

# **The Neoliberal Socioeconomic Formation and Restructuring of Production, evidences for Latin America**

*Enrique de la Garza Toledo*

For Ana, Ana-Viet and Amanda, who gave me  
a support that I did not recognise on time

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Enrique de la Garza Toledo  
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## Preface

From the end of the 1970s, changes in production, the economy, and the state have spurred the jettisoning of the theories which dominated the social sciences for part of this century. In Latin America, dependency theory and the history of the labour movement in labour studies undoubtedly predominated during the 1970s. Beginning in the last decade, research on work changed direction to look at production processes and labor relations; theoretical frameworks like Post-Fordism (with its three main variants), new industrial relations and labour market segmentationists were imported. Using these perspectives, many previously insufficiently studied topics were analysed: technological change, modifications in the organization of work, in labor and industrial relations and in work cultures. This wave of research projects new to the region dealt with production, labor relations and industrial restructuring and simultaneously uncovered many anomalies in the interpretations and predictions of prevailing theories.

The first aim of this book is to present a critical review of the most common international theories used since the 1980s to explain production restructuring: the neoclassics and institutionalists in economics; the new industrial relations theories; the Post-Fordists; and the theories of the debate on the work process which began with H. Braverman.

The idea is to discuss their general theoretical hypotheses with regard to four main axes:

- the critique of evolutionism, of the vision of history as a succession of stages of necessary development, of the implicit structuralism in these perspectives which underestimate the action of agents to determine the direction society will take, and the theories of convergence which scorn specificities for predicting the future.
- a questioning of the deductive hypothetical method, with its proposal of the deductive uses of theory.
  
- we will try to present a vision of history in which the future is relatively open to the action of voluntary agents, even though their activities are marked by conditions not of their choosing. This means thinking about movement as an articulation between objectivity and subjectivity, and tendencies as the articulation of conjunctures in which there is field for possible viable actions for

the subjects, field which may vary in time and space, and which can be modified by the actions themselves. From this perspective, action should not always be understood as heroic confrontation; it can also be negotiation and even subordination at a price.

- the construction of a field for viable action at any given moment or conjuncture must consider reality on different levels of abstraction: from capital accumulation to the socio-technical bases for productive processes, and including institutions, conflicts, state policies and macroeconomic factors.

In that sense, the first part of the book is a theoretical discussion which attempts above all to incorporate the perspective of the international polemic. It is not limited to criticizing theories currently in vogue; rather, using an open concept of totality --not a theoretical model-- as a starting point, it attempts to propose a form of analysis of productive restructuring articulated with other levels of reality such as the economy as a whole, the State and the conflicts among social classes. The first chapter is a reflection about the concept of labour in economic theory, centered mainly on the neoclassical theory and institutionalism that are the most important theoretical predecessors of both neoliberal and Post-Fordist theories. The second chapter goes into an analysis of the three main variations of Post-Fordist theories: French regulationism, Neo-Schumpeterianism and flexible specialization. The third chapter studies the position in the debate about the work process that bases itself on Braverman, which has become one of the most important critical currents today of Post-Fordism and flexibility.

This first part of the book, which does not concern itself directly with Latin America, but rather with the current polemics about productive restructuring, ends with a proposal for analysis which includes the critiques of the theories already analyzed, but also introduces methodological options on the basis of the concept of totality as a non-systemic articulation of levels of reality allowing for contradiction, disfunctionality or a lack of continuity.

The second part is an empirical analysis of restructuring in Latin America. The first chapter is a review of dependency theories and similar positions and an attempt to reach conclusions about their analytical limitations in order to study the changes initiated in the 1980s in Latin America. The second and third chapter looks at the restructuring of the economy, production and the State in Latin America using different case studies by the new generation of labour researchers and the

broadest available surveys of industry by country. This chapter undertakes a general overview of the changes and the situation of the productive process at the beginning of the 1990s. Undeniably, there are cases which do not conform to this generalization, but it was not our object to center on them.

The fourth chapter of this part goes into a more detailed analysis of production restructuring in Mexico. Mexico was chosen for several reasons: it is the country where civic neoliberal policies were first established and where they seemed to be the most successful until 1994; it is also where adjustment policies seem to have reached their limits around 1995; it is a case in which production restructuring is recognised as having been carried out; and it has the best and broadest surveys on technologies, organization, labor relations, flexibility and workforce profiles available. Mexico also signed the North American Free Trade Agreement with the United States and Canada and, finally, it is one of the countries with the most entrenched corporatist labor relations in the preceding period.

Finally, in the conclusion, we attempt to round out the theoretical discussion, particularly the concepts of the socio-technical basis for units of production, flexibility, neocorporatism and neoliberalism. We also put forward some considerations about the fields of action in the conjuncture.

The strategy of reconstructing reality in thought cannot presuppose finished research. We are very well aware of important issues which were not touched upon in this book, such as labour and union cultures. In any case, it is a first approximation which will have to be extended and studied in more detail.



## Part I: Theoretical Debates

### Chapter I. The Role of the Concept of Labour in Economic Theory

The classics in economic sciences defined the field and object of economics in a special way, different from how the later neoclassics would. For the classical economists the problem was basically one of wealth creation, which was a function of labour. Utility as a merchandise use value to satisfy human needs was also considered, but in the field of economics and the development of concepts the accent was on labour value, on labour as a creator of value. Thus the influence of supply and demand on prices was not ignored, but since the central point on creating value was on the production of goods and not their circulation, analyses generally considered an equilibrium between supply and demand; or, a posteriori as in Marx, where the prices of production were made more complex with the introduction of market prices influenced by supply and demand. In other words, for the classic authors what matters in the long run in the creation of wealth is the cost of production as a function of the quantity of labour contained in the merchandise (Bell, 1981).

For the classical authors, with the exception of Marx, the concept of economic man appears but is not as systematised nor formalised as it later is with the neoclassical theorists. Adam Smith uses a rudimentary notion of equilibrium and optimisation when he states that the free market ultimately generates maximum welfare, or when he considers that State intervention should be minimised.

In any event it may be that the classic authors (and obviously Marx) consider implicitly or explicitly the difference of social classes arising from the share of product that they appropriate but, more importantly, from the role that they play in production relationships. In other words, salary and profits do not have similar origins, as they later do in marginal utility theory, and labour is the true source of wealth. Marx undoubtedly went further and bettered the other classical economists, or perhaps took the classical viewpoint to its logical extreme, changing it into marxism, a new current in social economic thinking. Taking things to their logical extreme was a consequence in part of the classical viewpoint in which labour was at centre stage in the creation of wealth and thus that capital could be potentially eliminated. In other words, political economy became an analysis of social classes (the third volume of *The Capital* ends on a dramatic note with social classes) and the fundamental structure of the class struggle. Thus classical theory had a subversive potential against capitalism, given the role it gave labour within economics, and which Marx gave it

within the greater sphere of social relations.

Towards the second half of the last century, academic economic theory (coexisting but differing from classical marxism) changed with respect to the meaning and role of labour in its conceptualisation. The marginalists placed attention not on the incorporation of value by labour but on use value, or utility; by linking marginal utility with price, the marginalists freed value from the conditions of production, in a relative sense. The marginal price of product, labour and capital itself began depending on supply and demand. This was the first big change brought about by marginalism, which the neoclassical authors would later adopt. The second was the separation of economics from the other social sciences. Thus the great divide in social thought that Elster surveys, i.e., between economics, with its systematic and formalised conception of rational man (with total information, aware of the equations that link mediums and goals and maximising all transactions), and methodological individualism, in a struggle with the other social sciences, which for a long time continued being holistic, introducing moral, political, institutional or conflictual factors.

Within this framework the neoclassics coined their notion of equilibrium as an ideal state or parameter to measure the efficiency of the system or, alternatively, as a norm for guidance.

A first reaction to neoclassicism in economic theory was called institutionalism, which sprung from Veblen's works. For the first institutionalists prices were not explained by rational actors, but rather within a framework of unequal distribution of resources, institutions and social values. Nonetheless, the institutionalism which has maintained itself with ups and downs throughout this century, above all in the United States and England, has not comprised a more or less unified framework of concepts within a theoretical body, such as the neoclassicals. Rather, its principal ideas have been a criticism of neoclassical authors which, include the influence of institutions in economic analysis. Also, for institutionalists, conflict is not necessarily eradicated and thus there is no tendency toward equilibrium. However, an effort would be made to institutionalise the conflict, rather than deny it, thus making it non-catastrophic for capitalism. With such a wide definition of institutionalism (which I repeat does not imply communion with any particular theory but rather with a general perspective such as the one outlined above), many scholars of the subject include here the American institutionalists from the beginning of the century (known as Commons and

influential within academia and during the New Deal), to the neoclassical revisionists from the mid-thirties to the mid-sixties who likely sought reconciliation of a economic sociology à la Schumpeter (economics linked with social facts and institutions), without denying fundamental neoclassical aspects. Within such a broad classification, Keynes' work receives two interpretations, one which is assimilated into the neoclassicals (neoclassical synthesis) and another that calls itself institutionalist (Keynes, 1961).

During these same years, the development of industrial relations became very influential due to its link with the law, management and at times, trade unions; this field is linked to institutionalism and maintains till the present its criticism to the neoclassicals. In the sixties, however, a restoration began, first slowly and then with more haste during the seventies, of the modern neoclassical viewpoint; rational man and free markets make a comeback and State intervention in the economy is criticised, while trade unions are seen as monopolists in the labour market. But when the new neoclassicals (called neoliberals in the more complex eighties), begin to dominate in scholarly economic circles, a new institutionalist wave begins to take hold in the early seventies. First, in the form of segmentationist theories of the labour market and in the eighties spinning a wider circle with postfordist theories, flexible specialisation, neoschumpeterism and new industrial relations. Since the 1980s neoinstitutionalism has been the principal theoretical rival to the neoliberals, from approaches that are not always marginal in scholarly circles, for example, New Industrial Relations studies, found at outstanding departments at Harvard, Cornell and MIT, which influence government and management.

#### **A. The Neoclassicals' concept of labour and the labour market**

We take up the discussion of the neoclassicals, leaving aside some of the variations among authors and the different periods of their history. It was Walras in the last century (Walras, 1954) who established some of the basic notions behind this current. We can trace neoclassicals' history to Friedman and the modern neoliberals, without considering Marshall's doubts or the variations in Hicks' works. For Walras, economics as a science should be value free, although not exactly a natural science, given that human beings have freedom, reason, initiative and seek progress. Following Walras, pure economic theory should be deductive, similar to mathematics, employing ideal types; economists' constructions should be a priori, i.e., start with axioms, deduce theories and approach experience, not to verify but to apply.



Although the idea is present in Mill, an author between two periods, Walras coined the famous and dominant definition of economics as a study of wealth (defined as utility and not as incorporated labour), with scarce resources (useful and in limited quantities), appropriable, that can be multiplied and which acquire an exchange value. With this definition whole theory is putting in function of utility maximisation (understood as subjective satisfaction). Thus, for example, production is not simply the creation of wealth in general, but rather exists where there is free competition; further, production is the combination of services (mainly labour and capital) to make products that grant maximum satisfaction. Some conditions are added to others, as ideal types, every productive service has only one price in the market, that this be the equilibrium price and that the sale price be equal to cost.

The neoclassical conception contains a series of important assumptions, which have given rise to a great deal of discussion as to their relevance. The most important are:

1). The rationality of agents (Blaug, 1992). Blaug states that Mill is the true father of the concept of economic man and of the idea that economics is an a priori (deductive) science. This concept assumes that people are guided to seek maximum profit (utility); to do so they must have complete information regarding markets (prices and possible movements of other agents); they must have the wherewithal to know what profits would accrue under different options; and that different people all have the same utility function (a negatively, sloped convex curve with respect to the origin that relates a good's utility to quantity). The alternative version recognises that the concept of rational man is unverifiable (for example Von Mises says that this axiom is not subject to refutation), but that the market acts as if people were rational, i.e., that it naturally selects those who are most efficient (most rational), independently of the actors' real motives (Dosi, 1988).

2). The *ceteris paribus* condition, i.e., models are constructed as if it were possible to control variables. In the natural sciences (at least in part of them) this is quite common. Laboratories or industry can later reproduce conditions set up a priori as controlled. Economics does not permit experiments as such and *ceteris paribus* becomes an ideal state to be reached in a normative sense.

3). The economic system implies the distribution of scarce resources by optimising utility and

disregarding the history of such a system.

4). Extra-economic institutions are also disregarded in the analysis and *ceteris paribus* acts to isolate the economic variables of institutions and social relations which, in the best of cases, are taken a posteriori as externalities (when a production or consumption decision affects others' production or consumption but in a way different from the price mechanism) or market failures, which, when corrected, leads us to something close to the ideal state (Dornbusch, 1987).

5). If all these conditions of perfect competition are maintained, there will be a tendency towards equilibrium (Koutsoyiannis, 1979). Thus under the additional assumptions that the product is identical and that every firm acts in an atomistic way and cannot control the market (there are no monopolies), only prices, not firms, in the market are important. This is general equilibrium, where all prices and quantities demanded determine one another (each firm is a consumer and a producer at the same time). General equilibrium supposedly contains the assumptions detailed above.

Marginal productivity theory is one of the most influential neoclassical ideas. It posits (Hicks, 1963) that the quantity of labour supplied by a worker is fixed, and although the productive efficiencies of each worker are not equal, this is overcome by taking averages. The supply of labour is assumed to depend on the size of the population, the participation rate, and the hours the employee chooses to work. The first two factors are generally considered constant but the theory's originality revolves around the demand for employment. In equilibrium, salaries are equal to the marginal product; keeping other resources constant, if excess workers are employed their salary will exceed the marginal product and therefore maximum profit will be earned when salaries are equal to marginal productivity. Optimal product quantity is reached when prices are equal to production costs, which include profits on capital.

From Walras on, neoclassicals believe that work is only a matter of disposing of a person's faculties or skills (Walras, 1954) and that the labour market works with supply and demand determining the distribution of labour, even though the labour market is taken to be an ideal from which to measure the real situation a posteriori. In other words, a comparison with reality would not be to verify or falsificate the theory but to adjust reality to the ideal.

The neoclassical labour market is full of assumptions regarding supply and demand. On the

supply side, neoclassicals assume that a worker has complete information on the labour market, acts and decides rationally where to work, is completely mobile, unaffiliated to the labour movement, does not make decisions within a group, and that workers as a whole are equal and interchangeable (Cantler, 1981). Workers' qualifications are acquired exogenously (Cantler, 1981), and are carried about by the worker when selling his labour; the total product is the sum of the product of each worker; whose productivity is known and fixed.

On the demand side, neoclassicals posit that the employer has total knowledge of the labour market, is rational in hiring and firing workers, and acts individually; in addition, there are no monopolies.

The application of the marginal utility theory to labour leads to the following conclusions: first, salaries are equal to the price of labour as determined by supply and demand; likewise, the marginal product of the worker is what the worker is paid, in an amount equal to his product. Marginal product is the value (utility) of the last worker employed and marginal productivity (product divided by the number of workers or hours worked) determines the demand for employment, together with the supply of jobs. Nonetheless, the emphasis on the supply of employment is less and depends on population growth, the rate of participation and the opportunity cost of either being employed or enjoying leisure. In conclusion, the changes in labour supply and demand are related to product demand, to labour productivity and to the changes in the prices of goods produced.

An equilibrium analysis of the labour market assumes also a given labour supply, equal worker efficiency (another given), and all workers receive the same wage; wages are equal to the worker's marginal productivity (keeping other factors constant), the number of workers employed is a function of the product and the method of production (a given) and that the optimal product is achieved when the sale price is equal to the cost of production.

As we have seen within the neoclassical framework, there is a change in the hierarchy of labour, production, the cost of production and the value created within the production process, within the markets and the prices determined by the market. Likewise, the concept of labour changes from labour value to utility (subjective satisfaction but treated as an ideal type with several simplifying assumptions).

As we noted previously, world's Newtonian conception seems to have inspired the neoclassical paradigm, with his notions of the (individual) atom, universal laws (total and

causal knowledge or calculability) and a tendency toward equilibrium. Especially influential was the idea of a reality independent of the observer (Weisskopf, 1979). But, the comparison to Newton may be insufficient, similar to the statement that it is a model analogue to the one used in the experimental sciences (Friedman, 1984). It is more likely to be a model from mathematics rather than physics, especially in a formal version, where the model starts from axioms that have no pretension of being real, not even a rough approximation to reality, and uses deduced theorems and corollaries to compare reality with the ideal model, rather than not to verify (although a neoclassical verification current does exist). In these conditions the theory cannot be false, and is accurate in and of itself, because of its logical coherence, irrespective of the assumption, rather than its approximation of reality. If the assumptions are not realistic, it should not, therefore, be important, which ones are adopted. Similarly, in mathematics, it is unimportant if  $1+1=2$  or  $1+1=1$ ; each equation gives rise to different mathematics, based either in natural numbers or the Boolean system. Nor is a mathematical system any more true if it has a basis in something real. The problem is that the neoclassicals not only defend the idea of pure economics in strictu sensu, but also their definition of the ideal equilibrium state implies the defence of their own economic assumptions, without considering whether or not they are realistic. In this sense the defence of the assumptions becomes ideological, underlying a certain notion of society and of man.

The meaning of the assumptions is one of the principal neoclassical methodological debates. In his famous essay Friedman (1984) defends the neoclassicals' customary stance that the assumptions do not have to be realistic; one need only verify the results for the theory to be valid (we will take up the point on verification later). Friedman states that the objective of theory is solely to make valid and significant predictions regarding phenomena, and that it is false that the truth of a hypothesis derives from the realism of its assumptions; rather a hypothesis is more true the fewer realistic assumptions it holds, because the role of assumptions is to abstract factors from within the complexity of phenomena. Similarly, says Friedman, of *Ceteris paribus*: what is important is that its consequences be proven in practice.

Friedman's thesis is very weak on two accounts. First, regarding the realism of assumptions and, second, regarding verification. The criticism made by Nagel (1984) of Friedman's statements regarding the first aspect seems here relevant. Nagel, an epistemologist, reasons that a theory's propositions can be of various types: assumptions or basic hypotheses, concepts that are not directly observable and deduced hypotheses. Friedman deals with a second-

generation positivist concept, typical of the empirical criticism at the beginning of the century, for which reality is a black box, and therefore concepts and their relationships cannot correspond to something real in structure, and thus the truth of a theory arises solely from its consequences. In other words, the theory's structure is not important (particularly its assumptions), and it would be true to a greater or lesser extent if it were a better or worse empirical predictor. This was precisely the debate regarding the realism of the concept of the atom, i.e., it exists or does not exist, it is a simple mental tool to make empirical predictions deductively. Therefore, the most accurate model of the atom is not the most realistic, but the best predictor.

Nagel's criticism in this regard stems from a more developed positivism than the simple variation that Friedman handles. Nagel maintains that an explanation is obtained not simply if it can be verified, but also when the non-observable elements are logically coordinated with the observable ones. Therefore the truth or falseness of the assumptions is not irrelevant and the assumptions can be proven, albeit indirectly through the verification of the deduced hypotheses. In addition, Nagel rounds out the notion of non-realistic assumption, by positing three variations: first, the assumptions may not provide an exhaustive description of the object; second, they may be false, such as in Friedman; and third, they may only validate results under certain conditions. The second definition, Friedman's, would be unacceptable because false assumptions, in combination with deduced empirical results, would give false logical consequences. In addition, if what mattered were solely the pragmatism of results, and not the theory's assumptions and structure, the distinction between realistic and non-realistic assumptions would be pointless; therefore the affirmation that the theory is more true the falser the assumption would be disproved.

The other basic methodological problem is verification. All neoclassical economists try to confront their theorems with empirical reality. But the confrontation is fraught with difficulties. Positivist logic proclaims that empirical verification is the great judge of truth (as Friedman maintains). But when verification fails, the positivist recommendation is to change the hypothesis and try justifying a new theory. In a Popperian current of thought, which rejects the concept of verification, an attempt would eventually be made to "falsify" theories; a non-falsifiable theory would be metaphysical and therefore not scientific. Now, proceeding in a positivist manner, à la Friedman, neoclassical theory should be submitted to verification, and if not verified, it should be changed (an additional problem with the black box concept is

that since the assumptions and even the structure of the theory have nothing to do with reality, if proved false, we would be left without a guide for reconstruction). The problem here is that the neoclassicals generally take their theorems not as something strictly verifiable and therefore not subject to being accepted or rejected, but rather as a norm, as an ideal state (equilibrium, for example), which does not necessarily exist, but we must to approximate. Thus Walras' idea that economics as a pure science is not verified but rather applied, seems to be closer to what the neoclassicals practice. It is a problem that arises when there is a lack of clarity regarding whether a theory is a norm or a diagnosis, and, as a norm, there is no possibility of disproving it, and following Popper, it would thus be metaphysical. Apparently the neoclassicals follow the model of experimental natural sciences, but as opposed to the latter, have no possibility of controlling variables in the laboratory. When natural sciences are converted into technology, it is unimportant if a particular process exists or not in nature (many organic substances do not exist in a natural state, and have initially been created in theory and later in the laboratory), and they have thus increasingly become the science of the artificial, with natural basic ingredients. Neoclassical efforts to become a more experimental science have, for example, taken the route of eliminating government activities, calling them rigidities in the labour market, or opening markets to international trade, hoping, in spite of what Friedman claims, that their assumptions will mimic reality. This is because in the area of social problems, the control of variables cannot be reached as in the laboratory. Neoclassical economics is currently immersed in this tension between wanting to be an experimental science, without being able to, and refusing to adopt a truly experimental methodology, especially with reference to refutation, clinging to ideologically-charged assumptions, while demanding that the object of investigation, the State, firms, etc., behave as closely as possible to assumptions. Thus notions of irrationality, externality, market failures become pretexts on which to discard or transform theory. For this reason we believe these economic theories use the method of mathematics, rather than one from physics, that are validated as in the formal sciences with logical coherence, and not through empirical verification. There are serious consequences for a science that, while not pretending to be pure formality, hopes to espouse empirical phenomena.

Apart from Friedman's methodological considerations, there are more sophisticated approaches in other important neoclassical thinkers. For example Marshall, begins with a more complex definition of economics than Walras' interpretation that it is a study of people, how they live, move and think business (all this would include people's motives in economic

activity, in addition to influencing their personality and their subjectivity in general). Since there can be many motives, and humans' subjectivity regarding "economic man" is very complex, economic science substitutes these motives for monetary quantities and converts all economic activity to purely monetary terms. In other words, money becomes an interpretation of stable motives (Marshall, 1962), and although every person views satisfaction differently, averages are what count. Thus economic laws indicate tendencies whereby agents' motives can be expressed by prices, subject to certain conditions. Keynes probably had this idea regarding the realism of even simplified assumptions. Keynesian tendencies in consumption, savings or liquidity preference are meant to highlight a certain psychological motive, and not false assumptions such as in Friedman. Nagel would talk about a not-always-explicit coordination between motives and monetary quantities. The coordination between motives and money, or the expression of motives through money, is a very important assumption for economics, which, as in a science, gives it specificity, and avoids, for better or worse, giving it the air of mere economic sociology. The problem might be better put by asking if economics, as defined by Marshall, can reduce all social relations to monetary quantities, or if some important aspects (not residuals) worthy of consideration and being considered by economic analysis might be unquantifiable in money terms. One solution is institutionalist, the other marxist. The second is perhaps more complex, because it centres not so much on institutions, but on relations of production that are economical (which, if one wants, can be expressed as values), but at the same time political and cultural. I.e., the perspective of a multifaceted function of the production relationship in a non-systemic totality.

In other words, if we do not wish to dissolve economics into other sciences (Parson's solution in his criticism of the neoclassicals), but rather maintain its specificity in relation to sociology and political science, we would still have to ask about the relevance of the abstraction of social relationships into money (possibly a real abstraction, or as Marx would say, men dominated by abstractions, money that begets money), and also principally about the all-too-common isolationism of economic theory. Criticism of abstract models is not just due to their assumptions, but because they do not reconstruct the concrete into thought, but rather appear as logical constructions, valid in and of themselves.

The other undeniable problem is that in the construction of theories, not only do assumptions have an influence, but they are chosen in accordance with certain metatheoretical notions, or angulations as Zemelman calls them. It is not by chance that the neoclassicals

begin with a rational and isolated man, nor that all theorising leads to a search for equilibrium; just as in Marxism it is not merely chance that exploitation is the guiding principle, leading to the theoretical justification of the class struggle and communism; nor is it chance that the institutionalists underscore the inequality between capital and labour and emphasise the role of institutions in the regulation of conflicts with mutual benefits for employer and employee.

In this regard, the great changes in economic theory have been related to great transformations in metatheoretical assumptions: from production, to the market, to institutions, again to the market, and now to a new institutionalism. Although these shifts are not mechanical responses to changes in capitalist society, we can surmise that the transformation of the State, of social classes and their struggles, have been very influential. The first neoclassicals appeared with the ascendancy of the workers' movement and marxism; institutionalism makes its appearance when revolution seems imminent, and the economic crisis puts collective actions on the razor's edge together with the growing labor movement. Neoliberalism comes within a context of deterioration of "real" socialism and the interventionist State; neoinstitutionalism within a context of grave social and economic problems heightened by neoliberalism.

## B. Institutionalism

Many people find Veblen's work to be institutionalism's theoretical starting point, but it was in the United States, between the end of the First World War and the New Deal that the Wisconsin school, headed by J.R. Commons, became dominant. This current is not against the free market but considers that the market gives rise to institutions and rules (Kerr, 1969). At the same time another current was developing in England, linked to labour, which rejected out-of-hand that labour markets could be considered perfectly competitive and, therefore, salaries, work conditions and working hours have to be decided through a relationship of force. An individual worker, weaker than the capitalist due to his lesser knowledge of the market, company finances, and frightened by the threat of unemployment, accordingly needed to join others and organise (Gitlow, 1957).

From the mid-30s to the mid-60s, U.S. economic schools were controlled by the so-called neoclassical revisionists, who adopted approaches close to Schumpeter's economic sociology, and considered the need to combine neoclassical analyses of the labour market,



together with institutions as a conditioning factor. For example, labour law, collective negotiation and unions were not seen as monopolies that distorted markets and prevented an optimal equilibrium, but rather as political entities created historically which played a positive role in regulating the system. There are those that include the Keynesians and neokeynesians in this current, especially after Keynes' denial of Say's Law (production creates its own demand), and his rejection that a remedy for depression is to be found solely in the free market, or even his explanation of salary levels, which leaves aside marginal productivity and fails to condemn institutions and exogenous forces.

As the new neoclassicals rose to prominence in the sixties, they had to do battle with the institutionalists from the Cambridge-Harvard-Berkeley triangle, some of whom are economists, but others are from the no-less-important field of Industrial Relations: Dunlop, Solow, Galbraith, Osterman, Kerr, Goldthorpe, along with Piore's early work (Streeck, 1992), nourished in an important way by H. Simon's criticisms of the concept of the rational actor and his famous proposal of limited rationality (Kaufman, 1985). Another important idea was that agents do not maximise, nor can they, but rather seek satisfactory solutions (Shister, 1956).

During the eighties institutionalism does battle with the neoliberals, parting ways with the neoclassicals and the Keynesians. Institutionalism emphasises the positive productivity role played by institutions, above all in negotiations and employee-employer agreements, bringing back to centre stage the notion of the supply side, practically ignored by Keynes. Thus P. Drucker comes out in favour of de-emphasising prices and demand in favour of production, as in the classical economists, reviving the idea of productivity centred on the production process, and not on market-determined marginal productivity. This new institutionalism, now as thoroughly heterogeneous as ever, includes postfordism (French regulationism, neoschumpeterism, flexible specialisation and lean production), new industrial relations (Kochan and Katz), and even part of the neokeynesians. One troublesome aspect that we shall leave out is the possible connection in objectives and emphasis between the "New Wave" management (i.e., the totally entrepreneurial thinking involved in Total Quality, Just-in-Time and the new labour culture), and institutionalism. We might, however, venture to say that in terms of theoretical fundamentals, these are different from the neoclassicals.

The differences today between institutionalists and neoliberals are as follows: equilibrium versus disequilibrium as a norm; universal solutions versus a range of solutions that depends on context; one labor market versus many markets (segmented in the case of the segmentationalists); individual and rational action versus a mixture between individual and collective action and between rational and moral action (Leste, 1991).

Among today's institutionalisms, some outstanding variants are industrial relations, segmentationalism and the postfordists. The industrial relations current arose from the American New Deal, influenced by Commons, and the IIRA, an important professional organization that exerts a heavy influence on U.S. government policies and in management, in opposition to more technical approaches in personnel management. From the beginning, the industrial relations approach has criticised the neoclassical idea of economic man, at least in its more dominant variety, (i.e., people cannot have total information, nor is it true that precise calculations can be made to decide, nor do they always optimise, nor can the utility be pondered nor strictly compared, nor is utility always a faithful guide, and further, people can make rational value choices, etc.). But perhaps the most important point regarding metatheoretical assumptions comes from the Webbs in England at the start of the century as well as from the less conservative currents of this approach in the United States. This idea espouses (as opposed to marxism and the neoclassicals) that the relationship between capital and work leads to the possibility of structural conflict; but as Perlman laid out at the start of the century, this inherent conflict does not imply that workers must try to subvert capitalism, but can struggle for better salaries and working conditions through collective bargaining. This is none other than a reading of Lenin's What is to be Done?, but with a reverse conclusion. In other words, prices are not determined solely by marginal productivity but by the relation of forces and institutions. This inevitable conflict can be channelled through institutions, rather than proclaiming it an externality or a market failure, and by taking account of it in theories, as an inherent part of capitalism. This current is the so-called pluralist viewpoint within industrial relations that, from a theoretical point of view, is the most important. Some corollaries of this central idea are a) multilineal economic developments are possible given the creation of certain institutions and cultures (by ignoring non-economic phenomena and reducing everything to very abstract variables, the neoclassicals consider the particular as an externality); and b) non-agreement between workers and managers is not pathological but natural, and potential conflicts can be solved to mutual benefit. All this leads to the need for rules, especially within the workplace, because agreement and consensus do not arise

spontaneously, nor are they permanent. Total control over workers in the workplace is impossible and requires discerning cooperation on the part of the worker for production to proceed, which analysts have called self-control with a work ethic in favour of productivity (Kerr and Dunlop, 1962).

Today's current of new industrial relations emphasises the role of uncertainty, and a market that cannot determine everything, within a context of multiple options (Streeck, 1992). Another possibility is to deny the systemic perspective that was common to this current during the sixties due to strategic choice (Kochan, 1984). This perspective was strengthened by analyses of "Japanisation" and "Toyotism", from an approach that views Japanese success not simply as a triumph of the free market, but rather as a result of an economy supported and governed by strong, non-mercantile, social institutions, strangely distant, even exotic, for the neoclassical paradigm (Streeck, 1992). Many analysts see this success coming mainly from Japanese institutions, rather from the culture itself (Dore, 1989). Likewise there has been a re-evaluation of German capitalism, another "success story", with institutions such as co-determination, craft production, and professional training systems that have contributed to success; this also implies in the German case, among others, strong trade unions, an extension of collective bargaining, etc. The neoinstitutional conclusion is that there is no universal and neoclassical "Best Way"; not even maximum flexibility translates automatically into maximum productivity. The best way depends on institutions and previously existing (work) cultures that can be given new life. There may even be functional equivalents outside the neoclassical perspective. In other words, there are institutions that, seen from neoclassical theory, would be distortions of the market, but can make a real contribution to competitiveness. A regulated and heavily negotiated economy is not necessarily uncompetitive. For example, W. Streeck (1989) comes to the conclusion, having ranked workers' competitiveness, that a market without institutions tends to reduce qualifications, and firms tend to invest less in worker training than what would seem to be in their own self-interest.

Segmentationalism is another important institutionalist current that arose in the early sixties in order to analyse the labour market. The market is considered both social and economical (Doringer and Piore, 1971), because labour is multidimensional and cannot be reduced to mere prices; in addition, so-called market imperfection is inevitable and thus

justifies collective bargaining and State intervention, factors that must be taken into account by theory. Therefore trade unions must not be seen as simple labour supply monopolists that distort markets, but as political organisations in relationships of force. An important concept of an internal labor market is introduced (i.e., within the firm an internal market exists if job vacancies are filled by those already employed) (Edwards et al., 1973).

A second group of ideas of the segmentationalist group revolves around the idea that labour markets are determined by production, particularly the characteristics of the production processes and how labour is controlled. Yet these processes and forms of control are not homogeneous and thus labour markets can be seen as relatively distinct segments that follow a logic of differentiated control. Initially this current of thought conceived two labour market segments corresponding to different production processes, with each form of control demanding certain characteristics from its workers: the primary market with a bureaucratic control of labour, supported by the internal market, that is, employment stability and a certain predictability arising from collective bargaining. Thus careers exist within the firm and jobs would be filled mainly by white, better educated, males. A secondary market would comprise blacks, women, the poor, in general less well educated, corresponding to firms in which control would be exercised through a simple hierarchy (small firms); worker qualifications are lower, there are no occupational careers, nor internal markets and firms depend on the external labour market.

Thus the segmentationalist current redefined the concept of the labour market vis-à-vis the neoclassicals, comprising a set of mechanisms and institutions through which labour is bought and sold. Yet this current's most important contribution has to do with the stratification of the labour market. The mobility between strata supposedly is limited due to a lack of information and abilities, but principally due to the type of attitudes held toward labour. In later works, Piore distinguished two substrata within the first stratum, the higher level comprising professionals and managers with good pay and mobility linked to professional advancement. Within this substrata education is of the utmost importance, job categories have very detailed rules and there is room for creativity and initiative. The lower level would be that of skilled workers within Taylorised jobs. This line of thinking leads to the concept of chains of mobility, insofar as mobility follows certain paths and the chains have stations, made up of occupational careers. Emphasis is placed on technology as the main determinate of the occupational chain, but linked also to the labour force's reproductive space (Berger and Piore,

1980). In other words among segments there is discontinuity, while each has different rules, its own institutions, and make up a separate totality of relations. In effect the segmentationalist position is opposed to theories of convergence.

Postfordism is institutionalism's newest offspring which, from the eighties on, has had great impact among non-orthodox economists and sociologists. In the next chapter I will take a most detailed look at this current and consider works in which I have described and criticised postfordism (De la Garza, 1990, 1992, 1996).

As previously mentioned, institutionalism, more than a unified theory, is a theoretical field in which very diverse positions coexist, coinciding solely in the role of institutions in the regulation of markets. This is a heterogeneous block that since its beginnings has been influenced by the rise of trade union movements and organisations, the institution of collective bargaining, labour laws and social security. Instead of labelling them externalities or market distortions in the manner of the neoclassicals, institutionalism accepted that capitalism would have to live along side these social constructs, or that they might even be, properly channelled, beneficial for the development of the system itself.

### C. Utility, Institution or Labour Value

Shifts in economic thinking can be analysed from different points of view. The one adopted here concerns the role of labour as a theoretical concept. In addition we are looking at metatheoretical notions that define distinct analytical viewpoints of reality, allowing us to emphasise certain aspects, concepts, and relationships. These metatheoretical assumptions in economic theory have political meaning, specifically regarding relations between workers and capital. In the neoclassical perspective, class conflict is abolished and left outside theory as an externality. Trade unions are treated as monopolistic distortions of equilibrium. Labour in equilibrium is paid solely according to its marginal product (obviously there is no concept of exploitation), workers in the end are as rational as capitalists, and the market determines the point of equilibrium. In other words, there is no room in this theory for contradiction, conflict or the class struggle. This corresponds to a period in capitalism in which the working class was not recognised by State as a class and during which the institutions which mediated interclass conflict were illegitimate or did not exist, even though they were gaining strength in Europe at the end of the last century. Their creation corresponds to the increasing strength of

the labour force, its trade unions and parties, which then tailed off following the militancy that led to the formation of the Social State. Lately this economic theory has made a strong comeback, inspiring neoliberal policies at a time of serious setbacks for the working class and its trade unions.

In opposition to the above, institutionalism corresponds to the period of the rise of the working class and its institutionalisation, as a response to the neoclassicals and to the influence of marxism-leninism. Here the class conflict is not viewed as resolvable in absolute terms, but can be assimilated and tamed of its anticapitalist potential. The key lies in collective bargaining and the network of institutions created since the beginning of the century. Market and institution, agents of production in action and negotiation, State intervention, loss of the neoclassical concept of the market as an absolute, and recognition of the need for mediation between production and profits, and between production, salary and employment. Labour becomes a central category, not only as a salaried cost, but also as a collective actor in production and in the institutional game between the two great social classes.

In marxism labour as a category is evidently at centre stage, both within production and as a social relationship structurally in contradiction within capitalism, due to its role in the creation of surplus value; also as a contradiction in the work process in which the worker is subject to domination. Thus the emphasis of analysis is not the market but rather production, around which the class conflict takes shape and helps to subvert capitalism itself. Circulation and distribution are subordinated to production, and although the market equalises the results of the production process, it is not what determines value. Thus the analysis of the production process is not approached solely with categories expressed as prices (labour force value, surplus, organic composition of capital). There are two readings of these categories, i.e., that of marxist economics and that of a political-sociological character, such as in alienation, fetishism and subsumption. As opposed to the institutionalist current, where market and institutions are taken as aggregates, a sum of different levels, a marxist economic analysis implies a double and articulated reading of production relationships, one economic and the other a social-political reading of the same relationship, without which the economic aspect could come across solely as a technical relationship of production. Thus the production process is both a process of valorisation, or value creation, and also a labour process with subordination of labour at the behest of capital within the firm. The same production relation

is at once exploitation and domination; in order to exploit, the worker must be dominated within the labour process (although by domination we mean something more than the despotic control of the worker by capital, i.e., there is room for the incorporation of modern ideas of consensus or legitimacy, depending on other conditions).

In marxism the distinction between labour and labour power is a major one (in the neoclassicals there is only labour and it is paid by marginal utility in equilibrium. For institutionalists labour price is determined in an important way by collective bargaining). Labour is a value incorporated into objects of labour, while the labour power is the capacity to generate value. In essence the quantity of labour that the worker must incorporate into merchandise is not determined in the labour contract and is not knowable given the price of the labour power, or salary. This indetermination of labour is the fundamental aspect of the conflict that is born out of production. Institutions also play a role in marxism in the process of trying to resolve the indetermination of labour (as the historic and moral component that Marx mentions), but the principal factor is the correlation of forces. Thus it is wrong to posit that for Marx the value of the labour power is similar to the classical's concept of subsistence. This would entail reducing the analysis to the level of economic variables, when we have seen that economic is itself only a level within the economic matter. For the neoclassicals labour value (its utility) is determined not by the analysis of the process of production but rather within a market, together with subjective preferences. Thus the indetermination of salaries is of a different order, due to the dispersion of the utility functions (determined by taking averages) or due to the internal debate as to whether utilities can or cannot be measured, and to what degree.

In the case of the institutionalists, the most critical version and alternative posits that the problem of the relationship between economic and sociology/political science tends to be resolved by a sociologisation of economics, due either to its dissolution in a system of industrial relations, or by the denial of the relevance of economic analysis in economic terms (Hindess, 1977). This is the situation in Parson's alternative, which criticises the reductionism of the concept of the rational actor, which makes non-economic factors into something residual and random, outside scientific analysis or as in empirical generalisation (everything non-economic is rendered irrational). Parsons proposes placing economics within a general system of actions and thus analyse it as a subsystem subject to functional imperatives, including the articulation of its three subsystems: social, cultural (values that act

upon economic actions) and personality.

In comparison to the neoclassicals, these alternatives remit us to the problem of the relevance of economic analysis, or as in Parsons and other institutionalists, their subsumptions within social or institutional relations. An alternative solution would be to admit that economics is not strictly reducible to another level (sociological, anthropological, psychological, institutional, etc.), and that its specificity is to be found in the concept of value, and thus is related to the way in which value is created, circulated, distributed and consumed. But likewise we would have to admit that the economic level cannot be analysed without articulating other levels in two ways: first would be the idea that the economic relationship is multi-faceted, like all social relationships; i.e., it can be analysed as economic, but also political, social and cultural. This does not mean that economics loses anything, nor does it become sociological; rather this approach recognises that its explanation would have to involve articulating other factors. Second, the conceptual reconstruction from the more abstract to the more concrete would have to be articulated at some point with external institutions (not always directly related to value generation), conflicts or negotiations, without which the analysis of the concrete could be done only in the abstract; then the metaphysics of economics would again make economics its prey by handling simplifying assumptions as ideal states to be approached, but never reached.

