

# LATIN AMERICAN CLASS STRUCTURES:

Their Composition and Change during the Last Decades\*

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This article will attempt to “map” the class structure of Latin American societies on the basis of several recent empirical studies and statistics provided by such organizations as the International Labour Office (ILO), the Regional Employment Program for Latin America (PREALC), and the UN Economic Commission for Latin America (ECLA). This formal exercise should help clarify existing class structures by reducing a large and complex list of designations to a manageable number. On the basis of this classification, changes in class composition and struggles during the last two decades will then be examined. The article is thus divided in two parts, one dealing with class structure and the other with class dynamics.

An initial objection to this task is that Latin American societies have become increasingly differentiated, and hence it is not possible to generalize about all of them. Statements that are true for Argentina will not hold for Brazil, and those applicable to the larger countries have little empirical validity in smaller ones. Although it is obvious that significant differences exist among countries, differences that merit detailed analysis, it is also true that a basic similarity characterizes the position of these countries in the international economic system and their historical development.

As Brazilian sociologist Fernando Henrique Cardoso (1979) has noted, dissimilarities in Latin American political regimes and other variables should not obscure the fact that all these countries, with the exception of Cuba, are capitalist and occupy a subordinate position in the international economic order. This shared position as dependent capitalist societies is reflected in a series of internal social, cultural, and

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political characteristics. Class structure is easily one of the most important. Although the proportions of each country's population belonging to different classes vary significantly, the same basic configuration is present everywhere and tends to exhibit a similar historical development. Components of this structure and their relative size for individual countries and for Latin America as a whole are described in the following sections.

#### CLASS DEFINITIONS

The definition of class adopted here is explicitly Marxist for it is based on the position of individuals in the process of production and their mode of sharing in the distribution of the product. This approach is theoretically appealing because it restricts attention to a finite number of classes that are both sizable and significant in economic and political terms. A rigidly applied Marxist definition would not take us very far, however. At the extreme, it would result in a bipolar image of class structure, defined by ownership of the means of production versus mere ownership of labor. In most countries, the top class thus defined would encompass no more than 1 percent of the economically active population (petty artisans and merchants excluded) and would confine the remaining 99 percent to the subordinate class. Although possessing a factual basis, such a division is scarcely able to offer an exhaustive description of the class structure of Latin American societies.

The additional definitional criteria used here, like the first criterion (ownership of the means of production), represent objective and measurable dimensions of occupational position, as opposed to subjective or ideological factors. The two such additional criteria are control over the labor power of others and mode of remuneration. Control over the means of production is defined here as the ability to organize and command the process of commodity production, even in the absence of legal ownership. Control over the labor of others is defined as the power to regulate everyday work activities, even in the absence of control over the means of production. Mode of remuneration refers to the distinct forms through which different social classes receive their means of consumption, ranging from profits and regular salaries to casual wages and direct subsistence production.

The first two criteria have been employed systematically in descriptions of the class structure of advanced societies, particularly that of the United States (Wright et al. 1982). The third criterion, mode of remuneration, is equally important in peripheral countries where modern capitalism is superimposed on several backward forms of economic organization. The concepts of "profits" and "wages" are not themselves homogenous in peripheral economies; the forms that they adopt reflect

the full or partial incorporation of different segments into modern capitalist relations of production (Portes and Walton 1981, chapter 3). Such differences represent class cleavages because they result in unique configurations of material interests.

The peculiar superimposition of capitalist and noncapitalist economic structures in Latin America has led to the difficulties encountered by past analysts in defining its class structure. Some analysts, notably theoreticians of communist and socialist parties, have attempted to adapt Latin American realities to the Marxist description of classes in the advanced industrial societies (Roca 1944, 1962; Jobet 1955; Casanueva and Fernández 1973). These attempts are unsatisfactory because they have led to such absurd results as defining as *lumpen* the majority of the population. Other analysts, including several writing from a dependency perspective, have described these societies as "dual" and have assigned the population unintegrated into the modern sector to a rather amorphous "marginal" category (Nun 1969). Implicit in this perspective is the idea that those groups outside the fully capitalist economy are classless.

These past approaches have rendered the concept of *class* almost useless for analyzing the dynamics of Latin American societies. Formal elegance and unambiguity of class designations are not enough if they fail to capture those basic cleavages of interest around which large social groups coalesce. The three criteria outlined above yield a fivefold classification of social classes. Designations of each and a simplified description based on the formal criteria are presented in table 1. A somewhat lengthier characterization follows.

The remainder of this essay provides tentative numerical estimates of these classes and illustrates the way in which this "map" of the class structure helps redefine the meaning of three major contemporary trends in Latin America: first, accelerated income concentration; second, relative stagnation of employment in the modern sector of the economy; and third, increasing incidence of popular protests and mobilizations in the cities.

## THE LATIN AMERICAN CLASS STRUCTURE

### *The Dominant Class*

The number of domestic proprietors of large modern firms represents an insignificant proportion of the labor force in all Latin American countries. This generalization holds true even after adding to the urban industrialists the proprietors of modern agro-industries and extractive enterprises. The principal reason for this numerical limitation is not the relentless advance of the process of capital concentration but the fact

TABLE 1 Characteristics of the Latin American Class Structure

Class	Control over Means of Production	Control over Labor Power	Mode of Remuneration
Dominant	yes	yes	Profits; salaries and bonuses linked to profits
Bureaucratic-Technical	no	yes	Salaries and fees
Formal Proletariat	no	no	Protected wages
Informal Petty Bourgeoisie	yes	yes	Irregular profits
Informal Proletariat	no	no	Casual wages; direct subsistence

that the national bourgeoisie controls only part of advanced production facilities. It would be difficult to show that domestic capitalism occupies a hegemonic position in relation to the state or the economy as a whole in most countries of the region.

Important sectors of manufacturing industry, agro-industry, mining, and commerce in Latin American countries are in the hands of foreign-owned or state enterprises. It is obvious that effective control of foreign and state corporations is exercised by managers appointed either by corporate headquarters or by the government. Although the difference between formal ownership and administrative authority is important for some purposes, it should not obscure the fact that top executives of multinationals and state companies have as much control over the everyday production and distribution process of their enterprises as domestic owners.

As Evans (1979) has noted in the case of Brazil, highly skilled and highly paid executives frequently alternate between enterprises in the private and public sectors. It is often difficult to distinguish among top administrators of multinational firms, state corporations, and the largest domestic enterprises, either in terms of expertise, business practices, or remuneration. High-level managers, along with national entrepreneurs, comprise a fairly tight-knit network whose knowledge of domestic and international business, contacts with each other and the state, and financial resources place them clearly at the top of the class structure (Walton 1977; Lomnitz and Pérez Lizaur 1979).

Without entering into a discussion of whether a "state bourgeoisie" or "internationalized bourgeoisie" exists, it is possible to affirm that all three groups—domestic capitalists, managers of multinational subsidiaries, and top administrators of public enterprises—comprise fac-

tions of the dominant class in the strict sense of the term. These groups have in common their control over production processes in the economy and over the labor of a number of subordinates. Their remuneration derives directly from this command position: profits for the entrepreneurs, high salaries and bonuses tied to profitability of their firms for top executives.

Several Latin American authors have emphasized the differences and internal confrontations within this class, primarily between domestic owners and administrators of multinationals (O'Donnell 1977; Lomnitz and Pérez Lizaur 1979). Despite such conflicts, different segments of this class are united by their common position relative to subordinate groups and their interest in preserving the status quo. It is thus not surprising that all segments of this class have coalesced in supporting the rise of conservative governments and have joined forces in opposing the various forms of populism and socialism in the region.

