

Monetarism, Employment and Social Stratification

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Summary. - The main purpose of this study is to analyse the changes that have occurred in the employment structure as a result of monetarist economic policies applied in Chile and Argentina throughout the last decade. This analysis is made in the context of trends observed over the last 30 years in both countries. The paper contends that the occupational changes resulting from these monetarist policies do not imply a break with the past, but that the accentuation of the earlier trends is so great that it creates an entirely different economic and social scene. This has far-reaching implications for issues such as, *inter alia*, deindustrialization and the nature and status of the working class.

1. INTRODUCTION

The main purpose of this study is to analyse the changes that have occurred in the employment structure as a result of the application of the new economic policies based on monetarism. To this end an analysis is made of the situation in Argentina and Chile, countries which have adopted and maintained the aforesaid policies throughout the last decade, introducing important modifications in their economic and social structures.

The analysis of the changes that have occurred in the last decade is made within the context of the trends observed in the last 30 years in both countries. In this way an attempt is made to determine to what extent the modifications which have recently occurred as a result of the changes in economic policy imply alterations in the long-term trends or rather continuations of these. The paper contends that the occupational changes resulting from these economic policies do not imply a break with the past, but that the accentuation of the aforesaid trends is so great that it creates an entirely different economic and social scene.

The analysis of the employment structure has been made with a view to the possibility that others, better qualified than the present writers, may make a study of the effect of these occupational modifications on the social relations of the countries concerned. There are numerous studies which, on the basis of classical analyses, have attempted to verify the validity of the concept that economic development

generates social forces that adopt contradictory characteristics.¹ Here we only give an outline of those employment features which can be established from the statistical data and which may help in the analysis of the different classes and their evolution in the two countries analysed.

For the purposes of this paper, proletarianization is defined as the ratio between the working class and the total economically active population (EAP), whether it be the total EAP of the country or only that of the urban sector. The working class has been defined in the strictest sense, namely, those workers who receive a wage in the broadly-defined industrial sector (including mining, construction and electricity). It is clear, however, that there is a problem of terminology here, since the concept as defined in the past century and restricted to workers in the manufacturing industry made it possible to identify the majority of the working class,

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but the situation today is more complex. In particular, there is the problem of identification of non-industrial workers, who contrary to nineteenth-century predictions have increased in numbers during the development of capitalism in the twentieth century.

There have been diverse attempts to find an answer to this problem, from Poulantzas (1975), who distinguishes between productive and non-productive workers, including only the former in the working class, to those broader conceptions which postulate a polarized two-class world: the proletariat and the bourgeoisie.² As mentioned above, it is not our intention to enter into this discussion. It is enough to point out the need to advance in the classification of these new contingents of non-industrial wage-earners, since if the term 'working class' were synonymous with workers in the broadest sense it would apply to practically the whole population. In this case the concept would have no meaning.

There is nothing new in the claim that there is a differentiation between developed and developing countries as regards the evolution of the employment structure and its effect on the social classes. Many authors have drawn attention to this situation (Touraine *et al.*, 1967; Lloyd, 1982). With respect to Latin America, Cardoso (1968) has claimed that the modernization and industrialization of the Latin American economy has resulted in what he calls 'a contradictory movement': the rapid and numerically not negligible formation of the seeds of a class structure — relatively integrated, dynamic, perhaps open to intense processes of social mobility — alongside the no less rapid formation of broad social layers less integrated and possibly 'an easy prey' in respect of their form of relation with the values, the institutions and, in a word, the 'mode of life' of the 'industrial society in formation'. While this differentiation, in a milder way, existed in the early stages of capitalism of today's developed countries, its permanence in developing countries constitutes a unique phenomenon.

For these authors the result of the development style is the emergence of a certain dualism. Although this style confirms that economic progress brings with it the rise of a working class, there arises also what they call a marginal mass (peripheral strata) which is weakly linked to the modern sector of the economy and which can scarcely be considered within the classic conception of class that arises from the development process. This would imply that this type of development leads to a certain degree of social disarticulation in so far as it does not always succeed in establishing a class

which has similar interests or may even originate a different class.

Another concept of disarticulation is that introduced by Touraine (1975), based on a different idea. Disarticulation for this author is the result of the dependent nature of the Latin American societies, which creates a dualism in their structure deriving from an external sector subordinated to foreign interests. Thus, society is divided into two sectors through the existence of a privileged sector connected with foreign interests and a national marginalized or simply underprivileged sector. This dualism does not only imply a difference in economic situation; it also creates differences in social conduct.

It should be noted that the two countries selected, in addition to having consistently applied economic policies based on a monetary approach, were the most industrialized and modern countries in the region as far back as 1950.³ Hence it was to be expected that in the Latin American context these would be the countries to have most nearly achieved the theoretical model of growing proletarianization.

To conclude this introduction, two cautionary observations should be made. The first is that a class position or relation cannot be automatically inferred merely from an economic or occupational situation. The economic position is a factor which helps to define a class relation, but it is not the only one.

The second caution refers to difficulties of a statistical nature. Whenever a study of this type is attempted one must have recourse to external characters which may typify the social agents and hence confusion may often arise between the characters of the agents and their class position. The usual statistical sources, though widely used for research in the social sciences, are in fact by-products of administrative practices subject to impositions of various kinds which do not necessarily accord with the aims of the research.

In the second section the changes which took place in the 20 years preceding the decade of the monetarist experiment are analysed, whilst in the third the effects of this experiment are considered. Finally the fourth section contains a recapitulation of the analysis and the submission of certain queries (rather than conclusions) arising out of it.

2. LONG-TERM TRENDS IN THE SOCIAL STRUCTURE

As stated above, there are several studies

written during the decade of the 1960s which draw attention to the effects of changes in employment on social stratification. In particular, these studies raise doubts, based on the low growth of the share of the industrial sector in employment, as to the validity of the analysis of the proletariat as a so-called vanguard for creating changes in social stratification.

The argument, stated very simply, is based on the fall in the participation of the industrial sector in total employment and the consequent expansion of the tertiary sectors. It is noted, however, that despite this trend the industrial sector absorbs an increasing number of persons in absolute terms, that this increase occurs to a greater degree in the manufacturing sector and in the large-size enterprises, and that, in view of the rapid growth of the product in the industrial sector, the persons employed there command an increasing amount of resources. Lastly, there is also an expansion in non-manual occupations in relation to manual.

These main features question those approaches that predicted a linear trend in the process of industrialization which, as in the developed countries, would absorb growing proportions of the labour force and generate an increasing level of proletarianization.

For the purposes of this study an analysis is required to verify the above diagnosis for Argentina and Chile during the 20 years between 1950 and 1970. For this purpose, we shall review the available information from three different standpoints: first, the sectoral evolution of employment; second, the changes which have taken place between modern and traditional strata; and finally, the proportion of the employed in proletarian jobs both in the restricted sense referring to the goods-producing

sectors, and, in a general sense, to all manual workers.

The analysis of the sectoral changes reveals that in both countries the share of agriculture in employment dropped (10% in Argentina and 5% in Chile), and that the tertiary sectors of commerce, services and transport expanded. Manufacturing remained relatively constant in both countries, absorbing around 24% of the labour force in Argentina and 20% in Chile (see Table 1). It should be noted that this latter figure conceals important changes in the structure of manufacturing, since factory employment expanded more rapidly than that in handicrafts.

At the same time an analysis is required of the performance within the agricultural and non-agricultural sectors, according to the degree of modernization and organization of the productive units. To this end, and following the methodology developed by PREALC, a distinction may be made within the agricultural sector between the labour force engaged in modern activities and that in traditional occupations. As regards urban employment, a distinction is also made between formal activities and those concentrated in the urban informal sector, which comprises activities of low productivity, small size, little organization and rudimentary division of labour.