Thus from the methodological point of view the problem of neoclassical theory resides not so much in that it makes assumptions, all theories do, nor that it expresses social relationships as prices (as part of the specificity of economics), but rather its belief in being free of value judgements. Utility as a baseline parameter, the emphasis on equilibrium and the definition of marginal utility are full of metatheoretical options; i.e., the idea of treating economic theory as a pure science, uncontaminated by sociology or political science. Furthermore, it accepts the mathematical axiomatic method for a science that pretends to speak of facts. This method, instead of permitting greater specification, leads to conclusions that are logically deduced, which contain the same level of abstraction within the axioms-assumptions originally posited. The institutionalist alternative might commit the opposite sin, rejecting high levels of abstraction.

One methodological alternative is to start from the abstract (making the point of view explicit, and rejecting pure and value-free theories) and advance toward the concrete by two paths; the first, by articulating a level of value with other aspects of economic relationships,



and the second by including institutions and more complex relationships that permit an approximation to the concrete.

The other problem is the relationship between structures and action. Neoclassicism can be considered a form of structuralism, with an abstract analysis in which subjects disappear and become externalities, while economic variables act as parts of structures that do not require actions in order to explain them. There is a more sophisticated contest within institutionalism among the subjects, although their relationship with structures remains unclear. For example, the strategic choice approach, while opening interesting alternatives to the problem of including actions, remains a general enunciation in which their relation to the price level is unclear.

Another alternative would be to accept that the analysis of the level of values and prices is pertinent, that these values express social relationships, but their mediation requires investigation and cannot be handled as a black box. To do so would be to think, as Marx did, that the concept of value and related fields are living abstractions, supported by the market, an expression of inverted relationships, characteristic of things (money for example), that impose their will on man, as if they were entities with a life of their own. Thus economics is not fiction, nor is it reducible to sociology, but a level of reality of social relationships in which the products of human work seem to possess human characteristics. It is insufficient to discover the rational nucleus of economics; to break the spell one must transform the material basis of its workings, and in so doing economic analysis will continue to be valid. And while we continue to insist that economic analysis be articulated with extra-economic phenomena in two ways (internal and external), we also believe that economic and non-economic structural relationships could be linked to practice and subjectivities, not only a posteriori to explain, but within a relatively open vision of the future. This vision would have to be contrasted with the neoclassic viewpoint, with its assumption of equilibrium, within which the future becomes a norm and an obligation for subjects to act in a rational manner. The alternative viewpoint would have to begin by questioning its own concept of prediction within social sciences and substituting it for the idea of specification of viable actions to be taken by subjects in specific moments and spaces. The construction of fields of real possibilities would have to be implicit at the basic level of more abstract concepts that, articulated with other more concrete concepts, would create fields of articulated possibilities. Thus economic legalities would be a tendency, not so much as their ideal nature is concerned, but rather that they would define viable fields

and it would be the subjects' responsibility to decide their concrete course in the final analysis. In this process, subjectivity would have an important role. This problem has to do with that of the rational actor. A simplistic criticism of the rational actor is that its characteristics seem nothing like flesh-and-blood people, yet every concept of a subject must have abstractions. The problem again resides in metatheoretical assumptions: the neoclassicals see the rational, egotistical and calculating actor as an ideal man whose actions permit society to function optimally. But it is not true that people do not make rational decisions; even though they may be subjective, research should be done to discover the reasons behind common sense in the field of economics, which may have important time and space differences.

The products of human labour only acquire, in some conditions, the nature of merchandise, specifically when they are sold. The use of salaried labour is an historical product in an advanced stage of the creation of merchandise, but not necessarily a logical step in the production and division of labour. In mercantile conditions, the production process as a creator of value allows a primary level of analysis with supply equalling demand. Within this level the analysis of value creation and the cost of production is all important. In addition, if no assumption is made of equilibrium conditions in the neoclassical sense, the cost of production does not necessarily have to be equal to the market price, and could be analysed first as a cost and then as its transformation into a market price. The return to production implies acceptance that the creation of value has its origin in production, even though, quite rightly, the products of human labour are confirmed in the marketplace. Production and markets are part of a totality that can be analysed at their point of origin and basic assumption, i.e., production. Within the process of capitalist production, which assumes salaried labour and products to be sold, the most abstract logic of capital is its role in value creation; yet in more concrete levels there are diverse mediations that are possible: conflicts of interests within different management levels; a logic of value creation that does not always coincide with the bureaucratisation of the firm; negotiations with workers or their trade unions. Likewise the production process, subject to analysis in terms of production costs, admits a parallel level, linked to the idea that the production relationship, as all relationships in capitalism, are also a power/domination relationship with cultural components. The concept of control over the labour process and workers becomes important and Capital, in order to create value, has the prerogative of control and planning in an abstract sense. But in a more concrete sense, control can be relaxed and even subverted in accordance to the strength relationship within and outside of labor. The concept of control is also ambiguous and can be exercised through

coercion or consensus, and thus there is no reason to believe that capital only controls through coercion. In this political micro-process of despotism or hegemony, important mediations exist at the level of technology, of labour organization, of labour relations, the profile of labour forces and of labour culture (a socio-technological configuration of the labour process). Yet merchandise, with its production price, comes to market with a market price that may or may not coincide with its production price, subject to the forces of supply and demand. An assumption of markets with no institutions can only exist at the most abstract level of analysis, that would have to be modified with the introduction of monopolies, regulatory institutions, law and norms, in addition to consumers' subjective preferences, as part of a consumer culture that has to do with price; family budgets follow cultural and social status patterns as well. Thus utility, linked to demand, relegated by classical political economy, would have to have a loftier place within a more finished construction of totality. Thus too distribution would have to consider abstract aspects, but also concrete aspects related to institutions, laws, organisations, conflicts and forces. All this without losing sight of the fact that without the product there is no distribution, and if the sale price does not exceed the price of production, distribution may lead to bankruptcy. In other words, the distributional capacity of voluntary subjects moves within objective, yet mobile, limits. The State must have a role within this reconstruction given that there are state institutions that are part of an economic framework, and given that the State can become one of the forces that intervenes and defines a particular relationship of forces at a given moment. Finally, in a complex reconstructive process of the area of a non-economicist economics, in which mediations are not deduced, but rather introduced, according to particular historical developments, equilibrium cannot be assumed, nor is it necessarily desirable. Production thus does not create its own demand, and social groups could act voluntarily, within conditions not of their choosing, to change them.

## **Chapter II: Post-Fordism**

From the early 1970s, symptoms pointing to the beginning of a great crisis of capitalism began to appear, with indicators that were cause for concern such as the increase in unemployment in Europe, the growth in public deficits, the Third World debt and inflation. Preferred explanations included a State fiscal crisis; the contradictions of the Social State which attempted to legitimise itself through continually granting society's ever increasing demands at the same time as discouraging production investment through taxes and wage policies; and the crisis resulting from the breakdown of the prevailing production processes in the previous period of capitalist boom (De la Garza, 1988).

The majority of analysts agree that as of the 1970s, capitalism not only entered into a great crisis, but also began an important period of restructuring.

Production changes can be divided into several sublevels: hard technology (to which the so-called Neo-Schumpeterian school mainly refers); organisational (dealt with in the theory of Toyotism and Lean production (Womack, 1991) and the theory of new production concepts); labour and industrial relations (the basis for the polemic on flexibility); workforce profile (which introduces the discussion about changes in labour market structure and qualifications in particular); and the new work culture (related to the New Wave in managerial doctrine, total quality and just-in-time management).

With regard to the State, we are dealing with the changes from the Social State to the Neoliberal State (De la Garza, 1992), with its consequences in the amount and distribution of public spending, in economic and labour deregulation and in privatisation, as well as with its implications for sources of legitimacy and possible change in the ruling bloc. All this in a context of a new globalisation of the economy, a new international division of labour, and the renewed importance of the international financial system.

In the social sphere, we are facing the decline, fracturing and reconstitution of social agents, as well as the decline of utopias, imaginary collectives and identities. Scientific theories and methodologies are in crisis due to their inability to be predictive, particularly 1970s' Keynesianism and the Structuralist Marxism, faced with the beginning of erratic and experimental tendencies since the 1980s. Neoliberalism, with its hard-core theories of rational choice, aspired to be the theoretical alternative, with spectacular results due to its links to the new economic and political powers, but has also proven to be a poor predictor. Furthermore, in Latin America, Dependency theory has been in crisis for 15 years.

The crisis of social theories is linked to the decline of positivism, dominant throughout most of this century, even though the beginning of the former predates the latter.

Epistemological dispersion and postmodernity are what is left as a substitute for the time being (De la Garza, 1993).

The Post-Fordism polemic is one of the most important debates attempting to explain today's upheavals. It is particularly important in Latin America because the majority of studies on the restructuring of the work process take this polemic as a reference point.

It is commonly accepted that the Post-Fordism polemic is centred on three major perspectives: French regulationism, NeoSchumpeterianism and Flexible specialisation. All these schools of thought are different from one another, but they have one thing in common: the idea that mass production, which characterised the previous period of capitalism, has come to an end, and that its regulatory institutions are obsolete; that we are in a transition toward a new stage with the creation of new institutions centred on flexibility, as opposed to the previous period's rigidity.

Related to the Post-Fordism polemic are the institutionalist economists like Gordon who puts forth the current change in the social structure of accumulation (Dankabar, 1992); Lash and Urry who talk about the end of organised capitalism, which is giving way to unorganised capitalism (Lash and Urry, 1987); geographers like Storper (Storper, 1992) or Kerr and Schumann, who use the category of New Concepts of Production (Kerr and Schumann, 1987).

#### A. Regulationism

Regulationism was born in France in the 1970s and refined theoretically in the 1980s. The aim of Regulationism has been to elucidate the articulation between production, consumption and the State in an institutionalist version of the economy. In general the idea is to explain how prolonged periods of stability are possible in capitalism, despite its contradictions and, specifically, the causes of the current great crisis and the tendencies of its transformation (Aglietta, 1979) (Coriat, 1979) (Lipietz, 1985) (Lipietz, 1988) (Boyer, 1988) (Coriat, 1991) (Aglietta, 1982).

The central concept in this theory is Regulation, understood in general as the way in which a social relation reproduces itself, despite its contradictory nature. (Echoing functionalism, regulationism maintains that reproduction occurs because there are internalised norms and values as well as institutional mechanisms). From the concept of regulation in general, the theorists go on to the mode of regulation, which includes the institutional forms which ensure the reproduction of social relations and in particular the adaptation of production and demand.

That is to say, regulationism clearly rejects the neoclassical idea of an automatic adjustment mechanism of the market and, in line with the great institutionalist tradition, emphasises the norms and institutions which regulate the dynamic adaptation of production and consumption. It is precisely this relationship between production and consumption that the theory dubs the regime of accumulation, which in turn allows for a coherent evolution of capital accumulation. It is clear that regulationism is not centrally a theory about the work process, but rather about the way in which production and consumption evolve stability over long periods of time, and particularly about the institutions which make this possible. Neither is it a theory about capital accumulation, which in any case is subordinate to the regime of accumulation, which in turn cannot be explained without the mode of regulation (Lipietz, 1988).

For this reason, the conceptualisation is enriched along the lines of the regulating institutions. On the one hand, the regime of accumulation includes a mercantile relation with its consumption norms; and a wage relationship, or a set of legal and institutional conditions, which regulate the use of waged labour and the reproduction of the workers. Inside the work process, the wage relation implies a discipline linked to an organisation, hierarchies and qualifications and a certain mobility. It presupposes exploitation, but exploitation ruled by norms; for example, by collective contracts. It also presupposes the reproduction of the workforce, with its norms of consumption and State gestion of that reproduction. It is important to note that although regulationism does not explicitly use the concept of equilibrium, it does in fact substitute in its place the looser notion of stable development, which rules out neither contradictions nor conflicts.

Also, the structural dynamic (the relationship between the mode of regulation and the regime of accumulation, which is reminiscent of, without being equivalent to, the Marxist structuralist ideas of base and superstructure) is explained not by collective action but rather by structural disorders, as we will see further on.

The modes of regulation are classified as " l'ancien", competitive, monopolistic and of State. The most developed conceptually are the competitive and monopolistic modes.

### Mode of regulation

	<b>competitive</b>	<b>monopolistic</b>
wage relation	subject to the market	contracts
mercantile relation	competitive	oligopolistic
state gestion of	little intervention	welfare reproduction
consumption	normsnon-industrial	mass consumption
production	normsnon-massive	mass production
monetary system	gold standard	extension of forms of credit

Fordism is the most conceptually developed regime of accumulation; it consists of the articulation between mass production and mass consumption. In this regime of accumulation the production process is a system of machines on a continuous line, with an organisation of work which implies partialising tasks, control of times, simplification and standardisation. Clearly, regulationism has used the automobile industry as the model for Fordism.

Fordism as a regime of accumulation enters into crisis on two levels. First, in the production process itself, to the extent that the pre-existing technical regime is worn out, with costs due to oversized production facilities, increased non-productive work within the company, and the limits of Taylorist-Fordist organisation (the increase in the time for transfer of materials compared to productive time; the impossibility of indefinitely applying the principles of segmentation, simplification and standardisation to increase productivity). The other explanation is in the sphere of the mode of regulation and coincides with the early 1970s neoliberal evaluations: companies attempt to counter the consequences of higher wages, uncompensated for by equally higher productivity, with an increase in the organic composition of capital, which would lead to a corresponding fall in the rate of profit and a crisis in profitability, which the regulationists differentiate from an overproduction crisis (Conde, 1984).

It is not clear in the preceding explanation if the crisis originates in the process of production, with its technical rigidities, including the organisational ones, which would cause a stagnation in the growth of productivity, reinforced by the rigid norms and institutions regulating the wage relationship. On the other hand, the crisis could be mainly a crisis of the wage relationship, including labour relations in the work process, in other words, a crisis of the production process or a crisis of the regulation between production and consumption. Apparently, the latter would be the explanation most in keeping with the general regulationist theoretical framework: the great crisis stems from the contradictions between the outdated mode of regulation and the needs of the regime of accumulation. But, in the case of the crisis of Fordism, the initial contradiction could not be between institutions and a regime of accumulation which articulated mass consumption and mass production: the former were functional to the latter. In any case, the contradiction could be between the institutional framework and profitability, with the requisite consequences in investment due to a higher increase in wages than in productivity.

The perspective is very structuralist -although this is explicitly denied and conflict is said to have a role. We are dealing here with structures which become defaced, enter into contradiction and spur a change. The regulationist current is one which accepts the idea that the mode of regulation, especially of wage relations, is rigid and should be substituted by a flexible one. Some critics of regulationism therefore consider that it implicitly supports neoliberal arguments and solutions in the labour market. But the problem is not that simple. For the regulationists, in the first place, today there is not only a tendency to transform Fordism; rather they see different regulations coexisting by branch, country or region: flexible mass production in modern, high-tech industry; flexible specialisation in declining sectors which frequently change models; old Fordist methods in less industrialised countries; the use of microelectronics in services; and new systems of networks and public services, as in Boyer (Boyer, 1988). For Lipietz, we should differentiate the NeoTaylorism of the United States and England from Japanese Toyotaism, and the latter from Sweden's Kalmaniarism, and lean rather toward the latter as a regulatory alternative to Fordism (Lipietz, 1993). In any event, the regulationists do not critique the current changes and uncertainty on the basis of flexibility, which according to them is apparently here to stay. Rather, for them the advantages of flexibility at company level have yet to find their counterpart in consumption, which is also not solved with flexible specialisation (the diversification of use values does not necessarily ensure a more aggregate product). That is to say, there is still no alternative regulation to articulate production and consumption, which also provides capitalism with a new consensus



(Lipietz, 1993).

The regulationists have also been self-critical and have recognised weaknesses in their theory: for example purely economic understanding of the State, which is reduced to institutions for regulating wages and credit; not having a deeper analysis of State like politics, particularly neocorporativism; and having neglected the material technical basis for production and its transformation (Boyer, 1989).

Many additional criticisms have accumulated over the years: as we have already mentioned, a pronounced structural functionalism, insofar as it is a relationship between the regime of accumulation and mode of regulation; the subsumption of the class struggle to the functioning of institutions; and, even though historic information is used, the idea of totality is a theoretical model to be applied in order to explain, instead of being a concrete totality which must be reconstructed each time. Other criticisms include the fact that the theory mystifies the great defeat of the working class and the capitalist offensive, visualising them as the almost natural outcome of the imbalance between the mode of regulation and the regime of accumulation. In addition, for many it has still not been established that Fordism is over. Therefore, the current changes in work are less conceptually dramatic and profitability has been reestablished through the intensification of work, deregulation, a retraction in wages and international contracting out.

#### B. The Neo-Schumpeterians

In the midst of an international crisis in 1920, Kondratiev developed a theory about the possibility that in addition to short cycles of overaccumulation, capitalism was also marked by long waves lasting 50 years each. Kondratiev's explanation was not completely coherent, but it did mention technological innovation as one of the causal factors. Kondratiev's work gave rise to two different lines of research. On the one hand, the analysis of long cycles of economic variables, prices, interest rates and capital accumulation; on the other hand, an analysis of the cycles of technological innovation given new impetus by Schumpeter.

At the bottom of the Schumpeterian polemic against the neoclassical economists is the idea that if technology is an exogenous variable to market mechanisms, then it would explicitly not enter into the establishment of prices; and on another level, whether technology is a variable dependent on, or is independent of, capital accumulation. The principal contribution of the Neo-Schumpeterians has been their analysis of the process which goes from invention to innovation and from the dissemination of technology to investment, within the context of the consideration that in this process not only costs, but also expectations about the impact of the

innovation have an influence, as well as the characteristics of the technological-scientific apparatus which is partially independent of investment needs. This is because the process of technological innovation requires other changes and infrastructure which cannot simply be requested from investors.

The Neo-Schumpeterian approach attempts to break with the dilemma of technology either receiving the impetus of the market or driving the market on its own. Instead it attempts to introduce mediations between innovation and market such as the role of the characteristics of the scientific community, the uncertainty of the market and the results of innovation on production processes (Dosi, 1988) (Freeman, 1982). To this extent, today's currents supplement Schumpeter, who emphasised the role of the innovating entrepreneur, but not the process which goes from invention to innovation and investment. In this context, the Neo-Schumpeterians have developed important concepts related to his perspective. The most important of these is the Technological Paradigm which consists of the scientific knowledge upon which the central techniques in the processes of production, circulation or consumption in a given period of development are based. To help define this concept, in terms of which technologies would be central, the concept of generic technologies is introduced. Generic technologies are the axis of a constellation of innovations, interrelated technically and economically, which are applied throughout diverse processes, like methods of control of the processes, information or forms of energy. The alternative to Dosi's technological paradigm, C. Perez's Technical Economic Paradigm or Technological Regime, implies not only "hard technology", but is also an organisational concept, and with that it touches on other Post-Fordist schools (Perez, 1985) (Perez, 1986) (Perez and Ominami, 1986).

Technological paradigms have a life cycle: they initially allow for increased productivity, but in the end make it stagnate. This stagnation is due not only to technical limitations in the paradigm, but also because of the institutions created around it. The technological paradigms can be subverted through technological revolutions, meaning changes in fundamental scientific knowledge about the central processes of production, circulation or consumption. However, insofar as innovation does not mechanically follow investor needs, an additional problem is the dissemination of the new technological paradigms. This may depend on the appearance on the scene of an input key to the structure of relative costs, key because of its unlimited supply or its potentially extensive use. Or, it may be the basis for a technological or organisational system (innovations interrelated technically and economically and which affect

several branches).

More specifically for products or processes, the concepts of product and process life cycles are used, as well as that of technological trajectory; all of these depend only in part on the market. For example, in Sahal's iterative model, the trajectories of innovations look like a tree of decisions: once a technological decision is made, you enter a course which eliminates other possible paths of development.

The most sophisticated proponents of Neo-Schumpeterianism have points of contact with Post-Fordism; the concept of technical economic paradigm and of a socio-institutional framework are similar to the regulationists' regime of accumulation and mode of regulation. However, this current has other roots and is differentiated from regulationism above all by the importance it gives technology in an economic crisis or boom. In this way, they see the mass production of the previous period as related to the utilisation of electro-mechanical and oil-based technology and petrochemicals as an energy base. Also, in the institutional framework, the Neo-Schumpeterians tend to give more importance to factors which directly allow for scientific development, innovation and the spread of technology. They particularly emphasise State scientific-technological, educational and training policies.

The current crisis, then, is explained by the exhaustion of the previous technological paradigm and the emergence of a third technological revolution (based mainly on computer and information sciences) which has not yet found an institutional framework for its fortification and dissemination. That is to say, the solution to the crisis is to be found in the application of the results of a third technological revolution through an institutional change, particularly with regard to innovation and dissemination, but without excluding labour cultures and flexible labour markets. Above all, planned State intervention is needed to eliminate obstacles for the new paradigm, through the design of new educational, training and research policies, plus support for new industries.

However, just as this current puts forward new and interesting concepts which establish little explored mediations between institutions and the economy, difficult problems do appear on its horizon. The first is the historic relevance of the long waves themselves, but above all their logical relevance. Ernest Mandel attempted in his own way to justify long waves in capitalism by extending Marx's idea of the economic cycle as a function of the cycle of rotation of fixed capital. Mandel extends it using the concept of technological revolution in an attempt to establish that, superimposed on the strict cycle of fixed capital, there is another linked to the cycle of the technological revolution. He contends that in each technological

cycle there is overaccumulation of capital, resolved by a crisis, but capital comes back with new impetus through yet another technological revolution. However, the efforts to define the criteria of a technological stage have led to different proposals. The problem has been complicated by more concrete research into technological trajectories, which has shown that they are not synchronised with the supposed central innovations which would define a cycle. For example, the three most common criteria to define types of generic technologies are transport, energy and productive processes, which are not historically synchronised. In fact, authors have been forced to change criteria about types of technology in order to define technological stages and adjust their stages to history. In Mandel's more analytical efforts, the difference between the concepts of the cycle of technological rotation and the cycle of rotation of fixed capital is not clear. This is complicated by the fact that the proponents of this theory do not explicitly accept technological determinism, concurring with the majority of researchers on the topic. The relations, then, between technological innovation and productivity, employment, organisation, training or labour relations are seen as non-causal, and each with its own dynamic. In this way, since they are relatively independent of technology, and since economic development also depends on them, non-synchronisation would make the definition of technologically defined paradigms more difficult, unless what is really being proposed is technological determinism.

Compared to regulationism, neo-Schumpeterianism has the virtue of emphasising little analysed questions (technology and its mediations), but its weakness is its emphasis on the supply side alone and its silence about demand. Finally, the importance of political phenomena, conflicts, alliances, etc., are relatively excluded from this view.

### C. Flexible Specialisation

The third important current among the Post-Fordist theories is Piore's and Sabel's flexible specialisation (Piore, 1990). Theoretically it is less developed than regulation theory and its understanding of technology is not as sophisticated as that of the Neo-Schumpeterians. However, this theory makes a contribution on a level unemphasised by the others: the struggle for markets between large companies and small and medium-sized ones. This makes the theory attractive: the idea that small and medium-sized companies can be competitive vis-à-vis large companies, and establishing this not as an automatic market mechanism but as the constitution of an economic-political alternative to the large corporations (Sabel and Zeilin, 1985). Along with the regulationists, Piore and Sabel consider that the mass production

industrial model (the use of special machines with semi-skilled workers and the mass production of standardised goods) has reached its limit. We are facing, then, first of all, a crisis of regulation. But, in contrast with the regulationists, they consider that this crisis is articulated with an industrial break, a technological change (the first industrial break was at the end of the nineteenth century with the appearance of mass production techniques). They consider that this crisis of regulation and the industrial break are being resolved through two alternative paths: a new international division of labour (some internationally competitive manufacturers would move part of the production process to the Third World, with its low standards of working conditions and a resulting increase in exploitation) and through flexible specialisation or the rebirth of craft forms which use reprogrammable technologies, work flexibility, retraining, consensus in the workplace and production by lots by small and medium-sized companies. This industrial model would be functional in the new situation of changing markets which demand variety more than massive numbers of standardised products. The possibilities for success of a small, innovative company would go together with its setting up of industrial districts, that is, networks of companies which support each other more than just through mercantile dealings, with the important influence of the local political milieu, in which public institutions would also be set up to support innovation and production (Piore, 1990).

The explanation of the current crisis is market saturation spurred by mass production. Faced with this, the Keynesian State is no longer functional. Although Piore and Sabel have attempted to illustrate the functioning of successful industrial districts in many countries, for them flexible specialisation is more than a widespread reality; it is a viable development project which would have to be consciously taken on board by the actors themselves (mainly small business owners and their workers) in order for it to be victorious vis-à-vis the large corporate projects. The utopia of a new industrial model is simultaneously a utopia of a new society if we take into consideration the fact that industrial districts can be the basis for solidarity without domination, of federations of family-run companies, with an ethos of interdependence.

There have been many critiques of flexible specialisation. In the first place, it has not been proven that large corporations are inferior to small and medium-sized companies; corporations are the ones who have made most of the world's changes in technology, organisation and labour relations. Neither has it been shown that mass production is in decline; it continues to exist in the world and, as Boyer suggests, production in small lots continues to be restricted to

a minority of high-income, middle sectors. That is, the regulationist concern about how an upturn in production could be synchronised with an upturn in demand is not clearly resolved by the theory of flexible specialisation. It could be implicitly stated that small successful companies with worker-management relations based on cooperation would imply higher wages and therefore a growing market. However, if production does not create its own demand, the theory of flexible specialisation is insufficient in the terrain of demand. In other words, the possible advantages of flexibility at company level do not ensure the growth of aggregate output without specific actions on the demand side. Or, the diversification of use values in small lots does not guarantee the growth of the total mass of value. Finally, after 15 or 20 years of production restructuring, large corporations have changed but they are not in decline. Production in small lots uses massive inputs. Large corporations and small companies are not mutually exclusive; very often they are linked through contracting out, with the small companies frequently subordinated to the large corporations.

The basic critiques of the Post-Fordist theories are:

1) Its structuralism, functionalism and evolutionism. The structuralist perspective sees changes in structures as dependent on the tensions, contradictions and disfunction of the structures themselves, more than as a result of a voluntary action of social agents. This perspective is present above all in regulationism and Neo-Schumpeterianism despite the fact that the tendencies of the current change are relatively open and therefore present several alternatives. It is also to be found in Piore and Sabel (the supposition, for example, of an economy of buyers who demand variety and quality and who determine the viable options like flexible specialisation), but tempered by a call to action.

However, in general, the defence against structuralism is weak. When today's alternative empirical lines of development are accepted, not all of them are viable for the Post-Fordists, and some of them would fail when faced with what -because of timidity- is not accepted as what will prevail: flexibility with consensus (Hyman, 1991).

In this way, functionalism continues despite the apparent opening of alternatives, because some are more functional than others. Evolutionism makes its presence felt, and faced with structural factors the actors must make choices. However, as August Comte said, if they did not act according to "social laws", their actions would come up against a brick wall and fail (Rustin, 1990) (Clarke, 1990) (Clarke, 1988).

2) The idea of stages in capitalist development has also been criticised (Meegan, 1988) (Hyman, 1991) (Bonefeld, 1991), and continuity and change counterpoised, but without such

clear breaks by modes of regulation, production paradigms or industrial models. However, the idea of stages has shown itself to be an important analytical tool in historical studies in general without necessarily adhering to some type of evolutionism. Stages can be identified a posteriori without social agents being deemed unable to define the direction of changes. On another level, critiques have tried to show that Post-Fordism does not exist in empirical reality, nor is it a project of the companies themselves.

3) The third important critique is opposed to selecting a single central factor as the impetus for change (accumulation, market, technology), counterpoising opening up the idea of history to a diversity of factors, re-articulated and efficient to differing degrees, more to be discovered than theoretically espoused. In particular one critique emphasises Post-Fordist theories' disdain for the class struggle; this critique presents the class struggle as the central factor for change and not any of the structural factors emphasised by the Post-Fordists.

4) Finally, the Post-Fordists are criticised for their implicit support for the restructuring of capitalism through a new, more durable, consensual and cooperative institutionalism. Post-Fordism can be seen as a form of institutionalism, critical of neoliberal solutions which reduce society to the market, thereby making long-term consensus difficult to reach. However, at the same time, it is fascinated by flexibility, which it gives a central, organising place in the new technological cycle and in labour relations or the labour market. For this reason, the Post-Fordists have been accused of implicitly supporting capitalist restructuring characterised by deregulation, job cuts, making collective bargaining agreements and labour law flexible, increasingly the number of precarious jobs and the attack on unions as the defenders of labour rigidity (Amin, 1994).

The Post-Fordist polemic is clearly connected with the broadest kind of flexibility. Not only the schools of thought close to Post-Fordism, such as the new production concepts, the risk society, new times, etc., concur, but also managerial currents of thinking like total quality and just-in-time production, not to mention the neoclassical perspective on flexibility as the freeing up of the market's ability to adjust.

Labor flexibility is understood as the managerial ability to adjust the number, wage and use of the workforce to the daily production needs. In addition, the polemic within Post-Fordism, with development alternatives like Neo-Taylorism or Neo-Fordism, is linked to other, older polemics about the polarisation of skills or the generalised enrichment of work, the stratification of the labour market and the internal and external markets. In any case, the doubt

persists about the generalised benefits of work flexibility. Accompanying flexibility are heterogeneity in technology, organisation and labour relations. And, as the regulationists say, it does not resolve, in and of itself, the contradiction between production and consumption. Growth continues to be slow, technological potential under-utilised and the new regulatory framework clamoured for by the regulationists uncertain.



### Chapter III: **The Labour Process Debate**

But French Regulationism is not a strong theory within the Labor process boundary line, without ignoring the significance of the Taylorism, Fordism, and Post-Fordism concepts, since its main goal is to explain the global dynamics of capitalism and not particular changes in Labor processes. Thus, while Fordism within this theory is also a type of Labor Process, it is, primarily, the correlation between mass production and mass consumption. Likewise, its concern is not about labor process control, but about the creation of institutions (as a system of broader industrial and economic-political relations), in order to achieve well-balanced growth and the best possible product distribution. Labor process analysis has stronger analytical traditions than Regulationism like Labor sociology in Germany and France or Industrial Relations in Britain and The United States.

The main concepts will now be summarised in both the internal and external debate, the so-called "Labor Process Debate", as an attempt to incorporate into discussion one of the most significant currents of labor processes transformations.

#### A. First stage: Braverman's approach.

According to Thompson, there are three phases of the Labor Process Debate (Thompson, 1983): 1) the first coinciding with Braverman's deskilling thesis; 2) when different conclusions about the problem of such deskilling and control were obtained in the late 1970s, and 3) when the existence of capitalism phases in relation to Labor processes was discussed in the 1980s. In the 1990s, as we will see, there is an implicit doubt about the possibility of a labor process theory.

Braverman had the merit of having broken with the optimistic points of view of Industrial Sociology and Industrial Relations of the 1960s. These conceptions considered technological advance as a liberation in human work. This was the sort of conclusion reached by Blauner, supposedly inspired by Marx's alienation concept. Likewise, Mallet, from a workerist point of view (the New Working Class of the automated processes would have more control over its work), Touraine, who in his third phase of the professional organisation forms stated the trend toward to requalification, and Friedman, who was ambivalent but not contrary to the optimistic position to the future of labour. On the other

hand, the sociotechnical approach focused at the Tavistock Institute and School of Industrial Relations starting from Dunlop (Sorensen, 1995), (Dunlop, 1958), (Kerr, 1969), (Edwards, 1995), consider the New Human Relations with their "Job Enlargement" and "Job Enrichment", as aspects of capitalism capacity to achieve a conflict solving regulated system between capital and work. Through standards and the regulation of the industrial relations system, did not eliminate the conflict (as in the unitary solution), they did prevent the contradictions from becoming catastrophic (Clegg, 1975), (Edwards, 1979).

Braverman's merit was, therefore, to connect labor process to Political Economy, but within a context of workers struggles for control over their labor conditions (Edwards, 1979). This relation between the process of valorisation and the labor process was not a new conception. Marx had already regarding the conception of capitalist production like valorisation and at the same time as a labour process; especially in the fourth section of *Das Kapital* on the step of manufacture towards big industry, and in other parts related to alienation, fetishism and subsumption. It briefly reappeared in historical Marxism with the councils; with Rose Luxemburg, Gramsci, and, in a special way, Panzieri, which from the 1960s introduced more sophisticated concepts than Braverman's to the labor process and its political consequences (De la Garza, 1988)

But Italian workerism had a very limited impact outside that country, especially among scholars who were not closely related to labor struggles. Ten years after Panzieri's death, Braverman published his famous book *Labor and Capital Monopolist* (1974), supported by the socialist project of *Monthly Review*.

Braverman tried to start from Marx, first as long as work means a conscious act over a labour object using working instruments. Like in Adam Smith, the capitalist labor division was a necessity to increase productivity (for Smith it was a production need in general); but this had consequences, firstly, in work organisation, the division between manual and intellectual work, alienation (of the product, the process, and other men), and work subordination to capital (from the formal to subordination to the instruments of work with mechanisation). Secondly, taken the capitalist Labor process stages (Simple Co-operation, Manufacture, and Big Industry), especially Manufacture and Big Industry with tendencies to loss control by the worker over his work and deskilling.

However, Braverman, trying to recover Marx, modified several of his notions: the difference between Manufacture and big Industry is not clear if it means mechanisation

(Labour process as a system of machines and controls of the worker for the machine) or if work organisation is the central point. Likewise, his limits for the stages of capitalist labour process does not coincide with Marx's. Braverman's view of the transformation of Manufacturing to Big Industry in the late nineteenth century, and in Marx's is from the Industrial Revolution and the rise of Mechanisation.

It is true that the central idea that capital does not buy work but a labor force and that to be valorised this capital has to dominate the worker in the labor process comes from Marx. The variable capital is variable because it has not predetermined its valorisation; that is the result of forces relationships inside and outside the labor process (Edwards, 1979). Braverman starts from this in order to analyse the labor process with his central concept of control, which is his translation to power issue, in opposition to the abstract principles of organisational theories and Industrial Sociology at his time. With this, he introduced a Neo-Marxist research line that is still in use, because others have had the capacity to discuss without dogmatism and to review problems and concepts from other angles (Smith, 1994). This line has originated from several researches which form a "non managerial" view has analysed changes in skill and forms of control, as well as labor process transformation causes, introducing a legitimate dialogue with the French Labor Sociology, Regulation Theories, and Industrial Relations.

In the late 1970s, from the debate on Labor process, several critical examinations to Braverman's approaches were made. The following are some of the most significant:

a) The problem if the labor process characteristics may be deduced from capital accumulation's. For example, if the relative surplus requires real subsumption and, therefore, mechanisation, and if between formal and real subsumption, and between Manufacture and Big Industry, then there is a necessary sequence.

b) Therefore, is There in Braverman a functionalist conception between accumulation and control? The Result of his negligence in both subjectivity and collective action could change the trends he notes in deskilling (Smith, 1994).

c) This, is There organisational determinism in regard to the control form, under a zero sum power model, in which someone's profit is someone else's loss? On the contrary, others state the diversity of power forms in the labor process. Despotism would only be a possibility among many others (Thompson, 1983), since capital's purpose is not to control but profit maximisation. Therefore, the labor process would be conflictive, but could be also co-operative (Wood, 1987).

d) Braverman did not take into account the new "management" guide lines of his time, such as the labor humanisation current and the sociotechnical system, of significant importance for critics of F. Taylor's scientific management.

e) Besides, the problem if it is possible to define stages for Labor processes, knowing that different productive forms have always coexisted and, therefore, there are no trends, as Braverman thought, to workers homogenisation. With this respect, if the Britain case should be considered as the general model of capitalism development (Littler, 1982). Also, if Labor processes stages finish with Big Industry (Salam, 1980).

f) Finally, the absence of a Totality concept in Braverman, which could link manufacturing to extramanufacturing, structure to subjectivity and action, the State to economy and production.

Braverman died prematurely as director of the Monthly Review publishing house, and only once answered his critics (Braverman, 1982). In this answer, he pointed out, at best, that capitalist strategies did not have to be conscious, but that they were an objective result; that labor degradation was not completely subjected to technology; new technologies could represent task reunification, but capital controls the conception and execution of tasks through separate working class from specialists, and also polarises skills.

## B. Second stage: from deskilling to plurality in forms of control

The second stage of the debate on the labor process was developed during the late 1970s, but depending on the author analysed it could continuous into the 1980s (Wood, 1987), (Friedman, 1977), (Burawoy, 1979). In this stage it is still accepted that management develops control strategies over the labour force, but that these may vary, independent of Taylorism, according to labor resistance (Littler, 1982a). Also, the "panacea fallacy" was criticised in regard to the belief that management will always find substitutes for obsolete forms of control. On the other hand, in contradiction to Braverman, the existence of unilineal development in forms of control is no longer accepted; although the existence of historical stages, in terms of labor resistance, is still recognised. Most importantly the existence of objective trends in deskilling was denied.

This phase of the debate was useful (among other things) for specifying the control concept itself which in Braverman had different meanings such as the loss of capacity to

design and plan work; fragmentation; distance between skilled and unskilled workers; and the historical transformation from craftsmen to modern workers. Thus, now days it is common to talk of control dimensions and skilfulness, with an enlargement of the concept and the admission of control by consensus and not its reduction to repression. Salam, for example, defines control in terms of members of an organisation who have its actions determined or influenced by other members of the organisation (Salam, 1980). Littler, (1982); on the other hand, recognises three skill dimensions: 1) personal knowledge and abilities, 2) those required by the job, and 3) organisational skills. Regarding concertance of control acceptance as a central concept, but one not reduced to force, concepts which theoretically enriched this trend were woven.

Many started from Marx on the most abstract problem of the contradiction between capital and Labor. Edwards named it "the structured antagonism" (Edwards, 1995), stating that capital-Labor relations are exploitation relations and not only despotic control relations; that this is the struggle basis to transform the labor force into work, seeking to maximise the workers effort. But this faces several forms of struggle and resistance; that is, there is a range of possible tactics that capital may follow, but which are determined by the workers and market pressures.

Several are the attempts to construct types of control forms, for example, Edwards talked about direct control, when the owner directly supervises work; his deals with small business in which the owner decides each situation, supposedly corresponding to competitive capitalism. Technical control would be exercised through machines, like the one described by Marx, to be exercised after the Industrial Revolution. As organisations grew, the monopolistic capitalism and a class struggle increment would bring into existence a bureaucratic control. However, in reality these three control forms would coexist with varying degrees of importance (Edwards, 1979); this is, no necessary evolution would exist in the control forms, but Control Cycles, conditioned by product demand, the lack of labour hands, and labour organisations power. The Control Crisis is behind the control cycles concept, ruled by the labor process conflicts.

Structured antagonism is directed by the existence of informal rules, questionable formal rules, the presence or absence of trade union, and the also appealable legal framework, i.e., different rules may be applied to a situation and should be interpreted to have sense. The

background is that in the labor contract the amount of Labor that the worker should provide is indefinite, the working ability is what is bought, not the Labor itself; i.e., in order to make production work, there has to be an order negotiation. Taylorism would only be the end of a broader process, of very limited applications but with a powerful ideology. In this way, management can maintain its authority, making workers identify with the company competitiveness and responsible for their work with a minimum of supervision (Responsible Autonomy) (Friedman, 1977).

In this stage, the most significant conclusion was that there has to be not only despotic control, but consensus as well; that workers do not always need to be controlled, and that Braverman made a mistake ignoring the existence of legitimisation in the labor process and not as imposed ideas, but as lived fetishised experiences. Perhaps, Burawoy's theory was the most complex of all (Burawoy, 1979); in which he analyses how the consensus was obtained through management in the work place, independently from external causes. For this, he uses a Marxist starting point, combined with the sociology of power and of the organisations. With this, he outlines his games theory, by which, uncertainties during the labor process would be like plays which would both make stress less severe and disperse conflict. In this way, the game means the worker approval of the company's rules, but the result is uncertain and the workers may play on their benefit.

### C. Third stage: from the stages of control to the contingency

Central elements in the debate's third stage on the labor process already present them in the second stage, but lacked the centrality which late acquired. This concerns with the mid of 1980s, although there are earlier works from the late 1970s, and coincides with the emergence of Regulationist theories and the so-called management international explosion of the "new wave", which rediscovered the flexible enterprise. As we will see, the course of the debate on the labor process, stands opposite stagism, structuralism, and the optimism of the Post-Industrial or Post-Modern "New Times", would lead them to be the most consistent critics of those trends.

