote.

#### 4. Marginality

For the purposes of our analysis of the possibilities of broadening the base for a community of interests and of collective organization and action, the concept of marginality appears to be a more suitable choice than those of poverty or the informal sector, although these latter terms may be the concepts of choice in other contexts.

The prospects of achieving a community of interests in the various segments of the population and of representing those interests are not determined by



income levels but rather by those segments' different structural positions. The fact that a given structural position engenders poverty does not signify that the two terms mean the same thing. On the contrary, there are many poor people in the working class, but their poverty does not bar them from membership in that class.

The distinction with respect to the informal sector is perhaps more difficult to define, since marginal workers usually enter into informal work situations. Nevertheless, the most concrete definition of the concept of formal economic activity refers to compliance with labour laws and is therefore not applicable to a vast segment of marginal workers who, because they work as direct producers of goods and services or because of other circumstances, do not enter into the types of labour relations that can be formalized. The same can be said of the legal formality of their independent economic activities.

The difficulties which one encounters in trying to define informal economic activity in non-legal terms do not make such an option advisable either, although, as we have seen, it can be very useful in determining the structural economic conditions of stratification. Tokman's (1979) observations remain valid in this regard, although it would be very hard to envision a community of interests in the informal sector.

Despite its theoretical obscurity, the concept of marginality has a connotation of exclusion which is of particular importance in a region heavily influenced by an economic model that leads to an increasing degree of systemic integration and, at the same time, to social exclusion. The latter is what constitutes social marginalization, whereby some portions of a population are structurally excluded both from prevailing production relations and from a share in the social product.

Of course, marginality is a relative concept, since certain types of positions within the working class and even among non-manual workers with low skill levels entail a significant degree of marginality. Here, however, the concept refers chiefly to the type of link with production activities maintained by the sectors that are categorized as marginal (i.e., persons who have no regular arrangement for the sale of labour and are not part of a petty bourgeoisie which sells independently-produced goods and services).

It should be borne in mind that, according to the findings of empirical studies, informal activity is not always or inevitably synonymous with underemploy-

ment, low productivity or extreme poverty (ECLAC, 1989). This has led some researchers to use quantitative definitions of living standards in an attempt to conceptualize the phenomenon of poverty, which has been the subject of a number of recent analyses whose findings are quite disquieting.

The conceptualization of informal activity or of poverty is not aimed at determining whether or not conditions are conducive to the formation of a community of interests or to collective organization or action. Instead, the objective is to identify situations in which levels and modalities of economic development can be measured, usually as a way of providing inputs for the design of policies to deal with certain problem situations. This is particularly clear in the case of measurements of poverty and proposed courses of governmental action to address the most serious situations.

In contrast, the question of marginality has had a strong political connotation from the very start. In the 1950s, there was concern about the possibility of marginal sectors becoming mobilized, either spontaneously or otherwise. Later, in the tumultuous 1970s, attention turned to these sectors' revolutionary potential.

Originally, however, the concept of marginality contained a spatial element, in that the people classified as marginal were those who lived in makeshift housing located on the "margin" of the cities, in "shantytowns", "squatter settlements", "outlying slums", etc. Not until later was marginality thought of as a structural position linked primarily to occupational status; at the same time, however, occupational marginality was implicitly assimilated into spatial marginality, even though empirical studies conducted in the 1960s showed that the composition of low-income groups is much more varied and is not necessarily a focal point of structural marginality.<sup>1</sup> In fact, studies continue to be conducted in these squatter settlements, while marginality has not been a major subject of analysis.

These complications make it difficult to present a clear picture of the evolution of structural marginality because of the lack of accurate information on the subject. If we refer to the related categories of poverty and informal activity, however, we can at least deduce that a large segment of the population is in a situation of structural marginality and that the size of this segment does not appear to have decreased in the 1970s or 1980s.

<sup>1</sup> One such study was carried out in Chile (CIDU, 1972).

Although this is by no means an exhaustive list, some of the groups falling into this category are itinerant vendors or peddlers, a large percentage of domestic servants, *campesinos* working within a subsistence economy, self-employed workers providing personal services, the chronically unemployed and the *lumpen* in general.

Once again we have here a highly heterogeneous assortment of positions, but in this case the heterogeneity is so great that, except at very abstract levels, the formation of a community of interests is virtually impossible.

Marginal sectors are generally thought of as presenting demands for urban services, especially housing, and as taking part in movements in support of those demands. However, the collective organizations and action mounted for this purpose primarily arise out of the spatial marginality found in squatter settlements, which, whether as a result of natural population growth or immigration, reach such high population densities that they become unbearable. Thus, we cannot simply state that demands for urban services are an interest common to the whole of the structurally marginal population, even though the majority of people mobilizing in an attempt to secure such services are members of that population segment.

