Employment and *structural mobility.* Revisiting a *Prebischian theme*

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The 1980s and 1990s were decades in which spurious labour absorption, meaning rapid growth in low-productivity jobs, took place on a large scale in most of the Latin American countries. This was a major setback to expectations about reforms that had sought to internationalize the countries' economies and position them as competitive, high-productivity producers. This paper describes the evolution of productive labour absorption since the post-war years. It reaffirms the value of this category of analysis, regarded in ECLAC thinking as the main link between technical progress in economic activities and improvements to the living conditions of the population, particularly the poor. It also shows how important it is to place the productive heterogeneity of Latin America at the centre of the analysis, along with the consequences for social mobility of weak economic growth in the 1980s and 1990s and the particular type of productive transformation that has occurred.

I
Introduction

The virtual stagnation of growth in Latin America over the five years from 1998 to 2002 has impelled analysts to conduct structural evaluations of the region's economies. In particular, they have identified a combination of poor growth in average labour productivity and a massive expansion of low-productivity or informal occupations, and this has highlighted the relevance of ECLAC approaches that concentrate on productive and spurious labour absorption. At the same time, there are good grounds for doubts about the extent of upward social mobility in the 1980s and 1990s.

The main purpose of this paper is to present some theoretical and empirical information about the evolution of productive labour absorption and structural mobility since the post-war years, drawing on certain studies (carried out mainly at ECLAC) that show the origins of the current situation and the degree to which those who advocated the economic and institutional reforms of the 1980s and 1990s underestimated the challenge involved in achieving productive absorption of the economically active population (EAP) and the consequences for structural mobility.

The present study also emphasizes the relevance of traditional ECLAC thinking, both in its early stages and now. In this thinking, productive labour absorption –i.e., increased labour productivity– is the main link between technical progress in economic activities and better living standards for the population, especially the poor. As recent studies have shown, the extraordinary heterogeneity of absorption in terms of productivity, something neglected in many theoretical and programmatic approaches, offers a powerful insight into equity and poverty. One need only think of the number of studies that concentrate on gross domestic product (GDP) growth and poverty, while assuming that the phenomena underlying these aggregates are relatively homogeneous.

In ECLAC thinking, the absorption achieved in a markedly heterogeneous labour market is at the same time a leading objective of economic development and the best indicator of how this development is progressing. Until the 1970s it was given priority in ECLAC, but the 1980s crisis meant that concern about the short term had to come to the fore. Now, when peoples and governments are scrutinizing the reform process more closely, it is time to turn back to these analytical instruments and, in particular, to treat successful productive labour absorption as a guiding aspiration of development.

This paper also seeks to draw attention to the theoretical link between the concern of economists with productive labour absorption and that of sociologists with social mobility of a structural kind. It has often gone unnoticed that this is an extremely important point of convergence between the two disciplines which could provide the basis for interdisciplinary efforts to understand the course of development over recent decades and the new direction that it needs to be given.

The present analysis begins with a summary of Prebisch's position on productive labour absorption in his early studies at ECLAC, seeking to highlight the priority he gave it both in his critical evaluation of outward-oriented development and in his industrialization-centred development strategy proposal. It then goes on to examine two studies, one by Prebisch and the other by Pinto, written 20 years after the subject was first broached, which assess what happened in terms of productive labour absorption in Latin America between 1950 and 1970. Their conclusions are not favourable and each author, in his own way, suggests increasing the pace and changing the course of economic development. This disturbing diagnosis is not shared by other studies carried out at ECLAC in the early 1980s, which conclude from their analyses of the 1950-1980 period that very considerable productive absorption took place then, driven by the strong economic growth of those years. According to these studies, the works of Prebisch and Pinto did not pay enough attention to the positive changes that rising labour productivity had wrought in the structure of the workforce. Meanwhile, some studies by the International Labour Organization (ILO) Employment Programme for Latin America and the Caribbean (PREALC) maintain that both points of view have some merit, since these were ambivalent years in which a high rate of absorption coincided with persistent underemployment.

This disagreement arose in part because, to encourage the implementation of policies to remedy

the situation, Prebisch and Pinto stressed what had not been achieved in terms of productive absorption rather than what had: what they emphasized was that the glass was still half empty. They were not unaware that productive absorption had taken place, but they maintained that it had not been "enough", i.e., had not matched the region's needs. Their critics were as keen to highlight the progress that had been made in this area: the glass was half full, and it was reasonable to expect that it would be completely full before too long. Compounding this difference in outlook was the fact that neither side had reliable, in-depth statistics to establish their position beyond doubt, so the controversy remained open.[1]

On the basis of the studies described, which were compiled chiefly by economists, the sociologists of ECLAC carried out two studies into occupational stratification, one at the beginning of the 1980s and one at the end. Both concluded that between 1950 and 1980 there was a considerable rise in labour productivity leading to substantial changes in the structure of occupational stratification, particularly growth in the non-agricultural workforce at the expense of the agricultural one and, within the former, growth in non-manual occupations at the expense of manual ones. These changes were manifested in turn by massive occupational mobility of a structural type. This conclusion has its weak points, as will be seen later on, so that the controversy about the real scale of structural mobility in Latin America between 1950 and 1980 has yet to be resolved.

In any event, the economic landscape of the region began to change in the early 1980s, and productive absorption and structural mobility stagnated or went into reverse in most of the countries. Initially, the ECLAC economists concentrated on macroeconomic balances and structural adjustment problems, and the sociologists on the work of estimating the social cost of these and suggesting social policies to alleviate their consequences. These issues were revisited in the 1990s, however, particularly in an annual ECLAC publication, *Social Panorama of Latin America*. The last part of this paper will look at some of the ideas set forth in that publication concerning productive absorption and occupational stratification between the early 1980s and the mid-1990s, and will summarize the main findings of the latest study to be carried out at ECLAC on occupational stratification in Latin America (ECLAC, 2000, chapter 2).

II

Productive labour absorption, 1950-1980

1. The idea of productive absorption in Prebisch's early work at ECLAC

The core of traditional ECLAC thinking, developed by Prebisch between the late 1940s and the early 1950s,[2] centres on the idea of expanding and distributing technical progress and its "fruits". It encapsulates his belief that improving the material conditions of life depends above all on scientific and technological development, particularly as applied to economic activities. According to this belief, the main long-term economic objective of the Latin American countries ought to be to raise labour productivity to a level comparable to that found in the central countries. The essence of his works is the effort to show that the outward-oriented development pattern that predominated until the crisis of the 1930s was unable to achieve that objective, so that it needed to be replaced by a different one laying particular stress on industrialization; his analysis of the reasons for that inability was the most important part of the diagnosis of the Latin American economy which Prebisch conducted in those years. According to his argument, that development pattern had arisen historically because of the way technical progress had arisen and spread internationally from the late eighteenth century. The

[1] See Economic Projections Centre (1984).

[2] The main writings of Raúl Prebisch in that period were: *The Economic Development of Latin America and its Principal Problems* (Prebisch, 1950); Growth, Disequilibrium and Disparities: Interpretation of the Process of Economic Development (Prebisch, 1951), which appeared as the first part of the *Economic Survey of Latin America, 1949*; and *Theoretical and Practical Problems of Economic Growth* (Prebisch, 1952). The first two of these works were reproduced in their entirety (in Spanish) in Gurrieri (ed.), 1982, as were the first three chapters of the third.

countries where technical progress originated and took hold strongly became the "great industrial centres" around which there formed a large, heterogeneous "periphery", partially connected to the centres in a way which served the interests of the latter: this is the "centre-periphery system" of which the Latin American countries came to be a part. The predominance of the interests of the centres in the workings of the system as a whole meant that this system was not primarily oriented towards increasing productivity, income or living standards in the peripheral countries, even if these objectives were achieved in many of them. During this period, technical progress penetrated most of the peripheral countries in a "slow" and "uneven" fashion: slow in relation to the economic growth and productive absorption needs of these countries, and uneven because it expanded substantially only in economic activities that specialized in exporting to the centres.

This slow, uneven penetration of technical progress helped create heterogeneous production structures in the countries of the periphery. In other words, the outward-oriented development pattern did foster the penetration of technical progress and the resultant productive absorption of labour, but this process was generally slower than was required to meet the needs of the Latin American countries and was confined to those sectors and regions that were linked directly or indirectly with export production. In these circumstances, a proportion of the workforce –varying by country, but large in the region as a whole– did not benefit from the penetration of technical progress stimulated by outward-oriented growth. In Prebisch's view, this type of development resulted in a twofold concentration of technical progress and its fruits: in the central countries as against the peripheral ones and, within the latter, in sectors and areas that developed as against those that remained on the margins. In the writings cited, Prebisch pays far more attention to the distribution of technical progress and its fruits in the international economic system than to distribution within the peripheral economies; the latter was to be examined more closely by Aníbal Pinto (1973) some years later, using the concept of structural heterogeneity. However, both shared the idea that the evolution of productive labour absorption depended particularly on the type of relationship forged by the Latin American economies with those of the central countries.