Table 2 shows the main changes that took place in both countries during the period analysed. First, in both countries the traditional agricultural sector employed an increasing proportion of the labour force of the sector, whereas the modern agriculture absorbed ever-diminishing proportions both of the total labour force and that of the sector. Thus, in Argentina in 1950 modern agriculture was

Table 1. *Structure of the economically active population by branch of economic activity,* 1950, 1960 and 1970 (percentages)*

Branch of economic activity	Argentina			Chile		
	1950	1960	1970	1950	1960	1970
Agriculture	27.5	21.8	17.9	32.0	31.0	27.2
Mining	0.5	0.6	0.5	5.1	4.0	3.0
Industry	24.5	27.1	23.5	19.7	18.8	20.7
Construction	4.8	6.2	8.5	4.6	5.9	6.0
Electricity	0.6	1.2	1.2	1.0	0.8	0.8
Commerce	13.6	13.2	17.6	10.6	10.5	11.3
Transport	6.5	7.6	7.2	4.4	5.2	6.2
Services	22.0	22.3	23.6	22.6	23.8	24.8
Total EAP	100.0	100.0	100.0	100.0	100.0	100.0

Source: PREALC figures based on population censuses.

*The classification of branch of economic activity is in accordance with the ISIC 1.

Table 2. Segmentation of the economically active population, 1950, 1960 and 1970 (percentages)

	Argentina						Chile					
	1950		1960		1970		1950		1960		1970	
	Percentage of total EAP	Percentage of sectoral EAP	Percentage of total EAP	Percentage of sectoral EAP	Percentage of total EAP	Percentage of sectoral EAP	Percentage of total EAP	Percentage of sectoral EAP	Percentage of total EAP	Percentage of sectoral EAP	Percentage of total EAP	
<i>Agricultural</i>												
EAP	27.5	100.0	21.8	100.0	17.9	100.0	32.0	100.0	31.0	100.0	27.2	100.0
Modern*	19.9	72.4	14.1	64.8	11.2	62.6	23.1	72.2	18.9	61.1	17.9	65.7
<i>Agricultural</i>												
wage-earners	15.4	56.1	10.2	46.8	9.0	50.2	22.3	69.6	18.4	59.4	17.2	63.1
Employers	4.5	16.3	3.9	18.0	2.2	12.4	0.8	2.6	0.5	1.7	0.7	2.6
Traditional†	7.6	27.6	7.7	35.2	6.7	37.4	8.9	27.8	12.1	38.9	9.3	34.3
<i>Non-</i>												
<i>agricultural</i>												
EAP	72.5	100.0	78.2	100.0	82.1	100.0	68.0	100.0	69.0	100.0	72.8	100.0
Formal‡	57.3	79.1	64.0	81.8	66.5	81.0	45.8	67.4	48.5	70.3	56.1	77.1
Informal§	9.5	13.1	8.8	11.2	9.5	11.5	13.8	20.3	12.3	17.8	11.5	15.7
Domestic service	5.7	7.8	5.4	7.0	6.1	7.5	8.4	12.3	8.2	11.9	5.2	7.2
Total EAP	100.0		100.0		100.0		100.0		100.0		100.0	

Source: PREALC on the basis of population censuses.

*Obtained from the difference between traditional EAP and agricultural EAP.

†Includes self-employed workers and unpaid agricultural family workers.

‡Obtained from the difference between informal EAP including domestic servants and non-agricultural EAP.

§Includes self-employed workers and unpaid family workers, excluding professional and technical workers in non-agricultural activities.

||Excludes new workers.

absorbing 20% of the total labour force and 72% of that of the agricultural sector, while in 1970 these proportions fall to 11 and 62% respectively. In Chile the evolution was similar, since in 1950 around 23% of the total work force and 72% of the sectoral work force were employed in modern agriculture and 20 years later these coefficients dropped to 18 and 66% respectively. This suggests that the incapacity of the modern agricultural sectors to absorb a growing proportion of the labour force was one of the factors motivating the large migratory movements that took place in both countries during this period.

The increase observed in non-agricultural employment was based on a relative expansion of the urban formal sectors. In both countries there was a noticeable growth, both relative and absolute, in the number of workers in these sectors. The increase in their share of the total labour force is around 10%, while the annual rates of growth in formal employment reached 2.1% in Argentina and 2.4% in Chile, compared with a growth in the total labour force of 1.4% per year in both countries.⁴ On the other hand, the urban informal sector (not including domestic servants) occupied a decreasing proportion both of the total and of the urban labour force. Nonetheless, in both countries the number of persons engaged in this type of activity increased.

It should be noted that Argentina and Chile figure among the most modern countries in the region (PREALC, 1981a). On the one hand, they have coefficients of urbanization of the labour force higher than the average (70–80% in non-agricultural activities compared with 58% for Latin America as a whole); and they show a greater degree of modernization (in agriculture 65% of the work force in this type of activity compared with 36% for Latin America, and in non-agricultural activities 80% as against 70%). Similarly, the evolution of the employment structure in Argentina and Chile during this period differed from the Latin American average in that for the region as a whole the proportion of urban informal activities expanded not only in absolute numbers, but also in its share of the total work force.

Lastly, the evolution of wage-earners must be analysed. On the one hand, the wage-earners in the agricultural sector decreased in relative terms as a percentage of the total and of the agricultural sector labour force in both countries. This behaviour appears to provide evidence that the process of proletarianization in rural areas is not advancing as was expected (Klein, 1981).

In relation to the urban sector the proportion

of wage-earners in employment may be analysed from two viewpoints. The first refers to the definition restricting wage-earning occupations to the goods-producing sectors (mining, industry, construction and electricity); that is, those workers who might be considered the vanguard, or those who by their occupational position might have a greater class consciousness. The second relates to those wage-earners who perform manual tasks irrespective of the sector in which they work.

Wage-earners working in the goods-producing sectors only slightly increased their share in the labour force in Argentina between 1950 and 1960, their proportion remaining fixed from the latter year at around 42% of the non-agricultural work force. In Chile, the share of these same workers in the total labour force remained constant and a decreasing proportion of the non-agricultural work force was absorbed, the percentage falling from 52 to 43 in the same period. In this latter country, where it is possible to distinguish blue-collar workers from employees in these sectors, the evolution of the former is the same as that indicated for wage-earners as a whole (see Table 3). This scant relative dynamism did not mean, however, that wage-earners did not increase in absolute terms. On the contrary, they showed a cumulative annual expansion of 2.5% in Argentina and of 1.5% in Chile between 1950 and 1970.

At the same time, the evolution of the wage-earners who perform manual tasks (including artisans, machine-operators, workmen and day-labourers and transport drivers) was similar to that of the wage-earners in the goods-producing sectors. In Argentina their share in employment increased up to 1960, then decreased in the next 10 years, both as a percentage of the total labour force and of the non-agricultural labour force. In Chile, their share was maintained as a percentage of the total labour force and decreased in relation to the non-agricultural labour force (see Table 4).

Finally, if jobs for wage-earning workers did not provide the growing source of employment expected, one may wonder where the employment structure was heading. In the first place, as can be seen in Table 4, there was a sustained increase in the proportion of high-level personnel. Even so, in 1970 this did not exceed 10% of the non-agricultural work force in either country. Secondly, there was also a sustained increase in non-manual wage-earning activities (office staff and salesmen), which in Argentina increased from 15 to 17.5% of the total work force between 1950 and 1970 and in Chile from eight to 12% during the same period.

In brief, the information analysed confirms

Table 3. Sectoral structure of the economically active population in the urban formal sector, 1950, 1960 and 1970 (percentages)

	Argentina						Chile								
	1950			1960			1950			1960			1970		
	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP
Industrial wage-earners*	22.3	39.0	27.5	42.9	28.0	42.1	23.7	51.7	24.1	49.8	24.0	42.7			
Industrial workers†							(20.0)	(43.5)	(20.2)	(41.6)	(19.6)	(34.9)			
Wage-earners in commerce, transport, services	24.0	41.8	27.4	42.8	33.5	50.3	20.0	43.6	23.0	47.4	31.0	55.3			
Employers and professional SEW and UFW‡	11.0	19.2	9.1	14.3	5.0	7.5	2.1	4.7	1.4	2.8	1.1	2.0			
Total formal EAP§	57.3	100.0	64.0	100.0	66.5	100.0	45.8	100.0	48.5	100.0	56.1	100.0			

Source: PREALC on the basis of population censuses.

*Includes wage-earners in mining, industry, construction and electricity.

†In Chile a distinction is made between workers (blue-collar) and employees.

‡SEW = Self-employed workers; UFW = unpaid family workers.

§ Defined as in Table 2.