Burawoy had already stated that, during work, informal rules and practices should be considered not as routines, but as games (Burawoy, 1979). In this game there is the approval

of capitalist production rules, but conflict is endemic. Conflict revolves around the game. On one hand, management pressure to optimise resources (time and money), and on the other, the workers' interests lead to conflict, but also to transformation of management itself. In these games, allowing the workers self-organisation could be more effective in order to intensify Labour instead of the separation between conception and execution. In the game, conflicts are horizontalised on the factory floor, and are individualised (Knights, 1990).

In other words, it would not be dependence between organisation and control (Wood, 1987) and management could use different forms of organisation. In other words, deskilling is not necessary, nor dependent on management's will, because part of this is tacit, i.e., is generated during production routines, the learning of not routine tricks, and from collective skills; these cannot be expropriated.

In this stage, the idea that management consciously seeks control over the labor force is critiqued, leading to a denial of the concept of enterprise strategy. This breaks up into multiple mediations and, above all, into an idea that changes do not obey great plans, but purely contingent matters, i.e., a labour process contingency theory is believed as consequence, although considering the structured conflict; there are no more methods, technologies, organisation of control forms of a stage, but diversity, adaptations with not totally conscious individuals, nor completely rational.

In general, the ability of the labour process debates great authors' (Edward's, Burawoy, Thompson, Freedman, and Hyman) to link Labor to other levels of reality such as the State or the Economy has been limited. This is in spite of the different efforts made with the control cycles concepts, with historical types in Edward's, or through Burrow's Factory Regimes, with which he tries to link the changes in the industrial relations system with the labour process. Thus, in the factory regimes typology, there is the despotic which would be common within liberal capitalism, with a little Labor regulation; the hegemonic which corresponds to organised capitalism with the industrial relations systems; and the current or homogenic despotic (Burawoy, 1985). When in the 1980s Post-Fordism became a significant international theory, the Labor Process Debate inspirers were already busy with denying the importance of changes in the labour process, managerial strategies, and the correlation between the labour process and others levels of reality. To such an extent, that considered as minimum current changes (Wood, 1987), through the Taylorism view like not

an inflexible way, when considering different kind of Taylorism, also the national and local mediations, with denial that control is a strategy (management is not unified, there are also struggles within it and many of their practices are purely pragmatic), or by following the line which states that the labour process is not correlated to capital accumulation, the State or the Industrial Relations System. If capitalism is in crisis and the previous period was Fordist, this would not necessarily be in crisis (Steward, 1992). Among English authors, few have approved the Post-Fordist thesis, the important exceptions being Jessop's views, Marxism Today's, and Kaplinsky's. Jessop considers that Neo-Liberalism is only one possibility of change among others for capitalism, and that it does not have the greatest chance of success; on the other hand, he considers that the State will tend to be more 'Schumpeterian', i.e., will be a promoter of accumulation, rather than an investor (Holloway, 1988). According to Marxism Today, the current stage already presages Post-Modern society (Clarke, 1990). Kaplinsky combines Neo-Schumpeterianism (the approval of big cycles according to technological change), the new international division of Labor (the transfer of significant manufacturing segments to underdeveloped countries), and, recently, Piore's and Sabel's flexible specialisation (by stressing the advantages of small and medium enterprises faced with large enterprises within a context of variability in demand, using reset microelectronic technologies that would make production competitive on a smaller scale) (Kaplinsky, 1984), (Kaplinsky, 1990).

Writers on labour process have hold important debates, which are sophisticated in theoretical reasoning and empirically well-based, but whine offer fears suggestions for theoretical alternatives.

### **1). The Debate on Japaneisation.**

The enthusiasm of those who support the idea of the flexible enterprise from management, as well as those who agree with the Post-Fordist idea about the end of Fordism and the beginning of a flexible regulation mode, has led them to consider the Japanese case as a living example of the New Times. However, as Wood stresses, there are three level of analysis on Japaneisation: 1) If Japanese experience, including its institutions and culture, is globally reproducible in other countries, 2) the experience of Japanese transplants abroad, and 3) whether there is a general trend in management inspired by the Japanese style (Wood, 1991). In this regard, Wood suggests that Toyotism be defined



exclusively as the management style and the notion of Japaneisation be used for Japanese social relations. Using this difference, we can analyse the main positions which belong, on one hand, to Oliver and Wilkinson, who approve of Japaneisation spreading, although they recognise that there are institutional obstacles; Dohse, Jurgen, and Malsch, who do not approve of the idea of the Japaneisation spreading, because of the Japanese specificity, and deny that success in productive is mainly due to culture; on the other hand, they were consider as more significant the industrial relations system institutions and new forms of control by the group. The last position is for Dore, he approves the context influence but highlights the possibility of management convergence towards an "organisation oriented system".

Wood's criticism means that Toyotism itself as a management style is also an ideal type in Japan (Wood, 1993). Moreover, co-operation in the Japanese labour style is not a condition for success in production, because there can be functional equivalents. The Just in Time, for example, would not go against mass production, but would simply be a different method for the same purposes. In other words, Japanese methods would be methods of mass and line production and would not have the functional flexibility which is proclaimed in managements books, although it is considered that workers take more active part in this nation than in the West. Between Fordism and Toyotism would be continuity (in further studies, Wood considers Toyotism as Neo-Fordism), cycles are still short, labour fragmentary, there is labour standardisation and measurement, and the division between conception and execution remains. On the other hand, Fordism itself would not have been as rigid (Tolliday, 1992), and its history would have been a step away from the Ford T model of inflexibility to competitive loss in the face of production strategy of several brands from General Motors (Sloanism), with shorter lines, less specialised machines, and different brands.

Finally, Japaneisation would be an institutional social settlement which makes the operation of Toyotism in production easier. The most significant components of its institutions include labour market segmentation between large, medium, and small enterprises; wages paid in function of years of service in larger enterprises; supervisors acting as the workers production leaders; the 'enterprise's home union', that is compromised with productivity; over-time still not paid; and, above all, extensive consultation with workers to get them involved in production planning and programming.

## 2). **The Flexibility Discussion.**

The flexibility discussion is currently one of the most significant undertaken by this current together with Post-Fordism. In this discussion, the debate's position over the labour process is in opposition to others which have stressed it in a positive way. Anna Pollert is considered one of the most important critics (Pollert, 1991), (Pollert, 1989).

Pollert acknowledges the context in which the labour flexibility thesis is wedged as optimistic, and which started a new era in conceptualisations, with a breaking point with the first one. All of this coincides with a relaunching of the Neo-Classic economy, as one of the sources which proclaims the necessary flexibility of labour markets. The OCDE defends this flexibilisation, winning in hegemony. The other source comes directly from management ("New Wave" management because Toffler's "Third Wave") and the recovery of the constitution of a double proletariat in the enterprise, one from the qualified centre, stable, well paid and with control over its work, and the other, flexible externally, with temporary contracts, part-time, in peripheral departments, and less qualified. According to Pollert, Post-Fordist currents (the three best known are Neoschupeterian, on technological cycles; French Regulationism, supposedly Marxist; and, the flexible specialisation of Piore and Sabel) match Neo-Liberal flexibility because both consider the flexible future of labour optimistically (Pollert, 1988).

There are two aspects to the criticism of flexibility: on the one hand, to demonstrate that labour relations have not changed significantly (this does not go to the core of Post-Fordist and management approaches, including the Neo-Liberalist's, since all these do not stress that the "New Times" are already operating, but that these may be the future); and theoretical reasoning in the sense that extreme flexibility cannot work under the conditions of production. The empirical facts are been shown by the English case (which is presented by none of the others as an example of successful flexibility). In this country national surveys show that in terms of numerical flexibility there were less temporary workers employed in the 1980s than before; and that subcontracting is not used in most enterprises, and has even decreased. With regard to functional flexibility (polyvalence, and internal mobility, among others), it is accepted that in the labour process management has preferred it with consequences in power profit as well as work intensification; but in polyvalence, there exist at best a mosaic of modest changes, without any appearance of the "future craft" workers. This is, there is little evidence of polyvalence (outside large corporations and for central workers), but instead, more "by stress" productivity, although "job enlargement" is

still growing. Likewise, it is denied that there is a flexibility consciousness and systematic enterprise strategies (no coherent enterprise strategy can exist if there is a lack of information and because management is divided) (Hyman and Streek, 1988), instead, there are ad hoc policies. Management has not been extremist, it has tried to balance flexibility with the need to have skilled workers. However, in services the growth of part time and temporary workers has been proved, although this is an older process than the flexibilisation new wave. Finally, in regard to the supposedly superior flexibility of small and medium enterprises as proclaimed in the flexible specialisation theory, it can be empirically proved that small firms are less innovative, have longer work times, lower salaries, and don't use many "craftsmen".

### **3). Critics to Post-Fordism**

In recent years, critics against Post-Fordism have taken up much of the debates on the labour process. On one the hand, Post-Fordism theorists are asked about the common confusion in economic science between diagnostic and normativeness, i.e., by first establishing abstract conditions of the effective operation of markets, or in this case of production, an priori state that reality should fulfil these conditions. Since Post-Fordism does not exist empirically, Hyman stated that Post-Fordists objectively became justifiers of the Neo-Liberals flexibilising and rationalising measures, without recognising that there are several national variations and that in Europe extreme Neo-Liberalism exists only in England, the economy of which is not an example of efficiency and competitiveness (Ferner and Hyman, 1992).

According to Wood the Post-Fordist model is presented as a overcoming the rigidities of Fordism, but it is incorrect to see Fordism as rigid; practical Taylorism can never be the absolute divorce of conception and execution. Production could not work in this way because in the labour process not everything is predictable; machine's control over the work place is relative due to failures; historically, Taylorism-Fordism was only applied to certain parts of the production process and certain type of process; for example, it is less applicable in continuous flux and in Batch processes. Post-Fordists have turned conveyers-belt work into something typical of every form of capitalist labour in the twentieth century, but this is incorrect; Taylorism focuses on individual job analysis, but states little about material transfers during the process and about non production departments, in particular inventory, and the whole integration process. Mass production does not necessarily have to be rigid, besides which it has not empirically proven that mass

production tends to be substituted by small scale diversified production. Post-Fordists consider the Japanese management model as a prototype of flexible relations, but Toyotism, which is nothing but a combination of Total Quality Control and Just In Time (JIT) discusses it but continues to follow Fordism. JIT is not only efficient in small scale production, although this has proved that stocks are unavoidable. Moreover, involvement as pre-designed by management reinforces the division between conception and execution, and delegation through quality circles does not deny management control and may be combined with coercion if selfdiscipline fails; the supposed goodness of the internal labour markets (notion wedged by Piore, transferring the external market struggle for jobs to the factory) may be a prison for all workers.

In Britain in particular, as Hyman reaffirms, in many cases the step from scientific management to Post-Fordism has not been taken, but from no scientific management (informal workers control) (Edwards, 1995) to flexibility. In this country, there are sectors which almost introduced Fordism when this was considered as surpassed. "Craft" is a minority and combines with "semiskilled" (Wood, 1989).

Since for many years technological or organisational determinism has been rejected, in Post-Fordism reviews it is reaffirmed that advanced technology does not need labour flexibility and, also, that this may be counter-productive for productivity in the long term facing technological and product changes.

At a macro-economic level these critics state that labour flexibility may be transformed into greater inequality together with its implications for product demand, i.e., Post-Fordism would also have limits, although it tries to resolve a fundamental capitalist contradiction between over accumulation and crisis. The problem is that this contradiction cannot be solved with both institutional measures and new labour organisation (Gilbert, 1992). Besides, Post-Fordism does not resolve the dialectic between flexibility and workers' resistance; nor between flexibility and workers vulnerability; nor the possible emergency of new skilled workers conscious of their fortress; or, finally, how to achieve co-operation in production plans of non-central workers who remain semiskilled.

#### D. The Labor Process Debate Balance.

In a world where knowledge and powers intermingle or become mixed up, and where legitimate theories have been substituted by new orthodoxies, the labour debate has brought a breath of fresh air into the discussion on the future of production, workers, and trade unions. The starting point, according to the great majority of these authors, still remains Marx's statement that the capital invested in the labour force is variable, i.e., the surplus with respect to the labour force value is not predetermined by the simple purchase of labour force, but that this is determined, above all, in the labour process. This results in an unavoidable conflict of structural characteristics, but, at the same time, in the difficulties to enclose the organisation of labour processes in rigid frameworks. The labour process debate is against structuralism, so common in the economic theories, French Regulationism, and Neo-Schupeterianism in the sense that, on the one hand, structures determine the actions and subjectivity of the actors, but, also, in opposition to its combination with Functionalism, for which changes in a structure result (in spite of lack of synchronically) in the transformation of other structures. For example, limits to mass production supposedly result in the flexibilisation of labour relations. In these concepts, there is not only implicit Structuralism and Functionalism, but Evolutionism. The current acknowledgement of Regulation Modes' parallels by French regulationists which, supposedly, has turned into less inflexible its structuralism (for example, the current coexistence of Neo-Taylorism with both Toyotism and Kalmaniarism) does not necessary mean that it has not a convergentionist characteristic, from the moment that the support to Kalmaniarism and, also, to reformed Toyotism it is not an humanistic matter in them, but, above all, it is a matter of productive efficiency and, therefore, of who will remain in the market in the medium or long term.

On the other hand, among the labour process debate theorists there is a persistent conflict recovery, especially within the labour process as a fundamental determinant to explain changes and, at the same time, the lack of convergence towards one productive brand. This is reinforced with the empirical evidence of extra-enterprise institutional diversity which also shapes productive changes and reassure their non-homogeneity or homogenisation trend (Hyman and Streek, 1988), (Wood, 1989), (Smith, 1994).

But, in this debate there are unsolved significant theoretical and, above all, methodological problems, and due to their extent and level of abstraction this does not

apply to this current alone. The first is the character of the concepts and theories with respect to concrete reality. In the beginning, labour process theorists created diverse typologies which were sometimes related to capitalist production stages, but which were forgotten later relegated to a contingency view that would hardly lead to any theory. By avoiding Structuralism and giving dynamism to the subjects' action they ended up denying theoretical correlations and to reducing coexistence to empirical evidence, in order to return to the consideration of several variations and exceptions and end up without trends. This current did not have known how to resolve properly, except for the structuralism, functionalisms and evolutionisms critiques, the trends problems, and how to relate structures to both action and subjectivity in a new form.

Critiques of "ideal types" do not get to the bottom of the relationship between theory and dates. But, the ideal type is only one of the significant ideas about the concepts' characteristics, originally supported by Weber, who stress that society has no structure; it is amorphous. In this way, the ideal type is only an instrument of knowledge, and its characteristics are conscious exaggerations and unilateralisations; "casual" relations among ideal types do not pretend to reflect real hierarchies. Quite different is Marx's position in relation to historically determined abstractions, those which exist in real life from social relations and that are not universals. On the other hand, Marxist abstractions, in theory at least, try to incorporate the contradiction, putting limits in spaces of possibilities for action. In this way, the structure, theoretically understood, is not separate from action and its outcome, although open possibilities; but, is open only in a space of objective possibilities, without deterministic outcomes but located within this space. Thus, the long term is not predictable but, subsequently, it is possible to trace a posteriori course changes that could be denominated with specific concepts.

Changes of direction are possible as rough changes with certain continuities, above all, these are changes of direction in relations of forces, as that which has been produced with the coming of Neo-Liberalism.

This is, the great theoretical uncertainty this debate led to is whether it could be theory over the labour process, articulated with other reality levels, trying to escape from Structuralism and any reductionism. But, from a concept of reality, to which the theory cannot be universal, nor the relation between concept nor in its own concepts; there is the permanent need to rediscover or reaffirm the concepts. Second, theorisation does not mean

necessary trends but outcomes from the a posteriori historical process, which bring together structures, subjectivities, and actions. Third, in the present there isn't only one a line of change, but neither are they totally random or contingent; changes, as Marx stated, are made by men but under conditions they did not choose; these conditions, which were not chosen, mark limits to viable action in the conjuncture; but if History is the articulation of conjunctures, the long term course of events cannot be redefined except in more or less abstract possibilities.

In this respect, purely empirical trends could be lost in a ocean of particularisms. This is the case of several of the critics of the current to flexibility as a trend. To say that the context is not predictable, that enterprise strategies have competitive not coherent elements, that these have to be constantly reinterpreted by the parties in order to have sense (Edwards, 1995); that these are not simple adaptations, that the objectives are open, that there is no empirical evidence that management have clear control strategies (Wood, 1988) (Hyman, 1987), or that are not strictly rational calculations in these problems, is to point out the complex, empirical realities with a lot of mediations and diversity. But that in the limit may lead to Empiricism, to negation of theory or the capacity to acknowledge the most influent factors in the processes than. To talk of enterprise strategies does not necessarily mean to give them rational choice characteristics, nor an absence of conflicts, nor to say that the planned outcomes aren't different from concrete outcomes, nor that, on certain levels, there are different management strategies. But all this is different from denying that the enterprise has and is in a network of structures that pressure on it, and that theorisation should mean the capacity to abstract secondary factors. Second, if strategy as a theoretical object is a construction or a resultant of theoretical enterprise subjects, that should have empirical verification but, once again, doing without so much mediations and particularisms in front of which, if there is not theorisation, there will be no way to escape from empirism.

Being concerned with subjectivity and conflict, the studies, at best, resulted in types of control, without considering the more abstract relations among structures, subjectivities, and collective action. For this purpose, the concept of structure also failed receive sophisticated treatment.

From our point of view, the labour process debate is in difficulties; out of the

accumulation of more cases and reviews, and above all, by a rejection of broader theorisation and its highlighting of critical examinations without reconstruction during its latest phase.

However, the labour process debate still remains as a great effort to up-date Marxism, to establish a dialogue with Sociology and the Political Sciences, although it would have to be, once again, subverted, like Braverman on his origins, in order to take another step forward, primarily in the theoretical plane.



## Chapter V: **The Accumulation of Capital and the Socio-Technical Basis of Production Processes**

Development theories have proposed a number of concepts in order to characterise and define the stages of historical development, but each of these concepts makes reference to a different level of reality, depending on the theory in question. The Development Model concept conceived by CEPAL (the Economic Commission for Latin America) proved to be the most popular in the region, and was adapted by dependency theory giving it a clearer emphasis on social classes. The Development Model concept is centred on the macroeconomic level, and uses variables of the balance of payments and national accounts. Principally, this concept considers the relationship between industry and the primary sector; import and export dynamics; the export of capital; and, State intervention in the above sectors by means of policies on tariffs, prices, exchange and interest rates, as well as through its role in productive investment.

The Import Substitution Model, in which the State plays a prominent role with its economic policy, was devised with the above considerations in mind. Here, economic policy favoured the industrial sector as the driving force behind development, protected it from external competition; provided it with soft credits; supported it with pricing policies for primary sector and from state corporations goods from which inputs and good-salary for workers were obtained; used primary exports to maintain machinery and equipment import capacity; and, compensated for limited private sector investment through state spending on production.

Regulationism, on the other hand, proposed the Accumulation Regime concept as the link between production and consumption (in the Fordist Regime, this would be between mass production and consumption), as well as the concept of the Mode of Regulation (those institutions which permit an accordance between production and consumption). Making a recent appearance within this theory is the Industrial Model concept, which is taken to signify the process of structural stabilisation and regulation that brings economic growth into line with the regulating institutions themselves (Boyer and Frayssenet, 1995).

The concepts of “Accumulation Regime” and “Mode of Regulation” contain levels already present in the Development Model concept, but add in one very important Level that was not originally included: the production process.

The notion of “Model” can have a number of different meanings. The one that is considered to

be the ideal to which to aspire, may be the version given by neoclassical economics, but is also used in regulations. This acceptance takes as its starting point such hypotheses as the tendency to coherence between the Accumulation Regime and the Mode of Regulation, or even toward equilibrium among the neoclassics. A posteriori, any empirical deviations with relation to the model are put to the proof so as to make policy recommendations on ways to approach the ideal. It is true that the ideal model does not acquire the same clarity and formality in regulationism as it does with the neoclassics, but the concern for reaching future stability can be noted in both cases.

Another definition of “model” is the stylisation of existent processes. The temptation of this version, whether used by the Development Model or in regulationism, is in its aspiration to universality. That is, once the attributes of the model have been established, it is then applied to concrete cases through the hypothetical deductive method. In this process, it is not difficult to go so far as to operate within the Lakatian logic of protection belts in order to save the model from any anomaly. In other words, the existence of deviations in certain cases is acknowledged, but these deviations are not deemed to compromise the validity of the model. In fact, it is hard to imagine that the validity could be jeopardised in any way when the very attributes of the model depend on the factors previously selected as relevant. This way, the cases to which the model is applied are considered to be its confirmation if ascertained, and if not, they become ad hoc hypotheses that do not refute the model. Behind the logic of models lies the standard concept of the theory, considered to be the set of deductively interrelated propositions which must preclude ambiguities or contradictions. That is, the logic of models suffers from the same drawbacks as do structuralism (where subjects have no clear place in theorisation); universalism (which does not incorporate the particular); rationalism (in which the reduction of the subject to an economic quantity presupposes a rational actor); and implicit values such as the seeking out of equilibrium or stability.

Structuralism, understood in its extreme form as the doctrine which attributes the determination of forms of consciousness and social action to the position actors occupy in structures. In the great polemics of today, structuralism has been discredited, but the lapses in the discussions with regional theories may imply that some Post-Fordist frameworks are structuralist.

In another vein, how efficient are universal theoretical frameworks with regard to national or local specificities? It is well known that important labour institutions are not necessarily

duplicated from one country to another; therefore, how much does specificity alter the explanations and hierarchies of causes?

Holistic theories have also been questioned by post-modernity, with the proclamation of the kingdom of fragmented identities, subjects, personalities, social relations. How deeply does the labour polemic take note of the discussion on this level? Are global theories like regulationism still possible?

In the polemic with neoclassical economics and the theories of rational choice, how much can rational calculation assimilate the action of agents, which can therefore be gelled into monetary variables, or does social action allow for variable determinants and an indeterminate field.

Related to the aforementioned problems is the crisis of the standard concept of theory. At the beginning of the century, the coming together of logical positivism (the reduction of scientific knowledge to empirical data) and the logic school of mathematics (the reduction of mathematics to logic) produced logical empiricism. This powerful epistemological perspective drew its concept of theory --understood as a set of logically structured and semantically interpreted propositions-- from mathematics. In its most developed form --Carnap's theory of two levels of scientific language-- the standard theory has the structure of an axiomatic deductive system and empirical interpretation is carried out through a series of semantic rules (rules of correspondence which connect theoretical with observational concepts).

But as of the 1960s the standard concept of theory went into crisis. It was initially undermined by Khun's critiques, followed by those of post-structuralism (Putman, Suppes, Foucault). For example, Putman asked whether the road for research should always go from the theoretical to the observational and questioned whether theoretical terms could really be distinguished from observational terms, both being abstractions. Suppes doubted that any real theory existed with the standard structure. And, in general, the idea that the relationships between concepts could only exist in the conditional form ("if A, then B") was questioned, thereby opening the door to multiple alternatives. Also questioned was positivism's postulate of the deductive relationship among hypotheses in theory. In contrast, Foucault's concept of a grid of specification and Moullines' theoretical network allow for other structures (a theoretical network is like a tree, with nodules defined by theoretical elements, but with programmatic, sociological and historical branches).

Also beginning in the 1970s, the critique of the idea of data as a given has spread. The problem

existed in logical positivism because it accepted the idea that only propositions could be derived from propositions, and the relationship between observational statements and perceptions was not clear. The difficulties actually began with the proposal to deduce observational statements strictly from theoretical statements, given the difficulty of defining rules of correspondence. With regard to observation, Hempel said that it was a non-defined, multi-faceted basic concept, and that it progresses from direct perception to indirect perception with instruments. For Carnap, it needs no explanation because it is a basic statement, a given. However, if propositions cannot be compared with facts --only propositions with propositions-- verification could only take place between forms of language, but not directly vis-a- vis facts. This is not new, having arisen at least as long ago as when Berkeley considered that perception is already a form of reflection and, therefore, the external world and the world of perception do not necessarily coincide. In this century Piaget denied the existence of pure sensation; he said experiences were only interpreted through schema which allowed for accommodation through assimilation. Kohler discarded the hypothesis of constancy, saying that equal stimuli do not necessarily produce equal perceptions.

In sum, before the crisis of positivism, there were already three positions with regard to the meaning of empirical data: one which considered it a given, leading to a duality between language and reality and turning implicit verification into a problem of mere logic; another saw data as always dependent on consciousness, leading to idealism and solipsism; and a third, which saw subjective but also objective components of data, as a form of the subject-object relationship. That is to say, double pressure is exerted on data: on the one hand, the pressure which comes from the concepts of theory and which implies a certain delimitation of the empirical world as a function of the concepts utilised; on the other hand, the pressure which stems from the social relation implicit in observation (when dealing with the observation of other subjects, the problem of the determinants of what they are able to observe). The tension of the concepts also implies that the empirical restrictions have specific dimensions and levels of abstraction, while with regard to the subjects researched, the subjective meaning of the data (manifest or latent, conscious or unconscious) and the role of structures, biographies, historical memory, character, rationality, culture, aesthetics, discourse.

Linked to the problem of conceptualising data was the questioning of data collection technique neutrality (as having the supposition of reality), as well as measurement processes (which imply reducing relations to numbers, abstracting specificities and presupposing isomorphism between

the logic of mathematics and that of reality).

All this led to the crisis of the deductive hypothetical method: the crisis of the structure of theory as a deductive system, the rules of correspondence between theoretical and observational language, the capacity to unequivocally link data with concepts, and the neutrality of research techniques. Confronted with these uncertainties in what had seemed exemplary logical rigor, softer versions of the research process come to the fore.

Above all, the possibility opens up of rethinking scientific endeavour with regard to non-Newtonian concepts of reality. If reality were conceived of in terms of movement, without being subject to universal laws, and could be analysed on different levels or as the articulation between processes of different temporalities, the inclusion of explanations of the specific with those of the generic would once more be pertinent and a non deductive research strategy could be put forward to reconstruct theory.

One temptation exist as alternative to structuralism, that of contingent action; but it is clear that men make history in conditions not of their choosing. That is to say, viable action is restricted by conjuncture. A critique of structuralism, in other words, does not automatically lead to a negation of the concept of structure itself. Opening up the field to the action of subjects implies asking what structures are pertinent to the problem and the object; secondly, how they are connected with subjectivities and, in turn, to action; and finally, how action affects structures and subjectivities.

Something similar happens in the critiques of holism. Totality as a theoretical model can be criticised on the basis of its structuralism, its universalism, its underestimation of subjects. But the possibility does exist of an open non-totalitarian totality, in reconstruction, which can be researched on each occasion through hard or lax relationships among its elements and which fixes the field of the possibility for viable action more than determining subjects. That is, a totality without the underlying supposition of an articulated whole.

Also a reformulation of the idea of rational agent is possible, without presupposes given ends, deducible means and therefore, a predictable course of action. Under certain circumstances the agent may come close to being a rational actor, but there are more determining factors of the action; discovering them may be a part of problematisation.

With regard to the hypothetical deductive method, one alternative may be transforming the process of verification into one of reconstruction of theory; thinking more in terms of the need to

reconstruct a non-totalitarian concrete totality than in terms of theoretical frameworks with hypothetical-deductive structures; transforming the idea of explanation from subsuming the case into a universal theory to the reconstruction of the concrete totality; and, above all, thinking not of predictions in the traditional sense, but of the definition of areas of viable possibilities for the action of subjects. All of this would take place within a conception of history as an open articulation of conjunctures; in each conjuncture, the viable field for action would be redefined. But the limits of fields are not infinite, either: action can change them, but the structures exert pressure on the play of objectivity and subjectivity, the motor force behind transformations.

For our part, we propose that the relationship between economic variables must undergo two mediations within the Marxist notion of the law of tendency in order to explain the concrete. To begin with, the law of tendency vindicates the general aspects of the object, but leaves open the possibility of including other specific factors. Secondly, the subjective and objective natures of the social actor would have to be among the aspects included in the explanation and as such, must intervene in several ways, especially in the manner always asserted by Marxism: class struggle along with its component parts, subjectivity and collective action. From this point of view, the function of the laws of tendency is not that they be fulfilled in the long term, but they provide a first abstract level of the field of possibilities for action under the conjuncture.

Within this methodological orientation, the mechanistic or purely objectivistic perception of the evolution of history, so dear to the nineteenth century, disappears. The future is relatively open, and there is no need for any ontological presupposition of universal articulation (Engels' unity in diversity). The articulations may be hard or lax (the logical and the historical, in Marxist terminology). Discontinuity is not contradictory with the new perspective of an open totality, when the totality takes two meanings: first, epistemological criteria for the construction of theory; and second, pertinent articulations between processes, which must be discovered without presupposing relationships or hierarchies. Nor does the open totality necessarily assume that everything is rational or capable of rationalisation at all times: irrationality could be due to the insufficiency of theoretical or empirical knowledge, or because the relationships are in fact confusing and indeterminate. The "black holes" that exist in knowledge or in the reconstruction of the totality of an object are at times filled in with terms of common language, impressions, values, or hypotheses, forming a concept of theory that does not resemble the positivistic idea of standard theory (Zemelman, 1988).

The first implication is that the concepts could be operating on different levels of abstraction, running from the most abstract to the most concrete. They could also be abstract fields in articulation with concrete fields, when seen from the perspective of fields of possibilities (De la Garza, 1985).

Secondly, the idea of abstract and concrete concepts and their relationships opens the possibility of these not being exclusively of a deductive nature. Strictly speaking, a concrete concept cannot be deduced from an abstract one because the definition of the former is dependent on more determinations than is the latter. In other words, the relationships between concepts of different levels of abstraction may be hard or lax, and consequently, not all can be represented by equations. In an extreme case, "lax" could mean obscure or that which cannot be rationalised.

#### A. Productivity and the Sociotechnical Base

The concept of productivity, though commonly defined as the average quantity of use-values produced by each worker in a specific time, does not have a unanimously accepted form of analysis in economic literature. The purely economic analysis of productivity runs the risk of reifying social relations, especially those that link capital to work within the labour process. Such a reification leads to the consideration of productivity as a purely technical problem, that of the optimal combination of factors. The neoclassic heritage lives on in these analyses: the working class and its wages, for example, are reduced to being a factor as objective as the production technique itself, and expressed as a price.

In the Marxist perspective, the problem of productivity acquires a different conceptual content, and also points toward the synthesis of mutant social relations. Therefore, when Marx analyses the mechanisms for extraction of absolute and relative surplus value, he indicates that both can lead to the generation of a greater quantity of use-values per individual worker. With respect to the increase in productive capacity, it is nevertheless worthwhile analysing how social relations alter along with it at the moment of production. In that regard, Marx first of all introduces a distinction between the productivity increase mechanism on the one hand, and on the other, the rise of labour intensity and length of the work day, which presupposes that the higher productive

capacity will produce a proportionate increase in wear and tear on the implied labour power. This manner of creating a greater production of use-values may be implemented by taking the actual production method as substratum, and then making an exclusively quantitative variation in the level of labour exploitation, without modifying the forms of subordination of the worker to the work instrument, and/or to the management of the enterprise. A different route would be one that presupposes innovation in the production method. This second option historically has involved the transformation of the labour process into a machinery system instead of a production line of workers. From the analytical point of view, this second mechanism may be considered a form of increase in exploitation and in quantity of use-values produced by the individual worker, without necessarily causing any additional wear and tear on the labour power (the relative surplus value mechanism also implies that technical progress is extended to the workers' consumer goods producing sector). Marx denominates this second method 'productivity' in the strict sense of the word, distinguishing it from the other method. It must be emphasised that the two mechanisms are not mutually exclusive in capitalist production.

When capital decides to effect a restructuring of production, this can be taken to mean superficially the generic objective of achieving greater productivity, which would translate into lower production costs, greater competitiveness in the market, and, finally, a higher profit rate. Expressed as a formula, productivity (Pr), profit rate (pr), and surplus value rate (P) are interrelated through the following equations:

$$P = Pr - Oc - 1$$

$$pr = (Pr - Oc - 1) / (Oc + 1),$$

where Oc is organic capital composition (constant capital divided by variable capital).

The technological base, or the characteristics of the machinery system, undoubtedly has an influence on productivity. A technological base implies that certain kinds of knowledge are materialised in the machinery system. Modern technological bases presuppose the ever greater application of the natural sciences to machinery, production process, and product design.

The organisational base is another level affecting productivity, one that does not exist in a systematised form in less developed production methods.



Likewise, labour relations can also be expected to have an influence on productivity, they are not reduced to organisational forms, as labour practices, methods of collective bargaining, and the reflection of "industrial relations systems" within labour processes. We may therefore propose an articulator concept which includes the relationships between the technological base, organisational base, and labor relations, along with which characteristics of the labour force as qualification. This concept will be referred to as the Socio-Technical Base of the Production Process (De la Garza, 1993a).

In the context of protected economies (Import Substitution Model), a crisis such as the overaccumulation of capital may arise of a limited domestic market and immediate difficulty for exportation, as contrasted with the opening up of the economy, which could transform into a crisis of the socio-technical bases, limiting the accumulation of capital. It must be clarified that the limits of the sociotechnical base are never absolute: they are dependent on the market and on the power relationships between capital and labour.

The idea of crisis of the socio-technical base complements rather than contradicts that of the overaccumulation of capital, thus drawing attention to the transformation mechanisms of productive conditions, which are motivated by competition, but which do not come about automatically, nor solely depending on the market. Abrupt increases in technological or organisational levels do not take place every time there is an economic crisis, partly because technological or organisational potentials do not automatically follow the market. Nevertheless, transformations in competition and in power relationships can make viable and extend technologies and organisational forms that had previously existed.

The counterpart of the idea of crisis in the socio-technical base is that of its restructuring. If the sociotechnical bases of production processes include the technological base, the organisational base, labour relations, and the labour force profile, production restructuring may come about on all of these levels simultaneously, or on some of them individually. That is, production restructuring is nothing but the transformation of the sociotechnical base of production processes, which may also occur alongside transformations on other levels of society, State, and social classes. Along with production restructuring, there may also occur a transformation in qualifications, in the workers' capacity for control over their work, and at the same time, in the actual working class and their capacity for resistance and bargaining.

But the relationships between these factors should not be interpreted as chains of cause-and-

effect: an alteration in one of the factors only opens possibilities for change in the others. The consolidation of change does depend on previously determined factors, but more especially, on the interaction between the subjects of the production processes.

The existence of determined patterns of technology, organisation, labour relations, or labour force profiles do not necessarily have to coincide; it is possible to refer to periods of applicability for each one of these individually, or to form non-systemic configurations. The periods of applicability for the sociotechnical base do not necessarily correspond to the classic economic cycles. In the transition from one socio-technical base to another, not all the elements of the new base are prefigured, nor is the future completely open. One way in which this prefiguration is limited is doubtlessly through the conceptions which permit subjects to diagnose the causes of and solutions to the crisis. Another way would be the struggle, resistance, attacks, counterattacks and bargaining that form part of such a transition. And finally, these power relationships may have potentialities but are not completely determined. The results of the process and the characteristics of the new socio-technical configurations of production processes will also depend on the subjective capacities of the fundamental subjects.

Furthermore, a national production apparatus does not recognise just one socio-technical base. It is possible to identify several patterns in each of the sociotechnical levels, with both articulations and discontinuities between them.

## B. The Limits of the Technological Base.

It is a cliché, in modern production processes, to speak of the application of science to production. More specifically, the predictive capacity of science applied to production translates into the capital planning function within the labour process. An old capitalist ideal persists within this scientificist spirit of production: the conversion of the production process into an act that is totally rationalisable, and as a result, predictable. Though instrumental science has made great progress toward attaining this goal, its pursuit has now met with the inevitable obstacle of the presence of social relations in production, with interests that do not always coincide. "Irrational" elements cause changes in production planning, and absolute prediction is an ideal which cannot be successfully encompassed by optimisation equations. This quest for absolute rationality in human acts contains the assumption that the actor calculates a course of action seeking maximum

profit, and that this course is therefore predictable. The intention is to reduce production and productive-man to a set of variables which may be combined to predict the rate of profit.

What we have been calling the technological base of production processes refers, in the first place, to the machinery's characteristics, and secondly, to its organisation into something resembling a system. The technological base does not exist independently of elements such as: the market conditions that make it viable; the advances in applied science that make it possible; the availability of a labour force comprising determined characteristics; the legal stipulations relative to labour and to the industry in general; and the traditions of dispute, organisation, and negotiation.

If the labour process is seen as a machinery system, there will always be what we will call a transfer time from one processing stage to the next, so that production time will equal the sum of processing time and transfer time. A possible modification of the production process may lead to a decrease in the processing time and/or the transfer time. These could be a function of a set of physical-chemical variables and of variables concerning the amount and method of the work involved.

In the optimisation of processes, there exists a theoretical optimal processing time, attainable through, for example, the seeking of minimal processing costs. However, this is achieved by assigning to parameters certain values, and by considering labour force as merely a cost. In an extreme case, those parameters may also be variables, and the optimum, a function of those variables. Also, these equations do not contemplate the difference between work and the labour power.

In continuous flow processes, the processing and transfer times are not generally functions of the labour force except where repair and maintenance are taken into consideration. Of course, no process is without failures and interruptions. By manipulating some of the variables of the process, a better production time may be achieved within the same technological base in continuous processes. This, however, has two restrictions: not all significant variables can be manipulated (equipment size, for example); and others, for reasons of security or efficiency, can only be modified within a certain range.

In standardised labour-intensive serial processes (the car assembly line being the best example), production time depends on the organisation of labour and the speed of the worker's performance. Within certain limits, it is also possible to accelerate the production line speed,

obligating the worker to move faster; the limitation here being the physical and social resistance of the worker, as well as the impact on product quality or on the quantity of errors. The route to a greater rationalisation of the labour method -- by way of increased division, simplification, and standardisation of operations -- is subject to the same limitations mentioned above, as well as to that of the proportional increase in transfer time with respect to processing time.

Considered individually, machines will accept a certain amount of flexibility in conditions of operation, but this amount is not infinite. The productive capacity of a machine is subject to design restrictions which will not allow production or efficiency to be improved beyond a certain point.

It is possible to distinguish specific technological bases for each product, but there are also generic technological bases which span a variety of products and branches. In those technological bases where the productive processes are to a large extent the result of the application of science to production, a general criterion for change could be the natural scientific principles on which production processes are based. In every kind of production process it is possible to identify technological paths and their respective qualitative leaps, as well as small alterations within a single technological pattern.

From the vantage point of operations affected within the various production processes, certain criteria on the technological level may also be defined: the energy source used (steam, electricity, nuclear energy, etc.); the machine-system control type (non-automated, automated non-computerised, computerised); or the specific technologies on which the processing of labour objects are actually based. The type of production process is another criterion: standardised per piece (tools-based, with machinery non-automated and with automated machinery); continuous flow (non-automated, automated non-computerised, automated computerised); non-standardized (crafts, mechanised, automated); administrative and marketing ("crafts," labour force intensive, cybernetic). A technological base combines in a non-deterministic fashion with the characteristics of the labour force involved in the labour process. One of the basic characteristics of this labour force in relation to productivity is its qualification. From the viewpoint of productivity, this may be considered in a multidimensional form. It is related to knowledge and abilities (physical, mental, organisational) but also to the capacity of the working class for resistance and bargaining in the labour process, and to workers' capacity for control over their own work. The capacity for resistance, bargaining and worker control over the labour process are

not given in absolute terms nor as a sole function of the technological base, but it should be recognised that this base imposes certain restrictions, with the result that, at the labour process level, resistance, bargaining and control are not solely the result of volition.

Qualification, resistance, bargaining and control all possess an objective and a subjective face, which are related also to the forms of conscience and action in the labour process.

### C. The Limits of the Organisational Base

In the twentieth century, organisation has taken its place, alongside other factors, as an essential aspect in the explanation of the productive efficiency of capitalist enterprises.

Enterprises that generate goods and services presuppose human resources (the labour force), labour object (raw and auxiliary materials which undergo processing), as well as tools, machinery, equipment, buildings, and installations, which in combination constitute the labour process. Production organisation is the way in which material and human resources are linked according to a plan.

The link between the labour force and material production means (objects and means of labour) implies in capitalism such elements as:

- a) division of labour
- b) forms of supervision and control
- c) formal and/or informal regulations on how the work will be carried out
- d) authority levels and management hierarchies
- e) forms of communication

The division of labour may be seen both on production lines (horizontal sequence of product processing) and in the corporation's vertical structure. It may also be analysed as a division of labour within a department, both vertically as a management structure, and horizontally as the sequence of labor objects processing on the production line. Likewise, the distinction may be made between production and supervisory work, as well as between production and maintenance,

and quality control.

