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ECONOMY AND SOCIETY IN
LATIN AMERICA

By

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CONTRADICTIONS BETWEEN CITY AND COUNTRYSIDE

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The distinctive element of the political process of the Latin American nations is the broken harmony between city and country. After centuries of domination by patterns of rural civilization thruout the history of these nations, the city experienced a profound internal mutation and, thus, its relationship with rural society was transformed.

Following the second world war, the relationship between agriculture and manufacturing became more tense and antagonistic. Successive differentiations and accumulations of capital, produced in the primary sector, began to move towards the city and towards foreign countries, stimulating the development of activities and interests which, in turn, forced modifications of the agricultural society.

The relationship of the city to the rural area changed as the internal market grew; by the establishment of industrial enterprises, the expansion of tertiary activities brought about by urbanization, the internal differentiation of the social system, and finally by the introduction of a market economy in agriculture itself. Growth and change in the secondary and terciary sectors brought about changes in rural society which in turn deeply influenced its relationship to the city. This is the most salient characteristic of the crisis through which Latin America is passing.

Two main tendencies dominate the present political economy of the Latin American nations. In varying degrees in almost all counties, these trends reflect tensions which flow from the growth of manufacturing and the expansion of services in countries where agriculture and mining used to predominate.

(1) A policy of economic growth characterizes the established economic activities. They try to safeguard their current level of operation and

their potential for expansion. This policy aims to maintain the level of income of existing sectors: coffee plantations, cattle raising, mining. This policy meets the traditional needs of external markets and assures the continuation of colonial uses of capital, manpower and technology. Profits from these enterprises become dividends en route to foreign countries, or foreign investments conspicuous undertakings and unproductive investments in the countries of origin. This economic policy supports a conservative concept of social relations and, more significantly, supports the continued predominance of the traditional style of the rural society within the nation. Political power - within the setting of this policy - is meaningful only in the economic context of the production of primary products.

(2) A policy of economic development: Tends to stimulate the establishment of new enterprises and even new sectors of production; primarily in manufacturing. This policy can be understood in terms of fiscal measures, customs duties, money exchange rates, etc. but primarily it aims at the creation of a favorable climate for the establishment of new productive units, or even directly establishes them. This policy has its roots in the city and reflects a new understanding of social relations. It tends to encourage upward mobility creation of an entrepreceurial class, a middle class. It serves as an incentive for internal migration and provokes the coalition of an industrial proletariat. Directly and indirectly, this policy stimulates the increase and differentiation of the middle class, implies changes in the standard of life of the rural population and an expanded consumption of manufactured goods thruout the whole nation. When industrial capital predominates, democratic power has a wider scope.

The coexistence and fluctuation of these two economic policy orientations are responsible for the shifting tensions between city and farm in Latin America. The birth and growth of industry are the root of the crisis on the land. The industrial sector grows with the infusion of transformed

agricultural capital and thus, in turn, inevitably brings about changes in agricultural structure, such as differentiation of production and an institutionalization of the labour market; thus provoking a reform of the institutions governing manpower and property in the primary sector.

To modify the process of production in accordance with changes of the relationship of industry to agriculture, rural work-habits and social organization must inevitably change. Land reform becomes mandatory. Here the lack of harmony between the structure of the traditional agricultural sector and the structure of the emerging manufacturing sector becomes evident.

2. The transformation of agrarian structure

WE WILL HAVE TO EXAMINE THE NATURE OF POLITICAL REACTIONS TO THE DIFFERENTIAL GROWTH RATES OF THE SECONDARY AND TERTIARY SECTOR: but first let us look into the relative size of the corresponding agricultural activities. Let us take as an indicator the labour force occupied in the major areas of production: this immediately gives us a precise picture of the basis for the structure of agricultural land holdings and the contrasting specialization and growth which marks the city. (Refer to Table No. 1 page 4.)

