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The process of accumulation and the weakness of the protagonists

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During the three decades leading up to the present crisis the growth of the product, employment and the level of investment in Latin America reached a very high rate, but the process of accumulation had two important defects, if compared to the United States in the period 1870-1910. First, its greater dependence on the exterior, both on direct foreign investment and on external financing and, second, the lesser relative importance of local private investment in comparison with State investment. Both these features illustrate the relative weakness of local private business in the process of capital accumulation.

Similarly, the utilization of the investment shows that despite the intense process of modernization and absorption of labour in the non-agricultural modern sectors and, in particular, in industry, large contingents of the labour force are still employed in the traditional sectors, both rural and urban. Likewise, the proportion of manual workers employed in the secondary sectors is declining, while informal workers are maintaining their share and that of non-manual workers is increasing. As a result, workers have also failed to increase the real possibilities of their participating in the modernization process.

The writer distinguishes between countries which have an absolute dynamic insufficiency and those which show only a relative deficiency in this respect, and the typical model of the countries of the centre; less than the differences between the region as a whole and the typical model of the countries on the centre; the main limitation on its process of accumulation lies in the lack of strong social protagonists, capable of ensuring independent, sustained and equitable growth.

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The international crisis affecting the Latin American economy has reopened the debate about the long-term growth model which the region has been following. The crisis illustrates indeed the shaky foundations of the growth of the past decade and, going beyond debt renegotiation and short-term adjustment, makes it necessary for the question of the long-term engines of growth to be reopened. With this in view, it is important to re-examine the nature of the process of accumulation, for from this may be deduced two of the great historical errors: the lack of independence in this process, which seriously reduces the capacity to absorb external shocks, and the inability to produce social protagonists to assume the leadership in the process.

In his many works on the functioning of peripheral capitalism Prebisch approaches this issue from two standpoints: on the one hand, the dependent nature of the accumulation and, on the other, the periphery's imitative pattern of consumption.¹ Both lead to the dynamic insufficiency of the process of accumulation, which cannot solve the problem of the absorption of labour in the modern sectors and produces what Prebisch calls the "social inefficiency" of the model, which means that a growing proportion of the population can find employment only at the lower technical levels. This dynamic insufficiency is linked to dependence by the transfer of the surplus abroad, while the imitative consumption of the middle and upper groups of the population also helps to diminish the investable surplus, so that its utilization produces fewer jobs.

In a more recent work (1984) Touraine also analyses the characteristics of the region's process of accumulation and tries to pick out the elements which define the Latin American model of development. He identifies as weaknesses or negative factors the dependent nature of the process and the inadequacy of the class protagonists. Both aspects are bound up with the lack of a leading national elite to control the rate and direction of accumulation. Basing himself on earlier works (Tokman, 1982; Garcia, 1982) Touraine identifies, however, as a positive factor in the process the high rate of investment

¹A full presentation of Prebisch's views may be found in Prebisch (1981).

achieved, to which he adds the high degree of urban cultural participation. These features denote the presence of elements of a more developed industrial society.

In this paper we shall try to adduce certain economic antecedents as a means of analysing these relations. To this end we shall examine the characteristics of the process of accumulation and its effect on the formation of a private leading national elite or "pure" social protagonists² capable of taking over the leadership of the process. Firstly, we shall analyse the degree to which accumulation in Latin America has been dependent and the role played by the private business sector in the generation of investment. This analysis will enable us to assess the dimensions of one of the class protagonists in the process. Secondly, we shall examine the utilization of the surplus and of investment and its effect on the generation and structure of employment. On this basis we shall consider the formation and evolution of the working class in the region.

It must also be said that the task described above is extremely ambitious for a work such as the present one, and this explains a number of limitations and restrictions in the analysis. We should like to mention five, in particular.