The capitalist labour organisation implies the existence of some form of work supervision. Within this organisation, labour has a certain level of formality and informality in the structure of the division of labour, management, hierarchies, methods, and responsibilities for the different jobs. Finally, labour organisation presupposes some kind of communication between upper and lower-level management, as well as horizontally within levels. By means of these communication channels, orders are transmitted and the corporation's directors collect information on production performances.

Organisational limits may be analysed in any of the manners indicated, but always in relation to market conditions and power relationships between capital and labour.

#### D. Labour Relations

Labour relations may be understood as the relationship between capital and labour in the immediate production process. Some may be codified (regulated by law, collective bargaining, and/or organisational rules) and others may be informal (some labour relations are standardized through labour practices, others are random).

The analysis of labour relations may take place in several dimensions related to capacity of capital or labour to decide:

- to increase or decrease the volume of the labour force
- the use of the workers within the labour process.

The Taylorist principles of organisation -- as synthesised in the ideas of task division, separation of conception and execution, division of production and maintenance tasks, a clear definition of the functions of each job, and the separation of execution and supervision -- can be only partially reconciled with real labour relations

- wage systems: wages according to category, with bonuses for seniority, production or productivity
- labour practices: the instrumental or non-instrumental character of labour culture of both workers and management; moral obligations, involvement, identity
- the character of collective bargaining with respect to employment, the use of the labour force

within the labour process, and to wages

- the industrial relations system. This should be taken to mean institutional linkages between labour relations and the legal, social security, and State "systems".

In those theories which diagnose crisis, not only of productivity, but of rigidity (in neoliberal, management or regulationist theories), it could be thought that the above-mentioned aspects (all of them, or a few in particular) have led to the "rigidity trap," and thus hinder growth in production, quality, and competition. For those who hold this perspective, part of the solution lies in labour flexibility.

However, we may refer to three kinds of flexibility. One is arbitrary, the product of the limited presence of Fordist and Taylorist relationships, and existing since the beginning of the capitalist corporation. This type of flexibility is not related to the diagnosis of the crisis as a rigidity crisis. On the contrary, in corporations where Fordism and Taylorism have been recognised to varying degrees of intensity and in a number of configurations, the approach to flexibility can take two forms. The first appeared when practical Taylorism was confronted with the impossibility of anticipating all production details and errors. The second approach is that of a flexibility which not only seeks to eliminate obstacles to the use of the labour force, but achieves capital hegemony (in the political sense) within the labour process (participation, involvement, control by the work group, worker-corporation identification). This last approach may be considered a "Toyotaist" flexibility kind.

Flexibility may be defined as the elimination of obstacles to changes in the product, the production process, or the quantity, use and price of labour force. This may occur on either the labour relations or on the industrial relations system level, as rapid adjustments to production are sought according to input and product demand.

Finally, it must be made clear that rigidity and flexibility are not isolated poles but parts of a continuum ending neither in absolute rigidity nor in absolute flexibility (which cannot possibly exist). Beyond the ideologies, it has not yet been demonstrated that the most flexible relations of production are those of highest productivity, nor that practical Taylorism possesses the greatest rigidity.

Strictly speaking, the technological and organisational bases, labour relations, and labour force profiles do not form systems in production processes, but they may become characterised as

configurations containing both coherent and contradictory aspects, stemming not only from logical necessity but from social interaction. During a period of capitalist development, certain socio-technical configurations may dominate in relation to other extra-productive levels which must also be taken in account to explain its existence. The restructuring of production is not a necessary process, but is related to market conditions and relationships between capital and labour. It must therefore consider articulations between productive and extra-productive levels.

In order to account for articulations between the economy, production, institutions, state, and social classes, we propose the open concept of Social Economic Formation (previously used in Marxist literature with other connotations), which would include such specific levels as the following:

- The forms of accumulation of capital, and more specifically, that of the exploitation of the labour force;
- The characteristics of the socio-economic units of production and circulation, which include the socio-technical bases of production and circulatory processes (technological and organisational levels, as well as those of human resource management, labour relations, labour force profile, and labour cultures) and the linkages of the corporations with their clients and suppliers and production chains, as well as with the external labour, technological, and money markets, and with the State;
- The relationships between production, circulation, and consumption (the importance of public and private consumption, the internal market, and exports; the relationships between branches of the economy, such as agriculture, industry, and services);
- Institutions for the regulation of labour-management disputes, negotiation practices, and pacts between workers and employers organisations, and the State;
- power relationships between social classes, and collective disputes;
- State economic, social, and labour policies;
- The behaviour of macroeconomic variables (balance of payments, consumption, investment, product, interest, exchange, and tax rates).

The simple inclusion of the proposed levels does not guarantee the avoidance of structuralism, evolutionism, universalism, and rationalism. For this, it is imperative to make the following observations:

- a) The relationships among these levels, and the configuration of each one, do not necessarily



have to be coherent or without contradictions. These forms are historically established as non-deductively related processes which possess coherence together with contradiction, dysfunctional aspects, discontinuity, ambiguity, or obscurity.

b) In other words, their articulation (hard or lax) do not form hypothetical deductive systems, and include aspects of different levels of generality and specificity (for example, international, national, regional, local, branch, or firm), depending on the level of analysis.

c) From the moment in which their relationships are joined together with the subjects' actions, the configurations are not closed, and therefore, their tendencies are only partial. That is, they provide the framework for the subjects' viable action at the conjuncture. The result will be fundamentally the product of social action, but also of the afore-mentioned partial structures.

d) This will change the role of the concept of Socio-economic Formations in research. These are not meant to be applied deductively, but serve as a starting point for later reconstruction (the reconstructive use of theory vs. the deductive use).

e) Finally, there is no reason why the configurations for the socio-economic formations would tend to convergence, though they may contain some common elements, always locally specified. However, it is possible -- retrospectively, and not as an inevitable outcome -- to find relevant configurations for determined periods, as simple historical results.

## Part II: Latin America, Empirical Evidences

### Chapter I: The Legacy of Dependency Theory

#### A. Theories of Dependence

For more than ten years, Latin American social science was dominated by dependency theory. From the 1960s on, dependency theory attempted to surpass CEPAL (Economic Commission for Latin America) developmental theory by creating concepts specific to Latin America, integrating economic questions with politics and social phenomena. Dependency theory also recognised the centrality of capitalism in the region, and denied the dualist idea that underestimated the relationship between modernity and tradition. The dependency perspective divided into several different currents, which, although they all made the same critique of CEPAL, at the same time established a certain continuity of its positions. The dependency theorists took on the CEPAL idea of the decline in terms of exchange which led to global dependency. They also accepted the CEPAL view of the periods of Latin American development, from development based on the export of raw materials to one based on the domestic market and industrialisation through import substitution. On the other hand, although dependency theory incorporated other domestic economic and political factors of the Latin American countries, the focus of the analysis was also the centre-periphery relation. Dependency was considered the main cause of weak economic development, the superexploitation of labour, the small domestic market and marginalisation. The solutions for dependency condition meant the establishment of a strong state (of either a reformist capitalist or socialist variety) which would foster development with distribution of income (De la Garza, 1984).

There are three major dependency currents. The first cites the draining off of resources from Latin America: at the centre of this current's analysis is the upset of the balance of payments caused by resources being sent abroad when foreign monopolies import capital goods to Latin America and repatriate profits, thus causing a deficit in the balance of payments and the growth of the foreign debt. The second current is the unequal exchange focus (associated with the work of Emmanuel and the French tradition of Samir Amin) (Emmanuel, 1972). The third is Ruy M. Marini's superexploitation current, which takes on board the CEPAL periods, but considers that during outward development there was unequal exchange with the centre because of differences in productivity; to compensate for this unequal exchange, the local bourgeoisies resorted to superexploitation of the

workforce, understood as paying for labor power at less than its value. From then, according to this current, the domestic market was split in two: the demands of a higher market segment were satisfied by imports of luxury goods and those of the lower segment of the market were satisfied by non-capitalist production. Workers' consumption of capitalist goods, therefore, would not be important for the circulation of commodities. With inward-looking development, capitalist production would focus on the higher sphere of domestic consumption, while workers would continue to be superexploited and to consume non-capitalist goods. In the third or current stage, foreign capital would invest in manufacturing, increase productivity and begin to export, but workers would continue to be a non-capitalist market, and therefore superexploited.

Dependency theories first entered into decline in 1978 and have not since recovered lost ground. Their decline was hastened on the one hand by changes to the economic and political situation in Latin America since the 1980s: the advent of neoliberalism, which had no place in either dependency's theorisation or predictions; the transition to democracy which implied the emergence of new political forces, different from those contemplated by dependency; the fact that an important number of the intellectuals who had created dependency theory abandoned its tenets. Also, the changes in Latin American production, labour relations and labour markets in the 1980s could not be properly dealt with using the conceptual arsenal of dependency theory. The accent on centre-periphery relations and macroeconomic and macropolitical conditions meant scant attention was paid to what was happening inside factories. All these factors came together to create a crisis of its paradigm (of its focus, its theory and its methodology) which from 1980 was translated into a halt in the production of concepts and the new generations of social scientists and the leaders of dependency theory abandoning it (De la Garza, 1988).

The theory of the new international division of labour may be considered in relation to dependency theory. Originating in the work of Froebel in Germany at the beginning of the 1970s (Froebel, 1980), it had little impact in Latin America during that decade because of competition from strong local theories. In the 1980s, while it spread in Europe and in the United States, the mood among Latin American scholars had changed and it has still had little impact. In its time, this theory criticised other versions of dependency theory (Gunder Frank's development of underdevelopment) and proposed that competitive manufacturing industries on the multinationals' world market tended to be set up in Third

World countries as part of the international fragmentation of the work process. According to this theory the parts of the work process which would move to the Third World would be the low-skilled, labor-intensive segments. The new international division of labour would be spurred on international competition; the multinationals would look in the Third World for cheap, less-protected labour. Workers' real wages in underdeveloped countries would not be enough to replace the cost of reproducing the workforce, which would have to be paid for by peasant production; the workday would be long; there would be abundant labour available which would be less protected by legislation, the state or unions. That is, through this process, underdeveloped countries would become industrial ones. Frobel's last version situated the new international division of labour in his conception of the development of capitalism, understood mainly as the struggle of capital to subordinate non-capitalist forms: that is to say, a classical Marxist view which considers the force behind all change to be the contradiction between capital and labour is transformed here into the struggle between capital and non-capital, particularly between developed and developing countries, but in which the determining pole of development of the Third World would be demand in the metropolis and its capital accumulation (Frobel, 1982).

This theory clearly disregards the importance of the domestic market in countries like the Latin American ones in a period of what the dependency theorists called inward-looking development. And therefore, it also neglects to account for the development in this period of national state or private monopolies with which the multinationals had to share the domestic market and which in the 1980s were part of the nucleus which restructured production and began to export. Also, the prospects for the Third World's comparative advantage, due to its cheap labour, are very limited: other factors like the possibilities for flexibilising that workforce also play a role. In addition, the idea of labour-intensive segments on the periphery explain sectors like the "maquila" or in-bond free zones industry, but in other sectors, the demands of the international market for homogeneous quality in all parts of the product have forced technological innovation way beyond the point of simply choosing between capital or labour-intensive companies. This theory also fails to account for the emergence of new forms of organisation of work and the role of neoliberalism, financial capital and macroeconomic adjustment policies (De la Garza, 1990).

Wallerstein's theory about the modern world system has suffered a similar fate in Latin America: a limited reception in a context little favourable to dependency and particularly to a view which seemed surpassed by dependency theory itself. Considering underdeveloped countries as basically non-capitalist and putting the struggle between capitalism as a world system and non-capitalist forms of production and of life at the centre of the world's dynamic does not seem to contribute to explaining Latin America's transformation today (Wallerstein, 1979).

In contrast, the theory of global capitalism recognises that there has been a process of industrialisation in the periphery which has not been completely under the tutelage of the multinationals and that not only low wages, but low costs in general, national economic policies and labour legislation have an impact on international relocation (O'Connor, 1981). The notion of global capitalism implies seeing it as a system of production and generation of surplus value with unequal exchange, not only among countries, but also among regions, branches of industry and companies, with dividing lines that are not the traditional centre- periphery ones. This has been the source of interesting concepts like the global city (an analysis of unequal exchange in peripherised cities in the centre) (Ross, 1983); multinational workforce (recurrent international immigrants) (Soja, August 1984); international contracting out (manufacturing in bond-free zones). However, this theory has two currents: for one, global capitalism is the extension of unequal exchange to include parts of the central countries and the periphery, among regions, cities, branches or companies, but the national contradiction does not disappear and makes possible the rebirth of struggles for national liberation. For the other current, global capitalism opens up a stage for the internationalisation of capital and internationalism of workers, although it recognises that this occurs amidst great heterogeneity and contradictions. Although this might be of interest for Latin America, it has not had great impact among scholars, partly because of the discredit of centre-periphery approaches; however, the influence of the new approaches of international labour relations could be more important in the future.

The CEPAL --which went through an important decline due to the attacks of dependency theories, military dictatorships and above all neoliberalism-- has since the end of the 1980s attempted to reformulate its theories, proposing in the field of the economy what it calls "Latin American neo-structuralism" (Ramos and Sunkel, 1990). Classical CEPAL structuralism flourished from the 1940s to the 1960s. It was born of the

dissatisfaction with the neo-classical theories and the influence of Baran's perspective and his theory of excedent. It attempted to centre the analysis of capitalist development on capital accumulation and productivity and from there go on to its impact on earnings, savings and investment. Classical CEPAL theory considers that part of the economic surplus is transferred to the central countries, provoking a scarcity of capital. Since it did not believe in the self-correcting ability of the market mechanism, state intervention was needed to transfer resources from the export sector to promote investment and consumption, particularly by industry. CEPAL structuralism implied emphasising centre-periphery relations to explain underdevelopment; considering that in the periphery the productive structure was heterogeneous and specialised in comparison with the centre; criticising the classical theory of international trade which proposed that each country specialise in the goods it produced competitively; arguing for industrialisation through import substitution; favouring planning through economic policy and domestic structural changes like agrarian and fiscal reforms, income distribution and the welfare of the population.

This is how the concept of the import substitution model came about, which in practice implied protected industry focused on the internal market, investment fostered by the state but connected only slightly with capital accumulation, unequal exchange between the primary sector and industry which impoverished the former, accelerated urbanisation but with marginalisation, and growth of the deficit in the balance of payment as a result of increasing imports of capital goods and industrial inputs. This would finally enter into a spiral of balance of payments deficit, foreign debt and inflation.

The military governments of Chile, Argentina and Uruguay broke with CEPAL structuralism and began applying monetarism. By 1982 the results were disastrous. Developmentalism (as the CEPAL approach was also called) continued to be applied in the 1970s in Brazil, Venezuela and Mexico. But the 1982 debt crisis led to important changes in economic policy with the so-called adjustment programs and the beginning of civilian neoliberalism.

The refurbished CEPAL current, end-of-the-1980s neo-structuralism, has begun a self-criticism of its former theories. This critique includes the observations that classical structuralism had wrongly rejected monetary or fiscal policies to fight inflation; that

protectionism of industry was counterproductive in the long run because it fostered low productivity and created macroeconomic distortions in domestic prices, exchange rates or tariffs; that the approach had neglected to seek macroeconomic equilibriums; and that all this led to inflation, increased debt and a drop in income. The new structuralism preaches that Latin America's new insertion in the world economy should be adapted to, that higher productivity, higher savings and more investment is needed, as well as macroeconomic equilibrium, a wider role for the market and a reduction of the state apparatus. The alternative would be to move from the idea of inward-looking development to one of development from within. Inward-looking development put the accent on domestic demand and import substitution. Development from within implies defining the basic endogenous nucleus of dynamic industries, the creation of articulated systems of companies and not an a priori hierarchy of domestic or foreign markets. The point of departure would not be demand, but production; recessive adjustments would not be made because they restrict demand, and instead containment would be combined with expansion. The new role of the state would be to make up for market deficiencies in income distribution and to direct development. Finally, there has been an attempt to revive the idea of style of development, in reference to the way that human and material resources are allotted, the particular form of insertion in the world market, the kind of central economic agents, the kind of industrial and agricultural models, incomes policy, capital accumulation and the predominant economic theory. The style of development would be linked to the social style in terms of patterns of consumption, labour, technology, art and political action.

Given the preeminence in government circles of neoliberal economists, the neo-structuralists form part of a moderate but institutional opposition which is open to the foreign market without accepting all the neoclassical suppositions. Their view of development models continues to be very structuralist, as can be seen in the notion of developmental style. Neo-structuralism has had an impact among opposition economists linked to political parties, but is not the main source of theoretical inspiration for the new labour studies in Latin America.

## B. Labour Studies in Latin America

Before the turning point of the 1982 crisis, the majority of labour studies in Latin America situated themselves in what we have called the "chronologism" of the workers' movement. This perspective pleased the link between workers' movement and the state at the centre of the problem; unions were seen as a political force for collective action, explained by structural contradictions (for example, wage reductions or economic crisis) along with the actions of party, state, business or military leaders. This meant that the real actors were these figures and the history of the workers' movement brought their statements, decisions and actions to the forefront. Underlying this was the idea that objective conditions existed for turning the working class into a revolutionary subject, but that it had to make the transition from being a class in itself to being a class for itself by achieving class consciousness. However, the working class could not acquire this class consciousness without the aid of party intellectuals, who in this way became the main explanation of the success or failure of the workers' movement.

Meanwhile, the socio-demographic perspective was less interested in collective action and centred on the labour market and its structural changes.

At the end of the 1960s, the possibility of emergence of a sociology of labour in Latin America was stymied because its leaders, Touraine, and the functionalists of the Germani current, were discredited by the then-powerful dependency currents. A second attempt at the end of the 1970s only managed to incorporate the positions of Negri, Mallet and a workerist reading of Touraine in some countries. In this incipient current, the focus of analysis was transferred from collective action to the work process in an attempt to explain how the working class could become a revolutionary subject. This perspective had many limitations: work process determinism (a causal relationship between the type of work process, workers' control of it, the type of demands and forms of struggle and organization); an as yet undefined restructuring of production 1970s Latin America; the spread of military governments to almost all the countries, which made research more difficult; and the hostility of dependency theorists. But above all in the 1980s it became very clear that workerist categories were very limited for dealing with new situations. Negri's concept of the social worker (whereby capitalism had directly subordinated almost everything in society to the need to create value and therefore almost the entire population would become direct or indirect creators of surplus value) was particularly instrumental in underrating the work process --the distinguishing characteristic of this current vis-a-vis



"chronologism"-- as a new field of study.

Nineteen eighty-two was a turning point in Latin America. The debt crisis concealed structural contradictions and realignments of political forces which led to structural adjustment policies in the 1980s, the transition to democracy where there had previously been military dictatorships and the restructuring of part of the production apparatus. All this happened at the same time as the crisis of dependency theory and Marxism, which had dominated the social sciences in the 1970s, and the emergence of a new generation of researchers, particularly in the field of labour, who were more specialised, more globalised (inspired in the specialised theories of the developed countries like the sociology of labour, industrial relations, etc.) and, above all, less optimistic about or interested in the transformation of the working class into a revolutionary subject.

This is how the sociology of work really emerged in Latin America; as a discipline, it includes studies on the work process (technology, organisation, labour relations, skills, labour culture), invades industrial relations, and the sociology of unionism. It is also beginning to take in analyses of businessmen as subjects in the work process, and the labour market from a non-economic point of view.

Studies on work processes have centred on the effects of new technologies, change on the organization of work, flexibility on employment, the content and control of work, and labour conditions, intensity or productivity. New theoretical frameworks have been imported like Neo-Schumpeterianism, regulationism, the new production concepts or flexible specialisation. Perhaps the most common hypothesis is the end of Taylorism-Fordism in Latin America and the beginnings of its substitution by a new production paradigm. However, the interpretations of what is being generated differ: the optimists recognise that Post-Fordism does not yet exist, but that market pressures will force the actors to move along that road. The pessimists talk about Pseudo-Post-Fordism, defined more by its lack of Post-Fordist characteristics than by a new concept (sometimes the regulationist concepts of Neo-Taylorism or Neo-Fordism are also used).

Many steps forward in the analysis of work relations have been taken in recent years. In this field, the concept of an industrial relations system has made headway for the first time, providing new components for the study of the relations between unions and state,

corporate pacts, social security, and institutions for regulating the capital-labour conflict in labor relations within companies. The central problem is flexibility in labour legislation, collective bargaining or corporate pacts. The most common hypothesis is that there is a general transition toward flexibility in labour relations --which some interpret pessimistically, but others are open to the possibility of Post-Fordist flexibility through negotiation and consensus.

The studies of unions are in keeping with this, with a transition from the heroic views of "chronologism" to analyses of the industrial relations system type. The gap between union ideology and practice with regard to capitalist restructuring is an important problem. One explanation is the structuralist view of the labour market, that conceives the crisis of unionism from the changes among wage earners and non-wage earners, the rise of the service sector and precarious employment and the decline of formal, male industrial jobs. For others, it has to do with the relations with the state, and Schmitter's idea of corporatism has substituted oligarchic, populist or developmentalist relations or those of an authoritarian bureaucratic state. Under discussion is the possibility or not of a combination of neoliberalism and corporatism or whether the latter has come to an end; others see the possibility of a European-type neo-corporatism.

Together with this flurry of theoretical frameworks imports from developed countries, others attempt to use more general theories as their starting point: today's polemics about more all-encompassing social theories and not about specialised theories (E. Thompson, Giddens, Habermas, Luhmann, Bourdieu, organisational theories). But the theories most subscribed to are regulationism, the theories of flexible specialisation, Neo-Schumpeterianism, industrial relations and, in economics, the neoclassical and institutionalist schools (particularly of the segmentationist variety).

## Chapter II: Latin America Before Neoliberalism

In this chapter we will offer a general overview of the economic and political situation in Latin America before 1982. Prior to the 1929 world crisis, the primary sector dominated the Latin American economies, particularly for exports. In the most important countries incipient industrialization began in the last century, particularly in mining, oil and textiles. The development of this fledgling industrial sector depended on primary sector exports to finance machinery and equipment purchases. With the 1929 crisis, Latin American primary sector exports dropped as demand abroad decreased; but this opened up the possibilities for internal industrial development to supply the domestic market with manufactured products whose importation could no longer be financed from primary sector exports. But this changeover to the what was dubbed industrialization through import substitution was not the automatic result of changes in the flow of money and goods internationally, but rather, in Latin America, it was also linked to transformations in the balance of forces among the classes, especially with the ascent of the proletariat and the industrial bourgeoisie in confrontation with the agricultural and mineral exporting bourgeoisie. Changes in the dominant block were fundamental for spurring import substitution-based industrialization in the large countries and holding it back in the small ones. That is, having State power was economically and politically fundamental in this industrialization process. Economically, the primary sector once again had to play its pre-1929 role of being a source of hard currency, now needed for importing not finished manufactured goods, but machinery, equipment and industrial raw materials. The State protected industry from foreign competition, gave it soft credit, cheap goods and services from new state companies, and, above all, in the more economically developed countries, established a class alliance which sometimes included the proletariat through corporatist pacts, in an attempt to conciliate the growth of the domestic market with capital accumulation particularly in the industrial sector. However, the disputes between industrial and agricultural and mining capital were not easily resolved. In some countries, it was a revolution, like the one in Mexico between 1910 and 1920, which established the legal framework and the possibility of class alliances to destroy large landholdings. But, in most Latin American countries, there developed a *modus vivendi* between these factions of the bourgeoisie with very long periods of conflict. This unstable balance, with the proletariat or the peasants in the middle, gave rise to frequent military coups with swings in the class alliances, in which the proletariat was usually repressed, although at

specific times it established corporatist pacts with the military. The apparent institutionality of inter-class conflict --with the passing of labour and social security laws-- went hand in hand with political instability and the transformation of the military into an essential factor in the redefinition of equilibria, demonstrating the inability of the fundamental classes to establish their hegemony. It was not a struggle between capitalism and pre-capitalism, but rather between two large factions, the large landowners and the industrialists, who fought each other for long years over political power and their shares of surplus value. The emergence of the proletariat and, in some countries, of the peasants, complicated the panorama of the class struggle. Only Mexico and Bolivia produced revolutions spurred by the lower classes (peasants and workers in Mexico; workers in Bolivia) which did away with the large landowners. In the other countries, the contradictions between the agricultural and mining exporters and the industrial bourgeoisie were softened by the dependency of the latter on the exports of the former and due to the emergence of the new proletarian forces. It was in these class conflicts that Latin America's so-called populist political regimes of the 1920s, 1930s and 1940s emerged, with their caudillo-like components, nationalistic with regard to foreign capital, identifying industrialization with the national interest, and establishing national development policies directed by the State (protectionism, national plans, State-as-entrepreneur). The populist regimes flourished between the two world wars due to the uncertainty of the outcome of the struggle for hegemony between England and the United States, the emergence of fascism, the great economic debacles and the demand from the countries at war for raw materials, as well as the restriction in the export of manufactured goods from the developed countries during the Second World War. The populist regimes found their mass base in the peasantry, the proletariat and urban middle classes. However, after the Second World War, the Latin American political regimes became more conservative, although their idea of the State was that it should play a leading role in the economy (so called developmentism). In this period, the working class was repressed or extolled as an ally, depending on the political moment. In the majority of countries in the 1970s, new military dictatorships arose or old dictatorships were shored up, such as in Central America or Paraguay. Each country had its own path on the winding road of the period of import substitution:

a) Mexico. In the last century, capitalist development of agriculture and mining was already considerable; the long dictatorship of Porfirio Diaz which ended with a revolution

in 1910 ensured order through repression. Two social forces were the principle to explain for the 1910-1920 revolution: the new non- latifundia-owning agrarian and industrial bourgeoisie, and the peasantry. For the former, the rule of Porfirio Diaz limited their political power vis-a-vis that of the large landowners; in addition, it restricted the domestic market and the mobility of the workforce because of the relations of productions on the “haciendas” which limited the free hiring of workers and the peons' consumption levels. On the other hand, the exploitation of the peasantry on the “haciendas” combined with centuries-old traditions of community resistance to create a social base for a long revolution. The emerging working class also played a role in the revolutionary armies, although rather secondary to that of the peasantry. The high point of the revolution was the new Constitution of 1917: it divided up the great latifundia, established workers' social and labour rights and made natural resources property of the nation, thus forming the legal basis for future State intervention in the economy. However, the transition between the old oligarchic State and the new state of the Mexican Revolution was not completed with the signing of the new constitution. Seventeen years of clashes, advances and retreats had to occur before the fate of the old State and its hegemonic class, the large landowners, was finally sealed. The government of Lazaro Cárdenas broke with what remained of the conservative forces, and, with support from the workers and peasants, began a profound agrarian reform, nationalized the country's oil and railroads and formalized the corporatist relationship which continues to exist between the State, unions and peasant organizations in Mexico. In 1936 the Confederación de Trabajadores de México (Workers Confederation of Mexico, CTM) was founded, melding the union forces which supported the Cárdenas government; in 1938 was created the Partido de la Revolución Mexicana (Party of the Mexican Revolution), the immediate predecessor of the current ruling party, the Partido Revolucionario Institucional (Institutional Revolutionary Party). This was a party of a new type, not of individuals, but of organizations: the CTM was the workers arm of the party. What has been labeled the period of import substitution lasted from 1940 to 1970, although some extend it until 1982. In this period, wave after wave of workers movements challenged corporatist control of the unions: in 1947, 1957 and 1973. But the final result was a consolidation of corporatism, although a minority sector of independent unionism did establish itself. The economic difficulties of this social formation began in the early 1970s with a fiscal crisis of the State that at the beginning of the 1980s took the form of the foreign debt crisis, aggravated by the fall in the price of oil (an important Mexican export) and the increase in

international interest rates. In 1982 Mexico had to declare an unforeseen moratorium on its foreign debt. The new government team implemented an austerity program that restricted production, lowered real wages and initiated a recomposition of the ruling bloc favoring big domestic, multinational manufacturing and financial capital as well. This recomposition weakened the corporatist relationship between the State and the unions and the latter were gradually pushed out of national policy decision making. Toward the end of the 1980s a policy of privatization was begun and in the 1990s, deepened, as was the attack on the important collective bargaining agreements to impose flexibility. However, as we will explain in the chapter on Mexico, at the end of 1994 the neoliberal socioeconomic formation in Mexico entered into a severe economic, political and social crisis. The Partido Revolucionario Institucional continues to head up the government, subjecting the majority of unions to the old, decadent corporatist relations.

b) Argentina. In contrast with Mexico, while Argentina had no revolutions in this century, it was the scene for frequent military coups. In that sense, the property of large landowners was not affected, although they lost political power to other factions of the bourgeoisie and changed according to modifications in the international market. The turning point in the political and economic transformations in Argentina was the appearance on the scene in 1946 of Peronism, which implied the emergence of the proletariat as a political force allied with sectors of the middle classes. Previously there had been a series of unstable equilibria between the conservatives, who represented agricultural capital, and the radicals of the urban middle classes. Peronism initiated a policy of State intervention in the economy, industrialization and nationalizations, using as a base of support the growing working class, no longer made up of foreign migrants arriving on Argentina's shores, but domestic migrants from the countryside to the cities. However, in contrast with Mexico, where the revolution had a definitive effect on the rural oligarchy, in Argentina this ruling class allied with the military to defeat Peronism in 1955. This opened up the country to a period of military coups, in 1955, 1962 and 1976, and for 20 years the military controlled the State directly or indirectly. In this period, the discredited and weak political parties were supplanted by the military and the unions, which acted like political parties. With some twists and turns, the military also implemented the policy of import substitution until before 1976 and alternately repressed and recognized the Peronist union confederation, the Confederación General de Trabajadores (General Workers Confederation, CGT). The CGT, founded in 1930, was

initially socialist and anarchist, but became Peronist under the Perón government. The 1976 military coup differed from the others: it did not seek simply to restore the balance of forces in favor of capital without destroying the workers force; rather, it was an attempt to annihilate Peronist unionism and do away with the revolutionary left in consonance with the new conceptions of an open economy (opening the market to the exterior, privatizations, deregulation). In this context, the CGT was intervened into by the military, its funds frozen, and the election of leaders, assemblies and congresses prohibited, as were collective bargaining and the right to strike. All this paralyzed union action at the beginning of the dictatorship. However, despite the prohibitions, workers' action began to be felt toward the end of the 1970s at the same time that the economy began to deteriorate and international pressure was brought to bear against the dictatorship's repressive measures. In 1980, amidst work stoppages and strikes, the CGT was restructured, although it was reborn divided. The military could no longer remain in power after the Falklands War with England and the first Partido Radical (Radical Party) governments came to power, which attempted to implement macroeconomic neoliberal adjustments that met with strong resistance from the CGT. Paradoxically, the discredited Radicals gave way to the Peronists in government, but Peronists who defended more energetic neoliberal adjustment policies than their predecessors. This has led to a weakening of the CGT, its formal division and multiple collective protests that have slipped out of the control of the Peronist leadership. Argentina is a case of incomplete corporatism -- Peronism-- incomplete because of the multiple military coups.

c) Brazil. Brazil is another case of important industrial development in Latin America with multiple interruptions and corporatism which contrasts in some ways with the Mexican and the Argentinean versions. The turning point in the industrialization and corporativization of the workers movement was the 1930 military coup that brought Getulio Vargas to power. In 1934 a new corporatist constitution was adopted, inspired by Mussolini's in Italy. The labour legislation that supplemented it established a structure of union representation peculiar to Brazil, the consequences of which are still felt today. First, the unions are structured by territory and branch, and the legal prohibition of electing shop-floor representatives has been a historic limitation for Brazilian unionism. Second, the legislation did not originally include the category of the collective bargaining agreement, but rather stated that the labour law itself already contained all workers' rights and that the unions' function was to go to court if the law were violated (later, limited

collective bargaining agreements were admitted). And, finally, the law prohibited the establishment of national workers confederations. Additionally, the law allowed the unions to manage social funds to benefit their membership; for a long period, this became the real centre of union activity given their limitations in the conflict between capital and labour. The ousting of Getulio Vargas by a military coup in 1945 was followed by a period of great political instability, although with governments with Social Democratic leanings which supported limited industrialization. In 1962 the Confederacion General dos Trabalhadores (General Workers Confederation, CGT) was founded, in which both Communists and populists played an important role. This period of instability ended with the 1964 military coup which inaugurated a long dictatorship. However, the Brazilian dictatorship, set up in a period in which State intervention in the economy prevailed internationally, was not neoliberal, but developmentist: it deepened import substitution and industrialization. This was accompanied by low wages and the repression of worker protests. The unionism that survived in the CGT limited itself to managing social funds, but sustained worker activity began in 1977, with an impressive rise despite the fact that strikes were banned. Of these enormous mobilizations was born the new union confederation, the Central Unica dos Trabalhadores (Workers Confederation, CUT), which even today vies with the confederation recognized by the military, the CGT. As in all the Latin American countries, in 1981 the existing social formation entered into crisis. In Brazil, this crisis and an increase in resistance from workers and other political forces led to the fall of the dictatorship in 1985. It should be pointed out that both military repression and the weight of the legislation inherited from the time of Getulio Vargas have been important limiting factors in the development of the CUT in the workplace. While it is true that despite these limitations, in highly mobilized sectors like the metalworking industry the CUT was able to build factory committees and carry out collective bargaining, this has been conditioned to the ebbs and flows of the workers movement. Since 1985 the CUT has increased its resistance to successive Brazilian civilian government attempts to implement neoliberal policies, and until the mid-1990s it had been successful. However, as in other countries, the disciplinary role of inflation seems to have worn away the base of support for unionism and Cardoso's new government apparently has decided to implement the previously unsuccessful neoliberal adjustment policies with a CUT which currently seems weaker than in the 1980s.

c) Venezuela. The other case in Latin America of long lasting corporatism is Venezuela.



For this country, there are two important turning points. The first was the military overthrow of the dictator Gómez in 1945. The populist party Acción Democrática (Democratic Action) came to power, but its rise opened up a period of great political instability, and a series of military coups finally ended with the establishment of the Pérez Jiménez dictatorship. Widespread social unrest and discontent in the military brought this government down in 1958. Until then, industrialization had been limited and although civilian governments and even the dictatorship itself identified themselves with import substitution, the economy's dependency on oil exports was overwhelming. The fall of the dictator in 1958 initiated a long period of stability in Venezuela and, in contrast with almost all the other Latin American countries, the military did not come back into power, and a period of important economic growth began, spurred by oil exports. Acción Democrática won the elections and set up a pact with the other political forces regarding the rules of democracy. This pact was shored up by another with the unions, which committed themselves to moderating their demands to favor the development of the country. This was the beginning of Venezuelan corporatism. The union side of the pact was signed by the Central de Trabajadores de Venezuela (Workers Confederation of Venezuela, CTV). From the beginning this confederation was controlled by the country's main political parties; this relationship has allowed union leaders to run for office and be elected. This confederation is part of the ORIT, the regional organization of the ICFTU. Civilian governments following the Pérez Jiménez dictatorship implemented policies of broad State intervention into the economy and oil exports made it possible for several decades to circumvent the recurrent economic crises of other Latin American countries. This meant that neoliberalism also came late to Venezuela; it was not until the early 1990s that the government of Carlos Andrés Pérez attempted to implement International Monetary Fund-type austerity measures. The populace wasted no time in making its reaction known and the government fell amidst severe social unrest. The CTV had already been marginalized from the corporatist pact and Venezuela today is going through great economic and political instability just like Mexico.

d) Colombia. Unionism in this country is mid-way between a class and a corporatist position. Like in most Latin American countries, prior to the 1930s, political conflicts were between liberals and conservatives, forces linked to the agricultural exporting bourgeoisies (in Colombia's case, coffee exporters) and the new, rising urban middle classes. Colombia has a deep tradition of political violence which continues to be felt

today. In the 1930s the liberal governments passed labour and social security laws, but until 1958 great political instability prevailed, marked by frequent military coups and political assassinations. The Confederación de Trabajadores de Colombia (Workers Confederation of Colombia, CTC), a class-struggle, Communist-influenced organization, was founded in the 1930s. In 1946, the Unión de Trabajadores de Colombia (Workers Union of Colombia, UTC), a Christian, class-conciliationist organization, was founded. Rojas Pinilla led the next-to-the-last military coup of the period, implementing a populist and industrializing policy. However, another military coup agreed on by the liberal and conservative parties brought his government down and began the period known as the National Accord, a 17-year period in which these two parties alternated in power. Between 1958 and 1968 both industry and workers' struggles developed significantly. Two new confederations were created in that decade: the Confederación Sindical de Trabajadores de Colombia (Workers Union Confederation of Colombia, SCTC), led by the Communists who had lost control of the CTC, and the Confederación General de Trabajadores (General Workers Confederation, CGT), with Christian Democratic leanings. Since Rojas Pinilla there has not been an open military dictatorship in Colombia, but the climate of violence among the political forces has persisted; guerrilla organizations have proliferated; and as of the 1970s, a new political and economic actor has come onto the scene: the drug traffickers. In 1985 the class unions unified and founded the Central Unitaria de Trabajadores (Unified Workers Confederation, CUT), with the dissolution of the CSTC and the merger of factions from other confederations. These were years of advances for neoliberal policies and union resistance to them. Until now the balance sheet in Colombia has been negative for unionism.

e) Peru. This is a country in which the class-struggle current has more widespread influence among workers than in Colombia. The period between 1930 and 1962 was one of great political instability and very slow industrialization. The APRA, a populist party with Marxist origins (which it later abandoned) was hegemonic in the opposition to the military and oligarchic governments. It was the APRA which founded the first important workers confederation, the Confederación de Trabajadores de Perú (Workers Confederation of Peru, CTP). When the APRA came into office in the 1950s there were attempts to make the workers movement corporatist, but the party did not stay in power long. Between 1956 and 1968 worker radicalization was accompanied by large mobilizations and the APRA was replaced in the workers movement by the class-struggle

current which founded the Confederación General de Trabajadores de Perú (General Workers Confederation of Peru, CGTP). In 1968 there was a nationalist military coup and the new government increased State intervention in the economy and attempted once again to corporativize the workers movement. Part of the movement came to agreements with the government, but the other part defended its autonomy. In the late 1970s, the government hardened its stance vis-a-vis the unions. In 1980 a series of civilian governments began to apply neoliberal adjustment policies which the workers movement opposed with broad mobilizations and national work stoppages, putting a stop to the reforms. It was not until the 1990s, with an economy in shambles and high inflation that the Fujimori government imposed an extensive neoliberal program. The unions today are isolated, weakened after 15 years of resistance.

f) Uruguay. This is the country with the earliest democratic political system and the longest period without military coups (until 1973) in Latin America. In 1903, President Battle won a

civil war which weakened the agricultural and rural bourgeoisie and, through legislative reform, established the basis for a State which intervened in the economy, democratic elections and, in 1911, advanced social legislation. This is the earliest case in Latin America of a social welfare State which recognized unions as institutions. However, unionism --first anarchist and then Communist-- has maintained a class-struggle ideology until today. In 1966, the Confederación Nacional de Trabajadores (National Workers Confederation, CNT) was founded with clear leftist tendencies and predominance of the Communist Party. Between 1968 and 1973 the class struggle was in an upturn, electorally reflected in the establishment of the leftist Frente Amplio (Broad Front). In 1973 the military staged a coup which, like in Argentina and Chile, was the beginning of military neoliberalism in Uruguay. The CNT was declared illegal, but resistance continued. The general 1981 economic crisis in Latin America showed the limits of this repressive neoliberalism; both unrest and international pressure mounted until the military stepped down. The civilian governments have attempted to implement neoliberal policies, but have been met with energetic opposition on the part of the rebuilt CNT (now called the PIT-CNT) and important left political forces.

g) Chile. Chile was another country in which unionism had a class- struggle tradition in addition to having achieved recognition for its institutions before the 1973 Pinochet coup

d'Etat. Chilean progressive social legislation dates from the 1920s. In the 1930s military nationalists proclaimed a socialist republic and the leftist Popular Front won the 1938 elections. In 1952 the Central Unitaria de Trabajadores (Unified Workers Confederation, CUT) was founded with Communist Party hegemony. Both civilian and military governments followed a developmentist policy of protectionism vis-a-vis industrialization until the Pinochet coup. The CUT's influence grew in the 1960s as did that of the Communist and Socialist Parties until the victory of Allende, whose socialist government was overthrown by the 1973 military coup. The dictatorship banned union elections although a part of the union leadership maintained relations with the military. The years 1973 to 1978 were the darkest for unionism; workers organizations did not disappear altogether, but they were marginalized. From 1977 to 1978 labour conflicts grew and in 1979, the military government answered with the Labour Plan that authorized collective bargaining, allowing for the existence of several unions in a single company, but also established that unions could not negotiate the organization of work, the speed of production or promotions. A strike required a 50 percent vote of the workers and any strike action had to be preceded by arbitration; also, strikes were limited to 60 days, during which management could hire replacements. Despite these restrictions on union rights, the Labour Plan helped rekindle the workers movements because previous conditions were even worse. 1980 marked the beginning of the reorganization of unionism, with large strikes and repression. The Chilean military neoliberal model also went into crisis in 1981. However, this regime was more resistant than the other dictatorships and lasted until the end of the 1980s. Negotiations and elections paved the way for a transition to democracy; the new Christian Democratic government continued the neoliberal economic policies and although the CUT was refounded, it has not recovered the influence it had in the good years before the military coup.

g) Bolivia. Bolivia is, like Mexico, another case of the revolutionary road to changing society, although in Bolivia it came much later than in Mexico. This revolution took place in 1952 when the tin miners beat the army of the oligarchy militarily and installed a short-lived popular government. The Central Obrera Boliviana (Bolivian Workers Confederation, COB) was founded in that year and has been, like the CGT in Argentina, the central actor which overshadows and takes the place of the political parties. Between 1952 and 1964 the Movimiento Nacionalista Revolucionario (Revolutionary Nationalist Movement, MNR) governed and the COB was part of the government. Legislation was

passed in those years about the right to collective bargaining and about firings. However, a break between the MNR and the COB began a period of instability with alternating civilian and military governments. In 1970, a nationalist military officer took power and though he lasted only a short time at the helm, he was followed by a series of military governments which repressed the COB until 1980. The civilian and military governments of the 1980s had to face COB resistance which, for the first time since the revolution of 1952 and the period following it, increased. However, beginning in 1985, massive layoffs in the mines weakened the confederation, which became isolated from other allied social movements. In the 1990s, the COB has once again attempted to resist more aggressive neoliberal governments, with mixed results.