#### *The Bureaucratic-Technical Class*

The defining characteristic of the second-ranking class is that although it lacks effective control over the means of production, its members exercise direct control over the labor of others as subordinates in bureaucratic structures. The remuneration of this class does not take the form of profits or dividends, but of regular salaries and fees tied to specific tasks. The difference between the salaries received by members of the bureaucratic-technical class and those paid to top executives and administrators is not only quantitative. Salary income of top corporate executives reflects and depends on their success in sustaining the profitability of the firms they direct; salaries of subordinate professionals, on the other hand, depend on the competent performance of certain tasks according to preestablished technical criteria.

In Latin America, the bureaucratic-technical class is composed primarily of middle-level managerial and technical personnel in foreign, domestic private, and state enterprises; career functionaries of the state bureaucracies, including the armed forces; and independent professionals employed under contract by the state or private sectors. The essential role of this class is to create and maintain the infrastructure required for economic production and to guarantee the stability of the social order. Its tasks include creating and maintaining means of communication, regulating the financial system, providing basic services, training and disciplining the labor force, legitimizing the existing social order through ideological persuasion and material cooptation, and repressing organizations and ideas opposed to the status quo.

Unlike the dominant class, members of the bureaucratic-technical class do not derive their remuneration from the direct appropri-

ation of surplus generated in production. Instead, they receive a share of that surplus indirectly. Wealth channeled toward the bureaucratic-technical class ceases to be "capital" because it is subtracted from the process of accumulation and translated into consumption, both in the various activities of social regulation and directly by those that coordinate them.

The dominant class and the bureaucratic-technical class jointly control and benefit from the existing social order. There are, however, significant differences between the two in terms of the objective criteria outlined above. The bureaucratic-technical class lacks direct control over the means of production, and as a consequence, its mode of remuneration is not directly tied to profits. This difference is reflected in frequent clashes over the process of surplus extraction and its allocation. In Latin America, entrepreneurs frequently blame their problems on the drain produced by bureaucratic appropriation of profits, while experts in the public sector counter with attacks on the private utilization of the surplus, which often ends up as luxury consumption rather than productive investment (Prebisch 1982).

### *The Formal Proletariat*

The formal proletariat is defined by its lack of control over the means of production and the labor of others. The distinct feature of the formal proletariat is not simply that its monetary compensation is in wage form, but that wages are contractually established and regulated under existing labor laws. The apparently trivial distinction between legally regulated and irregular wage employment represents a fact of central importance in Latin America. Contractual employment and legal coverage protect workers against arbitrary dismissal and also give them access to programs of health and disability insurance, unemployment compensation, and retirement. The remuneration of the formal proletariat consists in fact of two components: a direct monetary wage and an "indirect wage" formed by the various insurance and other programs prescribed by law.

The best empirical identifiers of the formal proletariat are coverage under the existing social security system and membership in the organized labor movement. The connection between the two indicators is not a casual one. As shown by Mesa-Lago (1978), only well-organized workers are covered by social security in Latin America; hence this protection extends only over a minority of the labor force. This observation immediately suggests a major feature of Latin American class structures: the formal proletariat is simultaneously a class subordinate to the two top classes but relatively privileged in relation to other classes.

The formal proletariat, like the dominant and bureaucratic-tech-

nical classes, is fundamentally urban in composition. The first three classes in fact integrate what is commonly known as the "modern sector" of Latin American economies. Relationships between the dominant and bureaucratic-technical classes and the formal proletariat resemble those predominant in the advanced countries in that they are characterized by contractual agreements and bureaucratic regulation. In recent years, the rapid development of agro-industry in the region has also promoted the growth of a rural segment of the formal proletariat. Organized labor and protected employment continue to be the exception, however, in the countryside (López Cordovez 1982).

Labor codes in most Latin American countries distinguish between manual and nonmanual labor. Although this separation has some consequences in terms of wage levels and social security coverage, they are not significant enough to justify categorizing manual and nonmanual workers as comprising two different classes. Communalities between the two groups far exceed their differences and are four-fold: first, lack of control over the means of production and a subordinate position in places of employment; second, collective organization in unions as the only effective instrument against exploitation; third, monetary incomes that are relatively low and do not differ significantly despite legal distinctions; and fourth, legal coverage under the existing social security system.

### *The Informal Petty Bourgeoisie*

The informal petty bourgeoisie seldom appears in systematic analyses of Latin American class structures despite its economic and political significance. Its members control the means of production and have authority over the labor of others. Their remuneration comes from profits in production and commercialization of goods and services. According to all these criteria, the informal petty bourgeoisie is formally identical to the entrepreneurs included in the dominant class.

This superficial similarity accounts for the frequent inclusion of both categories under the same label of "employers." There are, however, fundamental differences between the two in three areas: first, the relative size of enterprises; second, sources of income; and third, the character of labor relations. Although definitions vary, small-scale enterprises are generally defined in Latin America as those employing no more than five workers. Unlike the revenues of large firms, those of small concerns are seldom the outcome of long-term planning, depending instead on erratic opportunities in the market. For this reason, the profits of petty entrepreneurs are usually irregular and subject to wide fluctuations.

It is the relationship to labor, however, that most clearly delin-

eates the class position of the informal petty bourgeoisie. Large firms and their owners are part of the modern sector; their workers are hired on a contractual basis and are generally organized. Petty entrepreneurs, on the other hand, make use of casual labor that includes unremunerated family workers and others hired on a noncontractual basis.

The existence of a petty bourgeoisie dependent almost exclusively on this type of labor relations constitutes one of the distinct features of the Latin American class structure. It is also the reason for labeling the fourth class as "informal." The economic role of the informal petty bourgeoisie is essentially that of intermediary between the modern sector and the mass of unskilled and unprotected labor at the bottom of the class structure. Petty entrepreneurs organize this labor, using it to produce goods and services that are often cheaper than those marketed formally. This production benefits all classes in the modern sector, although in rather different ways.

First, wage goods produced with casual labor are consumed by the formal proletariat. Informal enterprise produces goods and services that would otherwise be unavailable or would be beyond the reach of formal wage workers. The symbiotic relationship between both classes is a central part of their respective strategies for economic survival: petty entrepreneurs depend on the formal working class for their market; members of the latter rely on informal sources of supply for low-cost food, shelter, clothing, and diversion.

Second, a significant number of informal enterprises produce not for the market but directly for large firms under various subcontracting arrangements. The intermediary role of the informal petty bourgeoisie emerges most clearly in these operations. By subcontracting production and service tasks to the informal sector, large firms benefit from the cheapness of unorganized casual workers without assuming any legal responsibility for them. This kind of arrangement is widespread in Latin America, especially in such areas as garment and footwear production, construction, repair and cleaning services, and commercialization of a number of consumer products from food items to electric appliances (Moller 1979; Peattie 1981; Schmuckler 1979).

The rural segment of this class is formed by small commercial farmers and by contractors who hire out itinerant labor gangs to agribusiness. As in the cities, rural entrepreneurs depend on a casual labor supply to produce wage goods (primarily food) for popular consumption or to provide services for large modern firms.