The first is that the analysis explores only some of the economic indicators which are held to be pointers to weakness on the part of the social protagonists. Of course, these indicators are not sufficient, and discussion of the introduction of other interpretative factors used in sociological debate is left open. In an illustration of this type of limitation it is sufficient to describe two of them. On the one hand, the lower rate of participation of the private national sector in investment will be taken in this paper as indicating that the national business world has assumed a smaller role in the process of accumulation. Nevertheless, if the business world was strong enough to control the State, this indicator would not be sufficient to denote weakness. On the other hand, the decline in the proportion of jobs

occupied by manual workers in the secondary sectors will be taken as an indicator of weakness of the working class. As in the previous case, a partial analysis may be insufficient if, for example, together with this qualitative decline there were changes of leadership within the trade union movement in favour of non-manual workers or if, as a result of the process of concentration of manual workers, they were found in greater numbers than before in larger-scale factories.

The second limitation is that in order to assess the extent and direction of the process we shall use international comparisons. Following a methodology used earlier (Tokman, 1982), we shall take as a point of reference the experience of the United States between 1870 and 1903.³

The third limitation relates to the need to select indicators that can be used as "typical indicators" to illustrate the process, for these indicators necessarily have further limitations connected with the available statistical base and their comparability both over time for a single country and among countries.

The fourth restriction is that the paper will refer to the period before the international crisis, and the analysis will focus on the period 1950-1980. However, as is explained below, the crisis only reinforces the conclusions drawn. Thus, investment declines as a result of external restrictions, illustrating the process's lack of independence; the private sector has to be supported by the government in order to avoid its financial collapse, and the government takes the lead in the slight recovery in 1984; finally, the crisis increases open unemployment and reduces employment in the modern sectors in which wage earners are concentrated, thus weakening even further the capacity of the working-class sectors to exert pressure (Garcia and Tokman, 1984).

The fifth limitation is that the central assumption operates with respect to Latin America as a whole. Its degree of validity varies from country to country. For this reason, an analysis will be offered for a representative number of countries, grouped according to their common

²The concept of "pure" social protagonists is taken from Touraine (1984) and means that social protagonists in Latin America are not identified with *one* single characteristic, whether it be modern or traditional social class, nation or national movements or agents of imperialist domination. On the contrary, the protagonists are mixed and combine various features.

³This period was chosen because of the similarity of the changes in the distribution of the labour force between agricultural and non-agricultural sectors (see chapter n).

features, which will illustrate the nuances of interpretation that have to be kept in mind when

extrapolating each country's analysis from the analysis of the region.

Dependent accumulation and non-hegemonic protagonists

Accumulation in Latin America is characterized not only by its dynamic insufficiency, which will be described below, but essentially by its inability to produce national agents capable of taking the lead in the process.

Thus, because of this dependence part of the leadership function goes abroad, and because of the weakness of national business groups the government becomes the principal agent. In turn, the relative deficiency in the creation of jobs in the modern sectors reduces the ability of the workers to develop into powerful agents.

In contrast, in the central model which we are using for purposes of comparison and which was common in the United States and some Western European countries, the private bourgeoisie of the country leads the modernization process and makes it indigenous on the basis of earlier domestic changes. The State takes a subordinate role in this (Touraine, 1984)⁴. The progress of modernization is also sufficient and promotes increasing participation by wage earners. It is useful, therefore, to compare the Latin American experience with that of the United States in similar periods of transition in the labour market. In particular, we shall analyse the dynamics of accumulation with respect both to the investment effort and the protagonists in the process and to the relative absorption of labour in the modern sectors.

⁴Touraine (1984) formulates a classification of six models. Three types are distinguished according to the leading elite —national bourgeoisie, national State bourgeoisie or foreign bourgeoisie. Within each type he distinguishes two other types according to the relative importance of the other elements in the process. We have adopted the central model for purposes of comparison because it is held that this is the prevailing model in the dominant countries with respect to Latin American dependence.

1. *The weakness of the national bourgeoisie*

An analysis of table 1 gives a concrete illustration of the theory we have propounded. The table shows antecedents for three aspects of the process, i.e., the degree of dynamism, the strength of the dependent relationship and the importance of the national private sector as an agent of investment.

Table 1
DYNAMICS OF ACCUMULATION

	Latin America ³	United States ^b
<i>investment coefficient</i>	20.8	18.9
Investment in construction ¹¹	62.6	75.1
Investment in private housing ^d	23.3	23.7'
<i>Degree of dependence</i>		
Direct foreign investment ⁶	19.2	—
External financing ^f	14.2	—
<i>Degree of privatization⁹</i>	71.4	91.2

Source: Latin America: figures prepared on the basis of ECLAC data on national accounts; United States: Figures prepared on the basis of 1975 Bureau of the Census data.