Prebisch analysed the causes that, in the outward-oriented development period, prevented technical progress and its fruits from spreading into the countries of Latin America as rapidly and as broadly as would have been desirable. Since international financial flows were inconsiderable in the early post-war years, his analysis concentrated on the trade aspects of centre-periphery relations. Here he highlighted the long-term deterioration of raw material prices in relation to industrial prices, arguing that this enabled the industrial centres not only to keep the fruits of the productivity increases that they themselves generated, but also to appropriate part of those generated by the peripheral countries. In other words, the centres did not pass on some of the fruits of their own technical progress to the periphery, as conventional theory would have predicted. On the contrary, they were able to retain them all and also to appropriate part of those generated by the periphery.

This can be put down to a great variety of causes, in particular: inelasticity in the supply of agricultural produce; the greater ability of economic agents in the central countries (businesses and workers) to protect and increase their incomes; the protectionist policies used by the governments of those countries to protect production activities that could be threatened by imports from the periphery, as in the case of agricultural produce; the subordinate position (in terms of economic dynamism) of primary production in relation to industrial production (rising industrial activity stimulates primary activity but the converse does not apply, leading Prebisch to state that the exports of the periphery were limited by the economic dynamism of the centres in a way the peripheral countries were helpless to alter); changes caused by rising income levels in the centres and the periphery that shifted the composition of demand towards industrial products to the detriment of primary ones, creating a disparity in the income-elasticity of import demand between the two types of countries that lowered the relative prices of primary products; and, lastly, the limited international mobility of the labour force: had this been greater, it would have allowed the labour force of the periphery to join the industrialization process of the centres, thereby increasing their productivity and incomes while relieving the downward pressure on wages and export prices in their home countries.

All these factors went into the situation diagnosis formulated by Prebisch in the late 1940s concerning productive labour absorption in most of the Latin American countries: the existence of a large supply of "immobilized" labour that could neither move to the industrial centres nor increase its productivity at home, owing to a development pattern in which the penetration of technical progress was slower and less widespread than was required to absorb this labour productively.

Furthermore, technical progress itself led to population growth in the peripheral countries by reducing mortality rates and, in sectors that exported to the centres (and in some others, to a limited degree), favoured the use of labour-saving production techniques.

In these circumstances, Prebisch argued against those who pressed immediately after the war for the re-establishment, extension and entrenchment of the conditions under which the outward-oriented development model had operated until it was disrupted by the war since, in his judgement, it would have been wrong to concentrate economic dynamism in activities that were not only highly vulnerable to external factors, but could not respond to the productive labour absorption needs of the region's countries. However, he stressed that his conclusions related to Latin America as a whole and should be applied cautiously to the different national situations and to specific export products. Acceptance or rejection of this development pattern should be based on a pragmatic evaluation of its ability to sustain a high, stable rate of development in the actual circumstances of each country. He also maintained that his criticism of the development pattern based on the dynamism of exports to the centres did not imply any anti-export bias, as export activities should continue to play a decisive role in the development of the peripheral countries, not least because it was still important to capitalize on the opportunities they offered and because industrialization required a substantial volume of imports.

Prebisch set out from this critique to propose an industrialization-centred form of development that would raise labour productivity, general income levels and the potential for capital accumulation, the idea being that these improvements would then spread to other sectors, reducing the level of heterogeneity and specialization in the production structure. One of the most important sociological consequences of this process would be a rise in structural mobility owing to the impact of technical and economic changes on the absolute and relative size of the occupational strata and on the nature of occupations, resulting in an increase in the proportion of non-manual, industrial and other higher-productivity urban occupations. It is obviously not possible here to examine even the general substance of Prebisch's proposal; it is enough to emphasize that industry was to play a very important role in making good the shortcomings in the primary export pattern to which he had drawn attention, particularly when it came to achieving the higher labour productivity and better living standards the Latin American countries required.

2. ECLAC evaluations of productive labour absorption in the 1950-1970 period

As is well known, industrialization took hold in most of the region's countries between 1950 and 1970; in some it was the continuation of a process that had begun in earlier decades, particularly after the 1930s crisis, while in others it was new. The intensity of industrialization varied considerably from one country to another. This process was followed attentively at ECLAC and the late 1950s saw the appearance of the first studies in which its successes and failures were critically examined. At the outset, there was particular concern about the adverse balance-of-payments consequences of a form of industrialization that did not tap the region's export potential; but from the late 1960s onward, attention was also paid to the effects on productive labour absorption. Two studies published in 1970, one of them by Raúl Prebisch and the other by Aníbal Pinto, merit special attention, as they provide a synthesis of ECLAC thinking about productive absorption at that time.

a) *Prebisch in "Transformación y desarrollo"*[3]

The Inter-American Development Bank (IDB) asked Prebisch to prepare a report on the role that international financial cooperation was playing and ought to play in the development of Latin America. To carry out this task, Prebisch began by establishing what economic development goals it was desirable for the region to achieve, productive labour absorption being prominent among them. In his judgement, it was not enough to set targets for output growth alone without considering the effects this would have on absorption, as the latter was the main objective of economic development.

> *"We have to ask what sense it makes to set this or that a rate of development as a target if this is not related to productive labour absorption. It was all very well 10 years ago to pluck a figure of 5% out of thin air as an aspiration. Now we need to go deeper and persuade the countries to look more thoroughly into these matters" (Prebisch, 1970, pp. 98 and 99, translated from the Spanish).*

Evaluating what had happened between 1950 and 1970, he found the results very disturbing. He acknowledged that there had been major advances, such

[3] Prebisch (1970).

as the growth and modernization of cities, the development and diversification of industry, and improvements in middle-class living standards; but he found that the "fruits" of this development were still not reaching the "excluded masses", whom he put at 60% of the population in Latin America as a whole. Productive absorption of these would have economic, social and political consequences of the first order; it would end the tremendous waste of human potential that this exclusion implied, expand domestic markets considerably and the production system with them, help reduce social inequality, and improve social integration and political stability.

As he analysed the productive absorption performance of the Latin American economies, what Prebisch most stressed was the great increase in the labour force (which he put at an average of 2.6% a year between 1950 and 1965) driven by population growth, although he highlighted the large differences among the region's countries in this respect. Agriculture could never have absorbed this growth, irrespective of the economic policies applied, but its performance might have been better if, for example, domestic and external demand for agricultural produce had risen, less emphasis had been put on the use of labour-saving technologies, and greater importance had been given to programmes to keep labour in agriculture, such as agrarian reform or measures to extend the agricultural frontier. Boosted by migration from the country to cities, the non-agricultural workforce grew at an average annual rate of 3.5% between 1950 and 1965, while the agricultural workforce grew by 1.5% (table 1).

Concerning the non-agricultural workforce, he stated that the best thing would have been for this to grow most rapidly in occupations belonging to what he called the "industry group" (industry, construction and mining), but that this had not happened. On the contrary, the proportion of the labour force in the industry group fell from 35% to 30% in urban areas between 1950 and 1970. The labour not absorbed by the industry group went into services, whose share increased from 65% to 70% between those years. Looking more closely at the different types of services, he noted that employment had grown in skilled services (transport, energy and other basic services, trade and finance, public administration and skilled personal services), but by more than was desirable; this type of employment ought to grow with economic development, but in Latin America it had increased excessively owing to "redundant" labour absorption, especially in the State administration and public services.[4] Employment in unskilled personal services and street trading had also risen, although these activities should have shed labour, and there was still redundancy in agriculture and even in the industry group.

Evaluating labour force changes overall between 1950 and 1970, he concluded that the structure of the workforce had become "distorted" despite the economic growth seen in that period, mainly owing to the failure of the industry group to fulfil its absorptive role, so that services grew disproportionately.

Given this diagnosis, the main objective should be to correct the distortion by transferring labour from agriculture and services to the industry group; this should be accompanied as far as possible by a rise in output per person employed in all three sectors. The specific target he proposed was a return, between 1970 and 1980, to the proportion of 35% of the total non-agricultural workforce accounted for by industry group employment in 1950. Transferring labour from lower-productivity to higher-productivity sectors at a time of rapid labour force expansion required a high rate of economic growth. According to his calculations, an average annual growth rate of 7% would be required to meet this target, assuming there was no increase in output per person employed. However, it would be desirable for this to happen as well, as it would mean labour being transferred from lower- to higher-productivity activities within each sector: from craft production to industrial manufacturing, from lower-skilled to higher-skilled services, and from more traditional to more modern agriculture. But then an average annual growth rate of more than 7% would be needed over the decade to attain the "dynamic sufficiency" required by the productive absorption targets.

With the benefit of hindsight, this report has two weak points, one methodological and the other theoretical. The first is the set of operational criteria that Prebisch used to calculate labour productivity differences statistically.[5] The second lies in his findings

[4] By redundant labour he meant that which could be dispensed with without reducing output of goods and services.

[5] In his analysis he noted that the productivity of labour varied within all the sectors, other than low-skilled personal services and street trading, which he considered unproductive in their entirety. The data available did not allow him to break down the whole labour force on the basis of these criteria, so he used a statistical approach that divided the non-agricultural workforce into two parts: i) those working in the industry group, considered more productive, and ii) those working in services, considered less productive. To the latter

TABLE 1

Latin America: Labour force distribution and growth[a]

A. Labour force growth
(Cumulative annual rates expressed as percentages for the period 1950-1965)

Agricultural	Non-agricultural	Industry group	Services	Total
1.52	3.47	2.82	3.80	2.56

B. Labour force distribution

	(Percentages of total labour force)		(Percentages of non-agricultural labour force)	
Year	Agricultural	Non-agricultural	Industry group	Services
1950	50.2	49.8	35.0	65.0
1965	43.1	56.9	31.8	68.2

Source: Prebisch, 1970, p. 34.

