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STRUCTURE
AND DYNAMICS
OF DEVELOPMENT
IN LATIN AMERICA
AND THE CARIBBEAN
AND THEIR
IMPLICATIONS FOR
EDUCATION

Prepared by the Economic Commission
for Latin America

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Introduction

The purpose of this study is to investigate the effects of a new educational program on the learning outcomes of students. The program, which was developed by a team of experts, aims to improve the understanding and application of mathematical concepts. The study was conducted over a period of six months, during which time the program was implemented in a series of classes. The data collected from the students' performance in various tests and assignments were analyzed to determine the effectiveness of the program. The results of the study indicate that the program had a positive impact on the students' learning outcomes, particularly in the areas of problem-solving and critical thinking. This suggests that the program is a valuable tool for enhancing the quality of education in mathematics.

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I. INTRODUCTION AND SUMMARY

This document on the state and trends of economic and social development in Latin America is largely based on the special studies and reports prepared by the CEPAL Secretariat for the appraisal of the International Development Strategy (IDS) and on that appraisal itself, the draft of which was prepared by the Committee of High Level Government Experts (CEGAN, Quito, March 12-16 1979) and adopted as the fourth regional appraisal by the Commission at its eighteenth session (La Paz, Bolivia, April 18-26 1979) under the title of the La Paz Appraisal.*/ On all these occasions, the governments of the region made a careful, detailed study of the structures and trends of Latin American economic and social development; the conclusions at which they arrived are worth reproducing here as an introduction to this document, since they constitute a synthesis of their analysis of the problem.

With regard to recent economic and social development in the countries of the region in relation to trends and projections, the following observations were made which may be said to summarize the more detailed analysis that follows:

"... despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a New International Economic Order, these have not been sufficient to boost the development of the developing countries due, inter alia, to the obstacles deriving from the policies and measures imposed by the industrialized countries and the acceleration of the remittance of profits outside the region and other negative practices of the transnational enterprises, with

*/ "La Paz Appraisal", CEPAL, May 1979. Other important reference sources were the three earlier appraisals and various resolutions adopted at that session, particularly resolution 386 (XVIII), "Preparations and contributions by CEPAL for the formulation of the New International Development Strategy for the Third United Nations Development Decade". Finally, mention must be made of the main document prepared by the CEPAL Secretariat entitled The Economic and Social Development and External Economic Relations of Latin America, vols. I and II, E/CEPAL/1061, 31 January 1979.

the result that Latin American development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) the rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years. This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an internal and external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third International Development Strategy, for the problems created by the application of strategies unsuited to the characteristics of the region;

(b) the region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; situations of intolerable extreme poverty and indigence; marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development, unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of /industrial products

industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the self-determination that national development policies should enjoy;

(c) the far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) the decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the course followed by the situation of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the agreements adopted at the Mexico City Conference on Economic Co-operation among Developing Countries on ECDC have not received sufficient support from the industrialized countries, particularly in UNCTAD and UNDP;

(f) serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including measures which have come back and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

/(g) the

(g) the industrial redeployment assistance measures in the developed countries which are used to maintain inefficient industries adversely affect the interests of the developing countries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the latter countries do not participate;

(h) in practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order, such as grading, selectivity and access to supplies;

(i) international commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income. It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purpose co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the New International Development Strategy as far as the countries of Latin America are concerned."*/

The grounds for this appraisal of the economic and social development of the region are briefly indicated in the following chapters, with reference to their economic, demographic and social aspects in relation to the development of education.**/ This differentiation nevertheless

*/ CEPAL Resolution 386 (XVIII), 26 April 1979.

**/ The concept of educational development is used very broadly here, and includes formal and informal education as well as other forms of training outside the family.

respects the concept of integral development repeatedly proclaimed in resolutions of the United Nations General Assembly and CEPAL as its regional organ. The La Paz appraisal contains an even briefer overall summary: "The decade about to end has been a period of major fluctuations and contrasts, with rapid economic growth at the start and a distinct falling off towards the end. In the long term, despite the significant average economic growth of the last three decades, there has been a persistent lack of adjustment between the growth of the economy and the development of society.... This may be seen particularly in such aspects as the concentration of income, the polarization of consumption, the underutilization of the labour force, and situations of poverty" (see paragraphs 9 and 11).

The main thrust of the analysis in the present document is precisely concerned with this gap between economic growth and social development, which will also constitute the focal point for estimating the effect of those processes on the development of education.