^a For the period 1950-1980.

^b For the period 1870-1910.

^c Gross fixed investment as a proportion of gross domestic product, both expressed in constant values.

^d Share of total fixed investment.

^{11*} Direct foreign investment as a proportion of investment in machinery and equipment.

^f External savings as a proportion of fixed private investment.

^s Fixed private investment as a proportion of total fixed investment.

By comparing the investment coefficient for Latin America in the period 1950-1980 with that

for the United States in the period 1870-1910, we see that the process of accumulation was dynamic and at least similar to that of the central country.⁵ It must be pointed out that the period considered for the United States has the highest investment coefficients in the last 150 years, for after 1920 these coefficients do not exceed 15%. Similarly the United States was the country that invested most from the mid-nineteenth century up to about 1960 (Tokman, 1982). The fact that the accumulation was very rapid does not remove the possibility that it may have been insufficient. In fact, as we shall see below, it was relatively insufficient, for the process proved incapable of absorbing the growth in the labour force in the modern sectors. This means that in order to overcome this insufficiency, the rate of investment would have to exceed the rate recorded by the central countries in their time. In only very few countries of the region is the dynamic insufficiency, thus defined, related to the insufficiency of absolute investment.

The use to which investment is put should be investigated, since for similar coefficients such use might be different, as Prebisch (1981) argues when he maintains that Latin America has put a large share of investment into non-reproductive capital. This situation would imply that investment and employment still have room for expansion over and above the rates already achieved. Information about the utilization of investment is even more scarce than in the previous case and relates only to investment in construction and, within this sector, to investment in housing. This partial indicator might be used to assess the extent to which investment in Latin America was channelled more disproportionately into construction, and especially housing, than is generally closely associated with "consumption" by the higher-income groups. The available figures are insufficient for this hypothesis to be verified, unless, on the contrary, they mean that Latin America put a higher proportion of its investment into construction than did the United States and that the share of investment in private housing was similar in both cases.

⁵This paper considers the ratio of fixed investment to output. If variations in stocks are taken into account, the investment coefficients are 21.5% and 21.4% for Latin America and the United States respectively.

The second feature which emerges from the comparison is the dependence of investment in Latin America, with respect both to direct foreign investment and to financing from abroad. In the United States both these factors were insignificant during the comparison period. The nature of the dependence has varied over time. During the 1950s it was concentrated mainly in direct investment and reached a proportion of investment in machinery and equipment of about 30%; whereas dependence with respect to external financing, in particular the part coming from private sources, became heavier between 1970 and 1980.

Dependence in the process of accumulation implies the relative loss of control over the levels and uses of investment. Foreign investment and external financing entail promises of future payment. As long as the net flow remains positive, a high level of investment can be maintained, as in fact happened in the period 1950-1980. Interruption of the flow means a shrinking of investment, as has been happening since 1980 without any compensating domestic investment. Thus the dynamics of the process comes to depend on the exterior.

The third feature which emerges from the comparison is that the private sector generates a lower percentage of investment in Latin America than in the United States. The public sector accounted for some 29% of the region's investment, while in the United States it contributed only 9%. This indicator shows that the private sector is weaker in Latin America than in the central country, and that it is the State which plays a major role in domestic investment.

In this connection, an analysis should be made of two elements which are outside the scope of this paper. The first is that from the ideological standpoint the relevant question is still who controls the State. The second is that the indicators described could be interpreted to have the opposite causality; i.e., the private sector does not take control because the State has interfered too much. In response to this last question it is worth analysing each country's historical experience. However, the neo-liberal experience of the Southern Cone, especially that of Chile, indicates that if the kind of diagnosis we have described is accepted, the role of the State is reduced and the rules of the game are changed, in

the expectation that foreign investment and the private sector will take over the lead. The actual result is the opposite, for in view of the wariness of foreign investors the national businessman not only does not invest more but, on the contrary, follows the line of the public sector, so that the decline of the investment coefficient is accentuated.

2. *The weakness of wage earners*

The second aspect to be considered is the effect of accumulation on job creation. This determines to a large extent the characteristics of wage earners who, according to the theory, should be the other agents to play an important role.