[a] Excludes Cuba owing to lack of information.
[b] Excludes industry, construction and mining.
[c] Includes open unemployment.

concerning the evolution of the labour force structure in Latin America in the two decades studied, since he dwelt little on the productive absorption that had been achieved in those years. Of course, the absorption seen in 1950-1970 looks exceptional when compared to the reversals of the 1980-2000 period. In Prebisch's defence, though, it must be said that he was not unaware of the major economic and social transformations of the period he studied, but was especially concerned to emphasize what had *not* been achieved in terms of productive absorption, the idea being to identify goals for development policy, i.e., what needed to be done. It was still the case that some 60% of the Latin American population was excluded from the benefits of development, and this had to be a decisive consideration in development policy. He wanted to ensure that satisfaction with what had been achieved did not obscure the magnitude of the challenges ahead.

b) *Pinto in "Heterogeneidad estructural"*

Pinto[6] also conducted a critical evaluation of the absorption capacity displayed by the economies of Latin America between 1950 and 1970, as evinced particularly by the high degree of structural heterogeneity that still characterized most of them at the end of that period. In those economies, in other words, there coexisted economic activities, socio-economic strata and regions with very marked differences in productivity and income. This concept is closely linked to that of productive labour absorption in that the degree of structural heterogeneity in a given country reflects the progress made with absorption. The countries of Latin America differ greatly from one another in their degree of heterogeneity, but this, reflecting as it does a lower level of development, is in all cases higher than in the central countries.

In different studies, Pinto sought to present a historical characterization of the evolution of structural heterogeneity and the different structural types that predominated. During the period when the primary export development pattern prevailed, all the region's production structures had two systems with very different levels of productivity and incomes: the agro-export complex and the rest of the economy. The feature that differentiated the countries was the greater or lesser degree to which this complex had penetrated the rest of the economy. In economies of the enclave type, this penetration was very limited and the degree of heterogeneity high, but in others, such as those of the Southern Cone, penetration was much greater and heterogeneity less. These differences could be accounted for, among other factors, by the type of products exported, the greater or lesser consolidation of the national State and the characteristics of the traditional economy. The greater the separation between the two systems, the greater the productivity and income gap between them, although it tended to be fairly pronounced everywhere.

he added the unemployed, and this was how he arrived at the figures from which he deduced that between 1950 and 1970 there had been a growing "distortion" in the structure of the labour force, the correction of which ought to be a key objective of development strategy.
[6] Pinto (1973).

As industrialization proceeded, particularly in the more advanced phase that began after 1950 in those Latin American countries that had industrialized earlier, the type of structural heterogeneity changed owing to the emergence of a non-exporting modern sector which attained productivity levels similar to those of the export sector. In these circumstances, the initial duality was replaced by a structure composed of three strata, each with a different level of productivity and income: the primitive, the intermediate and the modern. Pinto argued that all the strata were multisectoral, i.e., included segments of all production sectors, but some sectors tended to have a higher level of productivity and income overall, the manufacturing sector being one.

To spell out his ideas about structural heterogeneity in Latin America, he compared the structure and tendencies of the region with those of the centres. Above all, he stressed that the structures of the latter were far more homogeneous than those of Latin America where, for example, the modern stratum was four times as productive as the economy generally while the primitive stratum was only a fourth as productive, so that the gap separating them was far greater than anything found in the centres. Furthermore, the central countries and Latin America were divided by appreciable differences in the size of the strata; the primitive stratum was much larger in Latin America, employing between 35% and 40% of the workforce, while the modern sector was much smaller, employing only 13%. Lastly, he concluded that structural heterogeneity had increased in Latin America between 1950 and 1970, again by contrast with what happened in the central countries. These latter applied economic and social policies that strengthened the "pulling" capacity of the dynamic parts of the modern sector and helped spread the benefits of development, giving rise to more homogeneous economic, social and geographical structures. By contrast, Latin America was dominated by a development pattern that resulted in weak economic growth, increased external dependency in trade and finance and greater geographical concentration of income and population and which, above all, did not foster any significant process of labour absorption in the modern sector. Furthermore, Pinto maintained that these tendencies were more likely than not to continue in future, leading to a still more pronounced structural heterogeneity.

To give empirical support to what he says about the low degree of productive absorption in the modern sector between 1950 and 1970, Pinto examined how the labour force growth which occurred between 1950-1960 and 1960-1969 was absorbed. He agreed with Prebisch that disparities in productivity formed multisectoral strata, but the statistical data available forced him to divide by sectors: industrial manufacturing and basic services were held to be the most modern activities, while agriculture, craft production and unspecified services were the most traditional or primitive.[7] He stressed that while the agricultural workforce had grown at a low annual average rate (1.3% in the first decade and 1.5% in the second), it had carried on absorbing some 25% of the extra labour; the manufacturing workforce grew by more than the average, but to a diminishing degree (3.7% and 2.9%, respectively), so that the proportion of the workforce absorbed fell from 10.3% to 8.0%; basic services also performed unsatisfactorily in much the same way as manufacturing, so that their growth rate and the proportion of the workforce employed by them decreased; unspecified services, by contrast, saw rapid growth (7.9% in the first decade and 8.2% in the second), so that the proportion of the workforce absorbed by them rose from 7.9% to 13.1% (table 2).

In summary, Pinto's diagnosis of the progress made in overcoming structural heterogeneity was quite negative, as was his view of the future, which he based on the tendencies towards concentration identified in the predominant development styles. This diagnosis differed in some respects from Prebisch's, but both shared a leading idea: they were not satisfied with the dynamism and direction of industrialization between 1950 and 1970, as it had not gone far to improve productive labour absorption or homogenize the production structure.

Pinto's works may be said to suffer from the same shortcomings as Prebisch's as regards the information they present and their harsh judgement on the evolution of structural heterogeneity. The vindications are also the same. Regarding information, Pinto used the best data available in those years. Regarding his findings, the severity of his evaluation derives from the ideals he held, from what he hoped the Latin American societies might become.

[7] He did use the improved statistics available at that time to evaluate structural heterogeneity, acknowledging in particular the helpfulness of the reports compiled for ECLAC by Zygmunt Slawinski (see Slawinski, 1964).

TABLE 2

Latin America: Absorption of labour force growth, by economic sector
(*Thousands of people and percentages*)

	1950-1960			1960-1969		
	Increase	Percentage distribution	Annual growth rate	Increase	Percentage distribution	Annual growth rate
Total	14 810	100.0	2.6	18 276	100.0	2.8
Total, excluding unspecified activities	13 642		2.5	15 891		2.3
Agriculture	3 865	26.1	1.3	4 465	24.4	1.5
Non-agricultural goods and basic services	4 212	28.4	3.1	4 590	25.1	2.8
– Mining	119	0.8	2.0	147	0.8	2.2
– Manufacturing industries	2 150	14.5	2.6	2 124	11.6	2.3
• Industrial	1 530	10.3	3.7	1 463	8.0	2.9
• Craft	620	4.2	1.5	661	3.6	1.6
– Construction	721	4.9	3.2	1 118	6.1	4.0
– Basic services	1 222	8.2	4.6	1 201	6.6	3.4
Services	6 733	45.5	4.7	9 221	50.5	4.6
– Commerce and finance	1 947	13.2	4.1	2 559	14.0	4.1
– Other services	3 619	24.4	4.5	4 277	23.4	4.0
Unspecified activities	1 167	7.9	7.3	2 385	13.1	8.2

Source: Pinto, 1973, p. 115.

> *"Is there any real prospect that these countries, at their present stage of development, might simultaneously reproduce the consumption patterns of the central nations [necessarily for a minority], meet the basic needs of the great majority and, finally, lay the foundations for self-sustaining and (relatively) independent development?" (Pinto, 1973, p. 136, translated from the Spanish).*

3. The more optimistic outlook of the early 1980s

In the early 1980s, when better statistics were available, a number of studies provided a more thorough assessment of how productive labour absorption had developed from 1950 onward, and what the effects had been for the occupational structure. Prebisch and Pinto concentrated on the objectives which had not been achieved, and which therefore still needed to guide economic and social policy; they were not unaware of the changes that had occurred, but they were not satisfied with the direction of these or with the extent to which they had solved the critical problem of productive and social integration in the more excluded strata.

a) *ECLAC studies*

The studies conducted in the early 1980s concentrated more on the other side of the coin, i.e., on the positive changes that had occurred in the structure of the labour force since 1950. These studies, let it be said, helped rehabilitate the development process of those decades, and this looked even more justified in later years (particularly the "lost decade") when the economic growth and improvements in living conditions achieved then came to seem enviable. Among the studies carried out at ECLAC which stressed what had been achieved in terms of productive absorption was that of Kaztman (1984). Unlike Prebisch and Pinto, this author argued that both industry and services had played a prominent role in labour absorption. He stated that in several of the region's countries the economically active population (EAP) in industry had grown by more than the non-agricultural EAP, and that it was not true to say that modern industry had absorbed its own informal EAP slowly, since in five of the nine countries examined the modern industrial EAP had increased by more than the industrial EAP as a whole during 1950-1970, and the same had happened in three out of six countries the following decade. As for the tertiary sector, he maintained that it should not be regarded merely as an unproductive refuge for workers unable to find employment in industry. For example, there had been greater labour force growth in what he considered higher-productivity services, such as productive services (banks, insurance, real estate, etc.) and social services (government, health care, education, etc.), than in low-productivity ones, i.e., distribution (transport and commerce) and personal services. In commerce, he