Demands for urban services, which have been a significant factor in Latin America, do not appear to bear any direct relation to given positions within the production structure, except that, of course, unsatisfied needs for the most basic urban services are found in the most underprivileged sectors of the population. What is clear, however, is that, in the case of marginal groups, these demands are directed solely towards the State, whereas manual and non-manual workers can turn to the entrepreneurial sector to incorporate this particular cost of the labour force's reproduction.

This points up an important and quite generic trait of marginal groups: whether or not they have common interests, they do indeed have a common supplier: the State. It is to the State that they make their demands, which take on a measure of homogeneity when they concern basic needs at a subsistence level, rather than as an independent expression of structural positions.

This is the origin of the concept of urban plebeians (although in Latin America they are not only urban), which can be used to denote marginality. Urban plebeians do not have interests that can be embraced by an entire sector and, consequently,

cannot organize themselves. Instead, they remain a group of isolated individuals who lack any social connection with one another no matter how long they may continue to be in a similar situation. The social position of the masses prevents the formation of a collective identity, and each individual strives to establish a direct relationship, or a relationship mediated by a patron or benefactor, with sources of power. These sources are what can provide that individual with a share of the social product which will meet those of his basic needs that his economic activity does not allow him to satisfy.

Given the structural position of the urban plebeian, which impedes the attainment of any community of interests based on that position as well as any form of social organization, action by members of this group tends to have political implications although politics as such may not interest them. Only charismatic political leaders or disruptive social movements can elicit their involvement by offering formulas for community integration or promises of greater responsiveness on the part of the authorities to their needs.

The relationship between this sector and such phenomena as populism and authoritarianism would be a worthy subject for in-depth analysis, as is demonstrated by several pioneering studies in this area (Medina Echavarría, 1964; Germani, 1960; Weffort, 1970).

##### 5. Social organization and its difficulties

As we have been saying, the increasing degree of structural heterogeneity is a direct cause of problems in respect of the formation of a community of interests, and such problems clearly hinder attempts at social organization on that basis. Obviously, this does not mean that all these organizations will disappear, but it does change them in ways that affect their ability to take action. In addition, sectors appear that are left out of these organizations.

The main interest-group organizations continue to be those formed by entrepreneurs or employers, on the one hand, and by workers, on the other. Both have undergone considerable changes.

Among entrepreneurs and employers, a loss of strength has been noted on the part of those entrepreneurial associations that were involved in industrial development during the stage of inward-oriented growth, when their efforts were primarily directed towards persuading the State to implement

protectionist policies. These organizations include the General Economic Confederation in Argentina, the Manufacturers' Association in Chile, and the Chamber of Industry in Uruguay. The predominance of large conglomerates or holding companies with ties to transnational corporations, which either regulate their own operations or put pressure directly on the Government, also siphons off power from entrepreneurial associations.

Nevertheless, some studies (PREALC, 1988b) indicate that entrepreneurial associations' loss of economic influence is often offset in the short term by their political influence. This is what happened when authoritarian regimes rushed to the defence of private enterprise in the tumultuous 1970s, and it also happens when efforts to achieve macroeconomic equilibrium lead to forms of social consensus-building in which trade associations are called upon to act as representatives of capital in dealings with unionized labour.

Independently of these circumstantial situations, entrepreneurial organizations retain a measure of influence when they are associated with specialized production activities. In such instances, however, they tend to adopt a defensive stance in response to the prejudicial effects of an economic policy which acknowledges the hegemony of the transnationalized segment of this sector.

Among workers, the changes appear to be more visible and more drastic (Wolfe, 1990). Modifications in the composition of the labour force have greatly weakened trade union organizations. Some of the main contributing factors in this regard have been the shrinkage of the industrial working class, the decrease in government employment, the tertiarization of workers, changes in the way work is organized, increased job instability, the practice of basing remuneration on output rather than on the amount of time worked and, above all, the labour force's increasing heterogeneity and its adverse effects in terms of the formation of a community of interests.

Generally speaking, second- and third-tier trade union organizations are the ones that have lost the most strength. It is becoming increasingly difficult—and in some cases it is even against the law—to negotiate working conditions by branch of activity or on a nationwide basis. Union activity is for the most part being maintained and growing stronger only within large companies, where the trade unions are developing a more sophisticated approach to collective bargaining and are trying to put up resistance to the trend towards individual contracts.

During the crisis years of the 1980s, national trade unions successfully led some movements to defend workers against recessionary adjustment policies. Even when they did meet with a measure of success, however, the persistence and increasing severity of the crisis sapped their strength as labour leaders and, in most cases, left them powerless to resist policies that directly affected their *raison d'être*, such as those calling for wage cuts and massive lay-offs.