Table 4. Structure of the economically active population in the urban formal sector, 1950, 1960 and 1970 (percentages)

	Argentina						Chile																			
	1950			1960			1970			1950			1960			1970										
	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP	Percentage of total EAP	Percentage of formal EAP	Percentage of total of formal EAP											
Employees*	15.0	26.2	15.6	24.5	17.5	26.3	8.3	18.2	9.1	18.7	11.8	21.0	4.4	7.7	6.4	10.0	6.9	10.4	4.5	9.8	5.0	10.4	5.5	9.9		
Higher-level staff†	4.4	7.7	6.4	10.0	6.9	10.4	4.5	9.8	5.0	10.4	5.5	9.9	24.0	41.9	29.6	46.2	28.1	42.3	26.4	57.5	27.5	56.6	27.6	49.1		
Wage-earners‡	13.9	24.2	12.4	19.3	14.0	21.0	6.6	14.5	6.9	14.3	11.2	20.0	13.9	24.2	12.4	19.3	14.0	21.0	6.6	14.5	6.9	14.3	11.2	20.0		
Remainder																										
Total formal EAP§	57.3	100.0	64.0	100.0	66.5	100.0	45.8	100.0	48.5	100.0	56.1	100.0														

Source: PREALC on the basis of population censuses.

*Includes office staff and salesmen.

†Includes professional, technical and managerial staff.

‡Includes artisans, machine-operators, blue-collar workers, day-labourers and transport drivers.

§ Defined as in Table 2.

the conclusions reached with different data in the 1960s, namely that neither the industrial proletariat 'vanguard' nor the workers in general came to represent a growing proportion of the labour force, although their numbers increased during this period. This is the result not so much of the lack of dynamism in employment creation in manufacturing, but more of the rapid growth of the urban labour force and of asymmetrical changes within the different sectors. The expansion of the formal sectors in the urban areas derived from a change in the composition of the sectors themselves, in which non-manual jobs increased in relation to manual owing to the growing importance of higher-level staff and the white-collar posts linked to changes in the composition of the product and to the influence of technical progress. This trend was reinforced in the agricultural areas because the penetration of modern agriculture was insufficient to absorb increasing proportions of the sectoral labour force.

3. THE MONETARY APPROACH TO SHORT-TERM ADJUSTMENT AND ITS EFFECTS ON THE EMPLOYMENT STRUCTURE AND SOCIAL STRATIFICATION IN THE 1970s

The evolution of the employment structure during the 1970s in Argentina and Chile is basically the result of the changes made in their economic policies from 1976 in the former country and from 1973 in the latter, which in different degrees are still being applied today. The nature of these economic policies has brought about substantial changes in the strategic approach pursued by both countries during the previous decades, with a consequent and significant effect on the resulting employment structure. Although the period is of short duration, the changes are so great that some general conclusions can already be drawn from the figures available.

There are three major factors to be emphasized, since they constitute the basis of the empirical analysis which is the subject of this study.⁵ The first is the adjustment of the economy needed in order to change from an economy based on import substitution industrialization with high degree of protection into one almost entirely open to external trade. This adjustment, combined with the objective of achieving price stability, has resulted during the decade in the generation of levels of productive employment which are clearly insufficient in relation to the labour supply in both countries. Secondly, the opening up of

commerce and finance that followed the introduction of comparative advantage as a guide to resource allocation brought with it intersectoral changes which were basically detrimental to the manufacturing industry. Similarly, it implied profound intrasectoral changes, since business enterprises have to adapt themselves to the new-style functioning of the economic system, which resulted in internal changes in roles. The activities related to foreign trade and finance became more important at the expense of those concerned with production. Finally, the philosophy of the current economic model allocates a subsidiary role to the State, which implied a retreat with respect to its participation in economic activity and employment.

The economic policies pursued in the two countries were mostly within the monetarist approach but differed in their implementation and consequently, in their results. Nonetheless, as Foxley points out in a recent paper (1982a) the differences lay in the rhythm of application of the policies rather than in their content. Thus, after passing through a similar first phase of market liberation, monetary control and devaluation, they diverged in a second phase where an attempt was made to decontrol key prices, particularly the exchange rate.

In Chile this stage was surmounted with relative success, the rise in domestic prices slackening with a consequent increase in real monetary balances and a partial recovery in the level of real wages. In turn, the opening of the market affected the prices of tradeable goods and the liberalization of finance helped to lower interest rates. In other words, there was a certain convergence of domestic and international prices and the stage was set for the start of a third phase of monetarism and automatic adjustment during which it was assumed that the economy would be able to self-adjust in the face of any disequilibrium that may occur.

In Argentina, on the contrary, the second phase arrived without price convergence and with a premature reactivation of the economy, created in part by the fall in the interest rate produced by financial liberalization. This reactivation implied a cumulative deterioration in the exchange rate, which led to a loss of competitiveness and to an untenable balance-of-payments situation. It is for this reason that Chile was confronted in the third phase with the same crisis that Argentina encountered in the second.

For the purpose of the analysis in this section the information used is obtained from

employment surveys based on households. For Argentina the coverage of the surveys is limited to Greater Buenos Aires, but they serve as a good indicator for the urban situation in the country.⁶ For Chile the coverage of the surveys is nation-wide. The years compared were selected with a view to minimizing bias in favour of the hypothesis which is being suggested.

numbers and continued to increase as a percentage of the labour force in the sector (see Table 6).

This greater retention of labour in the traditional agricultural sector reaffirms the long-term trend observed and raises doubts about the hypotheses of growing proletarianization in this sector, while it suggests that the

Table 5. Greater Buenos Aires: segmentation of the economically active population, 1974 and 1980 (percentages)

	October 1974		October 1980			
	Thousands	Percentage of total EAP	Percentage of urban EAP	Thousands	Percentage of total EAP	Percentage of urban EAP
Agricultural and mining EAP	9.3	0.3		9.8	0.3	
Urban EAP	3340.2	99.7	100.0	3460.6	99.7	100.0
Open unemployment	85.1	2.5	2.6	77.9	2.2	2.3
Urban EP	3255.1	97.2	97.4	3382.7	97.5	97.8
Formal*	2450.2	73.2	73.4	2410.5	69.5	69.7
Informal†	592.7	17.7	17.7	751.7	21.7	21.7
Domestic service	212.2	6.3	6.3	220.5	6.3	6.4
Total EAP‡	3349.5	100.0		3470.4	100.0	

Source: PREALC figures on the basis of Instituto Nacional de Estadísticas y Censos (National Institute of Statistics and Censuses), *Encuesta permanente de hogares 1974 y 1980* (Buenos Aires, INDEC, n.d.).

*Obtained from the difference between the informal EP including domestic servants and the urban EP.

†Includes self-employed workers and unpaid family workers, excluding professionals and technicians in urban activities. These last are estimated according to the 1970 Census.

‡Excludes 305.2 workers in the 'not-specified' category in 1974 and 316.2 workers in 1980.

Thus, the end of 1980 is taken as the terminal year in both countries, without considering the acute recessions of 1981 and 1982 which both countries experienced, resulting in striking increases in the rates of open unemployment and considerable falls in industrial employment.⁷ For Argentina, October 1974 was taken as the starting date and for Chile the average of 1970 and 1971, in order not to distort the comparison with the year immediately preceding the monetarist experiment.

In view of the limitations of the available information only the changes in the agricultural labour market can be analysed in Chile. Apparently, the economic policies pursued during the 1970s, together with the drastic changes in the process of land tenure that occurred during the decade, did not alter the historical behaviour described in the previous section. There was a reduction in the labour force working in the sector both in absolute and relative terms, but it is in modern agriculture and especially among the wage-earners that the decrease was most rapid. Conversely, the traditional sector became stabilized in absolute

deterioration in the urban sector compelled the potential migrant labour force to take refuge in this type of activity. This last situation would imply a decline in the productivity and average income of these workers. The peculiarities of this labour market, especially in situations of such profound change, require a more detailed analysis going beyond the aims of this study and the knowledge of the authors.⁸

It is, however, in the urban areas that the major changes in relation to the labour market and social stratification occurred. The industrial proletariat decreased in numbers, demobilized structurally, increased its heterogeneity and declined in strategic importance. In the remainder of this section these aspects will be developed.