Struggles between the informal petty bourgeoisie and the dominant class center on the power of members of the latter to play small entrepreneurs against each other and to displace informal industry from markets when it judges the latter to be profitable. An obvious complementarity nonetheless exists between the interests of both

groups: subcontracting is often the only means for economic survival of petty enterprises, and it simultaneously constitutes a device to limit the size of the formal proletariat and related labor costs for firms in the modern sector.

Despite economic insecurity and lack of social security protection, the monetary income of petty entrepreneurs frequently exceeds that of formal workers. Indeed, the informal entrepreneurs frequently originate in the organized proletariat. They use the skills learned in modern industry and the capital amassed from savings and severance pay to go into business on their own. According to Peattie (1981), the reasons that induce workers to leave relatively secure employment in the modern sector have to do with the opportunity to escape factory regimentation and the prospect of higher incomes in self-employment. Other studies suggest that this decision is more often than not an economically sound one (Roberts 1976; Lomnitz 1979).

### *The Informal Proletariat*

The informal proletariat is similar to the formal proletariat in its lack of control over the means of production or lack of authority over the labor of others. Three major differences exist, however: first, the informal proletariat does not receive regular money wages; second, it does not receive the "indirect" wage of social security coverage; and third, its relations with employers are not contractual. Informal workers are remunerated in various ways that include a wage that is verbally agreed upon, a piece rate, and nonmonetary compensation such as food. Several studies indicate that the average money income of this class is consistently inferior to the minimum legal wage (PREALC 1978).

The low incomes of informal workers compel them to engage in supplementary activities such as animal raising, food cultivation, and construction of their own shelter. It is therefore appropriate to define this class as a *semiproletariat* that participates simultaneously in capitalist production and in the subsistence economy. Until recently this class was labeled "marginal" in Latin America because its members were believed to survive outside the modern capitalist sector and to lack any integration with it. Studies during the seventies severely criticized the concept of marginality (Perlman 1976; Eckstein 1977); however, more recent research has gone beyond rejection of the concept to show the multiple forms of involvement of the informal proletariat in the modern economy and the contributions it makes (McGee 1979; Birbeck 1979).

Such contributions occur through the two mechanisms described above, that is, by reducing the consumption costs of the formal working class through the production of cheaper wage goods and by directly lowering the production and marketing costs of large firms through the

subcontracting mechanism. The multiple relationships between the informal proletariat and capitalist production and circulation suggest that the common description of Latin American economies as “dual” is inappropriate. These economies can be better described as unified systems in which the modern capitalist sector articulates with and relies on the continuing existence of backward modes of production and the associated labor supplies.

It is also inappropriate to define the informal working class as an exclusively urban phenomenon. The semiproletariat is present in both city and countryside, and its members frequently alternate between employment in both settings. A vast peasantry dedicated exclusively to subsistence production is a phenomenon of the past in most Latin American countries. In those countries where rural subsistence enclaves persist, they are rapidly being undermined (López Cordovez 1982). Processes of change in rural areas have not produced the full proletarianization of the peasantry, however. The typical situation is one that combines subsistence agriculture, which is insufficient to guarantee the survival of the peasant household, with casual wage labor in larger farms, mines, or the cities (Durstun 1982). The structural situation of the rural semiproletariat is thus formally identical to the informal working class in the cities.

Recent studies, most notably those of Roberts (1976) in Peru and Arizpe (1978) in Mexico, have documented both the similarity between urban and rural segments of this class and the multiple spatial displacements of its members. Cyclical and return migrations are common phenomena in Latin America that continuously blur the line between casual workers in the cities and those in the countryside. As will be shown, the trend during the last decades has been toward the gradual displacement of the semiproletariat to the cities. The available evidence suggests, however, that the norm continues to be that of a mobile labor force responding quickly to short-term employment opportunities that are distributed unequally in space.

#### OPERATIONALIZING THE CLASS STRUCTURE: MEASUREMENT PROBLEMS

At present no statistical data exist that fit the above conceptual description of the Latin American class structure. The technical and financial limitations for social science research in Latin America and the political constraints under which UN research agencies operate make it unlikely that adequate information will be gathered in the foreseeable future. In this situation, the only feasible alternative is to try to approximate the defining characteristics of each class on the basis of published figures on the economically active population (EAP) of Latin America. As indicated above, these figures come from publications of UN agen-

cies, primarily ILO, ECLA, and PREALC; the only other significant sources are recent studies of the Latin American social security system published in the United States.

Two major problems arise with this substitute measurement approach. First, occupational categories on which statistical compilations are based correspond only loosely to class definitions. Occupations are classified according to the individual characteristics of the job rather than to the relational characteristics of domination and wealth appropriation that are defining features of social classes. Second, even occupational information is far more limited on Latin America than on the United States or other advanced countries. Occupational categories that serve as the basis for published figures are often much less differentiated; data are not generally available on a year-to-year basis, but only at five- or ten-year intervals and then for a limited subset of countries.

Given these limitations, the figures presented below must be seen as only a tentative approximation to the operationalization of the Latin American class structure. A perusal of the available statistical series will immediately show the untenability of assumptions required for a complex estimation procedure. Instead, figures below rely on a few simplifying assumptions adequate to the level of data available. The goal of this exercise is to provide an initial profile of the class structure in terms of gross relative proportions; what it cannot do is yield estimates with known confidence levels of the absolute or relative size of each class.

Initially, the occupational category of "employer" might appear to represent a plausible approximation to the dominant class. A review of the published figures shows, however, that the proportion of the EAP included under this label varies widely among countries—from less than 1 percent to over 20 percent. The reason for these variations is that some countries include only large employers under this label, while others combine them with informal entrepreneurs. For Latin America as a whole, published figures for "employers" far exceed any credible estimate of the dominant class.

Among the remaining statistical series, the International Labour Office category of "high administrators and executives" seems to yield the closest approximation. Its definition is consistent across countries; hence figures do not show implausible fluctuations. But as a tool for estimating the dominant class, this category suffers from two limitations. First, it probably excludes independent entrepreneurs who do not define themselves as executives of their own companies. Second, it probably includes some administrative personnel below top command positions. The extent to which these sources of error cancel each other out is not known.

The UN Economic Commission for Latin America (ECLA) pro-

vides figures for what it labels as occupational "upper and middle dependent strata," which may stand as a proxy for the bureaucratic-technical class. According to these figures, the bureaucratic-technical class ranged from 7.4 percent of the EAP in El Salvador to 22 percent in Argentina around 1980. Such estimates are seriously biased, however, because they include secretarial and other proletarianized white-collar workers. There is no way of matching the defining criteria for this class to the available statistics because the latter do not distinguish explicitly between different authority levels. The closest available approximation is the category of "professionals and technicians" reported in publications of the International Labour Office and the UN Employment Program for Latin America (PREALC).

A perusal of these series shows that the definition of this occupational category is consistent across countries and that changes over time accord with expectations based on their relative level of development. The use of "professionals and technicians" as an estimate of the bureaucratic-technical class also suffers an upward bias based on the likely inclusion of persons who lack any authority in formal hierarchies.

Simple addition of the two mutually exclusive categories of "high administrators and executives" and "professionals and technicians" in the ILO series provides an estimate of the combined size of the first two classes in 1970 and 1980. An alternative estimate by PREALC combines both occupational categories for the former year. As will be seen below, the consistency of these various figures over time and across countries provides evidence of the reliability (but not the validity) of these estimates.