As we have seen, it was not possible in all Latin American countries to consolidate a socio-economic formation based on import substitution before 1980, particularly in the smaller ones. A certain degree of labour institutionalism was achieved, whether corporatist, like in México and Venezuela, or class-struggle oriented, like in Uruguay and Chile before the military coups of the 1970s. In still other countries, political instability marked by frequent military coups prevailed, like in Argentina, Peru or Bolivia. Here, both momentary corporatism and radical class-struggle currents appeared at different times. In some countries the unions are controlled by the State, like in Mexico; in others, by political parties, like in Venezuela; and in still others, the unions are practically political parties. In some, the union movement is relatively unified, while in others it is relatively dispersed. In only two countries were the oligarchies defeated by revolutions (Cuba and Nicaragua should be added in another, very different context), and the socio-economic transformation was sped up by a new bloc of forces in power. In others, the traditional dispute between agricultural and mining capital and urban sectors has never been definitively resolved, and although populist solutions were sought at different times, dictatorships were frequently put in place to fend off the danger of the workers.

### Chapter III. **The Restructuring of Production in Latin America**

#### A. The Socioeconomic Formation of Import Substitution and its Crisis.

It is generally accepted that, from the 1930s and 1940s, Latin America as a whole made a move towards the Import Substitution Model (which we will refer to in a broader sense as the Socio-economic Formation of Import Substitution), although there were significant differences among the individual countries. This process will not be analysed in much detail here, as we are mainly interested in the period from the 1980s onward.

In the Socio-economic Formation of Import Substitution (SEFIS), capital accumulation in the leading economic branches tended to be based on the relative surplus value mechanism. Starting in the 1950s, organic capital composition rose and the organised working class, situated in the central production processes, began to consume capitalist products (De la Garza, 1988), thus contradicting the assumption made by the superexploitation theory that Latin American workers are basically consumers of peasants products. In 1969, for example, workers (comprising 62% of Mexico's economically active population) spent only 19.7% of their income on agricultural products.

The 1950s and 1960s were years of significant economic growth, especially in industry

Table No. 1

Economic growth in Latin America (1950-1977).

Annual GDP growth:	5.5 %
Annual industrial GDP growth:	6.7 %
Annual GDP growth per capita:	2.5 %
Annual industrial GDP growth per capita:	3.8 %

Source: Fajnzylber, F. (1988) La industrialización trunca en América Latina. México: Nueva Imagen.

In other words, industry became the axle for capital accumulation, especially in the more capital intensive branches such as chemical, petroleum, rubber derivatives, and metal products industries.

Table No. 2  
The structure of Manufacturing production in Latin  
 America (percentage of the manufacturing GDP).

	1955	1977
Food, beverages, tobacco, textiles, clothing, leather, footwear, and miscellaneous	56 %	34 %
Chemical products, petroleum and rubber derivatives	13 %	20 %
Wood, furniture, paper and printed matter, non-metallic mineral products	14 %	12 %
Basic metals	5 %	8 %
Metal products	12 %	26 %

Source: CEPAL (1979) Análisis y perspectivas del desarrollo latinoamericano. Santiago.

In the latter years of this period, there was a marked tendency in more developed countries toward the manufacture of durable consumer goods, to the detriment of non-durable consumer goods.

The shift in the exploitation mechanism to relative surplus value and the change in the capital accumulation rate were based on a previously unrecognised restructuring of production during the 1950s and 1960s, which was represented in telecommunications by the introduction of the Lada telephone service and the semi-automated telephone exchange; in the mining industry, by opencast processes; by a non-computerised automation of the petroleum and petrochemical industries; and in the car industry, by the use of assembly lines. However, there was never any homogenisation of the socio-technical basis of socio-economic production units: several of them coexisted during that entire period. Those socio-economic bases that used standardised labour-intensive production lines and the continuous flow basis with an initial level of automation may have been in the forefront, but they were developed alongside the non-standard mechanised labour basis, the Taylorist modern services, and enterprises using mainly tool or craft processes.

There was no reason for there to be a strict correlation between these sociotechnical bases and patterns of labour relations. However, two major patterns were established

during the 1930s and 1940s (although the earliest date back to the 1920s). One of these can be summed up as labour codes, institutions, and formal or informal pacts with a more or less regular performance. The other is that of non-settled institutions and labour relations characterised by repression and confrontation. Corporativism was one of two recognised forms of the first pattern, and made its principal manifestations in Mexico, Venezuela, Brazil, Argentina, and Paraguay, though also for shorter periods in other countries. Here, labour relations were considered to be a State affair, insofar as the former was under the guardianship of the latter. Workers were controlled by means of unions associated to the State, which in turn supported the unions in order to monopolise control over their representation, restraints on the opposition, and leadership selection. This political link to the State allowed unions to develop collective bargaining with limited protection of jobs, wages, and work conditions, as well as social security programmes supported by the government. However, the unions that actively supported and negotiated with the State did not concern themselves directly with production processes.

Corporativism in Latin America redefined the relationship between the political and civil societies, politicised labour relations by making them a State matter, and "civilised" political relationships through State and union intervention in economic policy (although union participation was always limited). All this implied that the working class and its organisations were legalised in such a way as to be subordinate to the State and to the requirements of capital accumulation, and that part of the inter-class conflict was institutionalised, though differently from the collective bargaining used in developed countries. Although "political bargaining" does follow certain rules, the principal ones are contained not within the labour code, but in political pacts and agreements. Corporativism also implied a change from the dominant liberal conception of society, where this is seen as being made up of citizens or individuals who in formal terms can act freely in the market, to a conception of society as constituted by organised social classes that sign pacts which transcend the mechanisms for decision-making in a parliamentary democracy. The corporate union in Latin America is a State-union, which shares responsibility for the smooth running of the State and is a subordinate participant in the design of public policy. And, it is also a union which is centred, not on the productive



process, but at the level of circulation, specifically the negotiation of the buying and selling of the labour force. One of the components of the shared political-unionist values of the Latin American organised proletariat was formed partly through the wide use of "patrimonialism" and "clientelism" by these unions. The particular subjectivity of these initially peasant components implied conceiving of the leaders as union bosses and conferring on them special powers of influence and negotiation vis-à-vis the public authorities.

The second relatively institutionalised form of labour relations was that found in Chile and Uruguay, before the military coups. In these two cases, the State was also the guardian of labour relations, but the unions managed to retain their autonomy from the public authorities. Nor was it a case of collective bargaining: the unions were true political forces, influenced or controlled by the parties, and participants in the struggle for power at the State level.

Another situation in labour relations during the period of Import Substitution involved a lesser degree of institutionalisation (formal or informal), whether for lack of a real labour code, as in Peru, or because the State and the dominating classes continued on the path of almost permanent confrontation with the unions, as in Bolivia. That is, the working class and its organisations were never fully legalised. In practice, the union as a political force has nearly always been in the opposition, and its existence and operation have always been on an edge knife. Except for some very specific situations, such as following the 1954 revolution in Bolivia, or with Velazco Alvarado in Peru, the unions have not generally participated in public policy design.

It is difficult to speak of industrial relations systems in Latin America, because the very concept of system implies the acceptance of practices which conform to shared values and norms, not to mention the functionalist implications. In cases of a higher degree of institutionalisation in Latin America, such as in Venezuela and Mexico, labour regulations and social security proliferated in a complex manner. But politics, as the most determining kind of negotiation, involved a high level of centralisation among the leading members of the State and of political parties, and informal regulations that were at the same time flexible enough in function of the correlation of forces. In other words, arbitrariness is a part of these "industrial relations systems" ("caudillismo,"

"patrimonialism," and authoritarianism), and the non-formalised centralisation of decision-making in small leadership elites. More than just a system of interconnected parts, each serving a function and contributing to the integrity of the whole, what are formed are configurations containing ambiguity, contradictions, discontinuity, and black holes, which are filled by ad hoc agreements or through disputes. Nevertheless, the more institutionalised forms of labour and industrial relations gave a certain amount of legitimacy to the Socio-economic Formation of Import Substitution, allowing domestic market growth and capital accumulation to be linked, though imperfectly.

Table No. 3  
Predominant types of unionism in the Socio-economic Formation of Import Substitution

Country	Type	Principal current organisations
Uruguay	Class	PIT-CNT
Bolivia	Class	COB
Chile	Class	CUT
Colombia	Class --	CUT, UTC, CTC, CGT
Peru	Class --	CGTP, CTP, CNT
Ecuador	Class --	CT, CTE, CEOSL
Paraguay	Corporative	(during dictatorship) CTP
Brazil	Corporative	(pre-CUT) CUT, CGT, Forza Sindical
Venezuela	Corporative	CTV
Argentina	Corporative	CGT
México	Corporative	CTM, Congreso del Trabajo

During this period of time, the industrial sector was directed towards the domestic market. In the more developed countries, with their stronger labour organisations and more stable labour relations, there was an articulation between the rise in real wages and industrial expansion in non-durable consumer goods (though inadequately), worker consumption in the stratum most protected by the unions. Still, industrial growth required increased imports of the means of production not met by domestic supply; and, although manufacturing exports were growing throughout this period, primary goods prevailed in exports. Industry was protected by import tariffs, quotas, and licences. Its input, machinery, and equipment needs were financed through the foreign exchange earned with primary exports, and when this sector neared exhaustion, international loans provided funding. The transfer of resources from the primary to the industrial sector involved policies on domestic prices that were advantageous to the industry, as well as being a

source of workers whose reproduction costs, in one part of the reproductive cycle, were covered by the rural economy.

The role of the State was essential to this process: it controlled the labour market with corporatist agreements, or even by repression; it gave soft credits to the industrial sector; it increased domestic consumption with its own spending; and supplied industry with low priced inputs from State corporations. With time, spending and public investment became key aspects of economic growth.

Table No. 4  
Public sector participation in the economy  
(public spending as a percentage of GDP).

	1945	1960-61	1969-70
Argentina	22	25.2	25.2
Brazil	16	25.3	25.2
Colombia	15	11.2	17.3
Chile	17	29.3	34.6
México	11	16.7	21.7
Perú	14	15.9	18.9

Source: Fajnzylber, F. (1988) op. cit.

In terms of balance of payments, the "success" of the industrial sector aimed at the domestic market was soon reflected in a growing deficit in the balance of trade. In the early decades, this deficit was financed with the primary sector surplus, but the disequilibrium in the trade balance during the early 1960s was excessive, and the negative balance was worsened by imports of machinery and transportation equipment.

Table No. 5  
Latin America and the Caribbean. Foreign deficit originating  
from the industrial sector (in millions of dollars)

	1955	1965	1975
Industrial deficit	-4819	-7092	28387
Other surplus	5325	8151	18485
Balance of Trade	506	1059	9902

Source: UNCTD, Handbook of International Trade and Development Statistics, and CEPAL, Anuarios Estadísticos de América Latina, (different years).

The crisis in the Socio-economic Formation of Import Substitution had its beginning in the weakening of the primary sector, which had been a key part of the foreign exchange contribution to industrialisation, of the production of food and low-priced inputs, and a

source of workers for the urban labour force. This crisis, the result of unequal exchange, was due in part to productivity differences within industry, but also in part to a pre-planned State policy.

On the other hand, public spending -- fundamental to capital accumulation during this period, on the final demand side as well as in production investment -- suffered the same fate as in the Social States, which, in the end, were not able to simultaneously subsidise private accumulation through various mechanisms, and maintain a healthy financial situation by means of the tax system. So, as well as leading to the impoverishment of the primary sector, and to the disequilibrium of the trade balance because of the inward development of the industrial sector, the operation of this socio-economic formation entailed a growing public deficit, financed by the foreign debt during the 1970s. But between 1981-82, this process reached its limit with the rise of international interest rates that multiplied the foreign debt. In previous years, rising petroleum prices had affected nearly all the non-oil producing countries in Latin America. Faced with the 1982 financial crisis, which took the form of foreign debt, international bank capital required that no moratorium be declared; and the major local productive capital and transnational corporations in Latin America, that pacts and concessions to workers be broken in corporatist countries as well as in those where the unions had won certain benefits by fighting. And so began a period of confrontation between capital and labour which to date has not come to an end. It is really the struggle for the distribution of surplus value, in times of severely deteriorated economic conditions, that has led to the reformulation or violation of pacts, patterns of labour and industrial relations, and the very basis of the socio-economic formation. These changes have involuntarily affected the legitimising function of the State, and its role in compensation for unequal exchange between capital factions and in the redistribution of income to workers.

Since the 1980s, the State has been reoriented and the dominant bloc reconfigured to favour transnational capital and large local capital with export capacity. This reorientation has brought about important changes in State economic intervention by curtailing its investments, reducing economic regulations, privatising government corporations and institutions, and adopting orthodox adjustment policies which cut down on extensive State economic intervention (remains in the monetary circuits) and which do

not imply State participation in production or its promotion.

The State crisis and transformation became a crisis of capital overaccumulation when a drop in the domestic market was caused by the redirection and reduction of public spending, as well as by the remaining orthodox adjustment policies restricting the domestic market. In other words, capital overaccumulation faced off against a limited domestic market and the temporary inability to participate broadly in international markets. This capital overaccumulation crisis form is, in turn, one of the socio-economic production units, with its various socio-technical bases from the Import Substitution stage, which do not permit a new growth of capital accumulation under the new market and State conditions. In this way, the dispute within the traditional domain of labour union activity in Latin America -- that of the State -- has been complicated by the conversion of labour processes into a public arena of dispute. This is the struggle of capital to go beyond technical, social, and political limitations on the socio-technical bases, and to increase capital exploitation. Above all, it signifies the questioning of social relations within labour processes, and power relationships in favour of management. This conflict in labour processes extends to the institutions for the regulation of labour-management disputes in the search for more flexibility in labour codes, social security system, collective bargaining. It should be pointed out that the Latin American working class has never in its history received high wages. It would be difficult to stand by the regulationist theory that wages increased more than productivity did, and that this disparity is at the root of the current crisis and restructuring process. In the face of an accumulation crisis, the meagre working class victories and their miserly wages became the battlefield for the restoration of the profit rate. Thus, a new period has begun in Latin America. Its results are still uncertain, but it has already undergone rapid fluctuations in only a few years. These will be analysed in the following section.

Table No. 6  
Latin America and the Caribbean: main economic indicators

	1986	1987	1988	1989	1990	1991	1992	1993
Gross Domestic Product (rates)	4.2	3.3	0.8	0.9	0.3	3.7	2.8	3.4
Consumer prices	64.1	208.1	774.2	1204.4	1185.8	199.0	417.2	900.4
Trade Balance	13.3	18.3	20.9	27.2	23.4	4.5	-14.8	-21.3

of goods and services (thousand of millions Dollars)								
Current Account (thousand of millions of Dls)	-17.4	-10.8	-11.2	-6.9	-3.8	-18.0	-35.0	-44.9
Balance of capitals (thousand of millions of Dls)	9.8	15.1	5.4	9.9	18.0	37.2	59.7	64.2
Balance of payments (thousands of millions of Dls. )	-7.5	4.3	-5.7	2.9	14.2	19.2	24.7	19.3
Total external debt (thousands of millions of Dls.)	400.9	427.5	419.5	423.1	441.5	456.0	474.1	497.1

Source: CEPAL, Estudio económico de América Latina y El Caribe, V.I, Santiago, 1994.

Cuadro No. 7  
Públic expending in Latin America

	I	II	III	IV	V	VI	VII	VIII
Argentina	84.0	-3.8	-	-	-	6.7	15.9	7.2
Brasil	80.2	-26.9	14.2	11.6	20.2	9.9	5.9	-
Colombia	111.4	-0.3	11.4	12.6	13.6	5.3	25.7	3.9
Costa Rica	122.4	-2.5	14.6	21.7	22.8	10.1	13.3	11.3
Chile	92.4	3.1	15.4	15.0	13.3	17.5	8.4	9.0
México	76.8	-4.0	-	13.4	10.6	12.2	12.0	4.6
Perú	54.6	-2.5	14.8	15.4	10.7	13.2	15.3	8.1
Venezuela	107.5	1.0	19.6	20.6	11.9	12.8	6.1	3.0
Uruguay	108.7	-2.5	17.1	14.1	16.8	8.7	9.6	8.6
Ecuador	80.8	0.6	12.8	19.6	11.1	12.2	-	5.2
Bolivia	92.3	-4.0	11.7	16.2	13.0	1.4	6.6	-
América Latina y	13.5	12.1	15.7					

Caribe								
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Source: CEPAL (1994) Estudio Económico de América Latina y el Caribe. Santiago

I=Index of public expending (1987=100)

II=Déficit from public sector (percentage from GDP)

III=Consume final from government as a ratio of total final consume in 1970.

IV=Consume final from government as a ratio of total final consume in 1980.

V=Consume final from government as a ratio of total final consume.

VI=Governmental investment as a ratio of total expending from central government in 1970.

VII=Governmental investment as a ratio of total expending from central government in 1980.

VIII=Governmental investment as a ratio of total expending from central government in 1990.

## B. Neoliberal Macroeconomic Adjustments.

The neoliberal adjustments in Latin America were initiated in the 1970s by the military governments of the continent's southern region (Foxley, 1988), though it should be stipulated that not all military governments in that period made neoliberal adjustments to the economy (Ramos, 1983). A crisis point in the first neoliberal policies in the region was reached around 1982. Faced with a financial crisis, the Chilean military government found itself obliged to go against its advisors, intervene in the banking system, and adopt some type of protectionism and Keynesian reactivation measures. With the return to orthodoxy in 1984, however, the adjustment was more successful: local and foreign investors showed greater confidence in the military regime, and there was no capital flight. This first crisis of the incipient neoliberalism in Latin America coincided with the transition to democracy and the establishment of elected governments throughout that decade (Vuskovic, 1990). Between 1982 and 1985, these new governments pursued erratic economic policies that produced great economic instability and contributed to the start of a new wave of neoliberalism, which was fully established in the region from 1990 onwards (Wannofel, 1994). In 1979, the Christian Democratic government in Venezuela applied austerity measures, but in 1984 the new Social Democratic government held off on International Monetary Fund-type adjustments. In Ecuador, an orthodox programme was introduced in 1982, and a similar one again in 1984, leading to the electoral victory of the centre left. In Bolivia, the combination of orthodox measures and price controls failed in 1982: annual inflation in 1985 was 16,720%. Colombia was a special case: its

adjustment without economic contraction was attributed by some to the conjunction of rising international coffee prices and the foreign exchange revenue from drug trafficking. In summary, orthodox adjustment plans were used everywhere except in Bolivia during the 1982 crisis. These plans were accompanied by devaluations and the replacement of fixed exchange rates with fluctuating ones, leading to recession, and drops in investment in the domestic market and in wages -- all with a limited effect on inflation. Imports were reduced, but only four countries increased exports. Towards the end of the decade, this brought on a second adjustment in which orthodox plans were once again put in place in Mexico, Chile, Venezuela, Ecuador, and this time, in Bolivia as well. Argentina, Brazil, and Peru, faced with the initial failure of the orthodox plans, turned to heterodox ones: Austral in Argentina, Inca in Peru, and Cruzado in Brazil. These plans were based on the structuralist conception of inflation, insofar as it was assumed that economic agents foresee inflation and raise prices according to their expectations, so that the solution meant a shock through price and wage freezer. These adjustments also failed. In summary, orthodox plans finally managed to bring down inflation in Bolivia and Chile in the 1980s, in a limited way in Mexico, but failed in Venezuela and Ecuador. The fiscal deficit improved in Bolivia, Chile, and Mexico, but not in Ecuador and Venezuela. Current account equilibrium was not achieved in any country. All suffered a contraction in the economy and in investment, except Colombia and Uruguay, where deficits were incurred when there was a change in some external factors.

Leaving aside the peculiarities of individual economic situations, neoliberal policies in Latin America have had two principal components: the stabilisation policy, consisting of the reduction of the fiscal deficit, inflation control, and the search for equilibrium in the balance of payments; and structural reform, which has emphasised deregulation and the elimination of internal protectionism. There has also been a restructuring of public sector dimensions that has included the privatisation of State corporations (Przeworski, 1991).

At the core of neoliberal policies in the region there exists a conception of the market as the great settler of production factors, with the private sector almost completely responsible for the accumulation of capital, and a State which limits its activity to helping maintain a stable macroeconomic environment. But, at the heart of the adjustment policies has always been the idea of combating inflation, which reached alarming levels in



Latin America in the mid-1980s. Since this inflation is considered to be a monetary phenomenon, it becomes the State's business to participate in money supply and demand when there are "distortions" in terms of the neoclassical models of equilibrium. The orthodox explanation proposes that the State fiscal crisis stems from high current spending, transfers and subsidies on an insufficient taxation income, provoking an increase in credit; and the artificial augmentation of the monetary base and domestic demand, bringing on inflation, overvaluation, and loss of competitiveness, reflected in a current account deficit as exports drop. The solution is a reduction of imports through devaluation and a contraction of the aggregate demand and of real wages.

During the 1990s, the policies for combating inflation in the region have taken on more uniform characteristics. Some countries allowed a monetary overvaluation, and kept wages below inflation levels. All maintained high real interest rates, and reduced the fiscal deficit through rationalisation, reduction of public spending (in most countries, public spending dropped in 1990 as compared to 1987), and a rise in taxation (around 1990, the relationship between the public deficit and the GDP was already minor) (De la Garza, 1994).

Throughout these adjustments, the economic dilemma has been whether lowering inflation through the contraction of the aggregate demand does not also lead to a contraction in production. The response seems to have implied bidding on exports by drawing on the production investment of foreign capital, supposedly in a context of macroeconomic equilibrium and low inflation (the exportation of goods and services in relation to the GDP was 14.1% in 1980, increasing to 21.6% in 1990). But from 1986, in those parts of Latin America where several neoliberal adjustments were implemented in a broader sense, the growth behaviour of the GDP was very poor, with almost no growth between 1988 and 1990. Since 1991, growth has been moderate.

On the other hand, the fight against inflation has been relatively effective in the 1990s (up to 1994) in countries such as Argentina, Bolivia, and Chile. But its levels are still high at the regional level, even though the rise in prices has slowed.

In terms of the behaviour of the exchange rate, there are in reality two separate groups of countries: one that has allowed its currency to be overvalued in comparison with the dollar (Mexico, Peru, Argentina, and Brazil), and others that have maintained their

currencies undervalued.

Beginning in 1992, the result was generally a greater growth in imports than in exports throughout Latin America. In 1992, the value of exports went up by 5.1%, while imports went up by 22.4%. In 1993, values went up by 5.1% and 8.8% respectively. The rise in manufacturing exports in relation to total exports was especially marked, increasing from 17.9% in 1980 to 33.1% in 1990 for all of Latin America. Cars and internal combustion motors have become important products for exportat, but agricultural, petroleum, and mineral products continue to be the region's principal exports, though of lesser importance than in the past.

The outcome has been a growing deficit in the current account and balance of payments. The latter has only reached equilibrium thanks to a surplus in the capital account, which, since 1989, has also caused a surplus in the current account (De la Garza, 1995). The growing influx of foreign capital to Latin America in the 1990s has mainly taken the form of public debt bonds, which already constituted the major source of foreign financing in 1991 - almost double the amount of direct foreign investment. It is a question of speculative capital attracted by high real rates of interest, which led to massive capital flight due to the financial problems in Mexico in late 1994.

Within this context, the total amount of foreign debt rose in the 1990s, but still amounted to 37% in relation to the GDP, a lower amount than in the 1980s. There was a similar situation in the relationship of debt interests to exports, which came to 19% in 1993. Likewise, the public sector deficit has diminished in the 1990s, and the current incomes of governments have gone up in relation to spending. However, State capital spending dropped spectacularly in those countries where the adjustment measures were more extreme (final government consumption has not diminished in relation to total final consumption, probably because of a greater contraction in the domestic market than in public spending).

The results of the adjustment are clearer in 1995 than they were previously, when the positive behaviour of some macroeconomic variables was so celebrated: Latin American economies are now shown to be highly vulnerable, especially in the more developed countries. On the other hand, combating inflation with monetarist policies has been an important factor in slowing growth, and possibly even an obstacle to increasing the gross

capital formation rate (in the 1990s the investment coefficient with respect to the GDP has stayed stable in Latin America, but has gone down in comparison to 1980).

More specifically, the 1990s have been years of more systematic implementation of neoliberal policies in Latin America. A very irregular behaviour by country in industrial employment has taken place during this time. The average real remuneration has gone up in some countries, but has diminished in general; the real minimum urban wage generally declined in the 1990s. Average industrial growth has been lower than in the 1970s (between 1971 and 1980, annual average growth was -2.3%, while from 1981 to 1992, it was -3.13%); poverty increased (in 1985, 23% of the population was in extreme poverty, and in 1990, 27.4%); poverty went up in general from an index of 41% in 1980 to 46% in 1990; in Chile, Venezuela, Argentina, Brazil, Peru, Mexico, and Panama, revenue concentration rose during this decade; average monthly consumption in dollars fell during those years from \$117.40 to \$109.66); the so-called informal sector grew spectacularly.

### C. Production Restructuring

Restructuring of production has been documented in Latin America since the first half of the 1980s, although we still lack a precise idea of its extent and consequences (De la Garza, 1993). In any case, production restructuring is concerned with attempts by business to deal with the new context of an open economy, deregulation and the withdrawal of the state from productive investment. This implied extensive change in industrial policy in Latin America, and a shift away from import substitution model, dominant until about 1982, to the promotion of exports. The former resulted in such government action as protection of the domestic market, price policies fostering investment in production, a fiscal policy favouring industry, soft financing, and a link-up between government buying and private company sales, as well as the production of cheap inputs by state-owned companies. In contrast, the so-called industrial policy of promoting exports should be considered more a series of generic economic measures inspired by the new model, than a specific industrial policy: deregulation, privatisation, macroeconomic equilibrium and anti-inflationary measures. All this leads us to suppose that a real industrial policy was foreign to neoliberalism, which saw it as a market distortion (Gonzalez, 1992).

However, it may well be erroneous to say that in Latin America the State has been completely absent from production restructuring, even if the nature of its intervention is very different from that of the period of import substitution. State intervention now takes the form of wage policies, which have tended to set ceilings below the inflation rate, as well as its support for making labour markets more flexible, which often implies combating or subduing unions (Wannoffel, 1995).

This is to say that in Latin America, macroeconomic and microeconomic restructuring are not unarticulated, although direct state intervention on the microeconomics level has been reduced to, or concentrated on, the aforementioned aspects. We include in productive restructuring changes in technology (of the product or the process, as well as in research and development), in the organisation of work and human resource management, both in labor relations and in the profile of the workforce.

Undoubtedly, neoliberal macroeconomic policies have contributed to creating a new framework for Latin American productive apparatuses, a framework which pressures them to increase productivity and quality. However, neoliberal macroeconomic theories have combined at the microeconomic level with two ideas not necessarily consistent with the former through the concept of flexibility in the labour market. On the one hand, there is the idea of flexibility stemming from neo-classical economics, which implies deregulation and, at the factory level, becomes what some Latin American scholars have called factory neoliberalism (Iranzo, 1992). On the other hand, a different idea of flexibility stems from the total quality and just-in-time doctrines which, at least in theory, give a special place to the concept of labour culture and factory-level consensus. Along these lines, new institutionalist theories could even be developed which, without being dominant in the region, compete in specific areas with neoliberalism.

An important number of Latin American scholars have enthusiastically followed this non-neoliberal line of thinking of new production concepts. This increase in research on productive restructuring in its broadest sense, including the system of industrial relations

itself, was buoyed by the crisis of the dependency paradigm from the beginning of the 1980s after it had been dominant in preceding decades. Other factors include the crisis of Marxism, which had many followers in the region. And the fascination with the polemic about the crisis of Taylorism-Fordism among those whose previous theories had not included the productive process (except Latin America's incipient sociology of labour which was dulled by dependency in the 1970s). However, in Latin America the theoretical emergence of international ideas about new productive paradigms, new conceptions of production, the third technological revolution, and new forms of organisation or work and flexibility have often been considered uncritically or without emphasising the fact those internationally are subject of debate. The uncritical adoption of these ideas has even tended to simplify the original theories emerging from the developed countries, transforming them into:

1) Linear evolutionary concepts of productive paradigms (for example, the necessary transition from Taylorism-Fordism to lean production), which in Latin American thought has meant a veritable leap backward vis-à-vis the 1970s critique of development theories in the style of Rostow or from the point of view of modernisation theory. The uncritical adoption of the ideas of the international convergence of production models blocks the view of the possibility or reality of parallel development, or of analysing production successes as the international articulation between non-equals.

2) The abstraction of production models from their institutional and cultural contexts, particularly the so-called system of industrial relations; though tendencies toward flexibility and decentralisation exist, they are not homogeneous internationally.

3) The limitation of the theoretical horizon to a few production models, which impede alternative theorisation. This is related to another leap backward with regard to the 1970s polemics, and the adoption of the deductive hypothetical method as synonymous with scientific rigor when confronting strategies for discovering and reconstructing reality in thought.

Just as theories about the production process have spread in Latin America, so has there

been an accumulation of case and sectorial studies in the larger countries. In these studies, the hypothesis of the end of Taylorism-Fordism and the transition toward other paradigms are the preponderate views about the changes in the work process. But empirical findings in sectors which have restructured production, point more toward a pseudo-post-Fordism. In this respect, the optimists see this as a result of deficient understanding by management who, under pressure from the market, will be forced to take the correct and only road possible, that of lean production. On the other hand, the pessimists see no acceptable way out. In short, the empirical research about the transformation of the work process points to:

- new technologies and new forms of organisation of work which do not necessarily coincide in the same places (Leite, 1992);
- the instrumentalisation of the new forms of work organisation to control workers (Zibovicius, 1992);
- the introduction of innovations without their being negotiated with the unions (Humphrey, 1992);
- technological or organisational innovations not being accompanied by higher wages or job security (De la Garza, 1992);
- partial application of just-in-time and total quality management, with little delegation of power or worker involvement, combined with Ford-style production lines (Taddei, 1992);
- a non-direct or non-causal relationship between technological or organisational change and employment, wages, training, working conditions, and labour relations, with an important influence on the characteristics of the system of industrial relations, particularly relations of forces between unions, companies and the state;
- unions not keeping up with the changes that have already begun.

In sum, there seems to be consensus about the polarisation caused by the current partial restructuring of the production process, associated with low wages and unilateral flexibility (Lucena, 1991). In this context, the application of international theories through a hypothetical deductive perspective in Latin America has allowed at the most for the falsification of the hypothesis of the transition to post-Fordism, while prefixes have

been added to the international concepts of production: pseudo-post-Fordism, peripheral Fordism, sub-Fordism, pre-post-Fordism, etc. (Perez Sainz, 1994). But, the problem may go deeper. In the first place, it would be appropriate to look more closely at the general supposition that Taylorism-Fordism predominated in Latin America before 1982. This has not been proven. Secondly, it would be appropriate to analyse the logic itself of the conceptualisation of the productive paradigms, the most developed of which are the ideas of Taylorism and Fordism. In particular, if technological and organisational determinism, are in disrepute for the present, we can also say that they were inadmissible in the past and that Taylorist-Fordist organisation was not as universal as previously thought, nor did it exist in functional relationships with technology, human resources management, labour relations or a workforce profile. It is preferable to speak in terms of different socio-technical configurations (technological level, organisation, human resource management, labor relations and workforce profiles) in a macroeconomic context of industrial relations, government policies and relationships among companies giving concrete content to what may be similar forms. All this is a far cry from functionalist or structuralist views, that is, existing for long periods together with contradictions, discontinuities or disfuncionalities and different conflicts (De la Garza, 1995).

In terms of work relations, Latin American research shows there is a tendency toward flexibility from labour legislation and collective bargaining agreements to corporatist pacts, when they existed. Due to current transformations, a look into the past at some studies show that in Latin America there has not been a single system of industrial relations; there have been corporatist systems (Mexico, Venezuela, Argentina, Brazil and Paraguay) and others which only with difficulty could actually be considered systems in which social agents were relatively respectful of shared norms and values. In the latter case, labour relations were sunk in political conflict and unions and businessmen's organisations acted like political parties or belonged to parties. These differences are underlined by the contrast between countries in which collective bargaining was a regular activity and those where it was non-existent in practice (Campero, 1991).

Whichever the case, the current flexibility of labour has been influenced by the different

previous work relations. In those cases in which corporatist pacts acted as part of a system of industrial relations, changes in labour laws have tended toward flexibility and the questioning of political bargaining (Falabella, 1989). But, in cases in which institutionalisation was less marked or where military dictatorships had restricted union rights and there are strong unions, the changes have tended toward the establishment of institutionality and freedoms which had been practically non-existent, like in Central America or Chile, and even Brazil (Perez Sainz, 1996) (Leite, 1989).

In any event, the studies show a preference on the part of management for unilateral flexibility and for flexibility in functional form, less in numerical, but not in general in wages. To be exact, it is possible to distinguish three management strategies for flexibility in the following order of importance: unilateral flexibility; that elicited from the workers without union participation; and neocorporative flexibility agreed upon with the union based on an identity of interests.

The very valuable and plentiful case studies on production restructuring have been supplemented with extensive surveys in Mexico, Colombia, Bolivia, Brazil, Argentina and Chile, some of the available information is now summarised.

All the surveys concur that there is a positive correlation between the innovation of hard technology and the size of establishments. This consideration, together with other studies which show the disarticulation of the productive apparatus beginning with the open economy and its great dependency on imported inputs, allows us to question the prospects for flexible specialisation in Latin America. The majority of micro and small companies in the region have a low level of technology, arbitrary forms of organisation, and do not constitute industrial districts in the way Piore and Sabel imagined. In other words, they export little and are not very competitive, particularly when quality is taken into account. They have remained in market niches for the poors, with low costs but bad quality; their competitors are cheap, bad quality products from China.



The other finding of the surveys is that the ability to export does not strictly correlate to technology innovation. This is important because other comparative advantages, among them low wages, could be used to make exports possible. In contrast, the data with regards to capital ownership is contradictory. The surveys show that in Chile and Colombia multinational companies carry out more technological innovation than domestic firms, while in Mexico, by contrast, this is not necessarily the case.

The surveys indicate that in Argentina and Chile the innovation of hard technology has spread more than in the other countries. However, the predominant innovation is not a change in the sequences of the production process, but in information systems. In all the countries, automation and the use of microelectronics equipment in production is quite limited: in Colombia, 8.4 percent of equipment is automated and 0.6 percent has numeric controls; in Mexico, only 6.2 percent (measured in terms of value) of manufacturing equipment and machinery is controlled by computer and 1.3 percent use robotics, while the great majority are conventional machine tools. In Argentina, Chile and Brazil, most innovations consist of the purchase of new machinery, mainly non- electronic equipment. In other words, the spread in Latin America of new technologies (microelectronics, biotechnology, new materials, new sources of energy) is very limited. However, there is technological innovation on a wider scale, particularly in Argentina and Chile, but it is at a lower level than that of current cutting-edge technology. Technological innovation in Argentina has centred on changes in machinery and equipment rather than organizational modifications and, in general, the two do not go together, with the exception of the chemical industry. By branch of industry, the changes are most important in food, drinks and tobacco. This is evidenced by the fact that almost 50 percent of the priorities in productivity management in the last three years had to do with process and product technology. At the same time, approximately one-fourth of companies have made no technological changes at all.

Modernization of machinery in Colombia seems to be greater than in Argentina (49.9 percent of establishments), although it varies greatly from one branch to another. In textiles, leather, footwear and transportation equipment, the introduction of modern

machinery is more prevalent. However, in this country, automation of production is very low (8.4 percent of companies have automated equipment). In contrast, in Brazil and Mexico, management's priority of increasing productivity in the last three years was more limited in process and product technologies than in the organization of work. Brazil is a case of widespread but uneven development of new forms of the organization of work, at the same time that Taylorism is being introduced into other sectors. This seems to be more widespread in Argentina, where Taylorist organizational innovation is being introduced at the same time that some theories are announcing its demise. In Mexico, the expansion of the new forms of organization of work is less widespread than in Brazil, but it is probably more diversified in form. Brazil and Mexico are in the lead in making human resource policies a priority for raising productivity.

An important number of the establishments which do innovate try to apply Taylorism-Fordism more completely. A minority of firms introduce new forms of work organisation (in Brazil and Mexico more than in Chile, Argentina and Colombia). Also, new forms of work organisation are introduced only partially or combined with Taylorist methods, with little worker involvement or participation.

External flexibility has grown above all through the use of contracting out, but not in the way that some analysts suppose. Full-time permanent jobs continue to predominate in industry in all the countries. A flexible wage has been difficult to establish both because of union resistance and the lack of a means of evaluating individual performance. Apparently, the high figures of flexible wages in Chile and Argentina correspond to different forms of paying for piecework, which do not conform to today's ideas about flexible wages and are to be found mainly in small and medium-sized firms. Internal flexibility has also spread more than the others forms, mainly through the rotation of jobs within firm.

Apparently, the workforce profile has not changed as a function of technological or organisational innovation or flexibility. On the one hand, shrinking companies has implied a drop in production personnel and the use of more technicians and engineers. On the other hand, a majority of production personnel continues to be the old full-time, permanent working class, mainly male, with a medium length of time on the job, a low educational

level and few qualifications. Training of the workforce is probably one of the least advanced aspects of the current restructuring; and management has preferred to continue to maintain manual operations along-side by side automated equipment, or to separate the conceptualisation and execution of the work, despite having made innovations in some other areas. That is to say, it combines Taylorist methods with the partial use of new technology or organisational forms.

However, this brings home the fact that innovative management in Latin America has used more than a single strategy to deal with the an open economy and the new neoliberal model. On the one hand, there is the technologist strategy in the Southern Cone which is gambling more on renovating equipment and automating information systems, than on organisational changes. On the other hand, in parts of Brazil and Mexico, more emphasis has been placed on soft technology than on hard technology.

Modernisation predominates in hard technology innovation, although it does not extend to the latest generation of technology. Above all, there is a glaring lack of technology which would allow for systemic control of the process. The same is the true for organisational innovation: most changes perfect Taylorism-Fordism, while a minority are non-systemic applications of new forms of organisation. Finally, external and internal flexibility have grown irregularly: contracting out and temporary work have not grown uniformly in all countries. The old workforce still predominates, although to a lesser extent than before: insufficiently trained, unidentified with company objectives, unsatisfied with its wages. It has been difficult to increase the indexation of wages to output and there is little worker involvement. That is, restructuring in Latin America is still far from producing a new work culture, particularly one which would eliminate paternalism and corporate authoritarianism, and create a new division of labour.