	37.8	1.2	12.0	2.0	21.8	4.0
Meat	63.7	0.9	10.7	2.3	16.3	-
Wool	35.8	0.1	7.1	2.4	23.7	2.6
Wheat	38.1	0.8	14.8	2.7	20.8	2.4
Rice	39.5	1.4	15.3	2.9	19.6	1.8
App. Domestic	69.7	0.6	8.1	2.7	17.5	2.0
Trout	21.1	0.1	10.8	4.3	46.6	9.7
Vegetables	41.8	2.4	10.1	5.4	13.3	2.4

Table No. 1

DISTRIBUTION OF THE LABOR FORCE BY MAYOR ECONOMIC SECTORS - LATIN AMERICAN 1950

Country	Primary Production		Manufacturing	Construction	Services	Miscellaneous Activities
	Agriculture	Mining				
<u>Latin America</u>	53.1	1.1	14.5	3.7	25.3	2.4
Argentina	24.7	0.5	22.9	6.1	43.7	2.3
Bolivia	63.3	4.2	10.7	2.5	18.4	0.9
Brazil	61.1	0.7	12.8	3.9	21.2	0.3
Colombia	56.4	1.5	14.4	3.1	21.1	3.5
Costa Rica	56.4	0.3	10.6	4.1	25.7	2.9
Cuba	43.8	0.4	15.6	2.7	36.6	0.9
Chile	29.8	4.8	18.5	5.5	37.6	3.8
Equador	50.9	0.4	23.1	2.2	19.1	4.3
Salvador	64.2	0.2	11.1	2.8	18.5	3.2
Guatemala	74.8	0.1	8.3	2.0	11.6	3.2
Haití	74.4	0.0	6.6	0.8	11.5	3.7
Honduras	75.7	0.7	7.4	1.9	11.0	3.3
México	57.8	1.2	12.0	2.8	21.8	4.4
Nicaragua	69.7	0.9	10.7	2.5	16.2	-
Panamá	54.9	0.1	7.1	2.6	25.7	9.6
Paraguay	58.3	0.8	14.8	2.7	20.8	2.6
Perú	59.8	1.4	15.5	2.9	19.6	1.8
Rep. Dominicana	69.7	0.0	8.1	2.7	17.5	2.0
Uruguay	21.7	0.1	23.8	4.3	46.4	3.7
Venezuela	41.2	2.6	10.1	5.4	32.3	8.4

Source: CEPAL, "Evolución de la estructura del empleo en América Latina, 1945-55", Boletín Económico de América Latina, Vol. II, No. 1, February 1957, Table 9.

These figures special significance when compared with the degree of concentration of ownership of agricultural property. This comparison underlines the fact that the system of land tenure and use is basic to any possibility for change in an agricultural society. The problem of agriculture can thus be observed in one of its fundamental aspects.

Table No. 2

CONCENTRATION OF AGRARIAN PROPERTY IN LATIN AMERICA

Country	Year	Number of Agricultural Production Units(000)	Total Area (000)	Number of Properties over 1,000 Hectares	Area in Properties Over 1,000 Hectares	Concentra- tion Ratio
Argentina	1952	564.8	200,249	28,834	149,960	0.85
Bolivia	1950	86.4	32,750	5,412	30,099	0.95
Brasil	1950	2,064.6	232,211	32,628	118,102	0.84
Colombia	1954	919.0	27,748	3,178	7,415	0.85
Costa Rica	1950	82.8	1,818	160	630	0.88
Cuba	1946	160.0	9,077	894	3,261	0.78
Chile	1955	151.0	27,712	3,250	20,296	0.89
Equador	1954	344.2	5,999	705	2,242	0.87
San Salvador	1950	174.2	1,530	145	305	0.84
Guatemala	1950	348.7	3,715	158	1,517	0.87
Honduras	1952	156.1	2,507	194	516	0.76
Mexico	1950	1,365.6	106,623	10,519	80,974	-
Nicaragua	1952	51.6	2,368	362	777	0.76
Panamá	1950	85.5	1,159	61	147	0.71
Paraguay	1956	149.5	16,966	-	-	-
Perú	1957	85.6	9,778	1,404	7,443	-
Rep. Dom.	1950	276.9	2,329	185	565	0.80
Uruguay	1951	85.3	16,974	3,602	9,588	0.82
Venezuela	1956	397.8	29,590	6,759	22,038	-

Source: Desenvolvimento & Conjuntura, Ano VI, No. 1, Rio de Janeiro, Jan. de 1962, p. 59.