The rapid accumulation we have mentioned led not only to a fast growth in output but also to a very dynamic process of absorption of labour. This is reflected in the rapid relocation of active population from the countryside to the town and in a high absorption rate in the modern urban sectors, in manufacturing industry in particular. Proof of this is provided by the decline in the agricultural labour force from 55% to 33% between 1950 and 1980 and by the generation of jobs during this period in the modern urban sectors and manufacturing industry at annual cumulative rates of 4.1 and 3.5 respectively (table 2). This absolute dynamism with respect to employment is similarly confirmed if it is compared, for example, with the creation of man-

Table 2
DYNAMICS OF EMPLOYMENT

	Latin America	United States
<i>Cumulative annual rates</i>		
A. <i>Growth of:</i> ^A		
1. Population	2.8	2.0
2. Labour force	2.5	2.7
3. Non-agricultural labour force	4.0	3.7
4. Employment in non-agricultural modern sectors	4.1	4.4
5. Employment in manufacturing sector	3.5	3.5
<i>Percentages</i>		
B. <i>Changes in:</i> ^b		
1. Proportion of non-agricultural labour in total labour force	44.1-67.1	45.0-65.0
2. Proportion of informal workers in non-agricultural labour force	30.6-28.9	33.6-20.2
3. Proportion of traditional rural workers in non-agricultural labour force	58.3-57.5	
4. Proportion of secondary manual workers in non-agricultural labour force'	45.6-38.7	
5. Ratio of non-manual non-agricultural workers to secondary manual workers'	75-97	
6. Ratio of non-manual own-account workers to secondary manual workers ⁰	40-39	

Source: Latin America: A. 1 to B.3: PREALC; B.4 to B.6: G. Rama (1984); United States: Tokman (1982).

^d Latin America 1950-1980; United States 1870-1910.

^b Non-agricultural labour force for same period as ^a; informal employment United States 1900-1920.

^c 1960-1980, although for some countries the period runs to 1970, suggesting that the coefficient did not vary in these cases. Secondary manual workers include artisans, skilled workers, and wage workers and day workers in industry, construction and electricity, gas and water.

For the same period as ^c. Non-manual workers include managers and public and private supervisory staff, professionals and salaried specialists, and office workers, sales staff and the like.

^e For the same period as ^f. Non-manual own-account workers include employers, professionals and freelance specialists, and own-account workers in commerce and trade.

ufacturing jobs in the United States during a period of relocation of labour at a rate similar to the one recorded in Latin America. Nevertheless, the creation of jobs in the modern urban sectors does not reach the United States level.

This great dynamism has not been sufficient, however, to reduce the high proportion of the labour force found in low-productivity sectors, in rural as well as in urban areas.⁶ Table 2 also includes two indicators which illustrate this point: the proportion of the agricultural labour force engaged in traditional activities decreases only from 58.3% to 57.5% between 1950 and 1980; and the proportion of the non-agricultural labour force employed in the informal urban sector declines only 30.6% to 28.9%. What we are seeing, then, is a very dynamic situation with respect to absorption of labour in the modern sectors, but one which at the same time is insufficient to wipe out or at least significantly reduce the traditional forms of employment.

Another trend displayed by the modern sectors must also be considered. The number of manual workers employed in the secondary sectors, who approximate to "the proletarian vanguard", is also tending to decline. Between 1960 and 1980 their representation in the non-agricultural labour force dropped from 45.6% to 38.7%. This drop in the proportion of manual workers contrasts with the maintenance of the proportion of informal workers and with changes in the ratio of non-manual workers (mainly supervisory and clerical staff) to manual workers in the secondary sectors, which climbs from 75% to 97% during the same period, and in the ratio of the latter category to non-manual own-account workers, which remains constant at about 40%. This shows not only that the proportion of wage earners is declining, but also that the composition of this group is becoming more heterogeneous, at the same time as industry is losing in importance to the tertiary sectors. The final outcome is that wage earners are undergo-

ing changes which are increasingly restricting their capacity to lead the modernization process.