Later, when social consensus-building became necessary in order to ensure the effectiveness of measures designed to achieve macroeconomic equilibrium, national trade unions became the object of a political reassessment. Their status as labour representatives soon deteriorated, however, because their role was to curb wage demands, and the immediate, direct benefits of that sacrifice were not apparent to the sectors they were supposedly representing.

Moreover, except in these specific situations, organized labour at the national level has been weakening as the balance between union and non-union workers tips steadily towards the latter, especially as women who generally lack a tradition of union activity, self-employed persons and informal workers join the labour force.

The present situation might be described as one of union organization at the company level, with that organization having a partial coverage and being of varying strength depending on the categories of workers involved. The type of company and the nature of the labour relations in question are decisive factors in determining the workers' chances of organizing themselves and the amount of power they are able to wield in defence of their interests.

In the middle-income strata, the trade unions have been weakened by the reduction of public-sector employment and by an increase in the proportion of self-employed workers among their ranks.

Given the characteristics of marginal sectors, trade union organization among these groups is either very weak or non-existent. Among spatially marginalized populations, the organizations that do form are exogenous and to some extent paternalistic, and are heavily reliant as institutions on the State or the Church. In any event, these organizations are usually established as part of an effort to solve a specific problem (often having to do with demands for urban services) and generally disappear again fairly rapidly.

The general picture that emerges from this review of the situation is one of declining strength in

various forms of social organization and, hence, increasing fragmentation, which may have to do with the region's growing structural heterogeneity. It is possible, however, that some organizations in certain specialized, sharply delimited sectors may be growing stronger. These organizations act in isolation from one another and display a markedly defensive corporate orientation.

## 6. Political organization and representation

The backdrop to this picture of mounting structural heterogeneity and fragmentation, however, is a system of political representation which has apparently been expanded by the widespread democratization process that pushed back the authoritarian wave of the 1970s. As has frequently been remarked upon, this democratization process took place during the severe economic crisis of the 1980s, thereby refuting the old idea that a nation's political "moment" in history will only come after a period of economic growth and of improved social distribution. It certainly did not appear to be a good time for such a development, since democratic freedoms and political participation would give people an opportunity to express their frustration and discontent with the difficult situation. Moreover, not only did the process of transforming the countries' patterns of stratification lead to heterogeneity and fragmentation, but it did so within a climate of social polarization, as the dividing line became ever clearer between those who were and those who were not sharing in the social product of the dynamic sector of the economy.

Under these circumstances, one might think that the mechanisms of political democracy would enable underprivileged sectors to express their demand for greater social balance, and that this might give rise to forms of political articulation that would take the place of the countries' eroded social organizations.

As pointed out by Offe (1988), however, representative democracy, working through the competitive party system, has made it impossible for these parties to give expression to the overall conflict; as they strive to win over undecided voters or members of another party, the political parties' platforms become more and more alike until no significant difference remains. This situation has not, however, been common in Latin America owing to the strong personal influence exerted by some individuals, the marked ideological cast of some political groups, and the weakness, except in a few cases, of the party system in the region.

The democratization process of the 1980s bears the stamp of the political modernization process, which leads to the specialization of political activity and separates it from the idea of the sectoral representation of social interests. This had been its original character when the modern party system was born in Europe with the creation of workers' or socialist parties in the nineteenth century (Cerroni, 1971). All of this has not failed to influence Latin America since the start of its industrialization process.

The political modernization of this recent democratization process has been influenced by two crucial factors. One is the above-mentioned change in the social structure, which made the formation of a community of interests less likely, reduced the opportunities for social organization and made it more difficult to carry such positions over into the political arena. The other event was the crisis and apparent collapse of socialism, which has deprived the working class of a radical alternative to the prevailing scheme and has taken away the party system's main point of reference.

These two events contributed directly to the transformation of the party system as the parties swiftly began to lose their traditional role as sectoral representatives. This, in conjunction with the chronic weakness of the party system in a number of the countries of the region, soon produced the effects identified by Offe. This situation was compounded by the marked independence of so-called political representatives, especially at the highest levels, who performed a complete about-face in their positions.

Against this backdrop, the chances of obtaining political representation of the people's interests is virtually nil, especially in the case of the more marginal groups subject to an increasing degree of fragmentation. At the same time, the chances have increased that the political class may manipulate the masses, thereby generating tension and instability even if this occurs within groups advocating the same political and social agenda.

It is still too soon to predict the future course of this process. It does, none the less, appear to be moving in the general direction of a form of exclusion that would be backed up by an increasingly self-centred political system. Given the conditions described above, apathy is likely to take the place of hopeful participation in democratically-structured political systems. These social conditions leave a number of options open, however; one such possibility

that cannot be ruled out is the emergence of some sort of populism or other alternative to a democratic system if that system fails to develop mechanisms for

social and political representation in keeping with the sweeping structural changes now taking place.

(Original: Spanish).