TABLE 3

Latin America: Percentage of the economically active population (EAP) in industry and EAP growth in total industry and modern industry as a proportion of non-agricultural EAP growth, by country, 1950-1980

Country[a]	Percentage of EAP in industry				EAP growth in industry/ non-agricultural EAP growth				EAP growth in modern industry/non-agricultural EAP growth	
	1950	1960	1970	1980	1950-1960	1960-1970	1950-1970	1970-1980	1950-1970	1970-1980
Haiti	4.9	6.3[b]	7.8	...	...	...	0.83	...	...	...
Honduras	11.5	7.9	10.5	...	-0.05	1.45	0.62	...	...	...
Guatemala	10.9	10.5	12.9	...	0.64	1.11	0.93	...	...	...
El Salvador	11.9	12.9	11.3	...	0.91	0.43	0.62	...	0.74	...
Dominican Republic	8.5	8.6	13.4	...	0.55	1.21	1.04	...	...	...
Bolivia	8.2	9.8[b]	11.3	...	...	...	0.58	...	0.68	...
Paraguay	15.5	15.3	16.0	...	0.96	0.87	0.91	...	...	...
Ecuador	10.1	13.9	15.6	...	1.54	0.91	1.18	...	...	...
Nicaragua	11.4	11.5	14.6	...	1.00	0.88	0.93	...	...	...
Peru	14.9[b]	13.7	11.6	11.4[cd]	...	0.01	...	0.38[cd]	...	0.66[c]
Brazil	12.9	13.7	14.8	17.7	0.74	0.87	0.80	1.27	0.90	1.27
Mexico	12.2	13.7	18.5	...	0.93	1.22	1.08	...	1.21	...
Costa Rica	11.2	11.5	13.7	16.1	0.72	0.99	0.89	0.89	1.00	0.94
Panama	8.7	8.6	9.9	10.5[cd]	0.61	0.93	0.80	1.18[cd]	0.96	1.69[c]
Colombia	12.5	13.0	17.3	...	0.75	1.08	0.95	...	...	...
Venezuela	11.2	13.0	15.6	16.3[c]	0.99	1.17	1.08	1.13[c]	1.22	1.28[c]
Chile	19.4	19.1	21.8	16.8[c]	0.58	1.19	0.98	0.66[c]	1.26	0.83[c]
Uruguay	21.7[b]	23.4	23.0	...	...	0.76	...	...	...	...
Argentina	25.3	27.7	24.0	...	1.12	-0.04	0.55	...	5.15	...

Source: Kaztman, 1984, p. 90.

[a] Ranked in descending order by percentage of EAP in agriculture in 1970.
[b] No censuses conducted. Estimates by interpolation between 1940 and 1960.
[c] International Standard Industrial Classification of All Economic Activities (ISIC, Rev. 2); excludes repair shops.
[d] Percentage of working population.

pointed out that a proportion of own-account or unpaid family workers in several Latin American countries should be regarded not as informal, but rather as members of family businesses with a higher level of productivity than they were credited with (table 3). In summary, he concluded that industrialization had played an important role in productive labour absorption, that services had been progressively brought into this process, resulting in higher productivity, and that informality had not increased in either of those sectors.

The information presented by Kaztman is not conclusive, however, since between 1950 and 1970 many countries did not follow the path described, while for the period between 1970 and 1980 the data available are too scanty to give a clear idea of what went on.[8]

Despite the criticisms that can be levelled at that study and similar ones as regards their statistical inputs and operational definitions (shortcomings also affecting earlier studies on the subject carried out at ECLAC, as has been noted), they had the virtue of highlighting the progress made with productive absorption in those years.

b) *PREALC studies*

The stage was thus set for an attempt at an overview which would reconcile these two standpoints, the one focusing on what had not been achieved and the other on what had. This overview was elaborated by the ILO

[8] It is also likely that the definition he used to distinguish the modern industrial EAP from the informal one may have led him to overestimate the size of the former, as he included in it all workers in the sector other than own-account and unpaid family workers. In other words, in assuming that the informal industrial EAP consisted only of these occupational categories, he may have been underestimating the number of low-productivity workers in the sector, including, for example, many of those working in small firms.

Employment Programme for Latin America and the Caribbean in a number of studies conducted in the early 1980s, which provided a more complete interpretation of what had happened between 1950 and 1980.[9]

The main conclusion of PREALC was that the absorption process between 1950 and 1980 displayed two apparently contradictory tendencies: on the one hand, a very limited decline in underemployment, justifying the concerns expressed by Prebisch and Pinto; on the other, rapid productive absorption in the modern sector of the economy, giving credence to those who stressed that major transformations had occurred. These claims were based on a census study of the labour force, divided into four main groups (traditional agricultural EAP, modern agricultural EAP, formal non-agricultural EAP and informal non-agricultural EAP); by examining developments within each from different angles, the authors were able to identify their varied and apparently contradictory tendencies. Using operational definitions,[10] the PREALC studies tried to go on the basis that labour productivity disparities were to be found in all sectors and occupations, cross-cutting these by means of the occupational categories of own-account workers and unpaid family workers. In other words, they attributed two levels of productivity to the workforce (more productive and less productive) through the use of occupational categories; employers and wage earners were assumed to be more productive, and non-professional, non-technical own-account workers and unpaid family workers to be less productive. These criteria were used to examine labour developments in Latin America between 1950 and 1980, and the main general conclusions arrived at were as follows:

a) The most striking change was the massive transfer of labour from agricultural occupations to non-agricultural ones: the agricultural workforce fell from 54.7% of the total in 1950 to 32.1% in 1980, while the non-agricultural one increased from 44.1% to 67.1% (table 4).

b) Concerning the agricultural workforce, the authors noted that the reduction in its size had not led, as would have been desirable, to a large decline in the share employed in the traditional segment, as the proportion of this to the modern segment remained stable; the traditional portion of the agricultural workforce fell only from 59.5% in 1950 to 58.8% in 1980. In other words, the large decline in the agricultural workforce did not result in the proportion working in traditional agriculture falling from the 1950 level (table 5).

TABLE 4

Latin America: Labour force segmentation, 1950-1980[a]

(*Percentages of working population*)

	1950		1980	
	Agricultural	Non-agricultural	Agricultural	Non-agricultural
Informal/traditional	32.6	13.5	18.9	19.4
Formal/modern	22.1	30.6	13.2	47.7
	54.7%	44.1%	32.1%	67.1%

Source: Tokman and García (1981 and 1984); García (1982).

[a] The mining workforce was not included, which accounts for the small drop in the total.

TABLE 5

Latin America: Labour force segmentation, 1950-1980

(*Percentages of agricultural and non-agricultural working population*)

	1950		1980	
	Agricultural	Non-agricultural	Agricultural	Non-agricultural
Informal/traditional	59.5	30.6	58.8	28.9
Formal/modern	40.5	69.4	41.2	71.1
	100%	100%	100%	100%

Source: Tokman and García (1981 and 1984); García (1982).

[9] In the first half of the 1980s, PREALC officials produced a number of institutional or personal publications in which they set out their points of view. The main ones include: *Dinámica del subempleo en América Latina* (Tokman and García, 1981), *Changes in Employment and the Crisis* (Tokman and García, 1984) and *Growing Labour Absorption with Persistent Underemployment* (García, 1982). These studies, like those mentioned earlier, stressed that there were major disparities among the Latin American countries in the absorption process, and examined these in some detail. In this general analysis, however, consideration will be given only to those propositions in them that apply to the region as a whole.

[10] The traditional agricultural EAP includes all own-account and unpaid family workers (the number of the latter was increased to compensate for underestimation in censuses) and the size of the modern agricultural EAP is the difference between the total adjusted agricultural EAP and the traditional agricultural EAP. The informal non-agricultural EAP consists of own-account and unpaid family workers in all non-professional and non-technical occupations (people in domestic service have sometimes been treated as part of the informal EAP as well), while the formal non-agricultural EAP covers all non-agricultural workers not deemed informal.

c) The non-agricultural workforce grew rapidly, by 4% a year in the period examined. Where the relationship between its formal and informal segments was concerned, however, the situation was similar to that seen in agriculture, with the informal portion declining very little. In 1950, this was 30.6% of the total non-agricultural workforce; by 1980, it was still 28.9% (table 5).

d) It is right to conclude, then, that underemployment[11] remained constant during those decades in both the agricultural and non-agricultural workforces, when they are considered separately. But if underemployment is considered in the aggregate (both in agriculture and outside it), it transpires that it fell from 46.1% of the total workforce in 1950 to 38.3% in 1980. This means that urban areas were able to absorb migration from the countryside without any increase in the relative size of the informal sector. Since this was significantly smaller, proportionately speaking, than the traditional sector in agriculture, national averages improved.

e) Another conclusion arising from the above is that there was a relative increase in non-agricultural underemployment owing to the relative growth of the non-agricultural workforce and the stability of the proportions underemployed, as already discussed. While 29.3% of all underemployment was non-agricultural in 1950, by 1980 this proportion had risen to 50.6% (table 6).