The degree of concentration of land ownership is particularly noteworthy. Let the index of concentration vary between "0" (meaning equal distribution) and "1" (meaning that one landlord owns all farms). Concentration is high in Latin America even in countries where industrialization has advanced such as Argentina, Chile, Mexico and Brasil.

The passive manner in which the agricultural and mining economies of latin america have adapted themselves to the structure and fluctuations of the world economy has resulted in the current rigidity of their modes of production. Social relationships and production techniques became crystalized and gradual change became impossible. Foreign location of the centers which determine economic policy helped to increase the resistance to change in this situation. Therefore, gradual patterns of change in traditional and rigid styles of social organization of Patterns of income distribution the organization of production were not established, were not modified. On neither pole of the agrarian society were those social techniques established, which are necessary to guide internal differentiation of the system. Rural society did not react constructively when faced with population growth and with the increased expectations created by the diffusion of urban needs into rural surroundings. Rigidified by the basic habits of capital accumulation, neither the dominating class nor the workers developed institutions appropriate to the emerging situation. Gradual transition to more advanced forms of work-organization, incme distribution, labor-market institution- alization and capital use, were hindered by illiteracy, the ecological dispersion of rural populations, and the persistence of social control through land-management by military, feudal, paternalist and other types of political leadership.

Therefore social tension in Latin America began to explode in armed conflicts. Anarchic, so long as awareness of the collective nature of the

phenomenon had not become general; these tensions began to be organized into patterns which are increasingly political. Slowly peasants and miners began to unite under the leadership of politicians with roots in the city. Since the men controlling the nations cannot easily escape the pressure of the groups dominating rural society - if they are not, in fact, openly the representatives of these groups - farmers and miners began to form unions, associations and co-operatives to force local and immediate solutions. Faced with a political style developed by urban political parties, which show up in rural areas only during electoral campaigns, rural workers began to organize their own modes of action. Depending on local conditions, they demanded the right to work the land directly, protection of urban institutions against abuse by feudal landowner or intransigent entrepreneurs. At the opposite pole we find an ecological process, migration to the city; a solution which is non-political but of considerable political consequence. Precarious rural living standards and the attraction of cities - especially those with industrial centers -- induce the migration of individuals, families and entire groups. Immense masses migrated after World War II to Buenos Aires, Sao Paulo, Rio, Santiago, La Paz, Lima, Caracas, Bogota, Mexico. In these migrations the rural population loses many of its leaders and members with broader horizons.

3. Mass Politics

Migration and population explosion have significantly modified the structure of Latin America's population. Urban concentration increases. The active population in agriculture decreases in relative size. The transformation of the economic structure and the internal differentiation of the social system change the number of people engaged in the secondary and tertiary sectors of the economy. Those individuals who are intelligent enough to analyze their situation critically move towards areas where

they may expect a more favorable labour market.

DEVELOPMENT OF THE AGRICULTURAL AND NON-AGRICULTURAL
LABOR FORCE, LATIN AMERICA 1925-1975 (estimated)

	1925	1945	1950	1955	1975
TOTAL Economically Active Population (000)	32,800	46,800	53,100	59,900	97,400
Agricultural Workers (000)	20,800	26,300	28,200	30,400	35,500
Percentage (%)	63.4%	56.2%	53.0%	50.7%	36.4%
Non-Agricultural Workers (000)	12,000	20,500	24,900	29,500	61,900
Percentage (%)	36.6%	43.8%	47.0%	49.3%	63.6%

Source: CEPAL e UNESCO, "La Situación Educativa en América Latina", Unesco, 1960, Cf. Desenvolvimento & Conjuntura, Año VI, No. 11, Río de Janeiro, November 1962, p. 54.