The causes of this process have been analysed elsewhere (Garcia and Tokman, 1984). However, some of them must be briefly described. Firstly, the pressure of the labour supply in the non-agricultural sectors grew at very fast rates (a cumulative 4% annually). This being the case, the growth of modern employment should have been even greater, since this sector is only part of non-agricultural employment, with the effect of diminishing the proportion of informal jobs. Nor is this supply pressure unheard of in the international sphere, for, as can be seen from table 2, the growth recorded in the United States is only slightly lower. Secondly, the main causes are to be found in the nature of the modernization process in Latin America. In the agricultural sector the penetration of technological progress does not generate more jobs in the modern strata, nor does it destroy the rural economy. As we shall see below, this phenomenon is concentrated in one group of countries and also has characteristics of its own which make interpretation more difficult. In the non-agricultural sectors technological change is concentrated in limited strata and does not bestow its benefits on the mass of the population, since it is biased against jobs and retains the profits of higher productivity in those strata. This means that the intersectoral and intra-sectoral differences in productivity, greater than those in today's developed countries, do not diminish. Finally, in terms of resources, this makes the process of absorption of labour and the transfer of labour from the traditional to the modern sectors more expensive.

These long-term trends have been accentuated by the international crisis which has been affecting the region since 1980. Open unemployment in the towns grows from 7% to about 11% and affects wage earners to a greater extent than before; visible underemployment increases, employment in the modern sectors declines, informal employment expands and wages fall (PREALC, 1985). For this reason, the share of the more organized sectors in urban employment shrinks, and the position of wage earners, especially manual, grows even weaker.

⁶The traditional sectors include own-account workers, except for professionals, unpaid family members and domestic servants. They should also include, in the case of urban workers, persons employed in small production units, but this information was not available.

II

Differences among countries

The Latin American model described on the basis of regional averages conceals the differences which exist among the countries. It cannot therefore be applied to each country separately unless the individual nuances are also taken into consideration. Accordingly, in this section we shall try to devise a classification, on the basis of a representative sample of countries, to enable us to see to what extent we can talk of a general model and what the most obvious differences are.

The limitations already described, which arise from the small number of indicators used, apply even more in the analysis of individual countries, for in the global analysis the differences tend to cancel each other out. Hence, the national situations are used in this study only as points of reference for the comparative analysis, rather than as subject-matter for individual evaluation. This latter task is a more ambitious and complex piece of work which remains to be done.

In order to determine the classification, the information available for 11 countries⁷ was subjected to examination. The same indicators were used as in the regional analysis: i.e., the average investment coefficient for the period 1950-1980, as indicator of the dynamism of the accumulation process; the coefficients of direct foreign investment to investment in machinery and equipment and of external savings to fixed investment, as indicators of the degree of dependence; and the ratio of public investment to total fixed investment, as indicator of the importance of the State in accumulation. Finally, several indicators of the evolution of the labour market were combined in order to identify changes in the proportion of secondary manual workers, taken in turn as indicator of the degree of proletarianization. For this purpose, variations were noted in the proportion of informal employment in the non-agricultural labour

force, in the ratio of manual workers in the secondary sectors to non-agricultural labour, in the ratio of non-manual workers to secondary manual workers, and in the ratio of own-account workers to secondary manual workers. For reasons of data availability, the changes in the last three indicators generally relate to the period 1960-1980. Only changes in the above-mentioned coefficients were used, and structural differences were not included in the analysis, since there are, for example, differing degrees of advancement in the process of urbanization. This consideration will be taken up later.

It can be concluded from this analysis that the regional model is applicable, with individual nuances, to the majority of the countries in question. These nuances relate to the various relationships considered in the analysis and represent differences within the region rather than variations in the several characteristics with respect to the United States model.

Table 4 contains a summary of the main characteristics which emerge from the quantitative data in table 3. Two large groups are distinguished: in the first the accumulation model offered for the region is applicable with some nuances; in the second, which is closer to the earlier interpretative regional model, the accumulation process displays absolute as well as relative dynamic insufficiency. The degree and the evolution of the process of proletarianization introduce variants in each group, and three sub-groups can also be identified if the main criterion of classification is the labour market rather than accumulation.⁸

1. *Countries with relative dynamic insufficiency*

The first group of countries is made up of Brazil, Colombia, Costa Rica, Honduras, Mexico, Dominican Republic and Venezuela, i.e., two-thirds of the countries examined. This group's character-

⁷Argentina, Brazil, Colombia, Costa Rica, Chile, Honduras, Mexico, Peru, Dominican Republic, Uruguay and Venezuela.