In summary, the only positive statistic for underemployment over those 30 years is the fall of eight percentage points in its share of the total labour force. This fall, however, was accompanied by a considerable rise in the absolute number of people underemployed owing to strong growth in the workforce and a rising participation rate, and by a great increase in the visibility of those affected as their presence in urban areas grew.

In the view of PREALC, however, the unsatisfactory trend of underemployment was not due to lack of growth in the formal non-agricultural workforce; on the contrary, this expanded by 4.1% a year, which is more than the rate for the non-agricultural workforce as a whole. The reason why underemployment was not reduced more strongly as a result of this growth is that in 1950 the formal non-agricultural workforce was only a small proportion of the total in most Latin American countries and the non-agricultural workforce was growing very quickly. In any event, the formal portion of the non-agricultural workforce grew very strongly as a share of the total workforce, from 30.6% in 1950 to 47.7% in 1980. In the light of these figures, PREALC maintained that in Latin America over those years, persistent underemployment had been accompanied by a significant transfer of labour from lower-productivity to higher-productivity sectors. It therefore thought it right to conclude that the formal (or modern urban) sector of the economy had a high productive absorption capacity.

In the studies cited, PREALC examined the possible causes of these processes and suggested some measures that could be applied to reduce underemployment, based on the tradition of ECLAC thinking. Interesting as these aspects are, there is no space in the present paper to analyse them. The PREALC evaluation also had some methodological weaknesses.[12] Nonetheless, its evaluation of the overall productive absorption process provides a more balanced picture of what happened in this area between 1950 and 1980.

TABLE 6

Latin America: Labour force segmentation, 1950-1980
(*Percentages of all those in formal and informal work*)

	1950			1980		
	Agricultural	Non-agricultural		Agricultural	Non-agricultural	
Informal/traditional	70.7	29.3	100%	49.4	50.6	100%
Formal/modern	42.0	58.0	100%	21.7	78.3	100%

Source: Tokman and García (1981 and 1984); García (1982).

[11] See PREALC (1982) for the definition of underemployment used in these studies.

[12] In particular, the operational definitions used by PREALC to distinguish between the formal and informal segments and between the modern and traditional segments of the workforce might have underestimated the scale of underemployment and, conversely, overestimated the absorption capacity of the modern formal sector in the decades analysed, chiefly because they regarded all wage earners (except those in domestic service) as forming part of the latter. A proportion of wage earners undoubtedly worked in the conditions that PREALC associates with underemployment, i.e., in activities characterized by a low degree of organization, little or no accumulation capacity and a marginal position in the production system.

III

Changes in occupational stratification in 1950-1980

If it was true to say that productive labour absorption took place on a considerable scale in the decades from 1950, it may be supposed that this had a major impact on occupational stratification, with consequences for social stratification in general. Before reviewing the research carried out into these issues at ECLAC, some methodological considerations concerning social stratification and mobility should be discussed.

1. Criteria used to define occupational strata

Studies on occupational stratification tend to use different variables to identify the major occupational groupings (strata). Among the most important of these variables are the relationship with the means of production (giving rise to the basic categories of owner or employer, differentiated in turn by company size, and of wage earner and self-employed), the nature of the work (non-manual and manual), the level of qualifications (generally divided into three levels, high, medium and low), the degree of authority exercised in the company (usually divided into three levels as well), the type of contract (service, intermediate and wage-labour, in Goldthorpe's classification) and, lastly, the branches and sectors of activity. Some or other of these variables have been used as a basis for classifying strata in the great majority of the empirical studies carried out on the subject, although the emphasis placed on different variables depends on the implicit or explicit theoretical approach of those conducting them. For example, the occupational classifications used by official bodies such as the Registrar General in Great Britain (the first of which dates from 1911) pay particular attention to qualification and authority levels and the nature of the work done; those of the neo-Marxists, such as Wright, stress ownership of the means of production but do not neglect qualification and authority levels; while the neo-Weberians, such as Goldthorpe, consider the relationship with the means of production and also qualification and authority levels, the agricultural or non-agricultural nature of the branch concerned and, in particular, the nature of the contract (it was on the basis of this last criterion that Goldthorpe established his well-known division among the service, intermediate and wage-labour classes). Of course, the configuration of the strata used will also be strongly influenced by the universe to which the study is applied (for obvious reasons, for example, studies carried out in developed countries pay much less attention to agricultural occupations than those carried out in Latin America), and by whether the data used by the study are first-hand or are extracted from censuses or household surveys. When use is made of information prepared for other purposes, as in the ECLAC studies, account needs to be taken of the basis of categorization used in the original study; this may be modified or adapted, but only as far as the characteristics of the original statistical compilation allow.

These criteria form the basis of the strata categorization used in the *Social Panorama of Latin America, 1999-2000* (ECLAC, 2000), which is explained below, and is as follows:

I. Employers, divided by size into microemployers (up to four or five employees, depending on the country), small employers (from four or five employees to nine or 10) and medium-sized and large employers (10 or 11 employees and upward).
II. High-level officials, managers and executives.
III. Highly qualified professionals.
IV. Intermediate-level professionals, technicians and supervisors.
V. Administrative or office employees.
VI. Workers in trade.
VII. Blue-collar workers, artisans, machine operators and drivers.
VIII. Personal services and security workers.
IX. Agricultural workers.

On the whole, these are the occupational strata usually employed in household survey classifications, but in some cases information had to be adapted to fit this classification so that the data for eight countries in 1989-1990 and 11 in 1999-2000 would be comparable.

The nine strata listed constitute the basic categorization on the basis of which the occupational stratification is considered, but additional variables are used, insofar as the information available allows, to provide a more detailed understanding of each one. This is of particular importance because the strata are large conglomerates of occupations so that, while each has

an essential homogeneity, it is possible to identify substrata within them on the basis of qualification levels, the size of the company worked in, whether the individual is a wage earner or self-employed, whether the company is in the public or private sector, etc. Lastly, the strata –and where possible the substrata– are studied and compared on the basis of three main variables: their share of the workforce, the average income from work of each of them measured in poverty lines, and average years of education.

Ranking the strata by asset ownership, levels of authority or education, strata I to III were categorized as high, strata IV and V as intermediate, and the remaining four (VI to IX) as low. The high and intermediate strata include non-manual activities, while the low strata include both non-manual and manual activities.

As will be seen, the first studies prepared by ECLAC used criteria that differed to some extent from the stratification shown, this being largely due to doubts about the value of classifying occupations according to whether they were manual or non-manual. Filgueira and Geneletti's study (1981) used the strata categorization presented here. ECLAC (2000) drew on the lessons of previous studies, both for methodology and for a more thorough knowledge of the nature of urban occupations.

2. The evaluation of the early 1980s

In the early 1980s, a study (Filgueira and Geneletti, 1981) was carried out at ECLAC to examine the effects of productive absorption on social stratification and mobility. The authors concluded that between 1950 and 1970, economic and demographic dynamism had given rise to major changes in the composition of the labour force, resulting in massive upward structural mobility. This process, which was of a scale to alter the stratification structure in most of the Latin American countries, was manifested most clearly in the shift of labour from agricultural to non-agricultural activities and, among the latter, to non-manual occupations.[13]

Using data from the 1950, 1960 and 1970 population censuses, the authors divide the workforce into the different sectors of employment, i.e., primary, secondary and tertiary, and then into two strata within each of these sectors, a lower one and an intermediate-upper one. The difference between the two strata lies in the manual or non-manual nature of the work done; all those with non-manual occupations are in the intermediate and upper strata, while those with manual occupations are in the lower strata.[14]

The primary purpose of the present paper is to set forth in more detail the data that the study cited provides at an aggregate level, for two sectors (agricultural and non-agricultural) and two occupational strata (lower and intermediate-upper).[15] With this grouping, and considering the simple averages for the 13 countries on which the authors give information for the period 1950-1970, it transpires that the proportion of the labour force employed in the primary sector fell from 54.9% in 1950 to 46.9% in 1970, an 8% decline in those 20 years which was due almost entirely to the reduction in the lower strata of that sector. In turn, the rise in the non-agricultural workforce was due to the growth of the intermediate and higher strata, as the lower ones kept their proportion almost unchanged. In other words, the relative decline of the agricultural labour force was closely matched by the increase in the intermediate and upper strata of the non-agricultural labour force, showing the structural mobility that existed in those

[13] Mobility is "structural" when it results from changes created by technical and economic developments in the absolute and relative size of occupational strata and in the nature of occupations. In ECLAC terminology, it is the type of mobility produced as a consequence of productive labour absorption. Mobility of this type needs to be distinguished from others such as: purely individual mobility, which occurs when people switch between social positions, so that some rise and others sink in a kind of zero sum of positions; demographic mobility, which results from the intermediate and higher strata not having a high enough fertility rate to occupy the positions corresponding to their level, so that it is easier for people from lower strata with higher fertility to gain access to them; and mobility resulting from migratory movements. In Latin America, all types of mobility have had their importance and are often so intermingled that it is hard to determine exactly what impact each has had in itself.

[14] The authors draw other distinctions within the strata, and these will be referred to later.