Neither emigration nor the political activities of farmers and miners have succeed in relaxing labour relations. In the city the newcomers settle on the borderline of, or in, the industrial sector. Partly they were absorbed in typically urban services. A large part are absorbed in factories or in construction. Those who remain marginal, survive on occasional activities - typical of under-employment - such as street-selling in heavily populated cities. Altogether, a large part of this population establishes itself in the city to become the political basis for mass-politics such as Peronism, unionism, nationalism. This is a population adjusting itself to an urban-industrial world in transition, a mobile mass. "Established poverty" in agriculture, the hope for a better life, chance for promotion in industry -- for those who get themselves an education -- lead these workers to regard their situation as a transitional one. They develop an awareness of mobility which makes them see themselves in a future, better position. This mass is an attractive constituency for a populist demagogue. Lackin a "proletarian conscience", each one planning ambitiously for his own future, this mass -- because of the intense internal differentiation of the system-- this mass is an easy pry for Eva Peron, Janio Quadros and others. Only then, slowly, does this mass grow into a class and reformulate its self-image and its perspectives. This is what is now happening. Due to a slackening of the rythm of transformation of the economic structure, during these last years, the rate of rural emigration has decreased and the social system tends to structure itself more clearly. Under these new conditions the political behaviour of the masses of urban wage-earners can take new directions. As yet the emerging re-orientation of mass-politics is not sufficiently clear.

On the other hand the population which stays on the land begins to

its problems are related and tied to new elements. Whenever social tensions become acute, and in face of extreme experiences such as those in Bolivia or Cuba, governments began to be a little more concerned about rural living standards. Hence the institutional reforms in rural societies...

On the other hand political groups with an urban base begin to reach out for the support of the rural masses. Even between election campaigns, urban political parties seem interested in rural populations. Mass politics, established in the city, moves to rural areas; attracted by the growth of tensions and conflicts in agriculture. Especially Peronism, unionism, and the catholic left increasingly infiltrate the organizations of agricultural workers (peasant leagues, rural associations and rural unions) re-orientating their political behaviour and giving to it a new content. Major success goes to those political groups which come up with the most immediate and practical solutions and who know how to interpret the political process in a way that makes it meaningful in the cultural universe of the country-side. The distance between farm and city remains great however. Political behaviour of truly broad historical scope is still lacking.

4. The "Revolution of rising expectations"

Urbanization and industrialization, which follow the crisis of transformation in agricultural mining societies, became important human

and social events because, in a way previously unknown in Latin America, they bring the masses into the picture. Before World War II, only Mexico had had a revolution in which the rural and urban masses played a decisive part. In the other countries of Latin America the common people have played a subordinate role in relation to the importance of the political events and the depth of interests in the questions involved. Abolition of slavery in Brazil in 1888 was achieved with only marginal participation of the slaves themselves. This great event of Brazilian history was the result, primarily, of the conflict of interests in the dominating group of that time. In contrast, after World War II the masses appear as an important, and sometimes decisive, element in the political process.

External and internal crises weakens the hold of the traditional holders of power (the exploiters) and bringing about more or less ample modifications of social structure. Important changes occurred in demography, ecology, urban organization, family structure, participation in services... As a consequence, and concomitantly with these events, new political, cultural and moral needs arise. Reform and expansion of the educational system becomes, therefore, an important theme. Democratization of culture and the significance of education as a way to upward social mobility are at stake. At the same time, struggles for equal political rights develop, without distinctions of class, sex, religion or race. New social strata are produced by urbanization, industrialization and the growth of the service sector and, with the expansion of capitalism in the agricultural sectors, which are inadequately mercantiled, these new strata demand institutionalized education, social assistance, formal structuring of labour relations, major participation in the consumption of goods, etc. Simultaneously, women and young people acquire a greater political significance, because they participate in the process of

production ...

In other words, transition to an urban industrial society and the urbanization of some parts of the agricultural society bring about the development and growth of the proletariat and the middle class. Slowly, the participation of these classes in the political struggle increases. At the same time the traditional rural labourer is transformed into a rural proletarian, unless he goes to swell the ranks or the reserves of the urban proletariat. All the groups which make up the middle classes and proletariat - including wide sectors of the military - begin to ask for better living conditions, greater participation in political decisions, and a democratization of culture and opportunities. This is the form in which antagonisms between classes appear.