⁸This is the criterion used in earlier works. See, for example, Garcia and Tokman (1984).

Table 3
PROCESS OF ACCUMULATION: SOME KEY INDICATORS, 1950-1980

	Dependence				Employment		
	Investment ^a	Direct investment ^b	Financing ^c	Privatization ^d	Degree of urbanization ^e	Informality ^f	Proletarianization ^g
	A	B	C	D	E	F	G
Argentina	19.5	5.7	2.9	68.1	72-85	4.1	- 13
Brazil	23.3	21.5	11.1	81.5	39-68	- 3.1	- 3
Colombia	19.6	4.1	4.3	77.3	39-65	- 4.6	+ 1
Costa Rica	21.1	17.3	42.9	69.2	42-70	- 7.3	- 3
Chile	13.6	20.7	29.3	50.6	63-77	- 2.0	- 16
Honduras	19.8	17.6	34.6	69.1	19-43	1.0	+ 17
Mexico	19.4	11.4	16.5	62.7	35-62	- 1.6	- 19
Peru	15.7	10.2	14.3	74.8	36-58	- 12.5	- 19
Dominican Republic	18.6	20.7	21.8	67.6	28-59	- 2.8	- 16
Uruguay	12.7	25.1	18.5	74.1	78-82	+ 4.5	- 8
Venezuela	30.1	6.0	- 15.9	65.3	51-79	- 8.8	- 17
<i>Latin America</i>	20.8	15.4	9.2	71.4	44-67	- 1.7	- 6.9
		(19.2) ^h	(14.2) ^h				

Source: A-D: data prepared from ECLAC information on national accounts; E-F: PRKALC; G: Rama (1984).

^a, ^b, ^c and ^d as in table 1.

^e Share of the non-agricultural labour force in the total, 1950 and 1980.

^f Percentage-point changes in the share of informal workers in the non-agricultural labour force.

^g Percentage-point changes in the share of manual workers in the secondary sectors of the non-agricultural labour force. These figures refer to changes in the period 1960-1980, except for Colombia, Mexico, Dominican Republic, Honduras, Uruguay and Venezuela, where they refer to 1960 *circa* 1970.

^h Excluding Argentina, Colombia and Venezuela.

Table 4
ACCUMULATION AND THE SOCIAL PROTAGONISTS^a

	Relative dynamic insufficiency		Absolute dynamic insufficiency	
	Sub-group I ^a	Sub-group II ^b	Sub-group II r	Sub-group IV ^c
Accumulation	A	A		B
Dependence	A	A+		A
National bourgeoisie	B	B		B
Proletariat	M	R-M		R-B

Source: Table 3.

^a Includes Brazil, Colombia, Costa Rica, Mexico and Venezuela.

^b Includes Honduras and Dominican Republic.

^c Includes Argentina, Chile and Uruguay.

^d Includes Peru.

Notes:

A = high; B = low; both in comparison to the United States;

R = very high rural employment;

M = moderate decline;

M and B refer, in the proletariat line, to the decline in the group's importance.

istics are similar to those of the region as a whole, since the countries in it had a high investment rate, similar to that of the United States; they show heavy dependence with respect to foreign investment or external financing, or both; in them the State took a central role in the investment process and, finally, while they do show considerable progress in the modernization of the labour market, this is still insufficient in relative terms because the share of informal jobs in rural employment declines at a slow rate, and in the modern sectors there is a drop in the proportion of manual workers in industry and construction.

There are several kinds of difference within this group. However, one first distinction which must be explained relates to the degree of development and the structural situation of the countries in the group. By applying these two factors it is possible to differentiate the situation of Honduras and, to a lesser extent, that of the Dominican Republic from the others. These two countries, which are to a certain extent representative of the small and open economies in the region, have high investment levels combined with a heavier degree of dependence than the other countries in the group and a significant State role in investment. These are perhaps the cases which illustrate most clearly the lack of national autonomy.