It is impossible to estimate the size of the formal proletariat by adding occupational categories such as "clerks," "industrial workers," and "laborers" because the derived statistics do not distinguish between workers in formal contractual employment and those hired casually. The same problem affects regional estimates. PREALC, for example, reports that employment in the "formal" sector reached 57.2 percent of the Latin American EAP in 1980. If the proportions corresponding to the dominant and bureaucratic-technical classes are subtracted, the formal proletariat would represent close to half of the regional EAP. But this estimate is widely exaggerated because it includes under "formal employment" all wage workers, many of whom are hired by informal enterprises without legal contract or protection.

The best strategy in this instance is to utilize figures on social security coverage. A recent study of Latin American social security systems by economist Carmelo Mesa-Lago (1983) provides coverage figures for most countries around 1970. The study also demonstrates that the most extensive coverage and benefits are reserved for the higher occu-

pational groups, including government administrators, managers, and professionals. The formal proletariat can thus be defined as that proportion of the EAP covered by social security minus the combined proportion corresponding to the dominant and bureaucratic-technical classes. Because the size of these two classes is probably overestimated, the likely direction of error in this case will be toward an undercount of the formal proletariat.

The informal petty bourgeoisie does not figure in either Marxist or conventional analyses of the Latin American social structure, and its neglect is reflected in the absence of even approximate occupational statistics. The category of "self-employment" cannot be equated in Latin America with petty entrepreneurship; with the exception of professionals, the self-employed in these countries are mostly itinerant proletarians who hire themselves out for odd jobs and do not employ others. Nor is it possible to rely on the category of "employers" because, as has been shown, it combines large formal entrepreneurs with informal ones. The only reliable estimation procedure in this case consists of subtracting from the EAP not covered by social security that proportion corresponding to the informal proletariat. Because the latter class is estimated independently, the subtraction should yield figures roughly corresponding to the informal petty bourgeoisie. With a few exceptions, this roundabout approach provides acceptable estimates for most countries.

Increasing attention to the phenomenon of informal employment has produced a number of recent reports useful for operationally defining the informal proletariat. Unfortunately, the UN agencies that have dominated research in this area define informal employment as the sum of domestic service, unremunerated family labor, and self-employment (PREALC 1982). The result is a significant undercount because a large proportion of wage labor assigned by this procedure to the formal sector is actually casual and unprotected. This fact is highlighted by a series of individual country studies. In Colombia, for example, businesses with less than ten employees are considered "informal" because they are not subject to existing labor legislation. In 1974 these enterprises absorbed 47 percent of industrial employment in cities, and between 1971 and 1974, they generated 57 percent of all new industrial employment (ILO Technical Mission 1980).

In support of this finding, a study of labor markets in the four largest Colombian cities found that under the PREALC definition, informal workers would represent 32 percent of the urban labor force in 1975. If the more appropriate indicator of workers excluded from social security coverage is used, the figure increases to 62 percent (López Castaño, Henao, and Sierra 1982). Other studies highlighting the size and

significance of informal wage labor have been conducted in the Dominican Republic (Duarte 1983), Uruguay (Prates 1984), Paraguay (Souza 1978), and Brazil (Cavalcanti 1978).

Although incomplete, results of these country studies are useful for estimating the proportion of wage workers outside contractual employment. For this purpose, countries were divided into groups according to their relative level of development and social security coverage. Four such groups were formed, each containing at least one country for which empirical data on noncontractual wage labor were available. The proportion of informal wage workers reported for this country was then applied to the EAP of other countries in the same group and the resulting figure was added to the totals of other forms of informal employment available from UN data.<sup>1</sup>

Although tentative, these estimates appear to fit better the realities of the Latin American labor market, as reflected in other indicators. For example, the relative size of the informal proletariat should covary with the proportion of the EAP without social security protection because the informal proletariat forms the majority of the latter category. The correlation between my estimate of the informal proletariat (based on totaling the four occupational categories above) and the unprotected segment of the labor force, obtained independently from Mesa-Lago (1983), is .95 for sixteen countries.

Table 2 presents estimates of the proportions of the EAP represented by each class for individual countries based on the above indicators. Three different series are presented for the dominant and bureaucratic-technical classes. The 1970 figures are from the *Statistical Abstract of Latin America*. Separate estimates circa 1980 for selected countries are from the 1980–82 *ILO Yearbooks*. The combined indicators of the two top classes, the dominant and the bureaucratic-technical classes, are taken from PREALC.<sup>2</sup> Although figures rarely coincide, estimates drawn from these various sources do not differ substantively either over time or across countries. Adding separate estimates of each class for either 1970 or 1980 yields figures that consistently approximate the combined 1970 PREALC series.

The major substantive conclusion that can be drawn from these results is that the dominant and bureaucratic-technical classes combined do not exceed 15 percent of the EAP in any Latin American country and that in most, their proportion is considerably lower. As noted previously, the likely direction of error in these estimates is toward an overcount of these classes. Even so, the largest figures in the table hover around 14 percent (Panama and Venezuela), and the weighted regional average is less than 10 percent. The dominant class alone represents no more than 4 percent of the EAP in any country and no more

than 2 percent, or approximately 1,800,000 persons, for all of Latin America.

Unlike the estimates for the dominant and bureaucratic-technical classes, which together amount to about one decile of the EAP in most countries, estimates of the formal proletariat suffer wide fluctuations. These differences accord, however, with known relative levels of economic development in the region. These figures essentially divide Latin American countries into three groups: first, the Southern Cone countries (Argentina, Uruguay, and Chile), where the formal proletariat represents more than half of the EAP; second, intermediate-level countries (Costa Rica, Panama, and Peru), where this class amounts to at least one-fourth of the EAP; and last, the rest of Latin America, where the average proportion of the formal proletariat in the EAP hovers around 12 percent.

Although individual estimates must be regarded as extremely tentative, the sum of the first three classes represents a fairly reliable estimate of the modern sector in that these classes are collectively defined by ownership of or employment in legally regulated firms and institutions. The principal substantive conclusion to be drawn from these figures is that, with the exception of the Southern Cone countries, individuals whose class membership is defined exclusively by participation in modern capitalist relations comprise a minority of the population in most Latin American countries. Unlike the situation in the United States, where equivalent occupational groups represent the overwhelming majority, their weighted average in Latin America amounts to less than 30 percent of the regional EAP.

The obverse of this picture is depicted in the last three columns of table 1. Estimates of the informal petty bourgeoisie reach implausibly high levels in several Central American countries. For Latin America as a whole, however, the weighted average estimate of this class is 10 percent. The last two columns compare my estimates of the informal proletariat around 1970 with more recent figures based on the assumption that all wage labor is contractually employed. This assumption is tenable only in the Southern Cone countries, and despite the time difference between the two estimates, they are indeed close for Argentina and Chile. In all other instances, the differences are substantial. Setting aside variations due to the timing of both series, the underestimate in 1980 may be characterized as a rough approximation of the proportion of the labor force who work for a casual wage without legal protection. With the notable exception of Uruguay, the various categories of workers who integrate the informal proletariat jointly represent at least one-fifth of the labor force; in most countries, the figure is considerably higher. For Latin America as a whole, roughly 60 percent of the EAP, or