[15] In the analysis conducted in this paper, workers with no specified occupation were included in the primary sector workforce. This procedure is justified because this category of worker does not appear in the great majority of the censuses carried out in 1950, while it does appear in subsequent ones; large falls in the workforce employed in agriculture tend to be matched by very high proportions of people with no specific occupation. For example, the workforce classified as agricultural in Colombia fell from 46.6% in 1950 to 25.7% in 1970, while the workforce with no specified occupation rose by 16.1% in that period. The primary-sector workforce may be overestimated if this procedure is used, and underestimated if it is not. Looking at the data as a whole, the conclusion reached was that the distortion would be less if it were used.

years. But the authors do not emphasize another very important fact which emerges from the same data: the lower strata continued to be the overwhelming majority, declining only from 84.4% of the total workforce in 1950 to 77.4% in 1970 (table 7).

Here, the perspective from which these phenomena are viewed clearly becomes a problem once again; if attention is focused on what was happening in the intermediate and upper part of the occupational stratification structure, what stands out is the relative growth of the non-manual strata, but if the focus is on the lower part of this structure, it transpires that in 1970 three out of every four members of the labour force were still in the lower strata.

Using this categorization to average out the occupational stratification in the countries of Latin America, agricultural manual workers accounted for 44% of the total in 1970, non-agricultural manual workers for 33% and intermediate and upper strata workers belonging to both sectors, agricultural and non-agricultural, for 23%. There were wide variations around these averages in the different countries. Broadly speaking, the structures were of a 20-40-40 type in Argentina and Uruguay, 45-30-25 in Mexico, 50-30-20 in Brazil and 60-30-10 in Guatemala.

The study points to some important processes among those working in non-agricultural sectors. Dividing the lower strata into those working in the secondary and tertiary sectors, it finds that the lower strata in the secondary sector increased in absolute numbers in most of the countries, but decreased in relative terms in nine of the 13 countries for which information is given. The simple average for the 13 countries fell from 25% in 1950 to 24% in 1970. There were large differences among countries, however. On the whole, the more advanced the industrialization process was at the beginning of the period examined, the less the lower stratum workforce grew in the secondary sector.

The lower strata in the tertiary sector grew by more than those in the secondary sector, increasing as a proportion of the total in eight of the 13 countries: the simple average for the 13 countries rose from 7.4% in 1950 to 9.1% in 1970. As these strata diminished in the secondary sector and increased in the tertiary sector, the overall outcome was a modest relative rise of 0.7%. We thus see that they did not increase in the secondary sector, as Prebisch and Pinto would have wished, and nor did they increase greatly in the tertiary sector, as they feared. What happened, as has been shown, is that non-manual occupations increased in both sectors.

TABLE 7

Latin America: Labour force dynamic, 1950-1970
(*Percentages of the total*)

Occupations	1950		1970	
	Labour force		Labour force	
	Agricultural	Non-agricultural	Agricultural	Non-agricultural
Higher-level	2.9	12.7	2.6	20.0
Lower-level	52.0	32.4	44.3	33.1

Source: Prepared with data from Filgueira and Geneletti (1981).

This was what transpired in the 13 countries, so that the proportion of non-manual workers rose from 12.7% of the workforce in 1950 to 20% in 1970. This led the authors of the study to affirm that the occupational structure had been far more permeable than was thought. "Structural mobility and…demographic mobility thus seem to be providing a degree of stability which is preventing violent growth in low-level occupations in the tertiary sector or semi-marginalized ones in the secondary sector, and is helping to reduce the occupational absorption problems of migratory contingents arriving from rural areas" (Filgueira and Geneletti, 1981, p. 50).

The strata are divided into different levels to determine how each of them evolved: the higher level includes employers, executives and managers, the intermediate one includes professionals and technicians, and the lower one includes own-account workers in commerce and lower-level wage earners in commerce or administrative employment. Considering once again the simple averages for the 13 countries, it transpires that the higher level increased as a proportion of the total by less than 1%, this growth being due to the increase in executives and managers, as the proportion of employers fell slightly. Professionals and technicians show a rise of almost 2% owing to growth in the numbers working as salaried employees, since the proportion of self-employed remained stable. At the lower level the proportion rose by over 4%, owing particularly to the increase in administrative employees and sellers in commerce. In other words, it was wage and salary earners at the high and intermediate levels, and most particularly wage earners and the self-employed at the lower level, that drove the growth in non-manual urban employment.

The authors of the study note that these different levels of non-manual employment not only grew at

different rates, but were very heterogeneous, to the extent that they wonder whether it is correct to place them all in the same stratum. They submit the classification to a test based on the incomes and education of those in work, on the assumption that there cannot be too wide a gap between the prestige and seniority of occupations, the education of those engaged in them, and their earnings. Indeed, although they do not have much information available, they find that there does appear to be a considerable disparity of earnings between the lower level and the rest, so much so that they speak of the "proletarianization" of that level. The average occupational earnings of this group are much closer to those of manual workers than to the intermediate and higher levels of non-manual workers. The distribution of education, however, unlike that of earnings, proves quite equitable, as there are no appreciable differences among the different levels of the intermediate and higher occupations, except in the case of professionals, whose educational level is considerably higher than the others'. Educational development has narrowed the education gap both within and between the occupational strata, although there is still a clear difference between the higher non-manual occupations and the lower manual ones. When these differences are examined, it is shown that among those with higher-level non-manual occupations there is a strong correlation between the prestige of their occupations, the income they earn from them and their educational level; the same is true of those with manual occupations (Filgueira and Geneletti, 1981). But there is less consistency in the case of those with low-level non-manual occupations, as their earnings do not correlate with the prestige of their occupations or their level of education; they are in an ambiguous situation, because their occupational prestige and education place them in the intermediate strata, but their earnings place them in the lower strata. So, do they belong to the intermediate strata or the lower ones? The authors are unsure, but finally place them in the intermediate ones on the assumption that their level of education will tend to result in behaviour patterns and lifestyles that are closer to those of the intermediate than of the lower strata. The decision to include low-level non-manual occupations among the intermediate strata obviously had very great consequences for the main conclusion of the study, namely that the intermediate strata in Latin America grew strongly between 1950 and 1970. Had they chosen to regard them as part of the lower strata because of their income level, their conclusion about the occupational stratification structure in those years would have been very different. Perhaps the best thing would have been to avoid the assumption that all non-manual occupations belonged by definition to the intermediate and higher social strata and all the manual ones to the lower strata. Then they might have had greater freedom to explore the consequences for social stratification of certain phenomena that they themselves perceived, such as the reduced power of education to generate earnings and the reduction in average earnings that was affecting certain non-manual occupations.

3. The evaluation carried out in the late 1980s

In the late 1980s, ECLAC published another study that returned to the issues raised in the one commented upon above, but analysed them over a longer period, since by that time 1980 census data were available for some countries. This study (ECLAC, 1989) presented detailed analyses of various countries, but for the purposes of the present paper consideration will be given only to some general conclusions with a direct bearing on productive labour absorption and its effects on the occupational structure, particularly structural mobility.

The study reaffirms the idea that productive absorption took place on a large scale between 1950 and 1980, and particularly between 1960 and 1980, altering the occupational structure and leading to great structural mobility. This process was driven by the strong economic growth of those years, which increased the supply of jobs in higher-productivity sectors such as manufacturing and services and created the conditions for them to be taken up by labour that came largely from lower-productivity sectors. Although this economic dynamic was accompanied by social, demographic and political changes, the study considers that it was the main axis around which all the other processes revolved. To examine what happened in those years the study follows the development approach typical of ECLAC, but its conclusions differ from those presented by Prebisch and Pinto in 1970, as it insists that large-scale productive absorption and structural mobility did take place in those decades.

To justify this claim, it estimated the degree of structural mobility in certain countries between 1960 and 1980. This was done by adding together the differences in labour force proportions that arose as labour shifted from agricultural manual occupations to non-agricultural manual ones, and from the latter to non-manual occupations. Other than in Uruguay, it identified upward structural mobility in the countries considered, amounting in some cases to a spectacular 41%.

TABLE 8

Latin America (10 countries): General structural mobility,[a] 1960-1980

	Argentina 1960-80	Uruguay 1963-75	Chile 1960-80	Panama 1960-80	Costa Rica 1960-82	Brazil 1960-80	Peru 1960-81	Ecuador 1962-82	Honduras 1961-83	Bolivia 1950-76
From non-agricultural manual to non-manual	3.3	-0.2	14.0	16.7	7.5	12.1	13.2	13.3	14.1	13.9
From agricultural manual to non-agricultural manual	5.9	-0.9	12.6	18.0	19.1	24.0	9.6	19.9	26.9	23.6
Overall structural mobility	9.2	-1.1	26.6	28.2	26.6	36.1	22.8	33.2	41.0	37.5

Source: ECLAC, 1989, p. 33.

[a] Ranked by degree of occupational modernization.