II. GROWTH AND TRANSFORMATION OF THE ECONOMY

1. Main features of long-term economic trends

This section contains a summary of the salient features of regional economic development.

All through the last three decades, Latin America as a whole has gone through a dynamic process of economic development which may be considered quite significant. The gross domestic product has grown at an average rate of 5.4% per year, which is faster than the other developing areas (except for the oil-producing countries), and even higher than the rate for the industrialized market-economy countries as a whole, although it is considerably less than the dynamism achieved by the socialist countries and Japan.

This economic growth has been accompanied by a relatively intensive process of investment and modernization in the productive and technological aspects of the economy. The industrial facilities of the region have been /considerably expanded

considerably expanded and diversified, thus making it possible to satisfy from domestic production almost the entire demand for consumer goods, as well as an increasing part of that for basic intermediate and capital goods, and to promote - above all during the present decade - the beginning of a growing process of diversification of exports through the incorporation of manufactured products. At the same time, agriculture has been changing with the introduction of modern production techniques and advances in organization and in the marketing of agricultural products. There has also been a considerable expansion of the infrastructure, especially that connected with transport, communications and energy. Thus, the national economies have tended to increase their degree of integration and sectoral interdependence.

The region as a whole has achieved an average per capita product of about 1,300 dollars at current prices and is at a roughly intermediate position in the world scale, displaying what might be called an intermediate degree of semi-industrialization or economic semi-development. This appraisal is not, of course, equally true for every one of the countries of the region.

This picture of the evolution of the Latin American economy in the world context changes considerably, however, if one takes into account the rate of population increase in Latin America, which is clearly higher than the rates in other regions of the world. Thus, the average annual rate of increase of the per capita gross domestic product was 2.6%, so that in absolute figures the product has doubled, but this has taken 28 years, and the growth has been lower than that recorded by the great majority of the industrialized countries, except for the United States, so that the income gap which existed in comparison with these countries 28 years ago has grown still wider. Moreover, the gap with the socialist countries and Japan is even greater.

The economic growth rate has shown marked differences between countries or groups of countries in Latin America, although the process has been relatively dynamic for the majority of them. (See table 1.) Considerable changes have taken place in the economic and demographic importance of the

Table 1

LATIN AMERICA: EVOLUTION OF TOTAL GROSS DOMESTIC PRODUCT

(Average annual growth rates, percentages)

	1950- 1978	1950- 1960	1960- 1970	1965- 1974	1970- 1974	1974- 1978	1970- 1978
<u>Countries of largest economic size</u>							
Argentina	3.2	3.0	4.3	4.7	5.1	-0.8	2.1
Brazil	7.2	6.8	6.1	9.6	12.2	6.1	9.1
Mexico	6.0	5.8	7.0	6.5	6.0	3.8	4.9
<u>Oil exporting countries</u>							
Bolivia	3.7	0.4	5.5	6.0	5.6	5.8	5.7
Ecuador	5.8	4.9	5.3	6.6	8.3	6.8	7.6
Venezuela	6.5	7.6	6.0	4.7	4.7	6.8	5.8
<u>Member countries of CACM</u>							
Costa Rica	6.1	6.2	6.1	7.0	7.0	4.8	5.9
El Salvador	5.1	4.7	5.6	4.9	5.4	4.8	5.1
Guatemala	5.1	3.8	5.5	6.1	6.5	5.7	6.1
Honduras	4.4	3.8	4.9	3.9	3.6	5.5	4.6
Nicaragua	5.9	5.3	6.9	5.0	6.4	2.3	4.4
<u>Medium-sized countries</u>							
Colombia	5.2	4.6	5.2	6.3	6.9	4.9	5.9
Chile	3.5	3.9	4.5	3.2	2.3	1.4	1.8
Peru	4.8	3.3	5.4	5.0	6.0	1.1	3.5
<u>Other South American countries</u>							
Paraguay	4.6	2.4	4.6	5.2	6.4	8.4	7.4
Uruguay	1.7	2.1	1.6	1.2	-0.1	3.3	1.6
<u>Other Latin American countries</u>							
Haiti	2.0	1.9	0.6	3.1	4.7	3.1	3.9
Panama	5.5	4.8	7.8	6.5	5.5	1.8	3.6
Dominican Republic	5.9	5.7	5.1	8.7	10.0	4.3	7.1
<u>English-speaking Caribbean countries</u>							
Barbados	...	...	5.9	3.6	-0.2	-2.0a/	-0.1b/
Guyana	...	...	3.2	4.2	2.2	0.2a/	-1.8b/
Jamaica	5.3c/	9.0	5.5	4.7	2.9	-3.9a/	- b/
Trinidad and Tobago	...	...	4.4	3.0	2.3	3.8a/	2.9b/
<u>Total</u>	<u>5.4</u>	<u>5.1</u>	<u>5.7</u>	<u>6.7</u>	<u>7.5</u>	<u>4.0</u>	<u>5.7</u>

Source: CEPAL, on the basis of official statistics.

a/ Refers to period 1974-1977.

b/ Refers to period 1970-1977.

c/ Refers to period 1950-1977.