As far as the survey information allows us to discern, there would seem to be two configurations of productive restructuring in Latin America:

Conservative restructuring:

-technological innovation reduced to the substitution of out-of- date equipment with more

modern equipment, but not with the most recent generation;

-a more systematic application of Taylorism;

-low external flexibility and moderate internal flexibility;

-a traditional profile of the workforce: permanent, full-time male workers with little schooling or training.

Flexible restructuring:

-centred on a new, more flexible organisation of work;

-partial application of total quality and, to a lesser degree, just-in-time techniques;

-internal and external flexibility, with different emphases depending on the country;

- limited retraining of the workforce;

-no clear change of the workforce profile vis-à-vis the traditional one.

In any case, the data appears to support the hypothesis of firms' polarisation, that is, the existence of two poles: one, in the process of restructuring (although not identical to that in developed countries) and another, composed mainly of micro- and small companies, that make up the majority, which has not changed. There is little contact between these two poles through suppliers, even in the form of contracting out. However, there does seem to be more of a relationship between labour markets (Dombois, 1993) (Escobar, 1993). That is, polarisation of production does not imply a strict dualism in labour markets. This is because the restructuring does not necessarily imply a polarisation in skills since it is combined with a Taylorist division of labour which does not imply a fortiori new and broader skills for production workers. However, it is possible that in this restructuring pole, two labour markets have developed: one which includes traditional workers, stable until now and with traditional skills even if trained on the factory floor; and another, which includes workers with more external mobility, workers who are less skilled and younger, and more women. In the pole in restructuring there are a minority of enterprises, but they are very important in total value of production and also in employment.

Figure 1: TECHNOLOGICAL INNOVATION IN LATIN AMERICA

Argentina 49.5% of establishments (IV)

50% of establishments with preference for automation of information systems and control of the production process (metal products industry) (VI)

Colombia

42% of establishments. Little automation (8.4%) and little numerical control (0.6%) (V)

Chile

39% of establishments (II) 47% of establishments with preference for automation of information systems and control of the production process (VI)

Brazil

between 26% and 30% of establishments in the last 3 years with preference for automation of information systems and control of the production process or of products (VI)

Mexico

26% of establishments in the last 3 years with emphasis in automation of information systems and control of the production process (VI) predominance of low and medium technological levels (VII)

Figure 2: ORGANISATIONAL INNOVATION IN LATIN AMERICA

Argentina

2.1% of establishments (IV) metal products industry: work teams, 19% statistical control of the process, 0% multiskilled labour, 29%

Taylorist changes predominate in 50% of cases (VI)

Colombia

33.6% of the establishments, but rearrangement of equipment, material and installations predominates (30.5%) just-in-time: 16.3% multiskilled labour: 0.8% greater worker autonomy: 1.8% (V)

Chile

10.9% of establishments (II) metal products industry: work teams: 30% statistical control of the production process: 0% multiskilled labour: 30% an increase of Taylorist changes predominates (VI)

Brazil

an increase of Taylorism predominates (81% to 58%) multiskilled labour (54% to 29%) statistical control of the production process (65% to 21%) work teams (39% to 17%) (VI)

Mexico

a broader application of new forms of organisation combined with Taylorism:

multiskilled labour, 26% statistical control of the production process, 36%

work teams, 38% (VI) low participation and involvement (VII)

Figure 3: LABOR FLEXIBILITY IN LATIN AMERICA

Argentina

Temporary employment: 44% of the companies have temporary employees (IV)

Contracting out of production: 25% of manufacturing establishments (VI)

Rotation of jobs: 39%

Multiskilled maintenance and production: 10%

Programming equipment: 4%

Colombia

Permanent, full-time employment predominates (75%) (V)

Contracting out of production: 23% of establishments  
Production bonuses: 40% of establishments give them but they predominate in small and medium-sized companies  
Multiskilled labour: 0.8

#### Chile

Job Rotation: 63%  
Multiskilled maintenance and production: 13%  
Quality production: 29%  
Statistical control: 0%  
Programming equipment: 10%  
Production bonuses: 37% of the workforce, but 24% of companies pay by piecework (VI)

#### Mexico

Contracting out of production: 13.9% to 30% (VI)  
Full-time, permanent employment predominates (VII)  
Production bonuses infrequent (VII) Rotation of jobs: 44% (VI)

Figure 4: PRODUCTION WORKFORCE PROFILE IN LATIN AMERICA

#### Argentina

Schooling: 50% of workers do not finish secondary school (IV)  
Training: 13% of the workforce has training (IV)  
28% in metal products (machine operating) (VI)

#### Colombia

Working time: uniform distribution between 0 and 15 years  
Training: 47% of companies offer training (V)

#### Mexico

Schooling: primary school (VII)  
Middle level of signority (VII)  
Training: 62% in machine operation

#### Chile

Training: 39% (VI)

#### Brazil

Training from 66% to 44% (VI)

Note: The surveys analysed in this chapter are:

-Encuesta Nacional de Empleo, Tecnología y Capacitación en el Sector Manufacturero. Data from 1989 and 1991. México, STyPS-ILO. A representative sample of 5,071 establishments by size and branch of industry (I)

-Cambio Tecnológico, Trabajo y Empleo: Industria manufacturera del Gran Santiago. 1988-1990. ILO-CIDA. Chile (II)

-Encuesta Sobre Relaciones Laborales en la Maquila de Centroamérica. 1994. FLACSO. Costa Rica (III)

-Encuesta Nacional Sobre Condiciones y Medio Ambiente de Trabajo. Argentina. 1993 (n=99) (IV)

-Políticas de Empleo y Modernización Económica en Colombia.

Ministerio del Trabajo y la Seguridad Social-ILO. 1991-1992. Colombia (n=701 establishments with more than 10 workers) (V)

-Cambio Tecnológico y Mercados de Trabajo. Industria metalmecánica y de alimentos en Brasil, Argentina, Chile y México. PREALC-ILO (n=185) (VI)

-Modelos de Industrialización en México. Maestría en Sociología del Trabajo, Universidad Autónoma Metropolitana-Iztapalapa, 1994 (n=500)(VII)

#### D. The change in structure of the working class in Latin America.

The change in the structure of the labour market in Latin America, taken from an analysis of developed countries, has been related to the crisis of organised labour on the undermining of its social foundation; that is, with the decline of the type of worker which served as a support to the unions throughout the 20th century: the factory worker, male, in formal and stable employment. Added to this, the tendency to increase more the services than the industry, to be the employment more deregulated and informal, more feminised, precarious and flexible, and with the growing in importance of technicians and white collar workers (Balbi, 1993), (Yepes, 1993).

But, this hypothesis that consider that the crisis of organised labour is caused by the change in structure of the working class is situationalist; that is, that the positions in the structure (factory worker, male, with formal and stable employment) would pressure the worker to a greater or lesser degree of unionism. This situationalism related to structuralism, in opposition to more complex conceptions about how action is constructed and its relation to structures, and subjectivities. It is possible that in some countries we could find some of the changes in the class base of organised labour as has been described above, but it is also probable that the explanation of the tendency to organise could be more complex. This hypothesis could not explain the unionisation of workers in ministries, education, social security, banking, telecommunications and transport, which are a fundamental part of the organised labour forces in several country.

We shall examine what has happened in Latin America during the last decade with some variables related to the labour market.

In Latin America, the Economically Active Population (EAP) with respect to total population has remained more or less in stable over the last decade. Similarly, in Table No. 18 we observe that the proportion of salaried population in the the EAP has not diminished, and in almost every country represents the majority of that EAP. In Table No. 19 we see that salaried employees in the industrial sector as a proportion of the salaried population has not diminished, although it has never compressed the majority of the salaried EAP in Latin America. In other words, an elemental first evidence is against the hypothesis of the organised labour crisis in Latin America as a result of the decadence

of salaried labour; nor can it be from the decrease of salaried workers in the manufacturing sector .

However, in Table No. 20, we can see a clear tendency towards the feminisation of the salaried labour force in some countries of Latin America. This tendency could have a primary deunionising consequence motivated by the double work load of women, their non unionised tradition or cultural problems of submission to men. Even so, situationalism fails to explain the “feminine passivity” or activity with these factors alone. It is possible that the construction of the decision to organise brings into play opposing elements of the subjectivity, and in this way passive against another active elements which is expressed when women have managed to overcome their passiveness and bring forth to courage and dedication many times superior to that of men where collective causes are concerned.

Also it is possible to demonstrate the important growth of technicians within the salaried sector in Latin America. Notwithstanding, in terms of percentages they continue to be a minority, in spite of the presence of productive restructuring in the region. In any case, the feminisation and technification of labour must bring up new ideas of how to attract them to unions, which up until now have been unresolved. In other aspects, we do not observe a strong tendency to increase administrative personnel in relation to the total number of salaried workers.

In spite of the great crisis of the eighties, which continues in some countries of Latin America, between 1983 and 1991 paid employment in non agricultural activities increased in the majority of countries , a situation which was less pronounced in manufacturing. Similarly, during this period there is not a marked tendency in all of the Latin American countries of an increase in open unemployment. Finally, in Table No. 23 we can observe that the informal sector has increased as a percentage of the EAP, from 23.8% of employment in 1980 to 29.1% in 1989, but not to a point that would cause a substantial decrease in the formal sector (formal sector was 69.3% of employment in 1980 and pass to 65.1% in 1989). Public employment has been maintained at historic levels; and employment in small, medium and large businesses has decreased from representing 39.7% of the EAP in 1980 to 30% in 1989; employment in microbusiness increased from 15.7% to 20.8% in those years.



In synthesis, the increase in technicians, administrative workers, women, informal employment and microbusinesses has probably affected union membership. However, in Latin America the salaried, in production workers, men, formally employed and those of small, medium and large private and public businesses continue to be important. The decline in “classic” workers does not appear sufficient to explain the crisis of organised labour in Latin America, although it cannot be underestimated. In fact, in Latin America organised workers were always a minority - with certain exceptions such as Argentina, although in other times they played an important role in national politics. That is to say, the political importance of a class fraction is not necessarily directly related to their importance in number. Additional factors can come into play such as the kind of organisation, ideology and capacity to have a social project, summed into be situated in economical and political strategic sectors, and capacity to direct wide fronts.

The decline of the labour struggle in some Latin American countries, which is evident in Colombia, Peru, Chile or Mexico, has tendencies which are not as linear as in other countries. In fact, in general there was a period of great activity around 1985 in struggles against the first neoliberal adjustments in the post military dictatorships. This was followed by another period of discouragement and consolidation of the adjustments; but in the 1990's there is a relative reanimation provoked by the disadjustments caused by the “new economical model” from the past decade and the conviction of other social and political forces that pure neoliberalism does not solve the people's basic problems. In other words, considering the discontent that exist right now, Latin America is neither experiencing the lowest point in the labour struggle.

#### E. Accumulation of Capital

While the 1980s brought negative results in terms of economic growth in Latin America, the early 1990s have signified moderate growth in the region, with higher rates in Argentina and Chile. But the 1995 financial crisis in Mexico has once again demonstrated the difficulties in domestic capital accumulation

Investment also fell in the 1980s, as did the gross formation of fixed capital, which in the 1970s had risen from 19.2% to 23.4% of the GDP, and then fell to 16.7% in constant dollars between 1980 and 1990.

In spite of its limitations, restructuring of production has implied a rise in organic capital composition in some Latin American countries during the 1980s (it augmented in Chile, Mexico, Venezuela, Ecuador, Peru, and Uruguay; and diminished in Costa Rica). The organic capital composition indicator should be employed with care, as it is very much influenced by the diminishment of real wages in that decade. However, it does coincide with the vision of a existent but not generalised restructuring of production that we presented in a previous section, based on more detailed information on changes in the sociotechnical bases of productive processes.

On the other hand, the regional surplus value rate increased greatly during the 1980s, likely influenced by the drops in wages, as well as by labour intensification.

In this way, the profit rate in the 1980s went up considerably in some countries. Determining factors were the reduction of personnel with labour intensification, along with falling wages. The effect of the increase in organic capital composition should also be considered: there is a negative effect on the profit rate at the production mode level, but because of its different manifestations in various branches or corporations, extraordinary profits are made possible through the tendency to equalise market prices. Contradictory data showing an increasing profit rate and decreasing regional capital accumulation could be explained by exports and capital flight. That is, productive restructuring, in addition to the forms it may take, has always meant a settling of accounts between the transnational capital and major local capital and the workers, without yet offering any guarantee of security in domestic accumulation and economic growth.

b) It is not advisable to make comparisons between

countries based on the foregoing information, because of problems in the data recorded in the yearbooks used.

On the other hand, there are signs that employment concentration in major industries (with more than 500 workers per establishment) rose during the 1980s.

The efforts of capital to return to high profit rate levels spelled negative results for workers, in a context of struggles, control over labour unions, and changes in institutions and labour regulations.

## F. Unions responses in Latin America in the face of adjustment policies and the restructuring of production.

Adjustment policies in Latin America have provoked diverse reactions from organised labour. The main currents of organised labour in Latin America prior to the current neoliberal period can be classified as “classist”, corporative and “business unionism”. The first two were the most important. The classist type, although present in all countries, was the majority only in some (Ecuador, Peru, Bolivia, Uruguay and Chile), with varying degrees of radicalism. It was characterised by unions which conceived themselves as political forces at State level, opponents of capitalism along with socialists or communists projects; dedicated to anti-capitalist endeavours and subordinating conflict and bargaining in the sphere of the labour relations to its role as political entity. In classist labour organisations diverse types of Marxist-Leninist ideologies were predominant. Thus, the working class was considered the fundamental subject, the farmers and some middle sectors as privileged allies, and the political struggle at the State level was the central focus. This type of organised labour was equally opposed to the bourgeois State and the reformist labour movements which strove for a welfare State with social justice. In Latin America a significant proportion of classist labour organisations were affiliated to the World Federation of Trade Unions and considered the ORIT (affiliate of the CFDT) as its enemy. The influence of political parties on classist labour organisations was strong in many countries (Godio, 1993).

“Classism” is now in crisis, partly as a result of neoliberal adjustments, which precipitated a kind of confrontation. In those countries where general strikes had sufficient strength, they have been practised insistently during the last decade. From the second part of the eighties to the first years of nineties, the defeat of classism by neoliberalism has resulted in paralysis and a loss of prestige as in Colombia, Peru or Bolivia, in the passing of the main opposition to neoliberalism to indigenous and rural movements as in Ecuador; the tendency to transform them into neocorporative or business labour organisations, as in Chile; or in their affirmation as a political social democratic force, as in Uruguay.

In Peru, for example, the restructuring of production is in its infancy. Labour organisations in particular are facing the consequences of the adjustments, especially those implemented by the Fujimori government since 1990. This has caused massive

employment cuts in public administration and private enterprises. The main labour organisation, the CGTP, has suffered violence and repression. It is now in a state of crisis. Membership has fallen due to unemployment, job insecurity and increased informal labour. Forms of struggle such as general strikes have diminished, but labour organisations have not managed to change their conception of the situation, and continue to apply old classist tactics. In Bolivia, the Central Obrera Boliviana unleashed one of the most active social movements in its history between 1981 and 1985, but in the midst of a profound economic crisis and from the model based on State intervention in the economy and tin export. The result was a weakening of the COB which brought Paz Estenssoro to victory in 1985; he initiated the neoliberal adjustment plan with popular support. In 1987 Lechin (historical leadership) was removed as a result of his ineffectual tactics (Wannofel, 1994).

In Ecuador, the Frente Unitario, which included the four labour confederations, reached its peak in 1982. As in Bolivia, it lost strength and prestige, becoming secondary to the rural and indigenous movement.

In Chile classism was important in organised labour both before and through the dictatorship of Pinochet. Its policy was one of resistance, but, with the transition to democracy, in 1990 it changed from confrontation to settlement with employers and government. Organised labour has had to accept the rules of the best constructed neoliberal model in Latin America; it is no longer opposed to the opening up of the economy. However, the CUT (Central Unitaria de Trabajadores) still has no defined policy towards restructuring, although conditions exist for neocorporative solutions as in Mexico (Falabella, 1989). Organised labour in Uruguay is a special case. As a classist labour movement it has always advocated a national project. From the dictatorship emerged a strong labour organisation, now comprised of the PIT-CNT, with great prestige which later deteriorated, but not to the same degree as in Peru, Ecuador or Bolivia. The deterioration was also related to the loss of strength suffered in the struggle against neoliberal adjustments at the beginning; between 1985 and 1993 there were 23 general strikes. But since 1990 the resistance to the neoliberal model has been more effective. For example, the struggle frustrated the project to privatise social security and in part the privatisation of telecommunications, although the aperture of the economy advanced (CIEDUR, 1992). In Colombia the CUT is the principal labour organisation. It has classist sectors which advocate tactics of resistance and global Latin Americanist solutions. The

weakness of unions is accompanied by a political panorama of great violence.

In Costa Rica, Honduras, Guatemala, Brazil, Argentina, Mexico and Venezuela there are also classist sectors, although they form a minority, that have been affected by the adjustment policies without having the capacity of effective resistance (Diaz, 1995). The case in Brazil of the Central Unica de Trabajadores is difficult to connect to traditional classism. Not only does it appear later, but the influence of Marxism-Leninism is far less. It is the strongest form of organised labour in Latin America. In the eighties it grew in strength and capacity to resist the diverse neoliberal plans while others were weaker. The CUT, together with the special conformation of political forces in Brazil, has been a determining factor in avoiding the establishment of neoliberalism for several years in spite of many attempts to do so. (Rodriguez, 1992).

To summarise, with the exception of Brazil, and partly Uruguay, classist organised labour resistance has failed in the face of neoliberal policies. It failed because organised labour was incapable of offering together with political parties a credible and immediate project for the reconstruction of society. The crisis of import substitution model was evident. Resistance alone was not enough to maintain things as they were, and the simple promise of socialism which became increasingly uncertain (especially after 1989) caused large popular sectors (in Peru, Bolivia, Argentina, Chile or Colombia) to support the neoliberal governments.

A different situation arises in those countries where corporative unionism subordinated to the State are predominant. The typical examples would be Mexico (Congreso del Trabajo and Confederacion de Trabajadores de Mexico), Venezuela (CTV) and Argentina (CGT). Aside from specific differences, corporative relations were characterised by a conversion of labour unions as mediator between the State and workers, establishing explicit pacts or through political parties. The making of labour unions into mediators of the State converted the State arena into the principal sphere of negotiation and conflict of organised labour. It politicised labour relations linked to the State and subordinated them to a co-responsibility in the functioning of the State. The participation of organised labour in State affairs was limited to specific areas, through the appointment of government posts by union leaderships, by its presence in parliaments, in the negotiation of social security (more in Argentina than in other countries) and in designing some labour and economical policies. The corporative unions in Latin America are in crisis mainly because of State

transformation, which has reduced the areas of influence of these organisations and has diminished their capacity to exchange political adhesion to the State for economic benefits for workers. It is what might be called the neoliberal crisis of “political bargaining” practised by corporatist labour organisations (De la Garza, 1990). Under these circumstances organised labour has not been able to generate an effective alternative strategy. In Mexico and Argentina corporate relations continue to have importance even though labour unions have lost much of their power, but their leaders have decided to follow the course of the State by controlling the workers faced with the adjustment policies. In Mexico the corporative structure remains basically intact, but some corporative leaders have been substituted by more docile replacements, and a neocorporate current has appeared, which seeks to gain a new sphere of negotiation in production without cutting its ties with the State. In Argentina the neoliberal policy of the Peronist government in 1989 led to division within the CGT: one part supports adjustments, the other is critical, but continued to support it. In addition the Confederacion de Trabajadores de Argentina came into being. It is opposed to neoliberalism, but forms minority. The neoliberal reforms in Argentina have weakened the corporative ties. They have liberalised the forms of labour representation, seeking to decentralise collective negotiation of contracts from branch level to company level. They have privatised social security and limited the intervention of labour unions in its application (Parcerro, 1987)(Abramo, 1991).

In Venezuela neoliberal adjustments also arrived late - not until 1989. This change of direction had a profound effect on the relations between the State and the CTV, in which there is major participation of all political parties, especially Accion Democratica. With neoliberalism the CTV lost influence in designing economic policy. The main branch called for a national strike and the government responded by accusing national union leaders of corruption. The result was a break up of the historical corporatist pact, giving way to a period of great economical and political instability which led to the collapse of the neoliberal government of Carlos A. Perez.

Turning to the restructuring of production the response of organised labour, throughout the region has been even more confusing. Labour unions have been late to enter discussions on new technology, work organisation, training, flexibility and wages in relation to productivity. However, the controversy is there and has generated three possible responses. On the one hand, there is resistance with classist overtones: in other

words, to oppose the changes in production because of the negative consequences they would have on the worker; labour organisations whose Leninist viewpoint would be centred on struggles

at the level of the State consider the struggles around restructuring of production as bourgeois or reformist. Corporatist unions neither have a clear strategy in the face of restructuring, they have supported it but with little ability to conduct a dialogue with management. Only a minority of unions have become involved in new exchanges with companies, accepting restructuring and increased productivity in return for job security or more wages.

In Uruguay, the restructuring of production has advanced slowly, with organisational changes predominating over those of technology. However, two positions have arisen in the PIT-CNT. On the one hand, there is the “renewalist current” which accepts that restructuring is necessary, with increases in productivity and technological change, but seeks to redefine the direction of a nation, rather than bargain company by company. On the other hand there is the traditional radical current (Communist Party, Tupamaros) which insists on denouncing the changes to production and simply proposes resistance to these changes.

In Peru, Bolivia and Ecuador productive restructuring is very limited, which combined with the predominance of classism, leaves organised labour without a defined policy with regard to productive restructuring. The Japanese financed textile factory “La union” in Peru, where a productivity agreement has been reached between the union and management, is an isolated case.

In Colombia there have been debates over productive restructuring, but it is still not a central topic for labour organisations. Organised labour’s resistance has been directed more against privatisation, even though work flexibilisation began in the seventies. There are exceptions like Kintex and S. General factories (Lucena, 1991) (Lucena, 1993).

Nor does the CTV in Venezuela have proposals for productive restructuring. Only in a few labour organisations, such as the bank and graphic arts unions, has restructuring been negotiated. Even so, within the CTV the Movimiento Hacia el Socialismo current accepts that industrial transformation is necessary, but it sets

conditions such as the right to information and no work intensification. In Brasil productive restructuring appeared as early as the seventies. The initial reaction of organised labour was resistance, especially against organisational changes and multitasking. But the CUT's strength is greater in politics than in the factories, partly because Brazilian laws prohibited the existence of factory level labour representation. However, little by little the proposals of organised labour as to how restructuring should be carried out have been taken into account. The struggles have been intense with uneven results.

In Chile the move of the CUT away from confrontation to settlement has provided an opportunity for greater union intervention in the running of companies, even though labour laws prohibit it. The agreements in the area of metallurgy are along these lines (SUR, 1989).

One particular case of organised labour intervention in productive restructuring is the signing of productivity pacts, which recognise the unions as designers of restructuring along with management, and which contemplate salary increases or bonuses in accordance increased productivity. This tendency is quite incipient, although there are several variations. In the case of countries with a corporative tradition such as Mexico and Argentina, the State has tried to impose productivity pacts. In Mexico this included the recovery of experiences of the new corporatist unionism (macro of the State and micro of private business) which has negotiated various productivity pacts since 1990. In 1993 the State tried to generalise these pacts, in particular by relating part of the salary to productivity. In Argentina, the new labour laws stipulate that salaries will increase only if productivity increases. This new situation has led to the negotiation of some productivity pacts, but management requests flexibilisation concessions in labour relations before signing them.

In Chile productivity agreements are beginning to appear such as in the metallurgic industry, although in a very general way. In Venezuela there are also productivity pacts as in the shipbuilding industry, but only a few. In Colombia, productivity pacts have remained at the level of proposals by the Minister of labour and in reality exist in very few companies. We have mentioned in Peru the case of the textile factory La Union as an exception. In Uruguay productivity pacts are becoming more frequent. In Brazil, Forza Sindical has tried to create a strategy of productive alliance with



management to increase the efficiency of businesses (Martinez, 1993).

However, the most important case of bargaining restructuring in Latin America has been that which arose between the metalworkers union and the sectorial chamber of auto ensemble in Brazil. Faced with the crisis, the CUT in this sector proposed a change of tactics, from traditional confrontation to the modernisation of the sector. In December 1991 an initial agreement was reached which involved macroeconomics and branch levels: a 12% tax reduction for companies, a 10% reduction in the rate of profit, a 22% reduction in the price of cars, and the obligation to retain jobs along the entire production chain. In February 1993 the agreement was amplified with the negotiation of the model of restructuring, labour relations and work organisation. Similar bargaining began in ship-building, textile, electronics, civil construction, chemicals, pharmaceuticals, air transport and the capital goods sectors (Scott, 1994). But, with the new government of Cardoso, this tendency has been stopped.

Finally, organised labour has been affected in diverse ways by work flexibility, sometimes imposed without legislative changes and at other times with changes in labour laws. Labour laws have changed in Venezuela, Colombia, Ecuador, Peru, Brazil, Argentina, Chile and recently in Panama. However, depending on the previous legal conditions, especially as regards flexibility, and the correlation of forces between the State, labour organisations and employers the results have been different. In the cases of Brazil and Chile legislative changes have provided better condition of operation for organised labour. In both cases previous legislation permitted a great deal of flexibility of labour, and this point has not been the central focus of the discussion. The Brazilian labour laws which came from the Estado Novo established an extreme corporate system which was not only guaranteed by the State monopoly of worker representation, but also permitted extensive State intervention in labour organisations. It prevented representation at the factory level, and in exchange established another type by category and county. In practise, it considered all labour rights to be included in the labour code, with restrictions on the right to strike. Finally, it established a union tax which was collected by the State for the maintenance of labour organisations. In 1988 the Constitution was reformed, but only partially limited corporatism. It eliminated the intervention of the State in labour organisations, permitted labour representation at factory-level (where there were more than 200 workers) and granted the right to strike. But the union tax was continued, obligatory arbitration was established, and there is still

one union per category on a territorial basis (Leite, 1988). In Chile the previous labour law had been proclaimed by the dictatorship and established labour flexibility and limitations for organised labour activity. The present reforms tend to restore labour rights partially, limit flexibility, restore collective bargaining by branch (it was previously permitted at the company level only), increase severance pay, remove some restrictions on recognition of labour organisations and on the duration of strikes.

On the other hand, in Peru the governments have reformed the protective labour legislation which originated under the Velazco Alvarado government. The time limit to give job permanence to workers was extended, the hiring of temporary workers was permitted and so was the free use of subcontracting. In Colombia the 1990 labour law legitimised the labour deregulation which had already existed in practice and reduced job stability. In Venezuela the changes were contradictory, and for this reason the reform was not favoured by management. On one hand greater protection was granted to workers (reduced working hours, increased overtime pay, the right to extra pay for increased productivity), and on the other hand elements of flexibility were introduced to hours of work and temporary contracts were recognised (the trial period was extended, advance notice was reduced from one month to 15 days). At the same time union registration was required and the right to strike was limited. In Argentina flexibility changes have been profound: for accidents at work or illness, e.g. the law obliges the worker to demonstrate that it was caused by the job; the decentralisation of collective negotiation from branch to company was established; and the right to hire during illegal strikes expanded.

The traditional ideologies and politics predominant in labour organisations of Latin America have proven incapable of sustaining the force of organised labour or contributing to pull the country out of the crisis as in Brazil. Classism and corporatism are in deep crisis. Neither has been able to undertake the new conditions with new analytical instruments, demands, forms of organisation, struggles and negotiations (Toledo, 1988). It does not suffice to attribute the crisis of organised labour in Latin America to a simple change in the structure of the working class. If these structures have indeed changed, the quantitative impact is not great enough to explain the crisis with the simple appearance of new types of workers.

Organised workers never formed the majority of the EAP in Latin America, and the workers that retain these characteristics are still numerous enough to provide significant

union membership. The most important changes which could explain the labour crisis have been primarily the neoliberalisation of the State, which affected corporatist and classist organisations alike, because both forms appeared as an allied or confrontational force with respect to the State, affecting in one form or another legitimate political spheres. Neoliberalism not only involved the confrontation and submission of labour organisations, but also the elimination of traditional arenas in which unions could influence and obtain concessions for their members (Gomez, 1986). This was accompanied by a recomposition of the political actors and a loss of the allies of organised labour. The other factor which explains the union crisis is productive restructuring, especially in its form of flexibility, which has affected labour laws, collective contracts and corporative pacts. This flexibility is in general a unilaterally determined, without negotiations with labour unions and favoured by States; which complements adjustment policies but now on a micro economics level. In this way organised labour has also been incapable of building efficient resistance or alternatives to management (Ramirez, 1993).

At the most, we can observe some new incipient strategies by unions which are not entirely satisfactory in Mexico, Brazil, Uruguay and Chile. In Mexico, corporatism has been partially transformed into neocorporatism, both of the State and of companies, which seeks a new negotiation sphere in the production process. Its main obstacles are its dependence on the State, which continues to impose micro solutions in conjunction with macro policies, and managerial strategies and cultures, which in Latin America are generally not inclined to consider labour organisations as valid interlocutors with management. In Brazil, in conditions of great social, political and economic disorder, and with an undeniable force of organised labour which was capable, along with other forces, of halting neoliberal adjustments, the most important negotiation in the region for the restructuring of an entire branch of the economy, but with the new government it was stopped. In Chile, organised labour tends to shift from confrontation to settlement and to go between a Mexican type of neocorporatism, without the element of dependence on the State. Neocorporatism, negotiation at the level of industry or like a national strategy (Uruguay) of restructuring, and a business type of organised labour are the changes which the crisis of classist and corporatist organised labour have brought to this point in Latin America.

Table 29

Index of conflict between capital and work (rates of increased)

		Strikes and lockouts	Workers in strike	Days of strikes
Argentina	(1987-89)	-69.7	-68.2	-77.9
Bolivia	(1990-83)	-88.5	-84.1	
Brazil	(1985-89)	396.9	159.5	137.6
Colombia	(1990-83)	103.6	-64.8	-83.7
Costa Rica	(1983-92)	18.8	409.3	—
Chile	(1983-92)	478	475	463.2
Ecuador (1980-90)	86.7		51.8	-16.0
El Salvador	(1983-92)	193.3	—	—
Honduras	(1984-91)	-17.9	1667.5	—
México (1983-92)	-27.7		99.1	106.7
Panama (1983-92)	-88.8		-99.2	—
Peru	(1983-91)	-51.0	-77	56.3
Venezuela	(1983-85)	47.8	-25.7	-77.1

Source: ILO, Statistical Yearbooks.

## Chapter IV. **The Restructuring of Production in Mexico**

### A. The Crisis of the Import Substitution Socio-Economic Formation

#### in Mexico

Since the 1940s, industry has tended to become the center of capital accumulation in Mexico. Between 1940 and 1955 the rate of profit in this sector increased by 50 percent in real terms. But this spectacular growth was not a result of the modernization of production, but of an increased rate of exploitation achieved by depressing the real wage, particularly in the 1940s. In the mid-1950s, production began to change. Productivity increased considerably between 1955 and 1970 and capital accumulation no longer depended on keeping real wages down.

Relative surplus value was extracted both through the modernization of production in cutting edge industries and through making wage earners into consumers of capitalist goods. In this way, fixed capital per worker increased in industry by almost 100 percent at constant prices between 1955 and 1970, as did constant capital per worker. At the same time, variable capital per worker rose more than 100 percent in industry in the same period.

In 1963, all wage earners spent only 22.7 percent of their earnings on products made by the peasantry; in 1969 that figure dropped to 19.7 percent. Factory and agricultural workers put 24 percent of their spending into goods from the peasantry in the same year; in 1969, the figure dropped to 22.5 percent. Also, in 1968, wage earners --62 percent of the workforce-- accounted for 51.4 percent of national family consumption .

There is evidence that the jump in production at the end of the 1950s was spurred by productive restructuring, although it was less traumatic than the current process and had a transition period that may have been longer. This meant a relative modernization of technology compared to the previous technological base: diesel engines in rail; basic automation in oil and petrochemicals, as in the generation of electricity; modernization of parts of textiles and mining; new iron and steel plants; semi-electronic switchboards in telephones; Taylorization of banking, etc.

Technology prior to the current crisis in much of production in Mexico could be classified in the following way:

- Fordism (assembly lines), highly labour-intensive;
- work in series, such as individual machines without an assembly line (machines on a line, for example);
- work based on a standardized workforce (modern services in the 1960s) without mechanization;
- Automatic control in processes of continuous flow, with different levels of automation;
- work with non-standard production (specialized workers, modern trades in maintenance);
- work with non-standard tools.

we may establish the following types of organization of work in México in those years:

- Fordist-Taylorist processes which in the fashion of the traditional assembly lines combine a form of organization (Taylorism) with a certain mechanical configuration of the process;
- Taylorist processes without a mechanical configuration;
- automatic control and maintenance in continuous flow;
- processes without strict time and motion control by machine or supervisors;
- direct work with tools or machine-tools with strict supervision of personnel. Labor relations

formalized in productive processes may imply two levels: one is codified relations (found in collective bargaining agreements or different agreements between workers and management) in a company or in all the system of labour relations in a country, ruled by laws and labour boards.

The other, non-codified, part of labour relations is the important informal aspect of work relations. Here, important, regular patterns of behavior are discernable in customs, values, legitimacy, signifiers, representations and discourses, subordinate or autonomous.

Finally, the Industrial Relations System In the case of Mexico has three main aspects: government labour policies about wages, employment and conflicts; corporative union relations; and the question of indirect wages linked to State social policy.

Labour relations between 1940 and 1980 can be summarized in the model of relations of the Mexican Revolution: State tutelage of the workers; State control of the unions; limited protection of employment and wages. Collective bargaining agreements provide for scant union intervention in technological changes or modifications in the organization of work and establish rigid hiring and firing practices, set uses of the workforce in the work process itself and fixed wage policies. This general situation varies according to the strata of the working class: whether unionized workers or the majority of practically unprotected wage earners subject to a primitive flexibility of their labour power.

We will call the articulation between the technological, organizational base and the labour relations characteristic of the period prior to the crisis that began in the 1970s the socio-technical configuration of the import-substitution socio-economic formation. The limits of this socio-technical configuration may be one of the facets of that crisis.

The other facet of that crisis is that of the authoritarian Social State. The Social State of the Mexican Revolution recognized that society was not comprised solely of the sum of citizens formally equal in the market, but by social classes which could enter into normal conflict. Therefore, this State set itself up as a mediator in the inter-class conflict and created many institutions for that purpose. Also, regulating conflicts implied not leaving general well-being and

employment to market forces and that the State had to articulate economic growth and political legitimacy through its spending. In the economy, it attempted to conciliate production with the realization of commodities and in the 1940s became an important investor in production and tended to increase its social spending. But above all, in the 1960s, this Social State "a la mexicana" reached its maximum perfection: high state social and productive spending which had an impact on investment on the supply side and which subsidized inputs for private industry and the cost of reproducing the workforce; a high-wage policy that made it possible to close the circuit of production-realization of commodities in a decade in which the working class had partially become a consumer of simple capitalist goods. But this Social State was also authoritarian because it centralized decisions; it excluded all opposition; it was not politically competitive, was non-pluralist and was based on a non-democratic, but a patrimonial culture. Its union counterpart has been authoritarian corporativism. We understand corporativism not simply as a form of representation, as Schmitter says, but as a form of domination and a form of relationship between unions and State which implies the subordination of the union functions of hiring to State policy; the co-responsibility of the unions in the march of the State; State monopoly of recognition of the unions; the exclusion of alternatives to the official leaderships; and the influence over State policy become the privileged sphere for union activity. It is also authoritarian because it is exclusionist, non-competitive, non-plural and based on a patrimonial culture of delegating to the leadership. By patrimonialism we mean in the case of Mexico, a form of domination that articulates tradition with modernity. On the traditional side, power appears to subordinate as something personal, but that power is linked to the post, which gives leaders special faculties in personal relations and influence. The personal favor is an essential element of this patrimonialism, in part to make it possible for the bureaucratic structures function, particularly those related to social benefits for the workers. Patrimonial favors are to be found everywhere, from the workplace to the red tape involved in acquiring economic benefits stipulated in collective bargaining agreements and to State social security institutions.



While the crisis is both a crisis of the socio-technical configuration and a crisis of the authoritarian Social State, in the 1970s, the former did not clearly emerge because the limits of a technological base and its relations of production are never absolute. Rather, they depend on market conditions and the balance of forces among the classes.

In contrast, the crisis as a crisis of the Social State was more evident because it presented itself initially as a fiscal crisis, then as a debt crisis and, in the 1980s, as a crisis of the Social form of the State. In the 1970s, although there was evidence of the state's financial difficulties, government officials were not convinced of the need for a radical change in the way the State functioned economically and politically (at the most they recognized the urgency of a momentary change until public finances bettered). That is why economic policy in the 1970s was erratic. In 1976, 54.1 percent of overall federal spending went into the economy, and public spending accounted for almost 50 percent of total gross investment. Even in 1977, when the crisis of the 1970s was at its height, there was still not a definitive shift in public spending policy: with the oil boom and the flow of new external credits at the end of the decade, the State spent like never before in its history. Therefore, in 1981, total State spending came to 58.6 percent of the gross domestic product and the federal deficit compared to its total expenses went from 29.2 percent in 1976 to 46 percent in 1983.

That is to say, the crisis of the Mexican Social State appears first as a financial crisis, particularly after the fall in oil prices and the international increase in interest rates in 1981. But, throughout the 1980s there was a shift in its social form toward a neoliberal State. The State tends to no longer be the great articulator of capital accumulation through its spending, nor does its political legitimacy rest any longer on spending. The shift of the State has put authoritarian corporatism in a difficult position because of the reduction of the influence of the corporatist leadership in the design of economic and labour policy and because of the possible contradiction between corporatist union patrimonialism and productive restructuring which seeks higher productivity and quality.

With regard to the crisis of the socio-technical base in Mexico manufacturing productivity faced multiple obstacles; between 1970 and 1984, 76 percent of the industries included in the annual industrial survey registered absolute drops in productivity, and the other 14 percent grew only

slightly. Between 1981 and 1984, the productivity in 95 percent of these industries dropped. In general, productivity followed the economy in this period: a drop in 1975-1976, a relative recovery between 1977 and 1980 and another decrease from 1981 on.

Between 1971 and 1981 the rate of profit in industry stagnated, recovering in 1982 and falling from 1983 on. However, it is not sufficient to talk about how the theory of regulation of productivity crises, that is the phenomenological aspect of a problem that can be conceptualized in another way. For example, the causes of a drop in the common productivity indicators may be found on the market side (restriction of the domestic market due to a drop in real income) or on the production side.

Socio-technical configurations may come to contradict increased productivity, in accordance with new market conditions. In México, the new market conditions have had two main components: first, the globalization of the economy which began as an international segmentation of production processes, such as in the case of the new auto industry of the North and the conversion of production for the domestic market to production oriented to export. Secondly, this globalization combines with the state's inability to continue using its spending to orient aggregate demand and its shift toward neoliberalism. Since 1985, this shift has manifested itself in the opening of the Mexican economy to the international market.

In these conditions, the socio-technical bases of import substitution, with its internal stratification, were insufficient to guarantee competitiveness and productivity.

### Macroeconomics and capital accumulation

From 1982 important changes began in Mexico's Social Economic Formation. At the macroeconomic level between 1980 and 1992 imports grew from 11.5% to 15.1% of total supply. On the demand side consumption stagnated at the level registered during the early eighties, and distribution did not vary between private and public consumption. In 1992 public consumption

continued to be relatively important, in spite of being inferior to private consumption. The most significant change in those years was in investment and exports. In the former, private investment grew as a percentage of the total, while public investment dropped sharply. In particular the government's gross fixed investment, which was 41% of total investment in the country in fixed assets in 1980, fell to 20% in 1993. In 1980 exports were 9.5% of aggregate demand and 15.5% in 1992. Summing up, during the first two years of the nineties the principal demand factors were consumption and private investment, as well as exports. Gross fixed capital formation has shown good growth in private sector machinery and equipment from 31.1% of the total in this category in 1980 to 42.4% in 1992.

Nonetheless investment and exports have been insufficient to maintain constant growth of aggregate demand which, along with GDP have shown a "bell-shaped" behavior, with a high in 1990, a fall in 1993 and a recession in 1995.