However, the procedure used may have overestimated the degree of structural mobility. First and foremost, it is unlikely that the transfer of labour from agricultural manual occupations to non-agricultural manual ones necessarily resulted in upward occupational mobility of a structural nature, i.e., in a shift from lower-productivity to higher-productivity occupations. It is possible that the move from country to city may on its own have improved the living conditions of many migrants and thus resulted in their moving up in other aspects of the stratification (owing, for example, to better access to infrastructure, education and health services), but this is not always matched by occupational mobility of a structural kind. This criticism is made more telling still by the fact that transfers of labour from agricultural manual occupations to non-agricultural manual ones weigh far more heavily in the structural mobility figures given by the study than do transfers from the latter to non-manual occupations; the simple average for the 10 countries examined indicates that the shift from agricultural manual to non-agricultural manual accounted for 60% of all structural mobility in the period considered. The increase in the non-agricultural manual labour force share, largely driven by emigration from country to city, probably comprised a combination of productive absorption and spurious absorption;[16] the weight of each must have been heavily influenced by the economic dynamism achieved in each country. For this reason, it is striking that the two countries identified as having the highest degree of structural mobility out of the 10 considered had economic growth rates well below the regional average. Bolivia is calculated to have had structural mobility of 37.5% in the period 1950-1976 (almost two third of this percentage being accounted for by the switch from agricultural manual labour to non-agricultural manual labour) and a per capita GDP growth index of only 28% during 1950-1980 (the second lowest in the region, where the average was 120%). Honduras had a structural mobility figure of 41% between 1961 and 1983 (65% of this due to the same shift in labour), while per capita GDP grew by 42% between 1950 and 1980 (table 8).

Examples like these suggest that some of the workforce that moved from agricultural manual occupations to non-agricultural manual ones probably experienced no structural mobility whatsoever in the two countries. In other countries such mobility must have been much greater because of strong economic growth: in Brazil, structural mobility of 36% was driven by per capita GDP growth of 250%.

As mentioned earlier, the transfer of labour from non-agricultural manual occupations to non-manual occupations is given as another source of structural mobility. The study itself, however, reaffirms and extends the doubts already raised in the previous one concerning the real implications for productive absorption and structural mobility of the rising

[16] The term "productive absorption" is used for employment changes in the economically active population (EAP) that increase the average productivity of those in work, without increasing open unemployment and without average productivity falling in major production branches or groupings. In ECLAC studies, productive absorption has been associated essentially with the movement of EAP from the agricultural sector to urban ones (particularly industry), from manual to non-manual occupations and from the informal to the formal sector, and with reductions in the productivity gaps among these occupational groups or sectors, or between the so-called primitive or traditional parts of given sectors and their modern parts. The term "spurious absorption" is used for employment changes in the EAP that bring down the average productivity of a major occupational group, as happened in the informal sector in the 1980s.

proportion of low-level non-manual occupations. Whereas the previous study expressed doubt as to whether these occupations ought to be treated as part of the intermediate occupational strata (which eventually they were), the later one states that it is more appropriate to include them in the lower strata because many of them require such low professional qualification levels and pay so poorly that they are closer to non-agricultural manual occupations than to the higher-level non-manual ones.[17] To assess how the different segments of the non-manual occupations category have developed, this category is divided into two levels: a high one, containing employers, managers and executives, and professionals, and a low one, containing own-account workers in commerce and employees working in administration and commerce. For purely indicative purposes, it may be noted that in the five countries for which information is given, the proportion of low-level occupations in this stratum is higher than the proportion of high-level ones; the simple average was about 60% to 40%, respectively, in both 1960 and 1980. Of the 60%, some 45% was chiefly made up of occupations in which trade and administration employees predominated, and the other 15% of own-account workers in commerce. The study claims that the former experienced a large drop in prestige and income level, so that it would now be wrong to treat them as part of the intermediate occupational strata; rather, they were a "tertiarized" segment of the lower occupational strata. As for own-account occupations in commerce, which were the other type of low-level non-manual occupation, these are undoubtedly very diverse, as they include the whole range from small established traders –the so-called "petite bourgeoisie"– to very low-productivity occupations accounting for a large part of what is known as the informal sector.

These critical considerations raise doubt as to whether the shift from non-agricultural manual occupations to low-level non-manual occupations always entails a process of productive absorption and structural mobility; it might be more appropriate to treat it as a horizontal movement to a fairly similar level of productivity and earnings. If this were done, the study's estimates for the degree of structural mobility between 1960 and 1980 would have to be downgraded. If at the same time the necessary downward adjustment were made to correct for overestimation of the mobility involved in the shift from agricultural manual occupations to non-agricultural manual occupations discussed earlier, we would arrive at a more realistic estimate of the achievements and shortcomings of this period as regards productive absorption and structural mobility.

All this is also important for the stratification of occupations: if low-level non-manual occupations were treated as part of the lower occupational stratum, the occupational stratification structure would look very different from what it would be if they were treated as part of the intermediate occupational strata. The average structure in Latin America around 1980 would then have consisted of an upper stratum of employers, managers and executives, accounting for about 5% of the total; an intermediate one of professionals, technicians and small business owners accounting for between 15% and 20%; and a lower one with its three segments of occupations (low-level non-manual, non-agricultural manual and agricultural manual), accounting for 75% to 80% of the workforce. From the point of view of the distribution of average income by occupation, this is probably the stratification structure that best reflects the differences existing at that time.

The study concludes that, both in its actual effects and in the expectations it created, the productive absorption and structural mobility process was the mechanism that gave social and political legitimacy to the development style predominating between 1950 and 1980. The great expectations of improved living standards that had arisen in the immediate post-war period were met, at least in part, during those years of strong economic growth. But if that growth lost momentum, as it evidently did in the mid-1980s, this legitimization mechanism would be weakened and the result could be a political and social crisis of major proportions.

[17] It must be remembered that it is the stratification level of occupations that is being evaluated here, and not that of the people who may work in them; the social stratum to which a person belongs is determined by other aspects apart from occupation.

IV

Productive absorption and structural mobility, 1980-2000

There is still dispute as to how the processes of productive absorption and structural mobility developed between 1950 and 1980, and it is worth pursuing the subject, as it is a critical one for evaluating the economic and social results of the development style that predominated in those years. But a new stage began in 1980, one in which crises and stabilization and structural adjustment policies had the unexpected effect of greatly enhancing the credibility of the picture that Prebisch and Pinto drew of the Latin American situation, and of the route they proposed for changing it.

The analyses and statistics that appear each year in the ECLAC publication *Social Panorama of Latin America* help to convey the main features of what happened between 1980 and 2000 as regards productive absorption and structural mobility, and to build up a picture of the situation that can provide a starting point for more detailed analysis of the processes involved.[18]

One of the most striking of these features is the gap between GDP growth and the expansion of the EAP, revealing the inability of the economy to absorb labour productively. From 1980 to 1990, regional GDP grew by a modest 12% overall, while the EAP grew by 33%. In the following decade these variables were better matched, with GDP growing by 33% and the EAP by 30%. But while the GDP figures were better than in the previous decade, they were still extremely modest and the overall outcome over the 20 years analysed was negative. These elasticities –product of employment of values 3 and 1– differ greatly from those of growth processes, particularly the first of them. The economic growth referred to and the nature of the ongoing transformation created a dynamic insufficiency that had two main effects: it increased open unemployment and fostered (or left no alternative to) employment in low-productivity occupations. Open unemployment, which was 6% in 1980, rose to 8% in 1990 and 10% in 1999; in this last year several countries had rates varying from 15% to 20%.[19] Employment in low-productivity occupations rose because slow economic growth meant that the labour force had no choice but to work in occupations of this type, resulting in more underemployment.

However, the explanation for slow economic growth and for part of the rapid rise in the EAP is to be found in the structural changes that occurred in those years in most of the Latin American countries as a result of adjustment processes followed by reforms, and the way in which these were implemented. These processes are symbolized by liberalization, privatization and deregulation, which led to significant changes in the occupational structure, productive absorption and structural mobility.

These processes were expected to yield a massive increase in higher-productivity occupations, but this did not happen because medium-sized and large companies, under pressure to raise their international competitiveness after liberalization, tended to further mechanize and computerize their businesses and shed labour. For this reason, these companies, which had been the main drivers of productive absorption between 1950 and 1980, drastically reduced their capacity for this role. In the 1980s and 1990s, to differing degrees, many of the new jobs created were in small enterprises, whose productivity levels are much lower than those of medium-sized and large ones. In those years the employment share of the commerce and service sectors continued to increase and industrial employment to decline, a process which had caused Prebisch and Pinto great concern in the previous stage of development. In the late twentieth century, agriculture employed an average of 20% of the workforce, industry 25% and services 55%; nine out of every 10 jobs created between 1990 and 1999 were in services, and of these 70% were in low-productivity activities (Klein and Tokman, 2000). Different editions of the *Social Panorama of*

[18] See in particular the editions of the *Social Panorama of Latin America* from 1994 to 2000.

[19] Simple average of 15 countries. In evaluating the economic and social impact of these figures it should be recalled that most of the region's countries provide no protection for the unemployed.

Latin America also stress that lower-skilled workers employed on lower-productivity activities in the private sector (employees in companies of up to five workers, domestic and own-account workers and unpaid family members without technical or professional qualifications) came to account for a larger share of the total, and saw their average earnings fall, in the great majority of the countries for which information on the 1980s and 1990s is available.

Employment conditions also worsened in those decades for many waged workers, particularly those in lower-productivity jobs, as their negotiating power weakened and companies pushed for "flexible" contracts to reduce labour costs. Occupational earnings fell for that part of the workforce as a result, something reflected in the fact that the minimum wage was 25% lower in 1999 than in 1980.

The rise in the proportion of the workforce employed in lower-productivity jobs, along with the deterioration in their contractual conditions and the fall in their occupational earnings, contrasts with the situation of professionals and technicians in the private sector. The proportion represented by these groups also rose in all the countries for which information is available both in the 1980s and in the 1990s, while their average earnings, which had dropped in the 1980s, rose again in the 1990s. In some countries, this rise was enough not only to recoup the losses of the 1980s but to produce earnings growth on top of this.