(a) Quantitative decline of industrial wage-earners

During the period analysed it is noted in Argentina and in Chile that the urban proletariat decreased both in relative and in absolute

Table 6. Chile: segmentation of the economically active population, 1967, 1970-71 and 1980

	1967		1970-71*		1980	
	Thousands	Percentage of total EAP	Thousands	Percentage of total EAP	Thousands	Percentage of total EAP
Total open unemployment	144.0	5.1	93.8	3.2	378.4	10.4
Employed population	2660.3	94.9	2846.2	96.8	3257.2	89.6
Agricultural EAP	697.6	24.9	572.6	19.5	558.7	15.4
Agricultural open unemployment	13.9	0.5	8.4	0.3	27.6	0.8
- Modern†	397.0	14.2	304.6	10.4	270.4	7.4
Workers	358.8	12.8	284.3	9.7	246.3	6.8
Employees and employers	38.2	1.4	20.3	0.7	24.1	0.6
- Traditional‡	286.7	10.2	259.6	8.8	260.7	7.2
Non-agricultural EAP	2106.7	75.1	2367.4	80.5	3076.9	84.6
Non-agricultural open unemployment	130.1	4.6	85.4	2.9	350.8	9.6
- Formal§	1385.1	49.4	1567.3	53.3	1634.3	45.0
- Informal	431.1	15.4	523.4	17.8	680.8	18.7
- Domestic service	160.4	5.7	191.3	6.5	203.8	5.6
- Minimum Employment Programme	-	-	-	-	207.2¶	5.7
Total EAP	2804.3	100.0	2940.0	100.0	3635.6	100.0

Source: PREALC figures based on INE: *Muestra nacional de hogares. Encuesta continua de mano de obra, julio-octubre 1967* (Santiago, INE, 1968); *enero-agosto 1970* (Santiago, INE, 1968); *julio-diciembre 1971* (Santiago, INE, n.d.). *Encuesta nacional de empleo octubre-diciembre 1980* (Santiago, INE, n.d.).

*1970-71 represents the average of the surveys of January-August 1970 and July-December 1971.

†Obtained from the difference between traditional EP and agricultural EP.

‡Includes agricultural self-employed workers and unpaid family workers.

§Obtained from the difference between the informal EP plus domestic servants and the non-agricultural EP; it includes mining.

||Includes self-employed workers and unpaid family workers, excluding professionals and technicians in non-agricultural activities.

¶The 207.2 workers in the Minimum Employment Programme were excluded from the formal sector. Average for October, November and December.

terms. Thus the wage-earners working in the goods-producing sectors (industry, mining, construction and electricity), who, as was mentioned earlier, constituted the social vanguard, decreased in Argentina from 35 to 30% of the total employed population and from 48 to 43.5% of formal employment. In Chile a similar situation is found with the proportion of wage-earners in these sectors falling from 23 to 17% of the total EAP and from 43.4 to 37.8% of those employed in the urban formal sectors. What is more, not only was there a proportional decline in the importance of these sectors, but also (and contrary to what happened in the past) there was a fall in absolute values. In Argentina there were 128,800 fewer wage-earners in 1980 than there were in 1974. In Chile between 1970 and 1971 and 1980 the decrease was of the order of 63,000 workers (see Tables 7 and 8).

The above-mentioned decline was even more severe in the case of Argentina if manufacturing is considered separately. In this sector a reduction of around 170,000 workers is recorded in the period analysed. In Chile, where the evolution of blue-collar workers can be distinguished from that of employees among the wage-earners, it was even greater than that of the total number of wage-earners in the sector. Thus, in 1970-71 blue-collar workers in the goods-producing sectors represented 34.1% of those employed in the formal sectors, the proportion falling to 25.7% in 1980, while manufacturing recorded a reduction of around 54,000 of these workers during this period. Moreover, in 1980 there are 115,000 fewer

industrial blue-collar workers in Chile than there were in the initial year.

The fall in the number of wage-earning workers in the goods-producing sectors and particularly in the manufacturing industry, occurred simultaneously with a fall in the total number of workers, irrespective of the sector in which they work. This information, available only in the case of Chile, shows that during the period analysed the proportion of workers in the urban sectors as a whole declined from 56.4 to 48.1% of employment in the formal sectors, which represented a reduction in absolute values of around 98,000 workers (see Table 9).

(b) *Structural demobilization*

One of the results of the new economic policies pursued both in Argentina and in Chile during the period analysed was an inadequate creation of productive employment for the supply of labour available. This insufficiency led to an increase in the underutilization of the labour force, which took various forms, including open unemployment and a greater participation in the low-productivity sectors, both urban and rural. Both countries showed a similar result in relation to the proportion of employment generated in the urban formal sector, which in Argentina fell from 73.2 to 69.7% and in Chile from 66.2 to 53.1% of the urban work force. Furthermore, in the case of Argentina, not only was relatively less employment generated but there was also a decrease in absolute values (see Tables 5 and 6).

Table 7. *Greater Buenos Aires: structure of the population employed in the urban formal sector, 1974 and 1980 (percentages)*

	1974			1980		
	Thousands	Percentage of total EAP	Percentage of formal EP	Thousands	Percentage of total EAP	Percentage of formal EP
Industrial wage-earners*	1176.5	35.1	48.0	1047.7	30.2	43.5
Wage-earners†	944.9	28.2	38.6	960.8	27.7	39.9
Financial wage-earners	108.9	3.3	4.4	148.0	4.3	6.1
Employers and professional SEW and UFW	219.9	6.6	9.0	254.0	7.3	10.5
Total formal employment‡	2450.2	73.2	100.0	2410.5	69.5	100.0

Source: PREALC figures based on INDEC: *Encuesta permanente de hogares 1974 y 1980* (Buenos Aires, INDEC, n.d.).

*Includes wage-earners in manufacturing, construction and electricity.

†Remainder of wage-earners.

‡Defined as in Table 5.

Table 8. Chile: sectoral structure of the population employed in the urban formal sector, 1967, 1970-71 and 1980 (percentages)

	1967			1970-71*			1980		
	Thousands	Percentage of total		Thousands	Percentage of total		Thousands	Percentage of total	
		EAP	EP		EAP	EP		EAP	EP
- Industrial employees†	120.2	4.3	8.7	146.1	4.9	9.3	198.0	5.5	12.1
- Industrial workers‡	443.0	15.8	32.0	534.4	18.2	34.1	419.3	11.5	25.7
- Wage-earners §	757.1	27.0	54.6	843.6	28.7	53.8	935.2	25.7	57.2
- Employers and professional SEW and UFW	64.8	2.3	4.7	43.2	1.5	2.8	81.8	2.3	5.0
Total formal employment	1385.1	49.4	100.0	1567.3	53.3	100.0	1634.3	45.0	100.0

Source: PREALC figures based on INE: *Muestra nacional de hogares. Encuesta continua de mano de obra, julio-octubre 1967* (Santiago, INE, 1968); *enero-agosto 1970* (Santiago, INE, 1968); *julio-diciembre 1971* (Santiago, INE, n.d.); *Encuesta nacional de empleo octubre-diciembre 1980* (Santiago, INE, n.d.).

*1970-71 represents the average of the surveys of January-August 1970 and July-December 1971.

†Includes employees in mining, manufacturing, construction and electricity.

‡Includes workers (blue-collar) in mining, manufacturing, construction and electricity.

§Remainder of wage-earners.

|| Defined as in Table 6.

Table 9. Chile: structure of the population employed in the urban formal sector, 1967, 1970-71 and 1980 (percentages)

	1967		1970-71*		1980	
	Thousands	Percentage of total EAP	Thousands	Percentage of total EAP	Thousands	Percentage of total EAP
- Employees†	324.6	11.6	383.4	13.0	549.0	15.1
- Higher-level staff‡	144.4	5.1	160.4	5.5	216.9	6.0
- Wage-earners§	724.9	25.9	884.0	30.1	785.9	21.6
- Remainder	191.6	6.3	139.5	4.7	82.5	2.3
Total formal employment¶	1385.1	49.4	1567.3	53.3	1634.3	45.0
						100.0

Source: PREALC figures based on INE: *Muestra nacional de hogares. Encuesta continua de mano de obra, julio-octubre 1967* (Santiago, INE, 1968); *enero-agosto 1970* (Santiago, INE, 1968); *julio-diciembre 1971* (Santiago, INE, n.d.); *Encuesta nacional de empleo octubre-diciembre 1980* (Santiago, INE, n.d.).

*1970-71 represents the average of the surveys of January-August 1970 and July-December 1971.

† Includes office staff and commercial wage-earners.

‡ Includes professional, technical and managerial personnel.