This reformulation of collective aspiration, the tensions and strife, the political crises and coups, the Latin American reforms and revolutions; for many this "revolution of expectations" seems the door through which the masses of Latin America enter into political participation. A mass society is on the verge of formation. Mass culture - resulting from an interplay of the aspirations of wage-earners and the increasing marketing of culture - has become the symbol of a new stage in the development of our nations. In this sense there is a revolution, or evolution, of expectations. Here lies the root of what we can call mass-consciousness. This consciousness, or conscience, results from the manner in which the wage-earning classes shape and are shaped, in their patterns of consumption and ostentation, by the "demonstration effect" and the increasing commercialization of culture. To understand this new consciousness we must study some of its essential manifestations.

5. Ideologies of modernization

The struggle for modernization, industrialization and land reform are steps in the broad transition to the capitalist system. Urbanization--

be it industrial, commercial, administrative or in agriculture--does not depend solely upon industrialization. It is always related to the advancement and refinement of capitalist civilization in Latin America. These processes are not automatic nor are they exclusive results of economic forces. They depend upon the participation of the masses, upon the often contradictory politics of the army and clergy and of the industrial middle class which every now and then identifies with the internal market. Still, the formation of an "industrial society" depends on the participation of the masses in the political process. No doubt, the policy of import substitution and "mass politics" -- both symbolic of a stage of Latin American history -- are simultaneous events; intimately related. They are related to the distribution and reproduction of capital and to the way political power is organized. Mass politics is the most significant political expression of transition from rural to urban society. In the following table you will find its demographic expression .

LATIN AMERICAN: EFFECT OF MIGRATION ON THE
URBAN GROWTH OF 10 COUNTRIES (PERCENTAGES)

Country	Inter-censal period	CAUSES OF URBAN GROWTH	
		Natural increase	Migration
Venezuela	1941-50	29	71
Colombia	1938-51	32	68
República Dominicana	1935-50	35	65
Nicaragua	1940-50	35	65
Paraguay	1937-50	45	55
Salvador	1930-50	46	54
Brasil	1940-50	51	49
Chile	1940-52	53	47
Mexico	1940-50	58	42
Cuba	1931-43	74	26

Source: UNESCO, La Urbanización en América Latina (1961), p. 113
Cf. Comisión Económica para América Latina, El Desarrollo Social de América Latina en la Postguerra, Mar del Plata, Argentina, mayo de 1963. p. 18.

Development, economic nationalism, industrial nationalism, these are the typical ideologies through which the masses were won for the political and social events which characterize the transition to an urban-industrial society. More specifically, nationalism, directed democracy, institutionalized revolution, reformism, gradualism, socialism, social justice, social peace... these are the ideological polarizations of the political and economic ambitions of the masses in Mexico, Argentina, Chile, Brasil, Bolivia, Perú, Colombia, Venezuela. When a policy of import substitution reigns, nationalism becomes a continent-wide expression of the sense of economic and political rupture implicit in this orientation of economic life. To make transition towards an industrial society possible, Latin American nations must redefine their relationship to the world's economic system and to each other. The transition to industrialization can be achieved only at the cost of a break with the past. This break is the inevitable result of an imbalance in internal and international political and economic structures. Depending upon particular historical and social conditions innovation and modernization take different forms in different nations. Institutionalized revolution in Mexico, Aprismo in Peru, Getulianismo in Brasil, Peronismo in Argentina, are typical. Fidelismo in Cuba is an extreme example in this series. They represent the new structures of power and the new forms of economic organization. They are symbols for the new urban industrial civilization struggling for power over traditional, the agricultural, ranching and mining sectors. These are the ideologies which sum up the ideals of the people of this continent, who struggle for education, medical assistance, social welfare, lodging, and participation in political decisions. These mass movements, each in its way, with more or less courage, promote social welfare; they try to engineer victory over endemic poverty and violence.