### Bibliography

- Castillo, Mario and Claudio Cortellese (1988): Small and medium-scale industry in the development of Latin America, *CEPAL Review*, No. 34 (LC/G.1521-P), Santiago, Chile, April.
- Cerroni, U. (1971): Para una teoría del partido político, *Teoría marxista del partido político*, Argentina, Ediciones Pasado y Presente.
- CIDU (Centro de Desarrollo Urbano y Regional), Population studies team (1972): Reivindicación urbana y lucha política: los campamentos de pobladores en Santiago de Chile, *EURE*, vol. II, No. 6, Santiago, Chile, Catholic University of Chile, November.
- De Oliveira, Francisco (1989): Innovaciones en políticas económico-sociales: El caso de Brasil, *¿Hacia un nuevo orden estatal de América Latina? Los actores socio-económicos del ajuste estructural*, vol. 4, Buenos Aires, Latin American Social Sciences Council (CLACSO).
- ECLAC (Economic Commission for Latin America and the Caribbean) (1989): *Transformación ocupacional y crisis social en América Latina*, Santiago, Chile, December. United Nations publication, Sales No. S.90.II.G.3.
- (1991): *Panorama social de América Latina* (LC/G.1688), Santiago, Chile, 31 October.
- Fajnzylber, Fernando (1983): *La industrialización trunca de América Latina*, Mexico City, Editorial Nueva Imagen, S.A./Centro de Economía Transnacional (CET).
- Germani, G. (1960): *Política e Massa*, Rio de Janeiro, Minas Gerais Federal University, School of Law.
- Gomes, Gerson and Antonio Pérez (1979): The process of modernization in Latin American agriculture, *CEPAL Review*, No. 8, Santiago, Chile, August. United Nations publication, Sales No. E.79.II.G.4.
- Kaztman, Rubén (1984): Sectoral transformations in employment in Latin America, *CEPAL Review*, No. 24, Santiago, Chile, December. United Nations publication, Sales No. E.84.II.G.5.
- López Cordovez, Luis (1982): Trends and recent changes in the Latin American food and agriculture situation, *CEPAL Review*, No. 16, Santiago, Chile, April. United Nations publication, Sales No. E.82.II.G.2.
- Medina Echavarría, José (1964): Consideraciones sociológicas sobre el desarrollo económico, Buenos Aires, Solar/Editorial Hachette, S.A.
- Miró, Carmen and Daniel Rodríguez (1982): Capitalism and population in Latin American agriculture. Recent trends and problems, *CEPAL Review*, No. 16, Santiago, Chile, April. United Nations publication, Sales No. E.82.II.G.2.
- Offe, C. (1988): *Partidos políticos y nuevos movimientos sociales*, Madrid, Editorial Sistema.
- Pinto, Aníbal (1984): Metropolization and tertiarization: structural distortions in Latin American development, *CEPAL Review*, No. 24, Santiago, Chile, December. United Nations publication, Sales No. E.84.II.G.5.
- PREALC (Regional Employment Programme for Latin America and the Caribbean) (1987): *Desarticulación social en la periferia latinoamericana*, Working paper No. 313, Santiago, Chile, International Labour Office (ILO).
- (1988a): *La evolución del mercado laboral entre 1980 y 1987*, Working paper No. 328, Santiago, Chile, ILO.
- (1988b): *Política económica y actores sociales*, Santiago, Chile, ILO, mimeo.
- Prieto, Francisco J. (1986): Services: a disquieting link between Latin America and the world economy, *CEPAL Review*, No. 30 (LC/G.1441), Santiago, Chile, December.
- Przeworski, A. (1983): Compromiso de clase y Estado: Europa Occidental y América Latina, Norbert Lechner (ed.), *Estado y política en América Latina*, Mexico City, Editorial Siglo XXI.
- Rama, Germán and Enzo Faletto (1986): Sociedades dependientes y crisis en América Latina: Los desafíos de la transformación político-social, Germán Rama (comp.), *Escenarios políticos y sociales del desarrollo latinoamericano*, Buenos Aires, Editorial Universitaria de Buenos Aires (EUDEBA)/United Nations.
- Tokman, Víctor (1979): Dinámica de mercado de trabajo urbano: el sector informal urbano en América Latina, Kaztman Reyes (ed.), *Fuerza de trabajo y movimiento laboral en América Latina*, Mexico City, Colegio de México.
- Touraine, Alain (1989): *América Latina: política y sociedad*, Madrid, Espasa-Calpe, S.A.
- Weffort, F. (1970): *Clases populares y desarrollo social*, Santiago, Chile, Latin American School of Sociology (ELAS).
- Wolfe, Marshall (1990): Social structures and democracy in the 1990s, *CEPAL Review*, No. 40 (LC/G.1613-P), Santiago, Chile, April.