Similarly, the analysis of the employment structure shows that both countries, despite a high rate of migration, still have a large proportion of jobs in the agricultural sector and, within this sector, in the traditional strata. In Honduras, agricultural employment still exceeded non-agricultural in 1980. For this reason, the formation of the working-class protagonist must be relatively weaker because of the predominance of the countryside. What is more, in the urban sectors informal employment takes a large share, one that expands in the case of Honduras between 1950 and 1980. The lack of weight of secondary manual workers is due to the fact that industrialization is still in its early stages, rather than to changes occurring as this process advances.

In the other countries differences can be noted in at least two aspects. The first is that the investment coefficient is particularly high for Brazil and Venezuela, and the second relates to

the degree of dependence, for Colombia and Venezuela show greater investment autonomy.⁹ The differences with respect to State participation in investment are insignificant, and the evolution of the labour market shows interesting similarities. The countries in this group have the region's highest rates of migration and growth of the non-agricultural labour force. The share of agricultural labour in the total falls between 25 and 30 percentage points from 1950 to 1980, and the non-agricultural labour force grows on average for the group at a cumulative annual rate of 4.8%. Their high investment rate also brought about the greater expansion of employment in the modern urban sectors, in particular in manufacturing industry, which recorded cumulative annual rates of 5% and 4.4% respectively. Similarly, in the majority of these countries the continuing process of agrarian modernization and transformation is reducing the proportion of the labour force affected by underemployment (PREALC, 1985).

However, despite this great dynamism, the share of the informal urban sector declines at only a slow rate and there is, moreover, a drop in the proportion of manual workers in the secondary sectors. Two observations must be made in this connection. One is that for Brazil, Colombia and Costa Rica¹¹ the decline in the proportion of manual workers is insignificant; and the other is that this decline coincides with an increase in the ratio of non-manual workers to manual and the maintenance or drop in the ratio of own-account workers to manual.

⁹The degree of dependence has a very limited definition here. It certainly does not show the true magnitude of the dependence or its effect on the degree of autonomy, since no examination is made of such variables as the importance of foreign markets, the degree of trade¹ specialization, the determination of trade prices, the external debt obligation, etc.

¹¹Paradoxically, Brazil is the country with the lowest public sector participation in investment. However, apart from problems of measurement, the significant presence of the State in this country takes indirect forms which do not show up in the indicator used. These include lending, incentives and agreements with Brazilian businessmen for the implementation of joint projects.

¹information for Mexico is available only for the period 1960-1970, which shows a decline in the proportion of secondary manual workers. According to the indirect data available for 1970-1980, the country's industrialization continued to advance rapidly, and a smaller decline in the indicator used may therefore be expected.

This indicates that three tendencies were present: intense industrialization, as can be seen from the rapid growth of manufacturing jobs already mentioned; technological changes in industry, involving the replacement of manual work by non-manual; and lastly, a tendency towards tertiarization but, in contrast to what happened in other countries of the region, predominantly modern. The first tendency partly offset the other two and prevented an even greater drop in the proportion of secondary manual workers.¹²

*2. Countries with relative
and absolute dynamic insufficiency*

The second group is made up of the Southern Cone countries (Argentina, Chile and Uruguay) and Peru. They are more consistent with the present interpretive model in the sense that they show a dependent and insufficient process of accumulation, even in absolute terms. They also display a clear weakness in the formation of pure social protagonists, which is indicated both by the magnitude of State participation in investment and by the sharp relative decline of secondary manual workers, which also takes place in absolute terms during the last decade in Argentina and Chile (Lagos and Tokman, 1983).

Nevertheless, as in the previous group, there are dissimilarities among the countries in this group as well. The first concerns the structural features which distinguish Peru from the other countries. Peru still has a high proportion of its labour force in the agricultural sector and, within this sector, in traditional agriculture. Moreover, despite the rapid migration rate in the period 1950-1980, traditional agricultural jobs increase their share in the sector from 62% to 75%. This development shows up in a slow decline in underemployment and, as in the cases of Honduras

and the Dominican Republic,¹³ the size of the proletariat is kept in check by the high proportion of agricultural workers, to which is added in this case inadequate expansion of the modern sectors as a result of insufficient accumulation. Thus, the average investment coefficient for the period 1950-1980 is only 15.7%, and industrial jobs increase at a cumulative annual rate of 2% during this same period. Consequently, not only is there a drop in the proportion of secondary manual workers, but rapid spurious tertiarization also occurs. In 1960 there were 57 non-manual own-account workers for every 100 secondary manual workers, whereas in 1981 this ratio was 74 for every 100 (Rama, 1984).