They try to revise income distribution and the manner in which political decisions are made. Thus, these movements are meaningful steps on the way to democracy. These mass movements are very different from the conventional political organizations of European origin which were taken as models for Latin American constitutions. Ascending masses - are something very different from classes; they are of recent formation, they grow rapidly, they believe in their upward mobility, they aspire to social welfare, they are made up of heterogeneous social groups. Masses are made up of social strata rather than of classes, not only in terms of the social category in which they must be classified but also in terms of their ideologies, their political organization, the style of their leadership, their response to demagoguery. Their historical significance, the way in which they become conscious, the utopian characteristics of their aspirations, distinguish masses from classes. Getulismo, Peronismo, etc. are much more the expression of mass-consciousness than class-consciousness. (These movements highlight nationalism and an ideology of nationalistic development. They highlight a spirit of nationalistic development in a Latin American form.

The above described characteristics of Latin America's society throws some light on the way in which democracy is evolving on this continent. Here democracy is not a product of history; democracy is not a result of social custom. Here, democracy is much more an outgrowth of reason, influenced by European culture. This is why there is so much utopia in the image of democracy current in Latin America. Democracy is seen in the perspective of European and United States models. Not as a political custom which has been imported and assimilated but rather as the assimilation of ideologies and conspicuous political and cultural imageries. These are the reasons why political power in Latin America has taken

forms very different from democracy. Here, whenever political power is not dictatorial - either military or civilian-- open or hidden-- we can only speak of "populist democracy". This is the form which political power took in Argentina Peronismo, Brazilian Getulismo and - at least probably -- at a certain moment of the Mexican revolution.

6. The principal dilemma

Our issue cannot be reduced to purely political process. To understand the political processes which characterize the crises of Latin American rural societies -- as well as the problems and issues discussed by the people of this continent -- it is necessary to indicate one more element: the use of capital. Labor relations and property distribution change neither at the speed demanded by the masses nor at the speed necessary for the development of productive forces. Since 1930 -- and much more since 1945 -- social tensions in the rural sector have grown and become more acute. Institutional reforms, meanwhile, do not occur, or occur only at a rate much slower than economic, social and political processes demand. Notwithstanding of the seriousness of this situation-- a seriousness which can be objectively demonstrated, using economic, social and demographic indices, changes in institutional structures are slow, partial and frequently only apparent. Political and intellectual leaders call for them, but they do not come about. Traditional structures resist and challenge new tendencies. This situation - which seems paradoxical - forces us to face a basic problem. It obliges us to face the structure of power in Latin America. What makes reform difficult, and sometimes impossible, is the fact that frequently the most modern sectors of the Latin American society do not have the amount of political power necessary to unlock or to support the processes of innovation. There is an imbalance between the state of labor relations, social organization, ownership, style of government and the tendencies of

emerging productive forces. Dominant patterns of social relations block the expansion of capital formation. The most modern and creative social tendencies neither find a way of expressing themselves nor can they forget such a way, except for some pearls of exception. Societies which for centuries were organized to produce for the foreign market, wasting part of the economic gains produced, do not have the institutions and techniques needed for capitalization and for the diversification of capital. Therefore, innovators run into rigid obstacles, which do not change no matter what political game is played at the top. It is as if the bourgeois revolution had not progressed far enough to put order into the labor market, the capital market and the processes of democratic freedom.

11.4 Furthermore, we cannot speak either of antagonism nor of rigid separation between agrarian and evolving urban-industrial societies. In most cases, they are part of one and the same system within which they harmonically coexist. On a certain level, the tensions between city and farm are slowly solved, and this within a framework of expansion of urban-industrial techniques into agricultural areas ... or through readjustment of the interests of the dominant sectors. Rural capital does not resist industrialization. On the contrary, it often finances industrialization. Thus the tensions between the industrial sector and the agricultural sector are solved, either in conflict or in drastic institutional change. There is no doubt that the expansion of the urban industrial sector depends on the social and economic transformation of agriculture. We must not forget that many industrialists are tied directly or indirectly to rural undertakings. They are members of the same social class which controls the means of production in the primary and secondary sectors. This is why tensions are not solved within the frame of a "bourgeois revolution". Given these characteristics of the capital which permeate both industry and agriculture, the tensions between them will be solved

slowly and partially. Land reform always gets lost in judicial formalism and interminable complicated details. Everyone is afraid to touch elements which could affect the power structure. This is especially true if the reform could create conditions for more democracy in the organization of work, in productive activities, in general social relations ...

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