TABLE 2 The Latin American Class Structure<sup>a</sup>

Country	Dominant		Bureaucratic-Technical		Combined Dominant and Bureaucratic-Technical
	1970 (%)	1980 (%)	1970 (%)	1980 (%)	1970 (%)
Argentina	1.5		7.5		9.5
Bolivia	1.3	0.6		5.7	5.7
Brazil	1.7	1.2	4.8	6.4	10.2
Chile	1.9	2.4	7.1	6.6	7.7
Colombia	0.7	0.7	4.5	4.3	6.6
Costa Rica	1.7		8.0		9.0
Dominican Republic	0.3	0.4	2.7	3.1	3.7
Ecuador	0.8	1.0	5.0	5.1	4.7
El Salvador	0.2	0.5	3.0	4.2	3.8
Guatemala	1.6	1.1	3.1	3.7	4.5
Haiti	0.5		0.5		
Honduras	0.6		2.5		4.5
Mexico	2.6		6.2		7.7
Nicaragua	0.9		5.2		5.3
Panama	2.1	4.4	6.8	10.0	8.7
Paraguay	0.6		4.2		
Peru	0.4		7.6		7.0
Uruguay	1.1	1.3	5.6	7.3	8.4
Venezuela	3.6	3.9	8.6	9.5	10.0
Latin America <sup>f</sup> (N = 93,850,000)	1.7	1.6	5.4	6.0	8.4

Sources: International Labour Office, *Yearbook of Labour Statistics*, 1982 (Geneva: ILO, 1982), table 2-C; PREALC, *Sector informal: funcionamiento y políticas* (Santiago, Chile: PREALC, 1978), chaps. I-3 and III-1/4; James Wilkie and Peter Reich, *Statistical Abstract of Latin America 19* (Los Angeles: UCLA Latin American Center, 1978), tables 1300-02; Norberto E. García, "Growing Labour Absorption with Persistent Underemployment," *CEPAL Review* 18 (Dec. 1982):45-64, table 2; Carmelo Mesa-Lago, "Social Security and Extreme Poverty in Latin America," *Journal of Development Economics* 12 (1983):83-110, table 2.

about 80 percent of all workers, can be estimated to be employed outside the formal sector.

INCOME DISTRIBUTION AND THE CLASS STRUCTURE

The next sections examine how this "map" of the class structure may help reinterpret processes that figure prominently in contempo-

<i>Formal Proletariat</i>	<i>Informal Petty Bourgeoisie</i>	<i>Informal Proletariat</i>	
		1970 (%)	1980 <sup>b</sup> (%)
59.0	9.7	22.3	23.0
3.3	4.8	86.2	56.4
20.5	7.2	65.8	27.2
60.5	4.5	26.0	27.1
12.9	15.7	66.2	34.3
28.5	13.5	48.3	19.0
6.4	17.3	73.3	
10.0	4.1	80.1	52.7
5.2	23.1	68.5	39.8
22.3	3.3	69.7	40.0
0.0	c	c	
1.1	13.4	82.4	
15.9	11.3	64.0	35.7
8.7	15.8	69.4	
25.4	5.2	60.5	31.6
5.9	d	d	
27.6	e	69.5	40.4
88.5	1.0	3.8	
12.2	14.0	61.6	20.8
22.4	10.2	60.3	30.2

<sup>a</sup>All figures are percentages of the domestic EAP. Figures are for 1970 unless otherwise indicated.

<sup>b</sup>Percentage of the nonagricultural EAP represented by unremunerated family workers and the self-employed.

<sup>c</sup>Insufficient data to differentiate between the informal petty bourgeoisie and the informal proletariat. The total figure for the two classes is 99.0.

<sup>d</sup>Insufficient data to differentiate between the informal petty bourgeoisie and the informal proletariat. The total figure for the two classes is 95.2.

<sup>e</sup>The estimation procedure yields a negative figure in this case.

<sup>f</sup>Averages weighted by the proportion of the regional EAP in each country.

rary analyses of Latin American societies. One of these is the trend toward increasing income concentration. Latin America has always been highly inegalitarian, even when compared with countries of similar income level (Felix 1983). This trend has accelerated during the last two decades despite significant economic growth. Between 1950 and 1978, the gross domestic product (GDP) of the region increased from \$48.9 to \$212.5 billion in constant 1970 dollars; annual GDP growth

during this period averaged 5.5 percent. The manufacturing product alone increased from 9.3 to 57.9 billion; its annual rate of growth averaged 6.8 percent, a figure that almost doubled the comparable rate for the United States (Iglesias 1981).

Despite these gains, the relative share of income going to the poorest groups actually shrank. The pattern of accelerated income concentration since 1960 has been frequently imputed to the new economic model adopted by several of the largest and formerly least inegalitarian countries of the region. For example, the application of neoliberal policies in the countries of the Southern Cone has led to a significant decline in the income shares received by the poorest 40 percent of the population. In other nations, such as Colombia and Mexico (which did not fully embrace neoliberalism), the tendency toward income concentration has been less marked, although the situation in 1980 was not significantly better than twenty years earlier (Felix 1983).

Analyses of income concentration are typically conducted in terms of the shares accruing to arbitrarily defined "income strata." By recasting the available information in terms of the proportions of the population represented by different social classes, it is possible to arrive at a clearer understanding of what has actually taken place in Latin America during the last decades. This analysis, however, requires certain simplifying assumptions.

First, it is necessary to assume the validity of the numerical estimates of the various classes provided above. Although individual class or country figures are very tentative, there is reason to place greater reliance in regional estimates. For example, the dominant and bureaucratic-technical classes combined do not exceed one decile of the Latin American EAP no matter which indicators are employed. Similarly, the fact that the informal proletariat reaches about 60 percent of the EAP is confirmed by converging independent estimates based on the extent of social security coverage and the sum of all noncontractual forms of labor.

Second, it is necessary to assume that approximate correspondence exists between specific social classes and certain segments of the income distribution. Clearly, not all members of the dominant and bureaucratic-technical classes belong to the top income decile. It seems reasonable to assume, however, that a close correlation exists between the two because these are the classes that extract, appropriate, and manage the surplus. Similarly, not all members of the informal proletariat may be found at the bottom of the income distribution, but most should concentrate there because unprotected wages are consistently the lowest.

Table 3 presents the results of recasting the Latin American income distribution into shares of the EAP that approximate major class

TABLE 3 *Income Distribution in Latin America and the United States, 1960–1975*

<i>Income Strata</i>	<i>Share of Total Income (%)</i>		<i>Income per Household (1970 Dollars)</i>	
	1960	1975	1960	1975
<b>Latin America</b>				
Richest 10%	46.6	47.3	11142	15829
20% below richest 10%	26.1	26.9	3110	4497
30% below richest 10%	35.4	36.0	2542	3636
Poorest 60%	18.0	16.7	833	1095
Poorest 40%	8.7	7.7	520	648
<b>United States</b>				
Richest 10%	28.6	28.3	15538	21488
20% below richest 10%	26.7	26.9	13490	17807
30% below richest 10%	36.7	36.9	11577	15891
Poorest 60%	34.8	34.8	6099	8276
Poorest 40%	17.0	17.2	4976	6635

Sources: Figures for Latin America were adapted from Enrique Iglesias, "Development and Equity, *CEPAL Review* 15 (Dec. 1981):7–46, table 1. Figures for the two next-to-highest income strata were calculated by interpolation from data provided by CEPAL. Figures for the United States were taken from the U.S. Bureau of the Census, *Statistical Abstract of the United States*, table 730. Figures for the three intervening income strata were calculated by interpolation.

cleavages. For comparative purposes, shares accruing to the same income strata in the United States are also included, although no implication is made about any similarity in the underlying class structures. Between 1960 and 1975, the top income decile, which corresponds approximately to the dominant and bureaucratic-technical classes, increased its relative share by about 1 percent in Latin America. This gain translated into an absolute average increase in 1970 dollars of \$4,687 per year. This concentration of income at the top occurred exclusively at the expense of the bottom 60 percent, corresponding to the fraction of the EAP where the informal proletariat concentrates. The latter class saw its income share decline by 1.3 percent and its absolute annual income increase by only \$262, or about 5 percent of the gain made by the top decile. The more restricted definition of informal proletariat employed by UN agencies would equate this class with approximately the bottom 40 percent of the income distribution. Results obtained with this alternative definition are, however, the same: the bottom four deciles suffered a 1 percent decline in their already paltry income share, and their absolute annual gain amounted to less than one-thirtieth of that accruing to the top decile.