The reduced role of the State in the economy has mainly resulted in widespread privatisation, deregulation and a substantial fall in the presence of the public sector in the formation of fixed capital. Likewise the elimination of the public deficit has meant, in addition to increasing tax revenues, a substantial fall in per-capita public expenditure in real terms (dropping by 26% between 1980 and 1994).

There has also been a clear reorientation of public expenditure, with reductions in all aspects of production, which has led to a drop in public-to-total GDP, as well as a drop in exports from state enterprises (in 1980, state enterprise exports, including Pemex, were 75.1%, while in 1992 they were 31.7%).

The importance of direct foreign investment has grown from 3.4% of fixed gross investment in 1980 to 8.1% in 1992. In-bond industry (maquiladoras) has had an important role in exports; from 14% of exports of goods and services in 1980, these jumped to 37.1% in 1991. The in-bond industry is also a large importer, bringing in 8.3% of all imports in 1980 and 23.6% in 1991. In spite of the notable change of export agents, from public to private, and given the

importance of the in-bond industry, exports continue to be concentrated in a reduced group of items (in 1980 12 products represented 80% of exports, without considering Pemex, and in 1993, 18 products represented 63% of the total).

Although private consumption continues to predominate within aggregate demand, the importance of salaried consumption has dropped, in keeping with a) a more skewed concentration of income, b) the drop in real salaries and c) the lessened participation of remunerations within GDP (in 1980 remunerations were 36% of GDP, 22.1% in 1991). It is thus possible to suggest that there has been an important change in the regime of accumulation, from one where consumption and public investment have important roles in total demand, to one centred on the private sector, exports and foreign investment.

The State's economic policies have been of foremost importance in this reorientation, bringing about structural changes and macro adjustments, such as those outlined in the previous chapter. The fight against inflation was much emphasized, allowing the peso to become overvalued in the nineties, thus using imports to help align national and international prices; the public deficit was reduced through a slash in expenditures and increased on tax incomes; through corporate pacts that have received various names, salary increases have been controlled since in 1987; high interest rates have had a double role, limiting consumption and drawing in foreign capital. The result was contradictory, because although inflation dropped in 1994, economic growth was highly unsatisfactory; the trade balance showed a growing deficit due to imports of goods, especially industrial inputs; the deficit was overcome in accounting terms through the massive inflow of capital pulled in by high interest rates. Yet capital was generally not productively invested, but rather used to speculate in government bonds, in an effort to secure quick and handsome profits. In the face of political problems and the worsening of the balance of payments, the result in 1994 was that an enormous amount of capital left the country, precipitating on 1995's profound financial crisis.

The State's economic policies, particularly its industrial policy, is part of the explanation behind Mexico's present dramatic crisis. Yet the hidden side of the crisis is to be found within production processes. The trade disequilibrium can be seen as a consequence of the over-valuation of the peso that led to the growth of imports and the decline of exports; but it can also be seen in terms of the productive obstacles that hinder an expansion of the export model.

Regarding industrial policy, the 1989-1994 National Development Plan (six-year plans that act as overall frameworks for government projects, a remnant of the State as planner), proposed creating production plants that would be more competitive in foreign markets; to this end more economically precise rules were established, new technologies were to be encouraged, as were new forms of organising labour and associations among firms. This was an effort to modernise the production plants through changes in work processes and by establishing productive chains and chains of associations, using as a backdrop the experience of international subcontracting and possibly that of the industrial districts as well. The Plan recognized that there were inadequate levels of competitiveness and productivity in 1989, but proposed that in the short term the economy's engine would have to be the secondary export sector. Yet the new industrial policy, as opposed to the import substitution model, basically uses the market to set factors of production and eliminate distortions; the underlying belief is that the modernisation of firms was basically a task for private entrepreneurs, pressured by a market that is hardly deregulated. The National Development Plan states, "The government's role is to encourage the creation of an economic environment that will lead to the efficient operation of competitive markets that stimulate private investment and generate productive employment". Thus the main actions of new development policy were deregulation (which began in 1986 with Mexico's adherence to GATT); the elimination of sectoral fiscal incentives; the lifting of price controls; the modernisation of the regulatory framework on imports of technology and foreign investment; and an aggressive privatisation plan. In spite of some specific programs that soften the "mercantilist" view of Mexico's industrial modernisation, the fact is that in the last six-year term (1989-1994), some 0.3%-0.5% of value added to industry went to its strengthening, in stark contrast to the OECD countries that used during the same period some 2-3% of value added for the same purpose

The last few years of the past administration were characterised by virtual stagnation in industrial production, with the exception of basic metals and metallic products, machinery and equipment. The numbers employed in the manufacturing industry did not match 1980 levels and even began to fall after 1993; likewise the number of permanently insured members of the Social Security administration dropped after 1992. Although, remunerations in the manufacturing industry rose between 1992 and 1994, they never matched those of 1980; in addition, white-collar salaries grew faster than blue-collar wages. In 1995, all salaries dropped in real terms (Argüelles, 1994) (Clavijo, 1994) (Sánchez, 1994) (Trejo, 1987).

Table No. 1

Remuneration Index

Real indicators in the Manufacturing Industry (1980 = 100)

	Remunerations		Wages	Salaries	Benefits
1992	89.4	68.7	96.2		109.4
1993	93.4	69.8	101.9		114.2
1994	96.8	71.7	106.4		119.0
1995 (January)	95.0	65.6	105.7		123.4

Source: INEGI, Encuesta Industrial Mensual, México

C. Capital accumulation and the socio-technical base of productive processes.

Between 1985 and 1988 Mexico's manufacturing industry recovered its profit rate, which grew by 55% in real terms. But in this period the recuperation was based above all on the drop in salaries and probably on the increase in labor intensity. Per-worker variable capital fell by 18.2% in real terms during the same period, and the number of employer in this sector also dropped. On the other hand, capital intensity did not grow much during this period (3.4%). Thus the profit rate's recovery over these years is explained by the large increase in the exploitation rate (growing some 104%). Yet, from the late eighties to 1994, it would seem that accumulation in part came about by an increase in productivity. Industrial productivity grew more than salaries, but the latter also grew in real terms, without recovering what was lost during the eighties.

Table No. 2

<u>Capital Accumulation in Manufacturing</u>		
	1985	1988
Profit rate (Tg)	18.3%	27.95%
Capital intensity (Ik)	0.042	0.043
Constant capital per worker (Cc/T) 0.56	0.62	
Variable capital parker (Cv/T)	0.096	0.078
Exploitation rate (Tp)	1.23	2.5

Source: Author's calculations using data from National Census (Quantities at 1980 constant prices)

Notes: Tg=Total Gross Production - (Total Inputs - Fixed assets/15) - Total Remuneration

IK=Fixed assets/Total employment

Cc/T=(Total Inputs + Fixed assets/15)/Total employment

Cv/T=Total remuneration/Total employment

Tp=((Total gross production - (Inputs+Fixed assets/15)-Remuneration))/Remuneration.

Table No. 3

Correlation coefficient of the variation rates of industrial manufacturing (1985-1988)

	Correlation coefficient
Tg v.s. Cv/T	-0.14
Tg v.s. Cc/T	-0.094
Tg v.s. Tp	0.96
Tg v.s. Productivity	0.154

Source: Author's calculations using data from the Economic Census.

These general considerations for the manufacturing industry would have to take into consideration the size of the establishment (the official classification of establishment size is micro, with less than 15 workers; small, between 15-100 workers; medium-sized, between 101-250 workers; and large, with more than 250). Since the eighties productivity differences have tended to grow, although productivity grew in all sectors. This has also been the case regarding capital intensity, which grew in all sectors, but by most in the larger ones. And yet average remunerations per worker fell in all sectors, more so in the largest ones.

The percentage of micro manufacturing establishments in the total rose from 87% in 1988 to 92% in 1993; the number of employer in micro establishments rose from 14% to 20.4% over the same period. Small and medium-sized firms fell in importance; while large establishments continued to be 1% of total establishments, they employed in 1993 almost 44% of all manufacturing personnel



Table No.4

Characteristics of the manufacturing industry by sizes

	1980	1985	1988	Percentage of
Micro and small establishments	-97.1	96.6	96.7	
Percentage in occupation	34.7	33.4	33.9	
Percentage in the value of production	21.9	19.3	19.8	
Average remuneration	0.04	0.37	0.028	
(millions of pesos per worker of 1980)				
<b>Medium-sized</b>				
Establishments (%)	1.7	2.0	1.9	
Employment (%)	15.9	16.1	16.1	
Production (%)	15.2	17.6	15.9	
Productivity	0.25	0.22	0.28	
Average remuneration	0.078	0.064	0.049	
<b>Large</b>				
Establishments (%)	1.2	1.4	1.4	
Employment (%)	49.4	50.5	50.0	
Production (%)	63.8	63.1	64.3	
Productivity	0.37	0.32	0.42	
Average remuneration	0.10	0.081	0.07	

Source: Author's calculations based on 1980, 1985 and 1988 Economic Census.

Micro establishments, and perhaps small establishments, have very low time-lives and their growth in number and personnel can be a symptom of the “down-sizing” of the manufacturing industry. As a rule the smaller the firm the younger it is.

Table No. 5

Years of operation of establishments by size (%)

Size	Years					
	<u>0-3</u>	4-15	<u>16-25</u>	<u>26-45</u>	<u>more than 45</u>	
Total	19.2	51.8		15.1	11.8	2.1
Large	1.1	31.2	20.4	32.8		14.5
Medium-sized	2.2	35.6	25.1	29.9		7.2
Small	7.5	52.6	22.7	13.9		3.3
Micro	21.1	52.4	14.0	10.9		1.6

Source: ENESTIC, 1992, STyPS (survey using a representative sample of 5000 establishments)

Regarding the origin of capital, foreign capital is concentrated in large and medium-sized establishments, while the opposite is true of national capital.

Table No. 6

Origin of capital by size of establishment (%)

Size	National	State	Foreign
	private		
Large	63.4	8.4	28.2
Medium-sized	75.9	3.2	20.9
Small	95.2	0.7	4.0
Micro	76.2	11.2	12.6
Total	70.8	6.8	22.4

Source: ENESTIC, 1992, STyPS

Since the 1980s the theory of flexible specialization and industrial districts has spread. The theory has been supported by evidence that small and medium-sized firms do not tend to disappear, even in developed countries, and that in certain contexts can even be competitive with large firms. There are two models of competitiveness that have been documented: first in the industrial districts, i.e., a network of non-large firms that are mutual clients or suppliers, or which make up productive or service chains; that utilize reprogrammable microelectronic technology, thanks to lower equipment costs; with a re-trained labour force which exercises a great deal of control over its work, creatively flexible and with more egalitarian relations with management; and finally, these chains develop solidarity links among firms and create local or municipal institutions that encourage innovation, marketing, training and information.

The other successful model is subcontracting with high productivity, Total Quality Control and Just-in-Time parts delivery. This is similar to the Japanese model of relationships between big firms and their subcontractors. The big firm protects and advises its subcontractors. Yet this model has relationships of subordination that make up two labour markets, that of the large firm with lifelong employment and unionization, and that of the subcontractors with lower salaries, job insecurity, with no unions, and which act as the shock absorbers for economic crises by laying off workers before larger firms do.

In countries such as Mexico, it was hoped that with greater economic openness some of the small and medium-sized firms (SMSF) would survive by becoming subcontractors. This was important in view of the impossibility of substituting bankrupt and inefficient firms solely by large efficient ones.

We will see below if the opening up of the Mexican economy has led to a greater density of links between firms. Regarding the client-input supplier relationship, from 1989 to 1991 there was an important increase in imported inputs among all sizes of establishments. This is not surprising, given the opening up of the economy and the over-valuation of the peso, but it is striking that, above all small and micro establishments, concerned with the internal markets and which have less information on international markets, have followed this strategy.

Table No. 7

**Average percentage of imported raw materials in 1989 and 1991****by size of manufacturing establishment**

	Total	Large	Medium-sized	Small	Micro
1989	27.3	32.7	23.0	31.8	18.6
1991	31.6	35.0	25.5	16.2	40.9

Source: ANESTIC, 1992, STyPS-OIT

Insofar as the firms' links within their zone are concerned, the same phenomenon appears: the majority do not purchase inputs within their geographical area, independent of their size.

Table No. 8

**Main supplier from the zone or external (%)**

	Small	Medium-sized	Large
Local	32.2	24.1	22.1
External	44.1	36.8	40.4
Local and	11.4	21.8	12.5

external

No response 12.2            17.2                            25.0

Source: MIM, 1994, UAM-I (survey in 14 industrial zones, n=500)

With respect to the establishments' clients, since the majority of them in Mexico are not exporters, logically, then, independently of size, the main client is national, although this is true to a lesser extent for larger establishment. This same tendency appears when analyzing clients, divided into local (from the same zone) or external (outside the zone); in all cases the majority of clients are external.

Table No. 9

Main client, local or external by size of establishment (%)

	Large	Medium-sized	Small
Local	9.6	18.6	30.1
External	38.2	34.9	35.4
Local and external	14.0	17.4	19.5
No response	25.7	15.1	7.4

Source: MIM, 1994, UAM-I

Regarding the formation of production chains, the smaller the establishment the more they are not subcontracted-out or subcontracted-in (a firm is subcontracted-out when it undertakes within its facilities a part of a product transformation process, and it is subcontracted-in when personnel from another firm undertake transformation tasks, but within the facilities of the one subcontracting); nonetheless the figures are less than impressive; in the majority of cases where subcontracted-out firms are used the contractors are not local but external, and the same is true of subcontracting-in

Table No. 10

Percentage of establishments that undertake subcontracted-out processes for others

	Small	Medium-sized	Large
Yes	34.3		39.1
			44.1
No	65.7		60.9
			55.9

Source: MIM, 1994, UAM-I

Table No. 11

Percentage of establishments that are subcontracted-in

	Small	Medium-sized	Large
Yes	6.9	4.7	3.0
No	92.7	95.3	97.0

Source: MIM, 1994, UAM-I

Establishments have judged government support as being either absent or poor.

Table No. 12

Evaluation of government support to establishments

(1=bad, 2=regular, 3=good, 0=absent)

Government	Small	Medium-sized	Large
Federal	1	0	0
Province	0	0	0
County	0	0	0

Source: MIM, 1994, UAM-I

It is possible to identify two types of establishment by the type of links within the firms' area. On the one hand we have small, national, non-exporting, low-productivity establishments. Here relations are principally with external suppliers, some with foreigners, others with national suppliers; yet clients are almost exclusively nationals, but the majority is external; the majority are not subcontracted; they undertake no research and development, nor do they purchase technology in a strict definition of the term.

Then there are big firms, with foreign or national capital, who are exporters, with high productivity. Their suppliers are usually foreign, and when they are national they tend to be external to the zone. Their clients are mostly foreign and when they are national they are external; only a little part of them purchase know-how technology; and a part use subcontracting.

There are, of course, individual firms in which there are diverse combinations of variables, but the two profiles described above prevails; neither profile is similar to the industrial district model, nor the Japanese subcontracting model, which does not mean that some firms might not behave in

such a way. From available information it is possible to suggest that the opening up of the economy might have brought about a greater de-articulation of firms.

Principal configuration of articulation among establishments

(percentages are of the majority in each category)

Configuration of small national establishments

National supplier	28%
National client	65.1%
Does not subcontracted-out	65.7%
Does not subcontracted-in	92.7%

Configuration of large national or

foreign establishments

Foreign supplier	41.6%
Foreign client	40.9%
Does not use subcontract-out	86.5%
Does not use subcontract-in	89.8%

With respect to the level of technology used in the production process, we can see from Table No. 13 that large and medium-sized establishments do not evaluate their process or product technology so differently; there are, however, differences in the evaluation of firms.



Table No. 13

Product and process technology by size (% of establishments)

	Use of production	New technology of production	There are newer technologies that used by the establishment
Total	5.2		43.5
Large	10.3		28.8
Medium-sized	10.6		31.3
Small	9.5		35.0
Micro	4.5		45.0

Source: ENESTIC, 1992, STyPS

The same tendency can be observed in Table No. 14, in machinery or microelectronic equipment used, in relation to the total value of machinery and equipment in operation, although the percentage invested in this type of fixed capital at all levels, and in the total, is low.

Table No. 14

Percentage of the value of machinery and equipment in  
operation by size in the manufacturing industry (%), 1992

	MHCN	MHCN	Robots Automatic equipment
Total	6.5	6.2	1.325.7
Large	7.0	7.0	1.428.6

Medium-size	7.1	6.3	2.0	21.7
Small		5.5	4.0	0.318.7
Micro		1.2	0.4	0.013.7

Source: ENESTIC, 1992, STyPS

MHCN: Numeric control machinery; MHCNC: Computerised numeric control machinery

In addition, the microelectronic equipment in production is concentrated in just a few branches: robots making or assembling machinery, office information-processing equipment, radio, television and telecommunications equipment, and transport equipment and its parts. Numeric control machines are used in the car, computer, radio and television industries, and in making furniture, cellulose and paper.

If a more complex index is made of technological levels for the actual transformation part of the process, in accordance to automatization levels (tools, non-automatically controlled machines, automatic non-computerised control, and with computerised control equipment), and in accordance to the number of transformation operations, a different panorama arises insofar as the larger establishments use higher levels of technology.

Table No. 15

Technological Level in Transformation by Size  
(% of firms), 1994, Manufacturing Industry

Level	Small	Medium-sized	Large
Low	59.5	43.4	23.0
Medium	35.8	51.8	57.1
High	4.7	4.8	19.8

Source: MIM, 1994, UAM-I

The general backwardness of technology is underscored by the fact that the majority of manufacturing establishments do not use instruments in quality control, regardless of their technological level. Large establishments have a noticeable advantage over small ones in this regard.

Table No. 16

Establishments Undertaking quality control using instruments (% of establishments)

	Yes
Total	13.7
Large	69.8
Medium-sized	54.1
Small	29.8
Micro	9.0

Source: ENESTIC, 1992, STyPS

The percentage of sales dedicated to research and development is very small, but does increase with the size of the establishment. It is surprising that national establishments use a bit more of their income for research and development than foreign establishments. The same conclusions are obtained regarding payment for purchase or transfer of technology: the majority of manufacturing establishments in Mexico neither make nor purchase know-how technology; it is likely that they illegally copy it, purchase second-hand equipment or make imitations (only 2.1% of establishments pay for know-how technology).

It is difficult to make comparisons of technological level due to the diverse definitions of technology in surveys. Yet in 1989 SECOFI's survey showed that only 0.34% of manufacturing establishments had modern technology (the highest technology on the market and establishments could carry out R & D); 19.6% were vulnerable but competitive and 71.4% were traditional.

Our survey (survey MIM) showed that in 1994 there were similar levels of technology for national and foreign capital; large establishments show a clear advantage over medium-sized and small establishments; establishments with high productivity have a higher technological level; there is no clear relationship between exporting and technological level.

Table No. 17

Most frequent Level of Technology in a wide and restricted sense (wide sense includes R & D in the index; restricted has only levels of automation in the production process)

	Wide	Narrow
<b>Capital</b>		
Foreign	2	2
National	2	1
-----		
<b>Size</b>		
Small	1	1
Medium-sized	2	1,2
Large	3	3
-----		
<b>Productivity</b>		
Low	2	1
High	3	3
-----		
<b>Export</b>		
Yes	1,2	1
not	2	2

Source: MIM, 1994, UAM-I Note: 1=low;2=medium;3=high

The technological configurations that stand out are those of the micro and small establishments, which have low productivity, with low or mid-level technology; on the other hand there are large establishments, with high productivity and technological levels. No correlation with either origin of capital nor level of exports seems to be present in both. In addition not all large establishments have high technology, as we have seen in the tables above. It is quite likely that high technology is concentrated in high-productivity establishments.

Regarding labour organization, in 1992 the majority of large and medium-size establishments asserted that they had had changes since 1989 (66.3% of the large establishments, 62.8% of the medium-sized ones). The opposite situation occurred in micro establishments, where of the total only 13.9% considered that they had changed labour organisation. The most common type of organisational change, however, was the re-arrangement of equipment, materials and installations, followed by job rotation, but only in large establishments (although a minority among total establishments in this category) the more important changes were implemented, such as the introduction of just-in-time and statistical control process.

Table No. 18

Percentage of manufacturing establishments that have undertaken changes in labour organisation since 1989, by principal type of change (% in each level)

	JIT	JRM	TCE	PTW	
Total	8.03	17.0	10.0	7.4	12.7
Large	12.8	7.3	4.0	18.0	9.3
Medium-sized	8.3	13.5	5.9	16.5	9.1
Small	6.2	15.3	3.9	9.9	10.1
Micro	8.4	20.1	15.3	2.9	15.5

JIT=Just in Time; JR=Job rotation; MT=Multitasks; CEP=Statistical control of process; TW=Team work

Note: Percentages do not add up to 100% because the survey included other organisational changes.

Source: ENESTIC, 1992, STyPS

A more complete view of the changes in labour organisation can be gained from the following table, obtained from the MIM Survey undertaken in 1994. Small establishments have lower diversification of worker categories than large ones; this is unlikely to be the result of polyvalence in the modern sense, but rather from what Hyman calls “unscientific management”. On the other hand there seems to be no difference in relation to the origin of capital, export orientation, or by productivity. Likewise at all levels there is no integration among production tasks with those of quality control, supervision or maintenance, which continue to be carried out by specialised personnel. In the formalisation of labor (illustrated by the existence of job or procedure manuals, or by carrying out time and motion studies), differences appear among large and small establishments. There are no substantial differences in internal mobility, except that within large establishments, levels are medium-range, instead of the low levels found in other establishments. At all levels worker participation in production decisions is low.

Table No. 19

Dimensions in labour organisation by most frequent levels within manufacturing industries

	I	II	III	IV	VI	V	VI
Small	low	yes	yes	no	no	low	low
Large	medium	yes	yes	yes	yes	medium	low
-----							
National	medium	yes	yes	yes	yes	low	low
Foreign	medium	yes	yes	yes	yes	low	low
-----							
Export	medium	yes	yes	yes	yes	low	low
No	medium	yes	yes	yes	no	low	low
-----							

Productivity							
Low	medium	yes	yes	yes	yes	low	low
High	medium	yes	yes	yes	yes	low	low

---

Source: MIM, 1992, UAM-I

I = Level of diversification of worker categories in production

II = Quality control carried out by specialised other than production personnel

III = Maintenance carried out by specialised other than production personnel

IV = Existence of job and procedure manuals

V = Time and motion studies are carried out

VI = Level of internal mobility

VII = Level of worker participation in production decisions

Regarding labour force flexibility (considering its numerical, functional and salary forms), a combined index of these dimensions allows us to conclude that it is in large, and generally high-productivity, firms where flexibility has advanced the most; yet no establishment is fully flexible. Insofar as particular forms of flexibility are concerned, the most common is functional flexibility and not numerical, nor salary flexibility.

Table No.20

Percentage of permanent, part time, hourly and subcontracted-in workers

	Permanent	Partial	Hourly	Subcontracted
	time			
Total	85.6	0.5	0.1	1.9

Large	86.5	0.15	0.03	1.8
Medium-sized	86.2	0.3	0.06	.6
Small	89.1	0.8	0.4	1.7
Micro	77.1	1.3	0.1	2.7

Source: ENESTIC, 1992, STyPS-OIT

Table No.21

Productivity, quality and punctuality bonus as a percentage of the total income of manufacturing workers

	Per cent
Total	2%
Large	1.9
Medium-sized	2.4
Small	3.4
Micro	0.

Source: ENESTIC, 1992, STyPS-OIT

In none of the categories of establishment size was there a high percentage of joint decision-making between trade union and firms (formal or informal) in the area of technological change, labour organization, employment, and work process. Nonetheless, there is a higher percentage the larger the establishment. It also increases where there is high productivity; and when the dimensions of bilateral relations are specified, joint decision making increases where decisions involve labour organisation, especially informal participation.

Table No. 22

Formal and informal joint decision making between trade unions and establishment regarding technological change, organisation, employment, and work processes in manufacturing industries (% of total establishments)



Bilaterality	Small	Medium-sized	Large
Low			
Formal	89.3	76.1	62.0
Informal	93.6	76.4	68.4
Medium			
Formal	10.1	18.3	29.8
Informal	5.0	22.2	26.3
High			
Formal	0.6	5.6	8.3
Informal	1.5	1.4	5.3

Source: MIM, 1994, UAM-I

Finally, a description of the manufacturing labour force shows low education levels (more than 50% of the workers have only elementary education), more than five years on the job, training for a few, and a clear majority of men over women in the workforce.

Table No. 23

Level of education, length of seniority, training and gender composition of the labor force

	Percentage with secon- dary educa- tion	years of seniority	Percentage trained	Percentage of males
Total	46.1	5.5	32.9	72.8
Large	50.6	5.9	39.3	75.1
Medium	45.7	5.6	37.1	70.9

Small	42.1	5.0	29.1	71.0
Micro	38.5	4.8	10.1	70.1

Source: ENESTIC, 1992, STyPS-OIT

It is possible, however, to obtain more detailed conclusions from the MIM survey. Leaving aside minor details, we can classify the profiles of the labour force in three groups:

- 1). Socio-demographically: the first trait involves an older work force, shop-level (or blue-collar) employees, with elementary schooling and predominantly male; the second trait is a newer work force both in age and in years on the job, still at shop-floor level, with elementary schooling, but with a more uniform distribution between men and women.
- 2). Labour: The first trait would be a worker specialised in a particular machine, generally older, but with a smaller segment of younger workers who use new technology; a younger work force predominates among semiskilled workers.
- 3). There are two salary traits: low and mid-level salaries; in both productivity bonuses were of little importance.

Summing up, three socio-technical profiles can be identified in the socio-economic production units within the manufacturing industry:

Profile I: made up by the majority of small and micro firms, which do not export, have low productivity and are of national capital. These firms have become disarticulated by economic opening, and are increasingly acquiring inputs from abroad or outside their local area; their clients are not from the local area; the main part do not participate as subcontractors to large firms. Their technological levels are low and they undertake no R & D. In labour organisation they combine traditional forms of “unscientific management” with some aspects of Taylorism. Their flexibility is not a result of new managerial techniques, but rather of a lack of organisation; in general there are no trade unions and joint decision making is not high; there is likely a paternalistic or despotic

management culture, with a highly-centralised decision-making structure based on the owner. The labour force is older, stable, male, poorly educated, trained on-site to work with one machine. Salaries are low.

Profile II: Corresponds to a part of the medium-sized and large firms with no important articulations with the local area, neither as clients nor as suppliers; little subcontracted work. Technology is higher than in Profile I, and there are more Taylorist elements in labour organisation; flexibility is low, as is joint-decision making with the unions; the labour force is traditional: older men with more years on the job, low education, semi-skilled or trained for one machine, with little training. Salaries are low.

Profile III: Corresponds to large firms, above all those with high productivity that are more linked to the external market, but disarticulated locally. Intermediate or high technology is present, and some aspects of total quality have been incorporated in labour organisation, such as just-in-time and statistical control processes. Their flexibility levels are intermediate, as is joint decision-making with trade unions. The labour force is divided between a traditional sector with characteristics such as the ones noted above and a newer, yet lesser-skilled labour force in which women have an important presence as shop-floor workers. Middle-level salaries are paid.

Several peculiarities came to light from the socio-technical configurations at the beginning of the nineties in Mexico: while we eschew determinism, it seems that once a change is introduced others may possibly be strengthened as a function of the structures, but above all according to the subjects involved.

#### D. Restructuring, subjects and changes in labour relations

Trade union responses to economic and productive restructuring have been differentiated in Mexico depending on factors such as the following:

a). The type of trade unions (corporate or independent). The majority of unions in Mexico are corporate and grouped together under the Labor Congress (“Congreso del Trabajo”), in which the most important organisation is the Confederation of Mexican Workers (CTM). Independent trade unions are on the left and in political opposition to the government, found mostly in universities, in primary and secondary education, transportation and other services. Corporate unions have generally followed a passive role in changing the State, the economy or in matters of productive restructuring. A few corporate trade unions have sought to be interlocutors in matters such as modernizing the firm. In general independent trade unions have taken a confrontational route. But the cost has been high and the tendency to strike has diminished considerably (Martínez, 1988).

b). The State’s labour policies. From 1982, the Mexican State has followed structural adjustment policies that have had a tremendous impact on real salaries and employment. Foreign investment has been granted low salaries and labour flexibility, especially at new sites set up for export industries.

c). Management’s restructuring policies. Policies relating to changes in the socio-technical base of the productive processes have come about mainly from modifications to the forms of labour organisation and in labour relations; there is however a less-traveled road that emphasises “hard” technological changes. In addition, when preference has been given to restructuring, that involves organisational change or labour relations, an effort has been made not to really involve trade unions, other than having them sign agreements that leave restructuring to management.

d). Trade union democracy. From the viewpoint of democracy and trade union representativeness, at one extreme is Mexico’s so-called “protection unions”, unions on paper only, whose existence is a mere legal formality and whose workers do not know who their leaders are, what their contracts say or even if they belong to the union. The majority are corporate unions that are used by management in case workers try to form a different type of union. They are the result of corruption among the corporate unions and labour authorities in charge of registering unions. At an intermediate level are the corporate unions that are not specifically for “protection”. They are authoritarian because they restrict opposition and electoral competition; yet they undertake many of

the formalities called for by law, holding assembly meetings and regular elections or contract revisions. To some of the corporative trade unions there is an independent opposition, despite the exposure to pressure or repression. At the other extreme are found the independent unions that respect statutes, carry out contract revisions, and try to mobilise shop-floor workers; yet phenomena such as bureaucratism, formation of oligarchies, manipulation and patrimonialism are also to be found here (Middlebrook, 1995).

The least democratic unions have tended to be passive regarding productive restructuring; those with lively union activities have given the most energetic responses, either by proposing alternative restructuring schemes or by undertaking prolonged strikes (De la Garza, 1993).

3). Worker culture. The long trajectory of the types of trade unionism in Mexico could possibly be linked to differentiated worker cultures. On the one hand we have the corporativised labour class, with long experience living with limited democracy or authoritarianism within the unions, accustomed to leaders making all decisions, in stateism and in patrimonialism. The working class has been partly remade thanks to restructuring, but only in isolated cases has it been able to convert its malaise into important movements that challenge corporativist leaders. Some workers of independent unions have “nationalist revolutionary” traditions; the effects of restructuring have been similar to those of the other group, but responses have been more energetic. Another group of independent workers, more recently organised, located in the key industries of the sixties, have also reacted energetically, but in general have been overwhelmingly defeated. On the other hand, the new working class to be found in the north of the country, trained within the new export industries of the eighties, have had few massive demonstrations of resistance. The State’s strong-arm control of labour might be a factor in their passivity, especially in this sector, so strategically important for the neoliberal model. In addition, there are trade unions in this area that act as true “protection” unions. Also, another factor might be that this is a new working class, born into flexibility, with no job guarantees, without stateism, yet possibly less patrimonialist than the older working class organised along corporative lines.

Since the eighties it has been possible to identify five types of worker and union resistance in the face of restructuring:

a). The passive style of the corporative unions, when becomes an independent movement in favor of trade union democracy. An example would be the Ford Motor Co. workers' movement in the heartland of the country in 1987. Management proposed contract flexibility; the union's corporate leaders accepted behind the workers' back; there were protests and workers were laid off. Since 1989 the movement has grown, struggling for trade union democracy.

b). Negotiation regarding flexibility within the joint decision-making process. This is the case of Teléfonos de México, where union leaders have tried to maintain joint decision making with the company in matters related to productive restructuring.

c). Confrontation and defeat with maximum unilateral labour flexibility. This was the case of Aeroméxico, where the union was defeated after a long strike. The contract was completely rewritten and signed by a union controlled by the company.

d). Confrontation with partial flexibility. After long struggles in mines and some steel plants, flexibility was imposed through the collective contract, but not as the company wished.

e). The responses of the new northern proletariat can be classified in three groups. First, that of the northeast, in the in-bond plants, with a traditional corporative trade union that centralises collective bargaining, but occasionally undertakes traditional strikes in response to basic higher-wage demands. Second, the wildcat strikes in some export plants, such as the Ford plant in the north, that started out flexible, and where salary, organisation and labour conditions have created a very conflictual venue, with frequent work stoppages and the rise of a democratic union movement. Finally, the most common responses are individual ones, especially in the in-bond plants, where workers decide to leave, resulting in very high turnover compared to other areas (Carrillo, 1990) (Quintero, 1991).

Table No. 24

Flexibility in collective contracts in the new industry in northern Mexico

	Ford	In-bond Industry
Trade union participation in technological or organisational changes	No	No
New work methods	Decided and implemented unilaterally by management	Decided and implemented unilaterally by management
Part-time workers	Much freedom for management	Total freedom for management
Hiring of new personnel	No union participation category	Fully in hands of management
Number of worker categories	One multi-faceted	Not specified
Worktime	45 hours per week	46.5 hours per week
Time to eat	Half hour per week Work hours	Not counted as part of working day
Overtime or holiday work	Obligatory at management discretion	Obligatory at management's discretion
Pay scale	Depends on experience	Depends on training
Internal mobility	Total	Total
Subcontracting	No specified	Total freedom

Table No. 25

Changes in the Aeroméxico's Collective Contract at the end of the eighties

Union participation in technological and organisational work changes	Union's ability to participate has been eliminated
Subcontracting	Before, union participation; now, total freedom for the firm
Part-time workers	Before union agreement was necessary; now fully at company's discretion
Hiring new personnel	Before the union supervised exams; now no participation
Punishment for workers	Before union was present throughout the process; now, not specified
Worker layoffs	Before, joint union/management decision; now totally at company's discretion
Internal mobility	Before, jointly decided; now complete management discretion
Job descriptions	Before, in detail described; now, not described

Number of worker categories	Before 278; now 8
Working day	Before 40 hours; now 48 hours
Overtime and obligatory rest days	Decided by management
Promotion	Before decided on signority; now based on technical capacity
Work intensity	Determined by the company

There are three major classifications of trade-union strategies in response to restructuring:

a). Traditional corporativism, which during decades has used a populist discourse from the Mexican Revolution, with major elements of an interventionist State, which in the eighties contradicted the neoliberal discourse. This was no impediment to supporting neoliberal adjustment policies and productive restructuring. This situation changed only in 1993, on the eve of the signing of NAFTA, when the CTM (Confederation of Workers of Mexico) adopted a strategy, encouraged by the State, of signing productivity agreements, a practice that continued until now.

The majority of these agreements have to do with bonuses, ie., they are limited to specifying an amount to be received by workers if productivity is raised by a certain amount; the majority of these agreements in 1994 and 1995 offered the same bonus offered to minimum salaries, ie., no mention was made of measuring productivity, taken by firms to be one more measure imposed from above for normal annual salary negotiations. In addition, many of the agreements were used as a pretext by firms to impose flexibility on contracts that had not already incorporated this aspect. It is obvious that trade-union, worker and management conditions in Mexico have not created a climate in which the trade union could be considered a negotiating pattern for restructuring. Management continues to be authoritarian in work processes and its hierarchical concepts have behind them a certain notion of property which does not easily admit power sharing. The tradition of “political bargaining” weighs heavily on trade union leaders, ie., an acceptance of the rules dictated from above, be it from union headquarters or from the government which, in the case of restructuring, translates into the acceptance of management’s decisions and a lack of concrete proposals from the union.



Finally, productivity agreements were ratified in 1995 but the economic crisis limited their effect on salaries: bonuses are insignificant when compared to inflation and the deterioration of real salaries. Within this context of a lack of support for bonuses, the latest negotiation (1995) was carried out for the “creation of a new work culture” among unions and management. Nonetheless this strange “negotiation of a new culture” seems to be more a prelude to changes that would have to be made in existing labor legislation through a more negotiated mechanism, than other legislative changes undertaken previously.

In other words the bottom line of all the speech making is that corporative unions continue to be necessary for today’s socio-economic formation. Yet the neoclassical notions regarding the dangerous effect that trade unions have on productivity and flexibility of labour markets continue to be present among entrepreneurial and government ideologues.

Table No. 26

Unionisation and productivity in manufacturing, by branch of activity, 1992

Branch I	II	III	IV	V	VI	VII	
Total	15.2	79.4	2.4	13.9	21.2	35.8	17.0
3100	9.0	82.2	0.6	9.7	13.5	2.4	18.3
3200	21.2	38.5	8.3	15.8	18.7	3.1	14.9
3300	8.1	62.4	2.2	10.1	28.2	2.7	13.6
3400	11.3	79.6	1.5	21.4	17.2	3.5	16.3
3500	59.7	104.6	5.3	48.6	41.7	15.2	18.0
3600	13.5	68.4	1.5	9.9	26.3	3.2	11.9
3700	54.1	42.1	1.0	48.8	33.6	13.2	12.8
3800	18.8	89.1	1.8	15.2	27.0	4.4	19.0
3900	35.0	38.8	17.7	22.5	26.0	2.4	16.3

Source: Author’s calculations based on ENESTIC, STyPS, Mex.1992.

Notes: The branches of activity are

3100 Food products, beverages and tobacco

3200 Textiles, clothing and the shoe industry

3300 Wood industry and wood products

3400 Paper and paper products, printing and publishing houses

3500 Chemical substances, carbon-derived products, rubber and plastics

3600 Non-metallic mineral products

3700 Basic metal industries

3800 Metal products, machinery and equipment

3900 Other manufacturing industries

2). Productivity was calculated as value added over total personnel employed

3). Column identifiers

I = Percentage of firms with a union

II = Productivity

III = Percentage of firms that have new technology

IV = Percentage of firms that have undertaken changes in organisation for production since 1987

V = Percentage of firms that employ part-time workers

VI = Percentage of firms that employ subcontractors

VII = Turnover rate among jobs

Table No. 27

Trade Unions and Productivity by size of establishment, (1992), (%)

Size	I	II	III	IV	V	VI	VII
------	---	----	-----	----	---	----	-----

Large	87.1	96.2	11.5	66.3	68.3	20.0	17.9
Medium	84.0	77.3	9.2	62.8	60.4	13.8	17.1
Small	66.0	65.4	5.5	47.8	41.3	14.3	18.1
Micro	6.9	41.5	1.8	8.2	17.3	1.9	12.4

Source: Ibid

Table No. 28

Unionisation and salary by manufacturing branch

Branch	Unionisation	Wage monthly per worker+
Total	15.2	1459.8
3100	90.0	1213.9
3200	21.2	1122.6
3300	8.1	1540.6
3400	11.3	1518.3
3500	59.7	1900.6
3600	13.5	1465.9
3700	54.1	1650.0
3800	18.8	1627.8
3900	35.0	1067.0

Source: Ibidem

+ Thousands of pesos of 1991.

From Table 26 we can observe that branches with the largest percentage of unions are those with the highest productivity rates. This higher productivity is not due to greater innovations in process technology, but in part to changes in work organisation. Unionisation and labour organisation may not be causally related, but at least it would seem that unionisation has not been an obstacle to changes in organisation. This can be shown by the low unionisation rate in branches where organisational change has also been

low. In addition, the most unionised branches employ more part-time workers and subcontractors, as opposed to those with lower unionisation. Again, a possible interpretation is that the corporative union is not an obstacle to the use of a flexible labour force in Mexico.

An analysis of establishment size shows that large establishments have an advantage in all categories analysed and furthermore these have the highest unionisation rate.

In Mexico “trade union rigidity” would seem not to play a role in productivity or flexibility. Its behavior does not correspond to that of a monopoly that would favor higher salaries or protect workers within the work process.

b). The strategy of independent unionism. This type of union, a feisty minority, made an all out effort to stop state and productive changes during the June 1983 strikes. Later it suffered several defeats, but continued to denounce the negative effects of restructuring on workers. Some of these unions agreed from 1989 to negotiate productive restructuring with management, accepting a) internal mobility, b) the creation of a new labour culture, c) the elimination of a graded pay scale based on seniority and d) worker participation in bonuses paid for productivity. Other independent unions have condemned these positions as pro-management, and have insisted on denunciations and hard-line tactics, with little success.

c). The neocorporative strategy, flexibility with bilateral agreements and alliances with the State. In some of the large, national, industry-wide unions, such as telephone and electric-company workers, bank employees, pilots, flight attendants, trolley-bus workers, petrochemical workers and teachers, all of whom belong to corporate unions of a less authoritarian nature, a strategy of negotiation with firms has been implemented, in order to raise productivity and, at the same time, continue corporate links with the State by supporting its macroeconomic policies. The first union to implement this model was the telephone workers’ union, whose company was subjected to a thorough restructuring, first in technology, then in internal organisation and finally in labour relations. The union has had discussions with the company regarding restructuring in different ways: bilateral commissions, a collective contract that permits union participation in restructuring and, more recently, through so-called “analysis groups”, a type of quality circle with union

participation. Several productivity agreements have also been signed that give workers opportunity to earn hefty bonuses if certain productivity goals are surpassed (De la Garza, 1989).