/countries at

countries at the regional level. Thus, the countries of the Southern Cone of Latin America (comprising Argentina, Chile and Uruguay), which had a relatively high level of per capita income and had been pioneers in industrialization, registered smaller overall economic growth and have seen their share of the regional product and population go down appreciably.

Another feature of this long-term evolution is that the differences between large, medium-sized and small countries as regards degree and potential of economic, technological and financial development have become more pronounced. Among other aspects, the differences are to be seen in the economic and demographic size of the countries, their degree of industrialization, the technological advances achieved and the structure of their external economic and financial relations.

The rate and structure of economic development have not been uniform over the last three decades. There have been profound changes, influenced especially by the national strategies and policies adopted by governments, the evolution of the world economy and trade, and the new forms of external relations of the countries of the region. In a first period, up to the middle of the last decade, the growth of the region as a whole was relatively moderate, being promoted, above all in the large countries and some of the medium-sized ones, by substitution industrialization. Exports grew very slowly, the terms of trade deteriorated, and there was a persistent decline in the coefficient of imports with respect to the domestic product. In a second stage, however, which extended from the middle of the last decade until the period 1973-1974, the growth rate accelerated considerably, external demand increased, the real value of exports grew, and there was greater availability of external financing. In these circumstances, imports grew considerably, at a faster rate than the domestic product. The final stage - the present - began with the world recession which followed the rise in oil prices and affected most of the countries of the region from 1974 onwards. The main economic events and trends in the 1970s will be considered in greater detail below.

/There have

There have been promising quantitative and qualitative advances as regards mutual economic relations between Latin American countries. There has also been an increase in the relative importance of exports to the socialist countries, and to a much smaller extent in the region's flow of exports to other developing countries. The most noteworthy development, however, has been Latin America's growing internationalization and closer links in the economic and financial field with the system of the central capitalist economies since the end of the last decade. The external relations of the region have become much more complex and diversified, an outstanding role being played in this by the transnational enterprises. This experience of the interrelations between the internal and external factors of economic growth shows the high degree of dependence or sensitivity of the growth rate of the countries of the region with respect to international conditions and particularly the economic evolution of the industrialized countries.

2. Economic growth in the past decade */

Since 1970 the region's annual cumulative economic growth has amounted to 7.5%, which in isolation may be considered a satisfactory performance. However, the population growth rate remained relatively high (2.7% on average) and thus the per capita product grew by 2.8% annually, which is a much more modest figure. These overall indicators conceal the sharp differences in the relative situation and economic performance of the countries of the region. Almost half the countries failed to attain an annual growth rate of 4.5% in their domestic product, and thus the growth of their per capita product was also below the above-mentioned figure. On the whole, it may be said that during the present decade the differences among the countries as regards economic and demographic importance have grown sharper.

*/ For this and the next section, see "The Global Objectives of the Latin American Development Strategy and the Programme of Work of CEPAL in relation to the New IDS for the forthcoming Decade", E/CEPAL/L.198, 15 June 1979.

The average growth of regional agricultural output has remained relatively low, despite the progress made in modernization and in the diversification of crops. Output levels in 1978 represented an average annual growth rate of a little under 3.5% in relation to 1970. Here again there were clear differences among countries, the majority of which failed to reach the 4% annual growth target.

The overall growth rate of the industrial sector also fluctuated, although more sharply. The 1978 output levels represent an annual growth of only slightly over 6% in relation to 1970. In most countries growth was definitely sluggish in this stage of Latin American development. Only three countries reached or exceeded the 8% target for the growth of industrial output. All this had a negative effect on job creation in the manufacturing sector, and thus contributed to the fact that the overall rates of unemployment and underemployment remained very high.

The heterogeneity of production which has characterized Latin American industrialization does not appear to have declined significantly in the 1970s. The incorporation of modern technology is limited in extent, with the result that the coexistence of industrial firms with very different levels of productivity is maintained, if not increased. This heterogeneity in the urban areas has been combined, in the present decade, with an increasing differentiation of productivity in rural areas, where the spread of modern agrobusiness in a slowly-changing rural economy has increased the differences in productivity among the different forms of production, with easily imaginable consequences for distribution, particularly as concerns smallholders and rural labourers.