The other significant result in table 3 pertains to the three intermediate deciles. These income strata should correspond approximately

to the relative position of the two intermediate classes—the formal proletariat and the informal petty bourgeoisie. Together they appear to have maintained and even expanded slightly their relative share in the income distribution. As seen in table 3, the seventh, eighth, and ninth deciles increased their participation by six-tenths of one percent between 1960 and 1975. The absolute annual increase was not insignificant: \$1094, or about five times the income gain for the bottom 60 percent. If one focuses attention only on the two deciles below the top, the trend in favor of the intermediate classes is even more pronounced.

These results indicate that the process of surplus extraction and appropriation that underlies the growing income inequality in Latin America did not come at the expense of the organized working class during the period examined. Along with informal entrepreneurs, formal wage workers appear to have benefited to a limited extent from accelerated industrial growth in the region during these two decades. This trickle-down effect did not reach the majority of the population concentrated in the bottom class, however. Instead of benefiting significantly from the increased wealth, the informal proletariat bore the brunt of rapid income concentration to the advantage of all other classes, particularly the top ones.

The comparative figures in table 3 give an idea of the magnitude of this process. The income shares of the bottom 40 and 60 percent of the population in Latin America were about half of the corresponding shares in the United States in both 1960 and 1975. At the other extreme, the top decile in Latin America almost doubled the income share of its North American counterpart. Thus despite the enormous differences in economic development, income concentration in Latin America is such that the top decile lagged only fifteen years behind the absolute incomes of the top decile in the United States. Again, this remarkable concentration did not seem to occur, in comparative terms, at the expense of the intervening classes: the seventh, eighth, and ninth deciles received approximately the same relative shares of income in both Latin America and the United States, and their participation increased slightly over time.

These conclusions cannot be automatically extended to the situation in the eighties, however. During the last few years, Latin America has experienced its worst economic crisis of the last half-century, marked by an external debt that grew from \$67 billion in 1975 to \$300 billion in 1982 and subsequent declines in the rate of growth that became negative in many countries (Iglesias 1983). The impact of this crisis on the class structure will be discussed in the last section. For the moment, it should be noted that this situation has not slowed the process of income concentration; moreover, the population negatively affected now appears to encompass segments of the organized working

class as well as the informal proletariat. The present crisis is a unique phenomenon in this century, however (Alzamora and Iglesias 1983); the data presented above should thus be seen as representative of the predominant postwar pattern of economic growth coupled with increasing income inequality.

#### EVOLUTION OF THE INFORMAL PROLETARIAT

Until the mid-seventies, all social classes in the modern sector appeared to have improved their relative economic position at the expense of the informal proletariat. If the latter class were in the process of rapid dissolution, the implications of these results would be much less poignant, however. A case could be made then that it would be only a matter of time before the income distribution of Latin American countries would begin to resemble those of developed nations. The importance of this prediction is both practical and theoretical. Neoclassical and orthodox Marxist writers have coincided in predicting the eventual demise of backward economic forms and relationships of production. From their common perspective, advanced countries indeed show less developed ones the "image of their own future" (Rostow 1956; Szymansky 1981; Singer 1977).

It is possible to examine empirically the numerical evolution of the informal proletariat on the basis of published UN statistics. It is also possible to compare this process with changes that took place in the American labor market when the U.S. economy was at a similar relative level of development. Table 4 presents four commonly employed indicators of industrial development for Latin America during the period 1950–80; it also includes the years in which the U.S. economy reached approximately similar levels of development. Depending on which indicator is used, the overall Latin American economy lags from thirty to seventy years behind that of the United States in total output. Taken as a whole, these data suggest that industrial development in the United States between 1900 and 1930 can provide a suitable point of comparison for a similar process in Latin America during the last three decades.

The evolution of the informal proletariat in each thirty-year period is presented in table 5. The available statistics do not differentiate between contractual and noncontractual wage employment, and hence the informal proletariat must be operationally defined as the sum of its remaining components: the self-employed, unpaid family workers, and domestic servants. In addition, figures for Latin America are available only at ten-year intervals.

Looking first at the start of the series (1900 for the United States, 1950 for Latin America), it can be seen that percentages of informal workers are comparable. In fact, the relative size of the informal prole-

TABLE 4 Indicators of Industrial Development in Latin America and the United States

	Gross Domestic Product <sup>a</sup>	Steel Production <sup>b</sup>	Cement Production <sup>c</sup>	Electrical Energy <sup>d</sup>
Latin America, 1950	48.9	1.4	7.3	27.0
United States (comparable year)	56.6 (1888)	1.4 (1880)	7.7 (1890)	24.7 (1912)
Latin America, 1960	80.5	4.8	16.5	67.6
United States (comparable year)	79.6 (1896)	4.8 (1894)	17.2 (1900)	71.4 (1923)
Latin America, 1970	137.1	13.0	32.1	147.6
United States (comparable year)	147.1 (1911)	14.7 (1901)	31.7 (1904)	146.4 (1937)
Latin America, 1978	212.5	23.5	57.7	271.7
United States (comparable year)	227.2 (1923)	25.4 (1906)	66.7 (1909)	271.2 (1945)

Sources: Adapted from Enrique Iglesias, "Latin America on the Threshold of the 1980s," *CEPAL Review* 9 (Dec. 1979):7-43, table 6; and U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, series E1-22, F125-29, P231-300, M188-204, and S44-52.

<sup>a</sup>In billions of dollars at 1970 factor costs.

<sup>b</sup>In millions of metric tons.

<sup>c</sup>In millions of tons.

<sup>d</sup>In billions of kilowatt-hours.

tariat, as defined here, was larger in the United States in 1900 than in Latin America in 1950; the same is true for the category of the self-employed, which represented 7 percent more of the American labor force in 1900 than of the Latin American labor force fifty years later.

Results in table 5 illustrate the diverging paths of labor utilization in both economies. In the United States, the informal proletariat, as defined here, declined from half of the labor force in 1900 to less than a third thirty years later. With the exception of a minor reversal in domestic service in 1930, the three individual components show the same monotonic decline over this period. These results are not unexpected, and they in fact furnish one of the principal empirical arguments supporting orthodox theories of the impact of industrial development on labor absorption.

In Latin America, however, the same predictions do not hold. In this case, the proportion of the labor force formed by the informal proletariat appears impervious to changes in the structure of the economy.