However, the overall increase in professionals and technicians was affected by the large drop in the proportion of the workforce in the public sector, which to differing degrees was a feature of all the countries from 1980 onward. The reduction in the employment role of the State affected occupational groups of different skill and earnings levels, but mainly non-manual workers with intermediate and high levels of qualifications. Although they are fragmentary, the data available show that in some countries this decline was of the order of 30% to 40% of the public-sector workforce. In countries like Costa Rica, Panama, Uruguay and Venezuela, public-sector employees were between 25% and 30% of the total urban workforce in 1980, which gives some idea of the impact these cutbacks had on the occupational structure. Generally speaking, and particularly in those countries where a large proportion of technical and professional workers were employed in the public sector at the beginning of the 1980s, the rise in the number employed in the private sector was not enough to offset this decline. The average earnings of this group tended to fall in the 1980s and then rise again in the 1990s, although the situation in the latter decade varied greatly from country to country. The overall impression left by the information available is that the average earnings of this group had recovered by the mid-1990s, rising in some countries to above the level with which they began the 1980s. There were some exceptions to this trend: State workers in Venezuela, for instance, saw their average earnings fall by 60% over this period.

In any event, the most highly qualified professionals are one of the occupational groups that secured the greatest benefits between 1980 and 2000 since the modernization of private-sector companies, in particular, increased the supply of well paid jobs at that level; the same thing happened with high-level State technical and bureaucratic staff in most countries. Consequently, considerable inequality has arisen between the occupational earnings of this small group of professionals and executives and those of the bulk of the workforce employed at lower productivity and earnings levels. The disparity in the remuneration of the two occupational groups is one of the main reasons behind the growing inequality of income distribution in the countries of Latin America.

All in all, the period from 1980 to 2000 was not an encouraging one where productive absorption and structural mobility were concerned. As already pointed out, the forces that drove productive absorption between 1950 and 1980 weakened greatly, so that the great bulk of the workforce had to find employment in low-productivity, low-income occupations, or remain jobless. Only a minority were able to escape this destiny, chiefly owners of productive assets and those with a very high level of professional qualifications who were able to obtain well paid jobs in high-productivity modern companies, particularly medium-sized and large ones, and in the State technocracy.

These general tendencies were reflected in the configuration of the occupational stratification at the end of the 1990s, reflecting as it did the employment opportunities provided by the economy.[20] Taking the occupational classification given earlier as a basis, it was possible to use the data to examine occupational earnings. At the top of the occupational structure are owners of medium-sized and large businesses, who are less than 1% of the workforce and earn at least 30

[20] The authors carried out a study of this issue which was published in the *Social Panorama of Latin America, 1999-2000* (ECLAC, 2000, chapter 2).

TABLE 9

Latin America (eight countries): Some characteristics of the occupational strata, 1997[a]

Occupational stratum	Percentage of labour force employed	Average earnings (in poverty lines per capita)	Average years of education
1. Employers	4.3	15.8	8.9
2. Executives, managers	2.0	11.6	11.5
3. Professionals	3.1	12.1	14.9
1+2+3	9.4	13.7	11.4
4. Technicians	6.0	5.3	12.1
5. Administrative employees	7.9	4.8	10.6
4+5	13.9	5.0	11.2
6. Workers in commerce	13.4	3.6	7.3
7. Blue-collar workers, artisans, drivers	25.3	3.4	6.1
6+7	38.7	3.5	6.5
8. Personal services workers	14.8	2.2	5.5
9. Agricultural workers	19.6	1.8	2.9
8+9	34.5	2.0	4.0
6+7+8+9	73.2	2.8	5.3
10. Unclassified	3.5	4.0	6.8
11. Total	100.0	4.1	6.8

Source: Social Panorama of Latin America, 1999-2000 (ECLAC, 2000, chapter II, p. 61).

[a] Weighted average of eight countries.

poverty lines, far more than any other category. More detailed studies are needed to discover how this type of occupation has developed, but it can be affirmed that in countries such as Chile that have progressed furthest with the new economic system, there has been a process of concentration at the expense of small employers, along with an appreciable increase in absolute and relative earnings at this level. The ranking of this occupation also shows that ownership of productive assets continues to be one of the main factors determining the position of occupations in the stratification structure.

Some way below this category, with an average of 12 poverty lines of occupational earnings, are managers and executives in medium-sized and large private-sector enterprises and in the State (2% of the employed workforce); high-level salaried professionals working in these organizations and those who can earn as much in self-employment, although their numbers are dwindling all the time (a total of 3%); and owners of small businesses and microenterprises (4%). These occupations are characterized by ownership of productive assets, performance of an important function (executive and/or professional) in a private- or public-sector techno-bureaucracy, or a level of professional qualifications high enough to provide success in self-employment. These occupations, along with those of the elite of medium-sized and large business owners, are the ones that provide those following them with technical and bureaucratic power, considerable occupational prestige and much higher earnings than the rest. They employ 10% of the workforce and sustain the dominant, privileged social stratum in the neoliberal economic model, which does not differ much in size from the equivalent stratum in the previous model, but does differ considerably in its relative situation and power.

The remaining 90% of occupations, not favoured by the distribution of power, prestige and earnings, can be divided up using the ranking and prestige criteria presented earlier. It should be pointed out, though, that the average occupational earnings of this 90% are fairly homogeneous, particularly when compared to the earnings of the higher-level occupations, as they fluctuate only between 5 and 2 poverty lines (table 9). Thus, there is a vast array of occupations of very different kinds whose common features are their similar

levels of average earnings and the very large gap that separates them (in terms of power, prestige and income) from the higher-level occupations.

The occupations heading this group are those of administrative employee (8%) and technician and lower-level professional (6%), mainly in the private sector (with the State accounting for a smaller proportion), with average remuneration of 5 poverty lines. The modernization of private-sector enterprises, the shrinking of the State and a growing supply of labour have continued to contribute to the deterioration that most of these occupations were already experiencing in earlier decades, resulting in a loss of stability, occupational prestige and earnings for teachers, health workers, accountants, bank employees, employees in large public- and private-sector enterprises, and so on. These occupations are comparable to the higher-level ones in the high standard of education they require, but pay salaries close to those earned by manual workers. The deterioration affecting these occupations has obviously had a great impact on the situation and prospects of the middle class in Latin America.

The category of worker in commerce (13%) embraces a very wide variety of occupations, ranging from some that rank with the occupation of administrative employee to that of street trader. However, the bulk of this category consists of low-skilled occupations requiring a lower level of education than the preceding ones and paying less as well (3.6 poverty lines). Although these are mostly "non-manual" occupations, it would certainly be wrong to regard their growth as indicative of modernization in the occupational structure; on the contrary, those working in them tend to be subject to a high degree of employment instability and exploitative working conditions.

The occupations of blue-collar worker, artisan, machine operator and driver (3.4 poverty lines), which account for 25% of the workforce, are largely manual in nature and are included in the lower strata. Occupational earnings are 3.4 poverty lines, so that in this respect they do not differ from workers in commerce. Approximately half of all workers in this category have jobs with medium-sized and large companies, while a quarter are self-employed; in both cases, occupational earnings are a little higher than those paid by small enterprises.

At the bottom of the stratification pyramid are the occupations of personal services worker (15%) and agricultural worker (20%), both with an average occupational income of about 2 poverty lines.

In summary, the striking fact about the occupational stratification of the late 1990s was the way the upper strata had succeeded in involving themselves with activities associated with the small but dynamic group of enterprises that had benefited from liberalization. The prestige of these occupations, the economic power associated with them and the earnings they provide give these top 10% a standard of living that, in relative terms, places them much further above the other strata than is the case with comparable occupations in the developed countries. Many occupations that also used to provide these things, and that were the mainstay of the middle class, have deteriorated considerably so that those following them have been pushed towards the bottom of the stratification pyramid. In other cases, such as technical occupations, earnings and participation have increased, somewhat offsetting the deterioration suffered by other groups.

One obvious result of this process is that the base of the pyramid has grown to include a very diverse mixture of occupations; not just those mentioned, but others that have likewise seen a decline in status and earnings. One of their common denominators is an occupational income that is low not just in absolute terms but in relative ones as well, especially compared with earnings in the higher-level occupations. In fact, the type of occupational stratification structure that predominates in Latin America is characterized by a combination of high inequality and low average earnings, so that the great majority of occupations do not provide an occupational income sufficient on its own to keep a family of four above the poverty threshold. Many members of the workforce have managed to get around these difficulties by raising their educational level, but this effort has been counteracted by the dwindling of good employment opportunities, which has weakened the role of education as a source of social mobility.

As has already been said, the general tendencies in productive absorption, structural mobility and occupational stratification described here for the period 1980-2000 need to form the starting point for more searching studies that can bring to light the diversity of national situations and tendencies and the heterogeneity of each of the broad occupational categories.

That is the work that still lies ahead. Nonetheless, these tendencies show that Prebisch's and Pinto's ideas about the dynamic insufficiency and structural heterogeneity of the Latin American economies are still highly relevant and useful, subject to the adjustments a

new context requires, as a guide to future research in this field. Renewed attention should likewise be given to their proposals, whose main objective is greater productive and earnings homogeneity in the workforce as an indispensable precondition for the construction of fairer societies.

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