§ Includes wage-earning workers, artisans, day-labourers and transport drivers.

|| Excludes 207.2 workers in the Minimum Employment Programme.

¶ Defined as in Table 6.

Those who approach the labour market in search of productive jobs and find their chances of absorption in the modern sectors reduced have no choice but to perform tasks which involve some degree of underutilization and, in the worse cases, to become unemployed. Although the experience of both countries was similar as regards the effect on the level of productive employment generated, the adjustment of the employment structure to the new situation was different.

In Argentina, adjustment to the lower level of productive employment was achieved basically by way of the expansion of employment in the urban informal sector (not including domestic servants), which increased from 17.7 to 21.7% of urban employment. Open unemployment in urban areas remained relatively constant at about 2.5%. On the other hand, adjustment in the case of Chile was produced fundamentally by increases in open unemployment or in forms of obvious underutilization under the name of minimum employment programmes, while the urban informal sector remained relatively stable, absorbing around 22% of the urban work force during the whole period. Open unemployment trebled, rising from 3.5 to 11.4% between 1970 and 1971 and 1980, and the Minimum Employment Programme, which was non-existent in the first year, occupied 6.7% of the urban work force in the last year.⁹ (See Tables 5 and 6.)

Although the urban informal sector played a different part in the adjustment in the two countries, similar changes in its composition appear to be registered. Thus, those who are obliged to swell the ranks of the workers in this sector because of the evolution of the labour market have to perform tasks which involve lower levels of productivity and income than those which could normally be obtained in the activities of the urban informal sector.

In Argentina, for example, a survey carried out on self-employment in Greater Buenos Aires reveals that those who took up their occupation in 1976 compare unfavourably with those who began around 1970. The 1976 group has lower levels of skill, consists mainly of women and young people, is engaged in tasks connected with commerce and earns 20% less on average than the group which started in 1970, and in the case of those who are not heads of household, this differential rises to 41%.¹⁰

In the case of Chile, a survey conducted by PREALC, also concerning self-employed workers, enables a comparison to be made of the structure of these activities between 1967

and 1977, the conclusion being that those whose numbers increase the most are those who earn less than the average income of workers in this type of activity and even, in some cases, less than the minimum wage. A decline in the levels of schooling of self-employed workers is also registered during this period.¹¹

In conclusion, and despite the differences in adjustment in the two countries, the result was the same in terms of a lower level of productive employment, which in fact implied a structural disbanding of the wage-earners. These, through being increasingly affected by unemployment and under-employment and being excluded from the more organized sectors of production, see their opportunities of participating in economic and social decisions also diminishing. Hence, the result of the economic policy is a weakening in the countervailing power of organized labour. This weakening power is, in our opinion, a result consistent with the overall objective, brought about by other instruments, of changing the social structure.

(c) *Increase in the heterogeneity of the organized sectors*

The adjustment described above implied an increase in the heterogeneity of the labour force as a whole, with the fall in the proportion of employment in the more organized sectors and the rise in the number of those affected by different forms of underutilization. This increase of heterogeneity in the labour force as a whole was reinforced by an increase in the heterogeneity of the wage-earning work force within the organized sectors.

This derived from various changes occurring in the modern sectors: on the one hand, from intersectoral changes with a bias against manufacturing; on the other, from intra-sectoral changes, basically within manufacturing industry, whether through size or through change in occupational roles which the firms had to introduce in the face of the economic adjustment. At the same time there was an increase in wage dispersion and a decrease in the role of the State as an absorber of labour, both these being trends which also contributed to the increase in heterogeneity of the wage-earners in the modern sectors.

The redefinition of economic policy implied a process of deindustrialization, with an expansion of the tertiary sectors and especially of the financial sectors as a consequence of the liberalizing of financing and the development of

an internal capital market. Deindustrialization produced a fall in the share of goods-producing sectors in the non-agricultural work force and, as we will see later on, also in output both in Argentina and Chile. In the former country, the reduction was from 44.1 to 41.2% between 1974 and 1980, while in the latter country the fall was from 36.8 to 28.3% between 1970 and 1971 and 1980. In both cases in the goods-producing sectors the fall in the absolute levels of employment expressed in figures was of around 60,000 workers. This reduction was reflected in the manufacturing industry in particular, which in Argentina decreased from 37.2 to 30.6% of the non-agricultural work force and in Chile from 23.4 to 19.2% during the period. Argentina had 179,400 fewer industrial posts in 1980 than in 1974 and in Chile the decrease was around 8000 jobs¹² (see Tables 10 and 11). This overall figure disguises the difference in trend existing between blue-collar workers and employees: it was the increase in the latter that 'compensated' for the loss of 54,000 jobs suffered by the industrial blue-collar workers during these years.

together with the intersectoral changes resulted in an increase in non-manual jobs in relation to manual. The scant information available shows that in Argentina the drop in industrial wage-earners was accompanied by an expansion in the proportion of those employed in other sectors and especially of wage-earners in the financial sectors, who, although still representing only a small proportion of the labour force, showed a rapid rate of growth in absolute terms. In the case of Chile the evolution was similar, employment in the financial sectors in 1980 was five-fold the level of 1970.

Noticeable also in the case of Chile was an expansion in the proportion of higher-ranking personnel in the enterprises, who increased from 10.2 to 13.3% of formal employment, while there was likewise a growth in the proportion of employees, who represented 24.5% of formal employment in 1970-71 and rose to 33.6% in 1980 (see Table 9). As mentioned above, this expansion is due in part to the greater proportion of non-manual compared with manual jobs in the non-goods-producing sectors, but also in part to the

Table 10. Greater Buenos Aires: population in employment by branch of economic activity,* 1974 and 1980

	Thousands		Percentages	
	1974 October	1980 October	1974 October	1980 October
Industry	1212.7	1033.3	37.2	30.6
Electricity	36.0	38.4	1.1	1.1
Construction	198.1	320.8	6.1	9.5
Commerce	548.9	626.8	16.9	18.5
Transport	232.0	216.2	7.1	6.4
Finance	142.1	196.9	4.4	5.8
Services	885.4	950.3	27.2	28.1
Total urban EP†	3255.2	3382.7	100.0	100.0

Source: INDEC: *Encuesta permanente de hogares 1974 y 1980* (Buenos Aires, INDEC, n.d.).

*The classification of branch of economic activity is in accordance with ISIC 2.

†Excludes workers in agriculture and mining, 9273 in 1974 and 9744 in 1980.

The reduction in the proportion of industrial employment was also accompanied by changes within the sector. On the one hand, employment in small establishments rose and, on the other, jobs connected with direct production decreased whilst posts linked with commercial and financial activities increased. The information available for Chile shows, for example, that the population employed in industrial establishments of less than 10 persons increased its proportion of the total from 51.2% in 1967 to 57.1% in 1977 (see Table 12). A similar situation occurred in Argentina.¹³

The changes in roles within the enterprises

changes that the enterprises had to introduce to adapt themselves to the economic adjustment. These changes relate to the opening up of commerce and finance, which implies the expansion of the foreign trade departments, both import and export, and those concerned with financial services. This is clearly reflected in the analysis of the breakdown of wage-earners between blue-collar workers and employees in the Chilean manufacturing industry. The workers represented 76.4% of the total number of wage-earners in 1970-71 and decreased to 66.5% in 1980.

At the same time, the heterogeneity of the

Table 11. Chile: population in employment by branch of economic activity, 1967, 1970-71 and 1980*

Branch of economic activity	Thousands			Percentages		
	1967 July- October	1970-71 Average†	1980 October- December	1967 July- October	1970-71 Average†	1980 October- December
Agriculture	683.7	564.2	531.1	25.7	19.8	16.3
Mining	55.6	63.7	71.8	2.1	2.2	2.2
Industry	477.5	533.3	525.1	18.0	18.8	16.1
Construction	159.1	225.4	152.1	6.0	7.9	4.7
Electricity	14.6	15.4	24.4	0.5	0.6	0.7
Commerce	367.7	412.3	591.4	13.8	14.5	18.2
Transport	165.0	237.1	211.3	6.2	8.3	6.5
Finance	26.5	23.0	100.9	1.0	0.8	3.1
Services	710.6	771.8	1049.1	26.7	27.1	32.2
Total	2660.3	2846.2	3257.2	100.0	100.0	100.0

Source: INE: *Muestra nacional de hogares. Encuesta continua de mano de obra, julio-octubre 1967* (Santiago, INE, 1968); *enero-agosto 1970* (Santiago, INE, 1968); *julio-diciembre 1971* (Santiago, INE, n.d.); *Encuesta nacional de empleo octubre-diciembre 1980* (Santiago, INE, n.d.).