The three Southern Cone countries are very like each other. In particular, they are the most urbanized countries in the region, a characteristic which they already had to a large extent in 1950. They also industrialized earlier than the first group of countries, and this is one of the features of more modern economies. However, there are some differences between Argentina on the one hand and Chile and Uruguay on the other. Argentina has a higher investment coefficient, concentrated in the period 1960-1980, and a much smaller degree of dependence.¹⁴

Apart from these differences, the three countries have common features which, in our view, constitute the major reason why they diverge from the interpretation of the Latin American model. One such feature is their very low investment. Chile and Uruguay have an average investment coefficient for the period 1950-1980 of about 13%, clearly lower than the regional average of about 21% for the same period. Their investment is dependent on the exterior. In Chile, for example, direct foreign investment between 1950 and 1960 accounted for 65% of in-

¹²An idea of the differing effect of technological progress in this century can be gained from observation of changes in the proportion of manual workers in the total labour force in the United States. Thus, between 1900 and 1920 there is a drop of two percentage points, or of one percentage point if only wage earners are considered. On the other hand, in the 20 years from 1950 to 1970 the proportion of manual workers drops by almost ten percentage points.

¹³In earlier works we considered Peru together with such countries as Bolivia, Ecuador, El Salvador and Guatemala, a group characterized by slow progress, and in some of these countries even by a deterioration, with respect to the labour market situation (PREALC, 1985).

¹⁴The comment in footnote ⁹ concerning the limited definition of the degree of dependence also applies to Argentina, in particular with respect to the large financial obligations for future payment resulting from its foreign debt. As far as investment is concerned, the coefficient for the period 1950-1960 was 16%, as against 19% for the region as a whole.

vestment in machinery and equipment, and external savings accounted for 55% of investment between 1970 and 1980.

National investment is very low and, what is more, it is effected directly by the State. Between 25% and 50% of investment is public. As there was little investment, job generation was slow. Employment in the modern urban sectors grew at a cumulative annual rate of 1.8% between 1950 and 1980, and industry increased its share of jobs by only 1.4% a year. Accordingly, although these countries had very moderate rates of growth of the non-agricultural labour force, a result of their advanced state of

urbanization, the urban economy was unable to absorb productively the new entrants in the labour market. Argentina and Uruguay experience growth of the informal sector, and in Chile open unemployment and public emergency-jobs programmes expand. There is also a sharp decline in the proportion of manual workers in the secondary sectors, a trend which becomes very marked in the second half of the last decade as a result of the neo-liberal economic policies pursued. Lastly, the capacity of wage earners to exert pressure weakens and does not play an important role in the modernization process.

III Conclusions

To end, we should like to sum up our conclusions. The most important is that the main limitation on the accumulation process in Latin America as a whole lies in the lack of strong social protagonists capable of ensuring independent, sustained and equitable growth. The reason for this is that accumulation takes place in a context of dependent international involvement and a large number of the important investment decisions are taken abroad, while at home the State must take good the lack of a national business system capable of taking the lead in the process. Similarly, the use to which the resources are put and the region's structural characteristics denote a relatively weak job-creation capacity in the modern sectors and, in particular, a steady decline in the role of wage earners, especially manual workers in industry and construction.

The process of accumulation in the region

has been dynamic, but insufficient. The high investment coefficient, similar to that of the United States, shifts the emphasis of the interpretation to the factors of labour supply and the low rate of creation of modern jobs resulting from the nature of technological change in countries in which there is a high degree of inequality in the ownership of and access to productive resources, capital in particular.

It is clear that the situation in the region differs from country to country. Nevertheless, the situations which determine the regional average do predominate. On the other hand, the countries which combine a lack of absolute dynamism in the accumulation process with dependence and inability to produce social protagonists are fewest in number. All the same, their influence on the formulation of interpretative models has been very strong.

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