TABLE 5 *The Informal Proletariat in Latin America and the United States in Comparable Thirty-Year Periods*

	Total Informal Workers <sup>a</sup> (%)	Self- Employed (%)	Un- remunerated Family Workers (%)	Domestic Servants (%)	Self-Employed in Manufacturing <sup>b</sup> (%)
Latin America <sup>c</sup>					
1950	46.5	27.3	14.0	5.2	22.1
1960	44.8	28.1	11.5	5.2	23.1
1970	44.0	28.3	9.5	6.2	20.7
1980	42.2			5.6	
United States <sup>c</sup>					
1900	50.9	34.0	10.5	6.3	7.2
1910	41.8	29.3	6.8	5.7	6.0
1920	34.5	26.1	4.3	4.1	4.4
1930	31.2	23.2	3.6	4.5	3.0

Sources: PREALC, *Mercado de trabajo en cifras, 1950–80* (Santiago, Chile: PREALC, 1982); Victor Tokman, "Unequal Development and the Absorption of Labour," *CEPAL Review* 17 (Aug. 1982): 121–33, table 4; and Stanley Lebergott, *Manpower in Economic Growth: The American Record since 1800* (New York: McGraw-Hill, 1964), tables A-3 and A-7.

<sup>a</sup>Informal workers are defined as the sum of the self-employed, unremunerated family workers, and domestic servants.

<sup>b</sup>As a percentage of the manufacturing labor force.

<sup>c</sup>Percentages of the respective total labor forces, except self-employed in manufacturing.

Despite accelerated industrial growth in the period following World War II, the relative size of the informal proletariat declined by only 4 percent between 1950 and 1980. Although real, this decline is less than one-fourth of that experienced by the United States in a similar period. In particular, the proportion of self-employed persons remains static over time, a clear indication that the mass of itinerant workers at the bottom of the labor market are not being absorbed into formal employment.

The small decline in the informal proletariat over a period of thirty years is entirely due to the reduction in the proportion of unpaid family workers. This last trend is probably a result of the gradual displacement of these workers from the countryside, where unremunerated family labor is most common, to the cities, where self-employment and noncontractual wage labor are the norm (Arizpe 1978). Informal wage labor is not captured in these statistics; if it were, it would probably overcompensate for the drop in unpaid family employment.

In synthesis, these results suggest that the informal proletariat is not a class in a process of disintegration but a relatively stable component of the Latin American class structure. The informal proletariat not

only comprises an absolute majority of the labor force, but it has done so during the entire period of industrial development in the region. An alternative, although not incompatible, interpretation is that development as it has taken place in Latin America is qualitatively different from that which occurred in the United States, despite similarities in aggregate output figures.

Indirect support for this interpretation is provided by the final series in table 5. Self-employed workers in Latin American manufacturing were three times more numerous in 1950 than their U.S. counterparts fifty years earlier. In the United States, the number of the self-employed in manufacturing dropped by 50 percent between 1900 and 1930; in Latin America, it remained essentially constant between 1950 and 1980 at about one-fifth of the industrial labor force. Clearly, whatever constituted "industrial employment" in the United States at the beginning of the century was not the same as in Latin America in 1950 or thirty years later.

The fact that industrial development has failed to reduce the size of the informal proletariat in Latin America does not mean, however, that development has not had a significant effect on the composition of the informal proletariat. Although informal workers frequently alternate between short-term urban and rural employment, the trend in recent years has been toward a net displacement to the cities. Table 6 indicates that the urban informal proletariat, as defined here, represented a rapidly increasing proportion of the Latin American EAP between 1950 and 1980; in contrast, the rural segment of this class decreased significantly.

This result may suggest the demise of precapitalist labor relations, at least in rural areas. The far right columns of table 6 show that this is not the case. The informal proletariat represented an increasing proportion of a declining rural labor force during the last thirty years. In the cities, the proportion of informal workers remained constant during the same period. These trends illustrate the close interrelationship between modern capitalist and backward modes of production in Latin America. The latter have not remained confined to rural areas, as is often suggested by "dual economy" theories, but have accompanied the displacement of the leading sector from agriculture to industry.

Although informal labor continues to be the norm in rural areas, its relative importance in the total labor force has declined. Industrialization has not absorbed the displaced rural population into the formal proletariat, however; it has instead channeled it toward the multiple subcontracting arrangements and proliferating opportunities for casual employment in the cities. The monotonic growth of the urban segment of the informal proletariat can be traced directly to this process.

TABLE 6 *The Informal Proletariat in Urban and Rural Areas of Latin America*<sup>a</sup>

Year	Total EAP		Urban EAP	Rural EAP
	Urban Informal (%)	Rural Informal (%)	Informal (%)	Informal (%)
1950	13.4	33.1	30.8	59.9
1960	15.6	29.2	30.9	60.3
1970	16.9	27.1	29.8	63.9
1980	19.4	22.8	30.3	64.6

PREALC, *Mercado de trabajo en cifras, 1950–1980* (Santiago, Chile: 1982), table I–3.

<sup>a</sup>Informal labor is defined as the sum of the self-employed, unpaid family workers, and domestic servants. Noncontractual wage workers are excluded.

#### URBAN POLITICAL MOVEMENTS

In theory, class struggles should take place primarily around conditions in the workplace and the appropriation of the surplus. Classic Marxist analysis identified the clash between the bourgeoisie and the proletariat as the crucial mechanism for social change in industrial society. For many years, the strategy of orthodox communist parties in Latin America focused on the fulfillment of that prediction by organizing the formal proletariat and leading its battles for higher wages and job security. The ambiguous attitude of Latin American communism toward the informal proletariat—at times defined as part of the lumpen—blocked a clear understanding of its vital, albeit indirect, participation in capitalist society. Under these circumstances, the struggles of popular groups excluded from the formal sector were organized under other banners such as community groups, populist parties, and church-sponsored associations (Yujnovsky 1982; Castells 1982).

Demand making by the informal proletariat rarely focuses on conditions in the workplace. This pattern follows from the fluid and temporal character of their employment, which militates against organized struggles for better wages or more security. This limitation does not mean, however, that the informal proletariat does not participate in popular mobilizations. In general, the interests around which informal workers coalesce have to do less with control over the means of production than with minimal access to the means of collective reproduction, such as transportation, water and other basic services, and shelter.

It would be difficult indeed for the few laborers in a shantytown garment shop, whose owner works alongside them, to form a union or go out on strike. It would be equally improbable for such organization to emerge among seamstresses working at home for a piece rate or

among domestic servants. Many instances have occurred, however, in which laborers, seamstresses, and domestics have mobilized to protect their dwellings against the threat of eviction, to compel transport companies to rescind fare increases, or to demand access to water and electricity for their neighborhood (Perlman 1976; Cornelius 1974; Ferreira dos Santos 1981).

Two characteristics of popular mobilization around issues of collective reproduction must be emphasized. First, they are not occupationally based, but residentially based, that is, they revolve around neighborhood community demands rather than around those arising in the factory or other workplaces. Second, such struggles rarely bring workers into direct confrontation with the dominant class, but rather with members of the bureaucratic-technical class who staff the regulatory agencies of the state (Eckstein 1977; Moisés and Martínez Alier 1977).

A consequence of the community-based character of these struggles is that they involve not only the informal proletariat, but members of other popular classes as well. The empirical literature on peripheral urban settlements in Latin America consistently indicates that these "unregulated" areas are not occupationally homogeneous. Inhabitants range from members of the formal working class—petty white-collar employees and factory workers—to informal entrepreneurs and the various labor categories that comprise the informal proletariat (for a review of the evidence, see Castells 1980). Clearly, issues such as security of land tenure, access to basic services, and the price and quality of public transport are of interest to all residents of urban peripheral settlements. For this reason, mobilizations around collective reproduction issues are more broadly based in a class sense than those involving exclusively wages and working conditions of the formal proletariat. At the same time, informal workers, being by far the most numerous, generally comprise the mass of the population mobilized around collective issues and popular neighborhood demands.