*The years 1967 and 1970-71 were brought into the industrial classification of ISIC 2, to make them comparable with 1980.

†Average of surveys of January-August 1970 and July-December 1971.

Table 12. Chile: population in industrial employment by size of establishment

Year	Total EP*	Thousands		Percentage of EP in establishments of less than 10 out of the total EP
		EP in establishments of less than 10 employed†	EP in establishments of 10 and over employed	
1960	402.3	196.4	205.9	48.8
1961	420.4	211.2	209.2	50.2
1962	446.8	234.2	212.6	52.4
1963	455.7	234.8	220.9	51.5
1964	473.6	238.9	234.7	50.4
1965	493.6	249.5	244.1	50.6
1966	525.3	273.4	251.9	52.1
1967	533.8	273.3	260.5	51.2
1977‡	576.1	328.7	247.4	57.1

Source: Dirección de Estadística y Censos: *Industrias manufactureras año 1967* (Santiago, DEC, n.d.). Instituto Nacional de Estadísticas: *Industrias manufactureras 1977. Vols. I and II* (Santiago, INE, 1979).

*PREALC estimate resulting from the construction of an overall framework of statistics concerning employment in the sector.

†Obtained from the difference between the total employment and that in establishments of 10 or more employed.

‡As from 1968 the manufacturing survey was carried out in establishments of 50 or more employed so that there is no information between 1967 and 1976.

organized sectors increased through a rise in wage dispersion. This is the result of the movement away from industry into other sectors, and of the presence of growing contingents not incorporated in the organized sectors who push basic salaries downwards. In addition, there was a concentration process which generated an increase in the demand for higher-ranking staff and employees more closely linked to management in the enterprises, hence, raising their

salaries. This broadening of the range of remunerations brought about in its turn the consolidation of a technocratic and professional class which came to be a privileged social actor in the State, a subject to which we shall return later.

The partial information available supports these trends. In the case of Argentina, a systematic increase in salaries in relation to wages was observed, the gap widening by 30%

between 1965 to 1975 and 1980. Likewise, there was an increase during the same period in the remunerations of non-wage-earners over wage-earners in all the economic sectors but above all in industry and commerce (Beccaria, Orsatti and Rupnik, 1982). In the case of Chile, a comparison of remunerations for jobs in the largest enterprises between 1973 and 1979 showed that the higher-paid posts were those which had the largest wage increases, while the lower-grade posts suffered absolute losses in real terms. This meant that wage dispersion in 1979 is much greater than in 1973: the coefficient of wage variation rises from 52 to 88% between the two years. Furthermore, the coefficient of wage variation, excluding executive posts, also showed an increase from 22 to 50% between 1973 and 1979 (PREALC, 1981b).

Lastly, public employment, which is more homogeneous than that in the other modern sectors, ceased to be a major source of absorption during the period analysed. On the contrary, the peculiarity of the strategy adopted led to a considerable change in this type of employment also. Not only did the public sector cease to provide increasing sources of employment, but

it broke a trend long observed in the past when it was a major vehicle for the creation of the middle classes in both countries, contributing in some measure to cushion the effects of the insufficient absorption of labour in the productive sectors of the economy. In Chile, public employment grew between 1940 and 1960 at an annual rate of 3.8%. This rate accelerated to 4.5% between 1964 and 1970. In 1970 there were around 280,000 public employees in Chile, representing approximately 9.5% of the total work force. Eight years later, in 1978, the number of public employees was the same, representing a lower proportion of the total work force^{14 15} (see Table 13).

(d) *Decline of the strategic role*

The quantitative decline of wage-earners in the organized sectors might appear to be compensated by an increase in their strategic role and hence not necessarily imply a reduction in their negotiating capacity. This is a predictable trend in the evolution of modern capitalism in which technical progress is linked with increasing amounts of capital, so that each worker sees the

Table 13. *Chile: employment in the public sector**

Years†	Total	Administrative services	Development agencies	Social services	Commercial enterprises
1964	209 869	37 274	28 454	94 522	49 619
1970	279 957	46 115	44 258	133 806	55 778
1973‡	387 198	51 241	99 337	174 041	62 579
1974	360 210	52 845	69 547	178 285	59 533
1975	325 532	48 884	53 927	173 038	49 683
1976	314 280	47 992	48 853	170 287	47 148
1977	295 888	45 946	38 351	173 171	38 420
1978	293 348	46 181	34 388	176 884	35 895
1979§	292 587	48 766	32 006	176 335	35 480

Source: J. Marshall and P. Romaguera: *La evolución del empleo público en Chile, 1970-1978*, series Notas Técnicas No. 26 (Santiago, CIEPLAN, 1981).

*The coverage envisaged is similar to that defined by the Organic Decree Law of the Financial Administration of the State (D.L. 1263), except for some institutions which do not supply information. It specifically excludes the following institutions: Poder Judicial, Dirección General de Investigaciones, Carabineros de Chile, Contraloría General de la República, Instituto de Seguros del Estado, Banco del Estado, Banco Central, Dirección de Pavimentación de Santiago, Corporación del Cobre, Dirección de Deportes del Estado, IANSA, Comité Maestranza y Fundición CORFO, FAMA, ENAP, ASMAR, Petroquímica Chilena, ENAMI, ENDESA, ECOM, Empresa Nacional de Semillas.

†The reference is to December in each year.

‡As from 1973 five institutions are included which were previously absent through lack of information: Corporación de Magallanes, a Development Agency, employed 793 persons in 1973; CONICYT, a Development Agency, employed 129 persons in 1973; CONAF, a Development Agency, employed 9356 persons in 1973; J.N.J.J., Social Service, employed 1967 persons in 1973; Consejo Nacional de TV, Servicio de Administración Social, employed 22 persons in 1973. Total employment: 12, 267 persons.

§Budgetary estimate.

amount of resources he mobilizes increase. Thus his negotiating power is also seen to grow as it affects in increasing measure the functioning of the system as a whole.

However, growing unemployment and under-employment in both countries during this period adversely affected the bargaining position of the working class by increasing the possibilities of substitution. An indirect method of analysing whether this type of behaviour was registered during this period is to examine the growth structure of the gross domestic product. In both countries, the goods-producing sectors, especially manufacturing, reduced their share not only in the absorption of labour but also in the generation of the product. In Argentina these sectors generated 39.5% of the total product in 1974, whereas in 1980 they generated 38.9%. In Chile in 1973 they were responsible for 41% of the product, while in 1980 the figure was only 37%. The manufacturing industry decreased from 29.2 to 25.3% in Argentina and from 26.8 to 21.9% in Chile, showing a fall in production levels in the first case and relative stagnation in the second (see Table 14). In other words, this information does not appear to suggest that the workers in the aforesaid sectors were mobilizing a larger proportion of resources owing to the productive progress achieved in these sectors.

Nevertheless, in some strategic branches of the industrial sector where labour substitution

is more difficult, the wage-earners maintained their importance. There are various industrial activities which, whether because of the inputs they provide, their participation in the generation of foreign currency, the provision of goods or services considered essential, or merely because of their size, may be expected to develop normally. Here the wage-earners play a key role and should therefore preserve their strategic importance. At the same time, if the opening of the economy is maintained, those branches producing tradeable goods would have a 'ceiling' in collective bargaining determined by foreign competition, so that it would be the workers in non-tradeable sectors who might have greater bargaining power. This would imply a 'weakening' of the 'working class' *per se*, inasmuch as the goods-producing sectors are almost by definition those representing the tradeable sectors.

The foregoing only highlights the need for a more thoroughgoing analysis of the changes created in the productive structure and of how these affect the strategic importance of the workers according to the sector in which they are inserted.