The strategy of the telephone union's leadership has been presented as a shift away from the worn out, traditional corporate leadership, and was at first supported by the State. At the start of the nineties the telephone union headed a new federation which challenged the CTM's hegemony. Its declaration of principles coincided with the President's discourse regarding the need for a new style of unionism: more representative, willing to sign modernisation agreements with firms, negotiating salary increases based on productivity increases, with a style of labour relations that substitutes conflict for consensus negotiation. All of this was to take place within a grand productivity crusade in which management and unions would come together. In 1993, however, the State, about to sign the North American Free Trade Agreement, and on the eve of presidential elections, resumed its dialogue with the CTM (with 5 million workers), thus relegating the neocorporative current to a secondary role, where it remains today (De la Garza, 1991).

As we have seen throughout this chapter, productive restructuring in Mexico is far from being widespread. It does, however, affect key economic sectors due to its importance in production and employment, where the largest trade unions have an important say. In a situation where crisis and partial restructuring coincide, various labour-subjects are evolved and some decline while others could be strengthened.

Within the organised labour class, there were possibly two major worker-subjects. One, the old nationalist- revolutionary subject, with greatest incidence in the older state-run firms, carrying with it traditions and its own style of populist discourse from the thirties and forties. Stateism --the belief that contradictions are resolved with and in the State-- has been an important part of its practices and subjectivity framework. This major subject had both a corporative and an independent manifestation.

The second worker-subject is located within the new industry of the sixties, without consolidated traditions as identified with stateism as the first. This subject, found mainly in private firms considered modern during the sixties and seventies, places greater emphasis on struggles regarding work processes. Both subjects are in crisis, especially

the first, given the State's conversion to neoliberalism which has reduced scopes for "political bargaining"; the second because productive restructuring has disarticulated it since the early eighties.

In contrast to these two subjects in crisis, another two have arisen. One subject is the workers who have continued as workers, in spite of the reconversion within firms. These are middle-aged workers who come from older union traditions and who, in the light of new situations, have a mixture of heterogeneous responses and subjectiveness, and move between two worlds. This subject is at home with two modalities, a minority one which occurs when reconversion has been able to proceed without demeaning the union and the workers (such as in the case of the telephone and electricity workers); and the other that modernises after a humiliating union defeat such as in Aeroméxico or Volkswagen. But one way or another, a new public field has been created for workers in which to air disputes with management regarding work processes. This is so because present productivity and competitiveness problems are only partially resolved at the salary or employment level, traditional areas of negotiation for trade unions in Mexico.

The other major subject of reconversion (in truth a proto-subject) is the New Northern Proletariat, a young working class, without much labour or union experience, with a strong participation of women and located in areas that were not much industrialised before 1980. The labour force participates in two of the socio-technical restructuring configurations: one Taylorist-Fordist combined with some aspects of total quality and just-in-time management styles, yet labour intensive; the other combines high technology with total quality and just-in-time. In terms of labour, these are workers little protected in a not economically depressed area, a fact that facilitates job hopping. This is a flexible proletariat who, rather than being defined by an internal rotation or polyvalence, is voluntarily externally flexible, without strong links to the union or the State. Thus a deeply ingrained tradition among organised workers in Mexico has been broken. With little cultural roots, less bound to a particular area, this new worker may be forging yet hidden elements of identity which will bring forth new responses to capital-labour conflicts.

Table No. 29

México: changes in the labour market (1980-1990)

	1980	1990
Salaried/EAP	44.2	54
Salaried in manufac-		
turing/Salaried	12.9	13.8
Salaried women/salaried	27.0	27.6
Technicians and pro-		
fessionals salaried/		
salaried	10.6	12.7
clericals workers salaried/		
salaried	6.7	nd
Salaried in production		
departaments	30.9	37.5

Source: ILO, Statistical Yearbooks.

Table No. 8  
Human Resources Techniques in Argentina

Technique	% of companies
Description of jobs	25.6%
Evaluation of work	25.2%
Internal market	18.4%
Evaluation of tasks	20.8%

Source: IV

Table No. 9  
Technological Innovation in Argentina

Type of Innovation	Food, drinks and tobacco	Textil and clothes	Chemestry	Metal Products	Total
Change of Machinery	60%	37.5%	44.4%	48.4%	49.5%
Organizational change	—	6.2%	—	3.2%	2.1%
Both	13.0%	12.5%	44.4%	19.3%	2.1%
No change	26.6%	14.0%	22.2%	29.0%	27.3%

Source: IV



Table No. 10  
 manufacturing Industry in Mexico

	Technological Level	Level of labour force flexibility	Level of bilaterality	Type of labour force
Export yes	low	low	low	-Male old and new -specialised -low wages
No	Medium	low	low	-male, old and new -Specialised -low wages
Capital National	low	low	low	-male. old and new -specialised -low wages
foreign	Medium	low	low	-male, old and new -specialised -low wages
Size Small and medium	low	low	low	-male, old and new -specialised -low wages
Large	High	Low-medium	low	-Male, old and new -specialised -low wages
Productivity low	low	low	low	-Male, old and new -specialised -low wages

High	High	low-medium	Medium	-Male. old and new -specialised -low wages
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Source: VII

Table No.11  
Types of technology in industrial sectors in Colombia-1990-1991

Technology	Total	food, drinks,t a bacco	Textiles	clothes	leather and shoes	wood and furniture	paper and products of paper	printing an publishing	Chemical and rubber products	plastics	Ceramic cement non metallic minerals	Metal products	Equipment and material of transport	others
Modern machines	49.9	35.4	68.1	62.3	60.7	29.4	23.3	47.8	24.5	48.4	47.7	51.4	69.3	50.1
Multiples changes	21.2	2.2	10.7	2.2	1.4	30.5	6.9	26.6	25.5	40.9	19.4	19.3	11.8	2.0
Automation of production					--		--			--				--
Design	8.4	1.91	1.1	11.4	12.1	9.3	--	16.3	18.6	6.1	8.9	11.5	9.4	
Quality Control	5.3	2.1	6.4	4.3	1.6	6	--	1	5.9	--	--	9.1	--	1.0
Automation in management of materials	5.2	2.1	7.7	5.9	--	--			14.8	--	--	3.1	8.4	--
Contamination control	4.8	30.4	--	--	--	6	23.2	4.1	8	--	4.5	--	--	--
Adaptation of equipment	1						--	--	--		3.8	1.8	--	--
Numerical control	0.7	2.4	2	--	--	--			4.6	--				
Supply of energy	0.6		--	--	--	--	--	1	--	--	--	--	--	--
Others	0.2	4.9	--	--	--	--	--	--	--	--	--	1.8	2	--
Not important	1.4	1.2		--			46.5				6.9	--	--	--
	4.6		1.4		0.8	24.8	--	3.3	3.9	4.5				10

Table No. 12  
Changes in organisational in Colombian industry

Principal change	Total Industry	size		
		Small	Medium	Large
Lay out	30.5	32.6	29.9	18.4
Quality control	19.4	16.8	20.7	29.6
JIT	16.3	13.2	21.6	6.9
Integration of functions	15.9	21.1	10.2	12.0
Communication with workers	5.3	3.6	6.7	9.3
Internal mobility	3.0	5.1	0.9	1.3
Working time	2.4	1.9	3.1	1.3
Autonomy and responsibility of workers	1.8 0.8	2.1 -	1.7 1.9	- -
Multitasks	0.8	-	1.7	6.3
More strict hierarchies	2.8	2.1	0.7	13.7
Others	1.1	1.5		1.3
No response				

Source: V

Table No. 13

## Innovation in production process in Colombian Industry 1990-1991

Industrial sector	% of enterprises with innovations
Food, drinks and tobacco	31.1
Textiles	43.3
Clothes	22.9
Leather and shoes	39.0
Wood and furnitures	26.2
Paper products	37.5
Printings and publishers	40.8
Chemical and rubber products	56.0
Plastics	24.5
Ceramics, cement and non metalics minerals	53.2
Metal products	33.1
Transport equipment and materials	33.1
others industries	53.4
Total Industry	33.6

Source: :V

Table No. 14  
Goals of productivity programs during the last 3 years in metal products (1 is the principal)

	B r a s i l		Argentina	Chile	México
	Autoparts	Machinery			
Decreasing costs	1	1	1	1	3
Increasing efficiency of factors of production	2	3	2	1	1
Quality of product	2	2	3	1	2
Quality of process	3	4	4	2	4
Flexibility of production	4	3	4	3	5

Source: PREALC-OIT (VI)

Table No.15  
Priorities in management of productivity in the last 3 years in Metalmechanics (percentages)

	Technology of product and process	Management of production	Organisation of work	Human resource management
Brazil Autoparts	30	31	12	27
Machinery	26	48	9	17
Argentina	50	32	14	4
Chile	47	30	10	13
Mexico	26	37	15	22

Source: PREAL-OIT. (VI)

Table No. 16  
Technology of products and processes.  
Main programs during the last 3 years in Metal products (1 is the principal)

	Automation of systems of information and process control	Automation of offices	Redesign of products and processes	Standarisation of components	Automation in management of material	Automation of jobs
Brazil Autoparts	1	2	3			
Machinery	2		1	2		
Argentina	1		2		3	
Chile		1		1	1	1
México	1				2	3

Source: PREALC-OIT (VI)

Table No. 17  
Diffusion of forms of labour organisation during the last 3 years in Metal products (percentage of enterprises)

	Brasil		Argentina	Chile	México
	Autoparts	Machinery			
Simplification of tasks	81	58	50	47	44
Multitasks	54	29	29	30	26
Job rotation	39	33	39	63	44
Job enrichment					
Maintenance with production	46	33	10	13	16
Quality control and production	58	42	29	50	48
Statistical control of processes and production	65	21	0	0	36
Programing of equipment and production	23	13	4	10	12
team work	39	17	19	30	38

Source: PREALC-OIT.

Table 18

Salaried workers / Economical Active population (%)

Argentina	71.6(1980)	
Bolivia	52.9 (1991)	
Brazil	62.2 (1990)	65.3(1980)
Colombia	56.9 (1992)	60.5(1987)
Costa Rica	72.2 (1992)	75.3 (1980)
Chile	66.0 (1992)	48.4(1982)
Ecuador	42.5 (1990)	51.5(1984)

El Salvador	63.1 (1991)	61.1 (1979)
Guatemala	49.1 (1989)	42.9 (1979)
Honduras	48.7 (1992)	-
Mexico	54.0 (1991)	44.2(1980)
Panama	62.3 (1991)	63.5 (1979)
Paraguay	64.5 (1991)	36.7(1982)
Peru	54.8 (1991)	45.1 (1980)
Uruguay	72.5 (1991)	62.4 (1975)
Venezuela	61.1 (1991)	68.2(1983)

Source: ILO. Statistical Yearbooks

Table 19

EAP Salaried in the industry / EAP Salaried (%)

	1980	1990
Argentina	24.5	—
Bolivia	20.4	14.7 (1989)
Brazil	23.9	20.4



Colombia	—	27.2 (1989)
Costa Rica	12.2 (1984)	21.2 (1989)
Chile	18.4 (1982)	22.7 (1989)
Ecuador	16.2 (1982)	13.5
El Salvador	12.1 (1971)	22.5
Guatemala	13.8 (1981)	15.7 (1989)
Honduras	15.4 (1974)	20.1 (1991)
México	21.3	26.1
Nicaragua	15.1 (1971)	—
Panama	15.8	13.8 (1991)
Paraguay	18.3 (1982)	20.6
Perú	19.5 (1981)	27.8 (1991)
Uruguay	22.8 (1985)	22.8 (1991)
Venezuela	21.9 (1981)	21.5

Source: ILO, Labour Statistical Yearbooks

Table 20

EAP Salaried women / EAP Salaried (%)

	1980	1990
Argentina	—	—
Bolivia	23.5 (1979)	36.8 (1989)
Brazil	31.2	36.6
Colombia	43.2(1987)	43.1 (1989)
Costa Rica	27.1 (1984)	31.3 (1989)
Chile	28.2 (1982)	37.6
Ecuador	24.8 (1982)	27.0
El Salvador	22.1 (1971)	37.6
Guatemala	1981)	27.0 (1989)
Honduras	22.4 (1974)	—
México	27.0	27.6
Nicaragua	24.8	
Panama	34.6	42.4 (1991)
Paraguay	19.5 (1982)	40.5
Perú	25.0 (1981)	33.6 (1991)

Uruguay	35.2 (1985)	41.4 (1991)
Venezuela	28.7 (1981)	33.4 (1989)

Source:ILO,Statistical Yearbooks.

Table No. 21

	<u>EAP salaried technicians/ EAP salaried(%)</u>	
	1980	1990
Argentina	7.3	----
Bolivia	12.9 (1970)	23.8(1991)
Brasil	----	9(1989)
Colombia	6.9 (1973)	14.0(1989)
Costa Rica	12.4 (1984)	11.(1989)
Chile	9.0 (1982)	10.(1989)
Ecuador	14.0 (1982)	15.3(1990)
El Salvador	5.7 (1971)	12.3
Guatemala	8.6 (1981)	9.3 (1989)
Honduras	8.6 (1974)	----
México	10.6	15.5
Nicaragua	7.4 (1971)	12.7

Panamá	----	---
Paraguay	8.9 (1982)	10.1(1991)
Perú	14.6 (1981)	28.4(1991)
Uruguay	9.7 (1985)	11.(1991)
Venezuela	15.3 (1981)	15.9(1989)

Source: ILO, Labor Statistical yearbooks.

Table No. 22

	<u>EAP salaried clerical/ EAP salaried(%)</u>	
	1980	1990
Argentina	14.1 (1970)	----
Bolivia	10.1 (1976)	9.5(1991)
Brazil	----	
Colombia	10.9 (1973)	17.(1989)
Costa Rica	9.9 (1984)	11.(1989)
Chile	14.7 (1982)	15.(1989)
Ecuador	11.4 (1982)	15.3(1990)

El Salvador	6.5 (1971)	14.6
Guatemala	6.7 (1981)	6.2 (1989)
Honduras	9.4 (1979)	8.0
México	15.9	13.2
Nicaragua	6.7	----
Panama	----	----
Paraguay	13.5 (1982)	----
Perú	23.2 (1981)	17.3(1991)
Uruguay	16.3 (1985)	18.(1991)
Venezuela	17.0 (1981)	14.7(1989)

Source: ILO, Labor Statistical yearbooks.

Table 23

Formal and informal employment, public and private in Latin America (%)

1980                      1984                      1989

formal	69.3	63.8	65.1
informal	23.8	27.2	29.1
públic	14.5	15.1	14.4
In Big, medium and little business	39.7	32.9	30.0
In micro business	15.7	15.7	20.8

Source: Isabel Yepes Les Sindicats A. L'heure de la precarisation del empleo

Note: Total does not add up to 100%, because the original table included more information.

Table No. 24

Annual GDP growth rates at constant prices.

	1970-80	1980-90
All of Latin America	5.6	0.9
Argentina	2.8	0.9
Bolivia	3.9	0.1
Brazil	8.6	1.5

Colombia	5.4	3.7
Costa Rica	5.5	2.3
Chile	2.6	2.6
Ecuador	8.9	1.9
Mexico	6.7	0.5
Peru	3.9	1.2
Uruguay	2.7	0.3
Venezuela	1.8	0.8

Source: CEPAL (1993) Statistical Yearbook for Latin America and the Caribbean. N.Y.

Table No. 25:

Investment coefficient (percentage of gross  
fixed investment in relation to the GDP).

	1980	1990
All of Latin America	23.4	16.2
Argentina	25.1	13.3

Brazil	22.9	16.0
Chile	16.6	20.1
Colombia	16.8	13.7
México	24.8	18.7
Venezuela	29.0	18.1
Bolivia	14.2	13.6
Costa Rica	23.9	23.4
Ecuador	23.6	13.5
Peru	22.4	16.6
Uruguay	21.0	11.0

Source: CEPAL (1993) Statistical Yearbook for Latin America and the Caribbean. N.Y.

Table No. 26

	<u>Industrial GDP as a percent of total GDP</u>		
	1970	1980	1990
All of Latin America	25.6	25.9	24.6
Argentina	32.8	29.3	27.8



Brazil	32.2	33.2	27.9
Chile	17.4	15.1	15.0
Colombia	22.1	23.3	21.7
México	23.0	22.1	25.7
Venezuela	17.5	18.8	20.5
Bolivia	13.4	14.6	13.1
Costa Rica	15.5	18.6	18.4
Ecuador	15.9	17.7	13.5
Perú	21.4	20.2	18.9
Uruguay	26.8	28.2	24.8

Source: Ibid.

Table No. 27

Real wage indexes in 1990 (1980=100).

	Average wage	Urban minimum wage
Argentina	79.4	40.2
Brazil	87.0	53.4
Colombia	116.0	107.9
Costa Rica	86.5	120.5

Chile	104.8	86.8
Mexico	79.4	43.1
Peru	39.1	23.4
Venezuela	45.7	60.5
Uruguay	70.4	69.1
Ecuador	-	38.0
Bolivia	-	9.0

Source: Ibid.

Table No. 28

Capital accumulation in Latin America.

		Oc	Svr	Pr
Chile	1970	0.18	91.2	77.2
	1980	0.25	105.6	84.9
	1990	-	-	-
México	1970	-	-	-
	1980	0.24	132.4	106.9
	1990	0.38	223.2	160.9
Venezuela	1970	0.23	110.3	89.8

	1980	0.16	117.9	101.4
	1990	0.22	199.0	163.0
C. Rica	1970	0.14	76.1	67.0
	1980	0.11	67.7	61.1
Ecuador	1970	0.25	164.9	131.4
	1980	0.30	156.6	120.0
	1990	1.23	-	184.2
Peru	1970	0.16	140.0	120.3
	1980	0.18	186.4	158.0
	1990	0.26	-	28.8
Uruguay	1970	-	81.1	133.2
	1980	0.17	163.3	71.7
	1990	-	108.5	-
Brazil	1970	-	145.5	-
	1980	-	159.3	-

Source: Author's calculations based on National Accounts, different years, UN.

Notes: a) The organic capital composition (Oc) was calculated as the relation between fixed capital consumption divided by workers' compensation; and the surplus value rate (Svr) as operation profits divided by the sum of workers' compensation; and the profit rate (Pr) as operation profits divided by the sum of workers' compensation together with the fixed capital consumption. It was not possible to make the calculations any more precise, with the available information (for example, by including circulating capital or the rotation time of fixed assets, in addition to the fixed capital).

Table No. 29

Industrial employment concentration in establishments of over 500 workers (percentage).

	1980	1990
Brazil	19.6	21.3 (1985)
México	30.7 (1975)	35.3 (1988)

Source: Ibid.

## Conclusions

In this section we will not summarize the empirical information of the two chapters in part II, nor the theoretical discussion of part I. We prefer to recapitulate the more important concepts used throughout the book.

The crisis and restructuring in Latin America that began in the eighties were the result of structures that strained but did not provoke the restructuring. For example, crisis in the primary export sector and the fiscal crisis of the State; rather, they provoked a new dispute among social classes, specifically between capital and labour. This struggle in general turned out to be a defeat for the working class, helped along at times by its corporate dependence on the State, and at other times by the lack of a viable and credible alternative in the face of the discipline imposed by the crisis. In other words, structures and power relationships were combined in order to transform the State, the economy and production. Thus Latin America has entered a new phase, which must not be seen as a necessary evolution, but rather as an a posteriori identifiable historical result.

To analyse the restructuring of production, the concept of the socio-technical configuration of the productive process was used. This is not a systemic concept, although it may have functional components; rather, it is a configuration of configurations, insofar as it is a concrete arrangement that arises from the praxis of production processes, that may or may not coincide with the restructuring projects of the subjects in production. The difference between a configuration and a concept in the classical sense is that the first can accept contradictions among its elements, discontinuities, ambiguous features and the “welding together” that arise daily in production practices. These configurations can be defined at many levels of abstraction (spacial and temporal), and have generic elements, as well as other particulars. Thus in Latin America we identify two great restructuring configurations in production processes. One we will call conservative, which extends Taylorism through a change in machinery and equipment, though not of the latest generation; the other we call flexible, which combines partial aspects of total quality with flexibility in labour relationships. Thus there is not necessarily a sequence among these configurations; they coexist depending on particular structures, power relationships and the subjectivity of the actors. It is important to note that the concept of the correlation of forces that we have used is not simply confrontation, but rather considers negotiation, including the corporative and

neocorporative ones which imply the subordination of the workers to the State and/or to firms, but with some gain for the trade unions or the workers. For example historically in Mexico it was corporativism that obtained the best collective contracts for labour, in exchange for its subordination to the State. The correlation of forces in the broad sense imposed within Latin America certain modalities on productive restructuring.

We have frequently used in this study the concept of flexibility of the labour force. We understand it as the ability of the firm to vary the number of workers, the ways the labour force is used in the work process, or basing a proportion of the wage on output or performance. Used the way we have, the concept does not suppose a polar vision between rigidity and flexibility, not even when a socio-technical configuration has diverse levels of flexibility in its different dimensions, some of which do not necessarily coincide in time. But we have also concluded that since the eighties, important labour flexibilisations have occurred in labour law, collective contracts and in corporate pacts, where they existed. Nonetheless, we would not want to give the impression that this is a total flexibilisation process, not within firms taken at whole, just as there is no completely flexible firm.

Before the actual restructuring, there was no single pattern of labour relations in Latin America. We have spoken of corporate and class patterns. There were also labour-relation patterns of greater or lesser institutionalisation. In the first case, there was no single pattern of collective bargaining; it should also be noted that the sector of unionised workers in Latin America has always been a minority within the total labour force.

Table No. 1

Rate of unionisation in Latin America (percentage of the labour force), 1992

Argentina	30%
Brasil	13
Chile	13
Colombia	11
Costa Rica	15

Ecuador	15
Honduras	20
México	29
Nicaragua	35
Paraguay	4
Perú	29
Uruguay	15
Venezuela	31

Source: ILO, Statistical Yearbooks, Various Years.

In addition, within the unionised population we must make a distinction between the collective bargaining pattern of the large firm, which holds the most sophisticated contracts. These served as a guide for other collective contracts. A different situation prevailed among the mid-sized and small firms, with simpler contracts or no contracts at all, less protection for workers and greater flexibility. Depending on the conditions previous to the actual restructuring, the contracts that have come under greater flexibilisation are from the larger firms, which in addition afforded the greatest protection for workers. On the other hand, in small or mid-sized firms which were previously flexible, the changes are less notable. In other words, the flexibilisation process of labour relations is centred on the large firm, although in practice there are some limitations, given that in the daily routine of the production process, implicit agreements go beyond the formal changes in labour codes or in collective contracts. For example, in practice subcontracting, or the employment of temporal, part-time, or hourly workers has not become widespread in all the countries, even though contracts might permit it.

In any event, a change is underway in the pattern of labour relations within the large firm, which often acts as potential threats of being fired, having work intensified, or having one's wage fluctuate. The change of labour laws or of collective contracts seems to play the role of disciplining trade unions and workers in the wake of economic adjustment policies or the restructuring of production, although in everyday work processes flexibility might not be practiced in all its formal potential. In this way high-productivity firms are not flexible in their maximum possible expression, nor is the presence of labour unions necessarily synonymous with rigidity.

In the final analysis what is at stake in the production processes is the recuperation of the profit margin through greater exploitation, in a context of serious economic crisis. In this recuperation an important role has been played by the real fall in salaries, the greater intensity of work and, in a minority of firms, an increase in the organic composition of capital. To this end parallel routes have been followed, linked to socio-technical differential configurations. In most small and mid-sized firms it is probable that the changes go no further than low salaries and personnel lay offs. In other enterprises the application of Taylorism is widened, with an increase in management's power. Latin American Toyotism, with its implications in the division of labour within the firm, which seeks above all capital's hegemony over labour (as a recognition of its capacity in moral and intellectual direction, identification of workers with the firm, with competitiveness, productivity, and the forging of a new labour culture). The doctrine also calls for the decentralization of decisions in the work place, yet in Latin America this aspect is not prominent. Team work and quality circles function more as new forms of control over workers by the group. The results have many contradictions: high productivity but low salaries, little training, and little real delegation of authority. JIT and Statistical Process Control are seen more as administrative techniques than as the decentralisation of decision making in the workplace.

All of this brings us to a more general problem: are there really managerial strategies of control or flexibilisation? If we understand managerial strategy to mean its own restructuring programmes, these certainly undergo several changes before being put into practice. The same structural pressures (from, for example, the market) may accept different managerial meanings (there is no complete science of strategic planning). In the best of cases, those who make strategic decisions combine the learning of diverse sciences with their own subjective evaluation in order to create a restructuring program. Other actors (such as trade unions or the State) can influence this program, although sometimes indirectly.

However managerial plans undergo translations and reinterpretations as they filter down the organisational structure. On the shop floor they confront the consensus or lack there of workers who, collectively or individually, can alter the original programs. It is here that implicit or explicit negotiations, the uncertainties that are overcome through practices, the ambiguous relationships defined through power or hegemony, also count. In other words, there can be no totalitarian strategies because there is no total prediction,



processes are not deterministic, and the actors always contribute to the day-to-day definition of the situation. But acceptance of all this is different from denying that there are management plans and methods, and that on occasion management tries to gain greater flexibility or control. Thus plans can become results that follow common patterns in certain sectors and, to the degree that they do, we can speak of objective strategies (as results), that are distinct from the average subjectivity of managers. In this sense we have spoken of firms' strategies in Latin America, that have arisen from the restructuring that follows certain patterns, and which are also unfinished processes.

We have also referred often to neoliberalism. This can be understood on various levels:

1. An ideology based on economic and social theories.

This is a conception of the world that comes from classical economics, related to the idea of the invisible hand and the rational human being. Continuing the neoclassical approach, this century has seen Friedman's monetarism, the Austrian school, and Public Choice thinking. Somewhere within the ideas of this century's neoliberal theoreticians the concept of the classical rational human underwent important modifications. For example, for the Austrians empirical actions are not strictly rational and the motives of such actions are not observable, yet no attempt is made to understand them. In the end the market rewards the efficient actions of subjective actors, with imperfect knowledge, and not necessarily guided by ends-means optimisation. Thus Hayeck considers that the market is unpredictable, acts by trial and error, and that it is best to talk of efficient action in terms of results.

Today's neoliberalism as a concept of the world in its theoretical aspect moves between two extremes: at one end is the continuation of the neoclassicals with the assumption of the rational actor (who, as we stated in Chapter II, is handled as an ideal type with no pretension that he exists in reality); and at the other is the acceptance that actors can be irrational, but leaving the task of allocating resources to the empiricism of the market. Both perspectives accept methodological individualism (only individual acts are verifiable), which has behind it an individualistic ontology (only the individual exists). The goals of action are given (or seem so for the market), and people are egotistical calculators (or act as such given the rewards of the market). The search for individual

profit generates the greatest overall welfare. All this coincides with a concept of society reduced to individual property owners who trade among themselves seeking to maximise profit, while elevating the notion of freedom in the market above that of equality. This concept of freedom remains abstract, understood by Hayek as the control of every individual over his condition and destiny, with a minimum of external coercion.

Theoretical neoliberalism has its counterpart in an individualist common sense, of progress through personal effort, with anti-Statist notions because the State is a restriction of individual liberty, and might reward the inefficient.

2. Neoliberalism is also a type of economic policy. Behind it lies the concept of a self-regulating economy, with tendencies toward equilibrium, with a lack of exogenous factors or market failures, that leads to the withdrawal of the State from productive investment, and towards the opening of the economy to international trade. It does maintain vigilance over monetary circuits, in order to intervene when there is irrational behavior in the supply or demand of money, the exchange rate or the interest rate, and specifically for controlling inflation or the fiscal deficit. Here, economic policy implies reduced public expenditure, especially in social security, which is being privatised, at times only partially. The State's economic policy also means inducing or supporting the flexibilisation of labour markets. In neoclassical theory flexibility is the market's capacity to create conditions of equilibrium, where salaries are equal to the marginal product, and assuming complete labour mobility, without rigidities in salaries, in employment or segmentation; although salaries are seen as macroeconomic variables subject to adjustment when inflation begins to rise. Lastly, this also implies the subordination of trade unions, or their relegation, in the design of economic policies, or the recomposition of union/State relations through neocorporate pacts. These pacts do not revolve around the administration of a benefactor State, but rather around productivity.

In Latin America neoliberalism has also meant new macroeconomic behavior, supposedly centred the manufacturing export sector, initially with a reduced internal market to control inflation, with a growing role for foreign investment in response to little internal savings. But, up to now, this has produced weak and unstable growth, trade deficits and periodic financial crises.

3. Neoliberalism in Latin America is also related to a constellation of socio-technical configurations in socio-economic production units. At one extreme is the conservative solution which deepens Taylorism and uses of new machinery and equipment, although not necessarily the most recent. At the other extreme is Latin American Toyotism, with a certain link to the neoliberal idea of a flexible labour market, combined with a managerial doctrine that involves moral and identity aspects in production. In this framework actors are not necessarily rational, and methodological individualism is mitigated by the idea of the group. The goal is not necessarily equilibrium but rather continuous improvement. In other words, in practice in socio-economic production units, the neoliberal flexibility that comes from the State is combined with that of management, and also modified by workers on the shop floor. Results up to now show polarisation, in which there has been a lack of efficient firms to form extensive links and thus bolster other firms. Nor has their export capacity been sufficient to balance trade accounts. In accumulation low salaries and labour intensity continue to be important.

#### 4). Neoliberalism as a form of State

The category of form of State has its problems. One way of understanding this is the State with class content. Thus a form of State, such as the capitalist State, can cover different political regimes, which remit to diverse forms of power and domination. Yet there is another way of understanding the State within capitalism, i.e., as a way of linking the State and civil society, specifically through economics, with subordinated classes and its institutions of mediation. With this profile, the capitalist State can take on a liberal form, in the classical sense, i.e., as a cleavage between State and economy, which limits politics to political society, and a dominant conception of a society of property owners and citizens, where no recognition is given to category of social class. These exist, of course, but not for the functioning of institutions, not even legally, specifically within the working class and its organisations. Nonetheless, liberalism proved unable to deduce the State from its concept of society. If society were to practise self-regulation, why would the State be necessary? And the State was never abolished by liberalism, although it does have a limited role in the area of economics and hegemony. The class struggle, stoked by the inner functions of the liberal State, came to a crisis. Instead of general equilibrium, capitalist crises became ever more catastrophic. And a State with limited mediations with the working class encouraged social struggle, which culminated in the 1917 revolution.

The Social State was one of the solutions to the crisis of the liberal State. It redefined relationships between civil society and politics, politically-tainted civil relationships with the intervention of the State in the economy to soften the economic cycle and gain legitimacy. It did this with the participation of civil organisations in the design of state policies as well. It made political functions more civil through planning. This is a State that legalised the working class and its organisations in an attempt to channel part of inter-class conflict through institutions. By so doing society ceased to be considered the sum of equal individuals in the market, and began to be considered, at least in part, as a society of classes organised around (often contradictory) interests. The social State means renouncing Say's Law (supply creates its own demand) in favor of Keynes' effective demand theory, by means of which the working class and its demands can throw equilibrium off balance. Under certain conditions the Social State became linked to corporativism. Corporations legitimately participated in the State's decision-making apparatus, which was parallels with parliamentary democracy, and thus became jointly responsible for the smooth functioning of the State, along with the State itself. Yet trade union participation in these grand pacts was to be subordinated to capital accumulation. Although systems of exchange with workers were established, their capacity for representation was limited due to their subordination to the State. Thus corporativism, without denying its capacity to represent immediate interests, must be considered a form of domination of the worker through organisations and institutions. These workers' corporations enjoyed, in the most extreme case, a monopoly of representation, State support for eliminating opposition to union leadership, obligatory membership for members, and ever-present State mediation. In other words, labour relations became a matter of the State.

In Latin America, corporative subordination was picked up by the State not only in generic terms, but also as a political regime (party corporativism), through pacts and institutional inner functioning that are largely informal, variable according to strengths and leaderships, with centralisation of power in the upper ranks and authoritarianism, and with patrimonialist and statist cultural components.

With the advent of neoliberalism, there is no schism between political society and civil society; rather, they become articulated differently than in the Social State. The State ceases to have a central role in capital accumulation, it loses importance as a producer, but remains active by intervening in monetary circuits and in the labour market.

At the beginning it is able to win electoral consensus in spite of the crisis of the Social State, but it starts to exclude participation as it consolidates itself. This has nothing to do with a growing importance of the common citizen, although corporations are excluded or lose influence, while financial capital and the great exporting consortia, on which the economic success of the “model” depends, become more important. Trade union-State relationships take two ways; the first is a model of exclusion through the breaking of corporative pacts. The other centres on building neoliberal corporativism, gaining support from unions for the State’s economic policies and negotiating with firms for profit sharing in exchange for an increase in productivity. There is a change of field of union intervention, especially its reduced role in the design of state policies. Full employment is no longer a goal, neither is linking production to the internal market; rather exports are what will make the economy grow. Labour institutions do not disappear, but are flexibilised in favour of capital. What disappears is a) the idea of an oversight function of the State, on behalf of the weaker party in labour relations; and b) the idea of equality.

However, a society reduced to the market is inviable, and cannot be maintained solely through exhortations of efficiency and individualism. For this reason the neoliberal State has combined liberal principles with traditional values or, alternatively, neoliberalism with political authoritarianism. The neoliberal State in Latin America is not synonymous with a politically weak State, and authoritarianism has been repeatedly justified in order to avoid a collapse in governance of the Social State (full of participants whose demands would, in Crozier’s words, create a tremendous entropy). It has also justified the lesser of two evils during the transition by denying the correlation between democracy and modernisation, as in Huntington.

In synthesis, neoliberalism in Latin America is, in addition to a form of State, theory, ideology, common sense, economic policy, macroeconomics, accumulation, and a socio-technical base. It is a configuration of configurations that we have called Economic Social Formation, whose elements do not constitute a system strictly speaking, nor does the emergence of one level explain the emergence of others.

For example, productive restructuring is related to the change within the State, but its links could have come about differently, as is the case of the neoliberal-globalisation relationship. The restructuring of production is, in particular, one of capital’s solutions to the economic crisis, but not all economic crises lead to a restructuring in the sense meant

here. In this case the technological potential of the so-called third revolution existed in part already, as was true of the organisational potential. Restructuring implied a change in the power relationships between the subjects and the advent of conceptions (neoclassical background, flexibility, new labour culture) that have made new socio-technical configurations viable, and which have guided subjects in the restructuring process beyond their correspondence to reality.

We have spoken of subjects, in particular workers, in the sense that in the midst of the crisis, some will fall by the wayside and others will emerge. This implies always considering the working class as heterogeneous. Thus the concept of subject is an articulation among structures, subjectivities, and actions. No assumption is implied that structures strictly determine actions (situationist structuralism); rather, that there are dialectical relations between these levels. Long-time corporative and classist subjects have experienced a crisis in Latin America because labour processes, labour markets, institutions, State, conceptions and power relationships have changed. But each individual subject can have different determinants to explain their decadence. Likewise we have maintained that the working class is not so much disappearing (in spite of the expanding informal sector), as it is recomposing itself. There are new subjects, in embryonic form, within restructured firms and in new export-oriented firms. It is likely that the latter cannot yet be considered as subjects, because this is not simply a statistical category with common characteristics, but rather shared identities and above all collective actions.

New and old subjects now exist in Latin America in new fields of possibilities, within a framework of contradictions of the New Socio-economic Formation at different levels: at the level of capital accumulation within the contradiction between low salary, greater work intensity and greater productivity. Solutions such as stending Taylorism or Latin American Toyotism are limping along due to a lack of labour or salary guarantees. For the moment the new proletariat is opting for external rotation when this is possible in non-depressed areas. Workers' resistance can be strengthened in the restructured segments, in conditions where competitiveness is somewhat more complex than simply reducing salary costs. At the most general level of the new socio-technical configurations, we can find similar problems in the technologist and Taylorist solutions, such as Latin American Toyotism. Certainly the working class has been humiliated, and flexibility is acting as a disciplining Damocles' sword, but the restructuring is conducted

without consensus, with labour cultures that have no shared roots, and a labour force dissatisfied with its salary and working conditions.

Economically the field is defined around the polarisation of the socio-economic production units, which left to free market forces have not achieved greater productive articulations, particularly between large, medium and small firms. This polarisation does not guarantee acceptable economic growth rates, nor balanced trade accounts. Thus at a macroeconomic level the export model has been only partially successful; keeping the internal market depressed has had a negative effect on the general economy. This is in addition to the dependency of foreign capital, which has not been invested productively in sufficient amounts, but rather has been used to speculate, generating permanent uncertainty, and leaving national accounts at the mercy of cash inflows and outflows.

Institutions and pacts among trade unions and the State, where they existed, are weaker than in the past, or have been broken altogether. Public expenditure no longer works as a lubricant for social pacts, its gamble is to have differential rewards that depend on productivity. The weakness of these new pacts has come to light in Mexico and Brazil, where macroeconomic fluctuations and State policies have rewritten the pacts in short time. Other types of trade unions have been excluded from planning public policies, above all the classist unions. Although the latter continue to resist energetically in some countries, their lack of a wide-scale and credible restructuring alternative, with which to counter neoliberalism, is a strike against them. They implicitly maintain a strategy of conquering power by taking on the State, and from there change all. Their statist opposition might be as limited as is the corporatist model.

Insofar as the State is concerned, it has been recreated during the democratisation processes following the military dictatorships. It has thus been able to enjoy electoral consensus in very difficult economic circumstances. But by leaving the problems of growth and distribution to the market, it has weakened its previously-effective trappings of legitimacy. Thus the individualistic, productivity-oriented solution to income has, for the time being, limits for the majority of the population, which lacks sufficient "human capital" to compete. On the contrary, it has deeply-rooted communal traditions in our society that are part of the poor's survival strategies. In other words, neoliberal strategy without welfare State and Keynesian compensations has led to greater polarisation among firms and an increase in poverty and inequality.

However, for the contradictions in the structures to become actions, they must pass through conceptions of the world that give them meaning. In other words., a decision of collective action cannot only be the result of structural contradictions, since the latter are always interpreted. From the viewpoint of political culture, decades of corporativism or classism had a deep impact on working-class consciousness. Today's restructuring has contributed to the decadence of old subjects, but this does not mean that its political culture has disappeared. It remains in what is left of the previous subjects and in a heterogeneous way in the new subjects. In a certain way, strictly defensive struggles, such as those that have taken place up to now, have only caused slight changes in the neoliberal project. What is lacking is an idea of utopy of society, now that the capitalist welfare State and Eastern European socialist society have ceased to function as that. The reconstruction of utopias under present conditions could also lead to the renewal of present theories.

Important levels of Socio-economic Formation are changing in Latin America. Thus new contradictions have one of their central, but not exclusive, points in labour processes, as defined by the State and firms. In this way alternative projects cannot be merely productive, but must articulate an alternative society, distinct from neoliberal society; although an alternative society also assumes an alternative productive project.

Informalisation, growth of the service sector, and an increase of women, technicians, and clerical in salaried jobs, do not mark today the start of a differentiation of labour markets, since these have always been heterogenous. Rather, new components of differences among workers have arisen. This is not the end of "labour society", nor of labour division, nor is fragmentation of life-worlds something new. In any event, the working class, divided into numerous subjects, can share future projects with other, non-proletarian subjects.

Although capitalist production in Latin America has no field for all workers, salaried workers continue to be the majority of the Economically Active Population. The labour process is not the working class's only world, nor do all social conflicts have to pass through this filter. But it is sufficiently important in the creation of social wealth and in proletarian reproduction to justify thinking it a field in dispute. Capital has already



made it one by considering it a key to the definition of productivity and quality, and by insisting that labour flexibility encompass the elimination of rigidities and a new labour culture. It has thus transformed into a public “arena” the problem of power and domination in labour processes. In Latin America managerial authoritarianism continues to be present, in spite of its Tayotaist discourse, in countries where there is no historical tradition of Industrial Democracy. But we have already seen that there is no unique managerial strategy for restructuring. Partly because the production process is not deterministic, and nor is there a complete labour science. Rather it is filled with uncertainties and ambiguities that are overcome through negotiation or conflict. In this sense, with Taylorism or Toyotatism, conservative or flexible, technologist or organisationalist restructuring, or with any other form of work organisation, there will continue to exist the possibility of public fields for dispute between capital and labour in Latin America.

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