Not only do these mobilizations represent a distinct form of popular struggle that parallels the more traditional forms involving the formal proletariat, but their relative incidence has increased in recent years. Two reasons explain the proliferation and increasing political importance of community-based movements. First, the displacement of the informal proletariat from rural areas to cities has accelerated the housing crisis and the breakdown of public services and transportation in urban areas. In large Latin American cities, the cost of legal housing of any form has exceeded the reach of the majority of the working population (Hardoy and Satterthwaite 1981). Similarly, services and public transport from peripheral settlements are either unavailable or of the worst possible quality (Thomson 1982). Thus industrialization and

rapid urban growth have led to exacerbation of the problems around which residentially based mobilizations emerge.

Second, the increasing concentration of a previously dispersed semiproletariat in cities, particularly in low-income areas, greatly facilitates interaction and organization around common goals. Rural-urban migration has thus performed the classic function of spatial concentration of the working class predicted by Marxist theory. In Latin America, however, this concentration has occurred not in the factories but in the low-income settlements, and its principal effect has been not the acceleration of proletarian struggles but the mobilization of a loose coalition of popular classes for the purpose of compelling provision of basic services.

The rich literature describing the various forms that these popular mobilizations can take need not be reviewed here. One aspect that merits attention, however, is the role of this distinct form of popular struggle vis-à-vis authoritarian regimes. The advent of military regimes in several Latin American countries has seriously weakened the union movement and neutralized its capacity for mobilization. As a number of studies have shown, organizations of the formal proletariat have become prime targets of official repression in Argentina, Brazil, Chile, and Uruguay as part of a deliberate effort to control opposition to the established order and its new policies (Handelman 1981; Cavarozzi 1983; González 1983; Valenzuela 1984). But the weakening of trade unions has been accompanied by the emergence of apparently innocuous grass-roots organizations concerned with residential community issues (Cardoso 1983).

These organizations—church groups, neighborhood councils, womens' centers, and similar groups—have shown a surprising capacity for mobilizing the local population around basic demands. When sufficient political space has existed, such mobilizations have expanded rapidly and the tenor of demands has become increasingly political.<sup>3</sup> As Manuel Castells (1982) suggests, military regimes often find it easier to monitor and control well-structured organizations of white-collar and industrial workers than the "amorphous" movements in the peripheral settlements.

Paradoxically, efforts by military regimes to curtail the political power of unions appear to have accelerated the rise of an alternate form of popular organization that is more broadly based and potentially more flexible. The "apolitical" needs of informal workers and other popular classes represented by these community organizations may lead in the right circumstances to struggles as politically significant as those involving the formal proletariat.

## CONCLUSIONS

The fundamental point of presenting this “map” of the Latin American class structure has been to demonstrate that the social classes in these peripheral societies cannot be understood by an outright extension of theoretical categories employed in the advanced countries. Although such categories may indeed help identify a domestic and foreign bourgeoisie and an organized proletariat, this approach would fail to categorize the majority of the population, who would be defined by default as “classless.” The formerly fashionable concept of “marginality,” which has been employed to refer to those outside the modern capitalist sector, reflects a failure to grasp the distinctive articulation between capitalist and backward modes of production that lies at the core of these societies.

In contrast with the concept of marginality, the above analysis has attempted to clarify the character of class positions within and without the modern sector. Although the absence of suitable data precludes firm numerical estimates, tentative figures now available indicate that classes defined by their exclusion from fully capitalist relationships of production—the informal bourgeoisie and informal proletariat—comprise a majority of the labor force in most Latin American countries.

Clearly, the region is not homogenous and major differences exist between individual countries. The point to bear in mind is that such differences pertain to the relative size of the classes rather than to their basic structure. The latter is common to Latin American countries, with the exception of Cuba, not because of geographic contiguity but because of common histories of colonization and subordinate roles in the world economy.

Major differences within a common structure are apparent in the relative size of the formal proletariat, which according to the above estimates ranges from less than 5 percent to more than 85 percent of the labor force, and conversely in the composition of the informal working class. Differences are also apparent in the estimated size of the bureaucratic-technical class, which represents close to 10 percent of the EAP in Argentina, Chile, and Venezuela but less than 3 percent in Haiti and Honduras. Despite substantial differences in development, all Latin American countries share the common characteristic of the dominant class representing a numerically insignificant proportion of the economically active population. Estimates of the informal petty bourgeoisie are much too feeble at present to justify a similar conclusion.

This general pattern of basic structural similarity is confirmed by the adaptation of these countries to the current economic crisis and the apparent impact of that crisis on their class structure. The data presented earlier showed the remarkable numerical stability of the informal

proletariat during the three decades following World War II, which were characterized by industrialization and consistent economic growth. The alarming economic decline of many Latin American countries and the regional shift into negative rates of growth seems to have led to a rapid expansion of the informal classes at the expense of the formal proletariat in several large and small countries.

Stated differently, modern sector workers who partook, albeit modestly, of the fruits of economic development during the growth years appear to have borne the brunt of the adjustments imposed by the crisis. Although the evidence is still incomplete, the available data indicate that this negative effect has taken a double form: deterioration of real wage levels and expulsion of part of the formal working class into various forms of unprotected employment. One form or the other has predominated in individual countries, but no single dimension neatly separates the countries adopting each path.

During a comparable ten-year period, for example, Argentina experienced an increase of 4 percent in the labor force employed in informal activities and Chile a rise of 14.5 percent in open unemployment. In Venezuela unemployment grew by 2.3 percent and informal employment by 3 percent between 1978 and 1981; in the Dominican Republic, informal employment increased by 6 percent between 1980 and 1983, a figure exactly equal to the decline of those in protected salaried occupations (Duarte 1983; Tokman 1983). Hence, although events are still much too recent to generate fully reliable data, the emerging pattern seems to be one in which the heaviest costs of adjustment to the economic crisis have fallen on the bottom class of the modern sector and in which similar forms of adjustment have been adopted throughout the region, despite differences in country size and levels of economic development.

The analysis presented above is a very tentative effort. First-hand surveys are needed that would permit more precise estimation of the relative size of the different social classes and their specific characteristics. Moreover, future research should strive to produce a more detailed description of patterns of interaction and conflict between classes and their bearing on stability and change in Latin America. Static analyses of class structures are worth little if they fail to interpret and anticipate major processes of change. Cleavages between the classes described above are important because they define configurations of material interests that determine the long-term political orientations of large social aggregates. Consequently, a study of these clashes and alliances is the necessary complement to enumerating classes and analyzing their structural characteristics.

NOTES

1. Countries were divided into the following groups: Argentina, Chile, and Uruguay; Brazil, Costa Rica, Panama, and Peru; Colombia, Ecuador, Guatemala, Mexico, Nicaragua, and Venezuela; Bolivia, the Dominican Republic, El Salvador, and Paraguay; Honduras and Haiti. Criteria for this division were based on two sources: the 1970 GDP per capita, as reported in the *Statistical Yearbook for Latin America*; and the percentage of the population below the poverty line in the same year, provided by Iglesias (1981), table 2.
2. Country estimates are the sum of the more recent figures available for the two occupational categories of administrators and professionals. See PREALC 1982, chap. 2.
3. The experiences of Argentina following the Falklands/Malvinas War and of Chile during the 1983–84 days of national protest are cases in point. These mobilizations and the extent of popular participation in them are the subject of a different article. See Portes and Kincaid (n.d.).

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