To sum up, the economic policies pursued both in Argentina and in Chile not only accentuated historical trends in relation to the evolution of the industrial wage-earners but also, by introducing new elements involving a greater degree of social disarticulation, generated

Table 14. Gross domestic product by sectors of economic activity (percentages)

Sectors of economic activity	Argentina (Series in national currency at 1970 prices)					Chile (Series in national currency at 1977 prices)				
	Structure			Annual growth rate		Structure			Annual growth rate	
	1950	1974	1980	1950-74	1974-80	1960	1973	1980	1960-73	1973-80
Agriculture	16.5	13.2	12.9	2.6	1.0	10.9	7.0	8.3	-0.1	6.0
Mining	0.7	2.1	2.5	8.6	3.8	7.9	6.6	7.3	1.9	5.1
Industry	21.5	29.2	25.3	4.9	-0.9	22.9	26.8	21.9	4.6	0.6
Construction	6.2	5.5	7.6	3.0	7.0	7.9	5.4	5.5	0.5	3.8
Electricity	0.9	2.7	3.5	8.6	6.0	1.5	2.1	2.2	5.8	4.6
Transport	13.7	11.1	10.9	2.6	1.1	4.3	5.1	5.7	4.6	5.1
Commerce and finance	19.7	18.9	19.1	3.4	1.6	20.7	23.3	28.1	4.3	6.4
Housing programme	3.3	3.1	3.7	3.3	4.0	6.8	6.9	5.9	3.5	1.2
Public administration and defence	10.8	7.1	7.3	1.7	1.9	6.0	5.5	4.7	2.7	1.4
Other services	6.7	7.1	7.2	3.8	1.9	11.1	11.3	10.4	3.5	2.4
<i>Total</i>	100.0	100.0	100.0	3.5	1.4	100.0	100.0	100.0	3.5	3.6

Source: Chile: PREALC figures based on Central Bank of Chile: *Cuentas Nacionales de Chile 1960-1980* (Santiago, Central Bank of Chile).

Argentina: PREALC figures based on CEPAL data according to official sources.

a discontinuity in the process. The proportion of industrial employment, which in the period 1950-70 remained relatively constant, fell in the 1970s. The urban formal sector which generated growing proportions of employment in the past, abruptly reduced its share in the last decade. The wage-earners, considered to be the workers' vanguard, who in Argentina increased between 1950 and 1960 and subsequently maintained a relatively constant share in the total labour force, and who in Chile recorded relatively stable levels throughout this period, showed a decrease in percentage terms during the 1970s. Moreover, the historical trend indicated a rise in the absolute number of persons in this type of employment, whereas the 1970s revealed an absolute reduction in their numbers. These trends are also apparent when the evolution of workers in the industrial sectors, especially in the manufacturing industry, is examined together with that of manual workers in all sectors of the economy.

As in the past, the proportion of posts held by higher-ranking personnel and non-manual staff continued to increase. This is the result of long-term trends accentuated in the short run by the need of firms to readjust their employment structure in face of changes in economic policy. New elements were added to the continuing historical trends which in fact only served to intensify the social disarticulation.

First, the incapacity of the new economic policies to produce high enough levels of productive employment meant that the labour market adjusted itself by way of a rise in open unemployment or different forms of underutilization. The latter implied an increase in the urban informal sector, which in the past was declining proportionally in these countries. Additionally it caused changes within this sector causing a reduction in the productivity and income of those employed in it. Secondly, the relative and absolute reduction in the number of industrial wage-earners was not accompanied by an increase in their strategic role deriving from the magnitude of resources mobilized in the economy. On the contrary, the recent decade reveals a stagnation or even contraction of manufacturing industry, whereas the historical trends showed that in both countries the industrial sector was growing at rates approaching a cumulative annual 5%. Lastly, new elements were introduced which deepened the trend towards a greater heterogeneity among those who work in the more organized sectors of the economy. The bias towards anti-industrialization, the rise in non-manual posts within business enterprises, the

increase in wage dispersion and the contraction of the public sector as an absorber of labour, were all factors which were conducive to a greater dispersion of income and finally of interests among those who supposedly constitute a homogeneous group within the social structure.¹⁶

4. BY WAY OF CONCLUSION

(a) *Original trends or reproduction of advanced capitalism*

The figures analysed in this study for the last decade confirm the historical trends observed in Argentina and Chile between 1950 and 1970. As a result of the application of monetarist economic policies the trends present in the long term are accelerated, with the goods-producing sectors losing relative importance both measured in terms of employment and output. What is more, the reduction in the number of wage-earners was not only relative but absolute. This is undoubtedly a new situation, quite distinct from the behaviour to be expected according to the classical analyses.

The fall in the proportion of industrial wage-earners is not, however, a new phenomenon nor limited to developing countries. For a long time now there has been evidence of a marked increase in the tertiary sectors in the developed countries; it has also been apparent for quite some time that the secondary sector, especially the manufacturing industry, has ceased to grow. Studies carried out for the countries of the OECD point out that the industrial sector of these countries, after reaching a peak, begins to decline in relative terms. Some countries show a linear relation between the per capita income level and the break-point at which the growing proportion of industrial employment begins to decrease.¹⁷

A recent study by Cardoso (1982) attempts to explain this situation by way of what he calls the 'services explosion' in the developed countries. He claims that in the United States the production of agricultural and industrial goods did not give rise to growth in employment comparable to that which occurred in the services sector. Between 1947 and 1967 employment in that country increased from 57 to 74 million, and this growth was virtually absorbed by the services. He points out, for example, that the *increment* in employment in education between 1950 and 1960 was greater than the total number employed in steel, copper and the aluminium industry in each of those years;

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similarly, the *increment* in employment in the health services exceeded the total number employed in the car industry.

This line of argument is only partially applicable to the fall in the proportion of industrial workers in Latin America. The difference in the region is precisely that, despite the rapid expansion of the secondary sector, changes occurred within this and the tertiary sector. In other words, the phenomenon of urban informality is present in all the sectors. While in the advanced capitalist countries the modifications in class structure can be explained by the rise of a service economy, in Latin America the existence and permanence of marginality or informality affects a high proportion of the labour force. The implications of this difference will be referred to later.

(b) *Transitory or permanent effects of monetarism*

It is of interest to analyse to what extent the effects of the policies pursued in the last decade are permanent or merely transitory. It has been seen that the accentuation of the changes in the employment structure was the result of the economic policies pursued. It has also been shown that consequently, the changes created in this structure and hence in the social stratification have been striking and have tended to disarticulate the social movement. Nonetheless, questions arise such as the following. Is this phenomenon long-term or is it merely linked with the existing situation? Once the adjustment of the economy is complete, will there be a return to the employment characteristics of the past?

If it were only a question of temporary maladjustment owing to the transition to a new model, it would not be necessary to examine its consequences. If, on the other hand, the employment structure that is evolving is a necessary outcome of the emerging model, it is important to analyse its implications for the future. As a result of monetarism in the economic field, an employment situation has arisen which disarticulates the social movement. It is perhaps an unsought effect, but once it occurs it constitutes an important factor for the success of the actual economic policy goals. If as a consequence of the experiment unionization and organization of the workers becomes structurally more difficult, the new economic policy may have created greater degrees of freedom for the further application of the economic programme.

If the social stratification that emerges is a long-term phenomenon it is worth speculating on possible settings for economic development in Argentina and Chile, and especially on the feasibility of reindustrialization in these countries. Undoubtedly, reindustrialization will require different approaches in the two countries.

The changes registered in the employment structure are a consequence of the deindustrialization process in terms of output and productive capacity, due to the monetarist policies. This outcome will not be affected as long as the monetary approach continues to be implemented. Though a change of policy may be envisaged in the future, the recuperation of the loss registered in output and employment in the industrial sector will take a long time.

(c) *Rethinking social articulation*

We have mentioned earlier that the interpretations which can explain the decreasing proportion of industrial wage-earners in the labour force of the developed countries are not sufficient to account for the situation in Latin America, since the phenomenon has different structural features. This does not mean a 'goodbye to the proletariat' as Gorz puts it (1980). What appears necessary is to discover the implications for social relations of the emergence of the informal sector. These informal sectors (or marginal sectors, or peripheral strata, according to different authors) are the result of, and coexist with, the actual process of development. They acquire, in addition, a certain character of permanence.

Some authors, like Touraine (1975), have attempted to explain them by pointing out that in every social change there is rupture, modernization, conquest and foreign domination. This is not what happened, says Touraine, in the England of the early nineteenth century or in the United States of the twentieth century. Hence the concept of social class formed by the concept of the analysis of the mode of production becomes more complex when this has to be utilized in the analysis of a development process which is at the same time, by definition, a process of change. In Europe or in the United States the economic and social aspects of the social classes are merely the two sides of the same coin. In Latin America, by contrast, a disarticulation of the relations of production has occurred as a result of the influence of foreign capital and of the State. This distinction made by Touraine, which

undoubtedly goes beyond the differentiation between the modern and traditional sectors used in this study, enables him to conclude that to deal with the Latin American situation it is advisable to distinguish between people and oligarchy, in so far as 'people' is defined not so much by the concept of exploitation, as by that of exclusion.

Other authors, especially Lloyd (1982), maintain that the concepts of social classes in the form in which they have been developed by sociology, whether Marxist or its later derivatives, including Weber, are not suitable for the analysis of the relations that arise in the Third World. According to him, the industrializing styles of the Third World are only similar in part to those of the developed countries of the nineteenth century.¹⁸ Likewise, the urban poor face situations which are different from those experienced by the workers of the nineteenth century. Hence new mechanisms of interpretation must be sought.

The 'masses' seem much more individualistic and less recruitable for certain conflicts aimed at social change, a characteristic which although not a unique phenomenon of developing countries, is of greater importance. A fight for better wages can scarcely have any effect on those sectors that are self-employed. In some way, says Lloyd, the individualism prevalent in this type of activity tends to make the marginalized sectors behave like 'petty bourgeoisie' as regards their values and outlook on life. But, being also poor, they would have a much more contentious attitude towards the State, the government and the society of which they form part; that is, they would have more affinity with the 'proletariat' of developed societies.

These informal sectors have no common geographic area which brings them together, in contrast with the industrial worker whose natural meeting place is the firm or enterprise. To organize them, therefore, becomes much more complex. However, and in spite of growing economic and social inequalities, there is no clear perception of 'conflict'. This is due in part to the geographical mobility of the informal workers, and in part to their fragmentation in small businesses. What they do perceive, according to Roberts (1979), is a set of problems which affect them and which they believe should be solved by the State. 'Obligated to live far from the city, with inadequate transport and services, the poor can achieve an awareness of their general situation despite the heterogeneity of their occupations.' This could mean that this type of problem might

have a more mobilizing effect than the usual problems of the working class, such as level of wages, conditions of work, security, and so on.

The question then arises as to what interests could succeed in mobilizing this growing urban informal sector of society. Hitherto mobilization is understood as emanating from the location of the social actors in the productive process. But the characteristic of these new social actors is precisely their precarious and complex insertion in this process.

The debate in the future, therefore, will have to consider the way in which these new actors insert themselves into the social system. Will they conserve their autonomy, or will they rather identify themselves with some of the main existing social groups?²⁰ This involves a deeper study of the character of the social relations emerging from this new stratum, their degree of permanence, their values and the forms of organization they adopt.

Nevertheless, the relation of monetarism to the intensification of the phenomenon of informality in the labour force is neither unique nor exclusive to the monetary experiment. Pre-eminence has been deliberately given to it in this study, but there are also other factors which should be analysed though they are beyond the scope of this paper. Thus, for example, the new strata which appear, i.e. the middle-upper income groups, and which are linked with private service activities (especially commerce and finance) as well as those deriving from the broadening of the salary range are also important among the new social actors generated by monetarism. This is revealed in a greater heterogeneity in the groups already incorporated.

A further element to be considered is the importance of the working-class sector in an expanding economy, when the growth of the tertiary or service sector is the result of its own dynamism, in comparison with the other type of economy in which, from its very lack of dynamism, production falls and the tertiary increase will be 'spurious' in that it does not derive from economic growth. It has been said that in this second case, although the share in employment of the 'working-class' is reduced, it is evident that it will not be 'co-opted' by a system lacking in dynamism, unlike what can happen in the service capitalism described by Cardoso. The strategic importance of the proletariat in the non-dynamic model will be latent, since as soon as the economy reactivates it will once again have something to say; its strength as a social actor in the reactivation will then be important.

NOTES

1. Included in these analyses are those based on the categories expounded by Marx and subsequently adopted by Weber.
2. For an interesting discussion on this subject see Mouffe (1982).
3. Measured by the share of the industrial product in the total product and by the proportion of persons employed in the agricultural traditional and urban informal sectors. See PREALC (1980a and 1981a) respectively.
4. This behaviour is certainly not exclusive to Argentina and Chile but, contrary to what is usually supposed, is registered in Latin America as a whole. Thus, during this same period, the growth of formal employment for the region as a whole was 3.7% per year, compared with a growth of the labour force of 2.4%. See Tokman (1981).
5. For a detailed analysis of these factors see among others, Foxley (1982b), Canitrot (1980 and 1981) and PREALC (1982).
6. Greater Buenos Aires represented 75.1% of urban employment in the country as surveyed in 1980 and 54.3% of open unemployment. In terms of the urban EAP, Greater Buenos Aires contains 40% according to census information.
7. In Argentina the open unemployment rate at the beginning of 1981 rose to 5.5 and 3.9% for the whole country and Greater Buenos Aires respectively. Industrial employment during 1981 dropped by around 14% and the figures for the industrial product for the first quarter of 1982 show a fall of 5.4%. In Chile in May 1982 the open unemployment rate for Greater Santiago, according to the Instituto Nacional de Estadísticas, reached 17.4%, and was even higher in the manufacturing industry (25.6%). According to the Economics Department of the University of Chile this rate was 19.1% for Santiago and 18.4% for the whole country in March 1982. The foregoing figures do not include the Minimum Employment Programme. Industrial production grew by only 0.1% in 1981 and fell by 13.5% during the first quarter of 1982.
8. See, for example, Klein (1981), Olavarría (1978) and PREALC (1981c).
9. The adjustment in rural areas, at least in the case of Chile, for which there is information, is also affected mainly by the expansion of open unemployment, which grew from 1.5% of the agricultural labour force in 1970-71 to 4.9% in 1980.
10. According to the survey information, whereas 50% of the workers entering this type of activity in 1976 are unskilled, the percentage is 30% for the group entering in 1970. Similar coefficients are found as regards the proportion of persons employed in commerce in both groups. The differences in income earned are of the order of 13.1% in respect of the total average income and 20% when standardized by hours worked. See Argentina, Ministry of Labour, UNDP, ILO (1981).
11. In making the comparison an increase is apparent in the number of tradesmen, watchmen, shoemakers, cabinet-makers, mechanics and plumbers at a more rapid rate than the average expansion of total self-employment during the period. These activities in their turn produce lower incomes than the average for self-employment and in most cases even lower than the minimum wage. There is also an increase between 1967 and 1977 in the proportion of self-employed workers with less than six years of schooling and an even greater increase in the functionally illiterate, namely, those with less than three years of schooling. See PREALC (1980b).
12. There is a noteworthy difference in the performance of the construction industry in the two countries. In Argentina the construction sector raised its employment level during the period and thus cushioned the total impact on the level of activity. In Chile, on the contrary, there was an absolute fall in the employment levels in construction which exceeded those recorded in the manufacturing industry.
13. Information was not available on employment by size of enterprise but a comparison of the employment index based on large and medium-sized establishments shows a lower increase than that recorded for industrial employment in the household surveys. Both surveys were conducted by the Instituto de Estadísticas.
14. It should be noted that the level reached in 1978 is considerably lower than the levels of public employment achieved in 1972 and 1973, but as it represents a very unusual period in the economic history of Chile it has not been included in the analysis.
15. There was no information available on the evaluation of public employment in Argentina. However, some studies (e.g. Schwarzer, 1981) suggest that the absolute number of public employees was maintained, with a consequential fall, as in Chile, in their share of total employment.
16. We have referred solely to the social disarticulation deriving from changes in the employment structure and not to other measures that may point in the same direction, such as, for example, the labour policy.
17. See, for example, United Nations, Economic Commission for Europe (1978).
18. Which is the 'world' that the classics knew and tried to explain.
19. Another important element for some authors is the linkage that many of these workers have with what

they call the 'working-class aristocracy', usually connected with the external sector. This would introduce a greater complexity into what would be the properly so-called working-class as understood in the developed countries. However, the explanation does not seem generally relevant to the countries analysed in this paper and even less so during the monetarist experiment.

20. Other authors go further than suggesting opposing interests between the two groups, putting those of the marginals before those of the proletariat and promoting them to the category of privileged subject of the social change.

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