The performance of the world economy and particularly of the industrial countries with which Latin America carries on most of its external trade had a major effect on the rise and fall in the economic growth rate of the Latin American countries.

The following stages can be distinguished in the economic performance of the present decade:

(a) Between 1970 and 1973 economic growth accelerated and the region as a whole attained an annual average rate of roughly 7.4%. Major

growth factors included national policies directly aimed at promoting economic development, and active external demands stemming from the boom in the central economies until 1973; better terms of trade and a greater supply of external financing;

(b) In 1974 the Latin American and world economic picture changed dramatically. The oil-exporting countries benefited from a further rise in prices which helped to raise their real income and their external purchasing power. On the other hand, the non-oil-exporting countries faced weak external demand due to the recession in the industrial countries and worse terms of trade. Since they continued to increase their imports, with the growth of the product and domestic investment, they built up large deficits on the balance-of-payments current account which had to be covered with external financing and the use of their foreign currency reserves;

(c) In 1975, external conditions worsened, leading to a significant fall in external purchasing power, and despite the drop in imports the balance-of-payments current-account deficit again increased, while the growth of the product dropped to a mere 3%, very nearly the same as the population growth rate.

3. New modes of insertion in the international economy

During the present decade, Latin America's modes of insertion in the world economy have changed radically. The most notable fact has been the growing internationalization and closer economic and financial linkage with the system of the central economies. It is interesting, in this respect, to note the markedly parallel nature of the growth of Latin America and that of the industrial countries as a whole over the past eight years, although the rates for Latin America have been somewhat higher.

The following basic features of Latin America's new form of insertion may be mentioned:

(a) The structure of Latin America's exports has altered significantly. In the first place, exports of manufactured goods have in recent years risen to 20% of total exports, although this increase has not been uniform

/and has

and has mainly been concentrated in the big countries and some of the medium-sized countries. Secondly, a distinct diversification of exports of primary commodities has occurred at the national level, which in some degree has mitigated the effects that fluctuations in world prices used to have on one-commodity exporting countries. These changes illustrate patterns in the economic development process with important ulterior effects, and also show the efforts of the Latin American countries to deal with their structural external disequilibrium.

(b) The region has considerably increased its external indebtedness. The debt, which was US\$ 10 billion in 1965, today stands at close on US\$ 100 billion. This quantitative change has been accompanied by a change in the origin of this capital. In the 1950s, the bulk of the capital entering Latin America was of official origin and mostly of a long-term nature, only a small part coming from private sources. Today the proportions are reversed. Four-fifths is of banking and commercial origin, and moreover the majority are short- and medium-term loans, which have altered the debt profile and appreciably increased the percentages of the value of exports represented by debt servicing.

(c) Transnational corporations have played an important role in the increasing internationalization of the Latin American economies. It is estimated that in 1975 the cumulative investment of the OECD countries in Latin America was close to US\$ 40 billion and that the sales of transnational corporations represented some US\$ 80 billion, which is nearly double the total value of Latin American exports in that year. At the same time, the use of external loans has very largely been channelled through transnational corporations, which have thus obtained greater safeguards of good returns on their investment.

It should also be noted that although the new patterns of Latin America's insertion in the world economy have, among other positive aspects, permitted the region to have access to increased financing in time of crisis and to promote export flows of manufactures, they have carried the region to high levels of indebtedness and to considerable dependence both on international private banks and on transnational corporations.

4. Final considerations

The review of the economic and social development of Latin America in the present decade, some of the main features of which have been briefly described in the foregoing pages, gives rise to the following reflections.

Firstly, the region showed that it has an effective growth capacity which enabled it to grow at an average rate of 7.4% during the period 1970-1974. The experience of this period showed that when favourable external conditions exist, the region is capable of making an intensive domestic effort of accumulation and saving and thus arriving at high growth rates. When it is borne in mind that during the period considered an important group of countries grew at low rates, it is safe to assert that the region has a considerable growth potential.

Secondly, this period showed the marked sensitivity of the economic growth rate of the Latin American countries with respect to the course of the world economy, and particularly the growth rate of the industrial countries. At the same time, the countries showed unequal capacities for facing up to adverse external factors. In the circumstances, there is an evident lack of financial machinery to deal adequately with situations created by unfavourable external factors which many countries cannot control, such as the adverse effects of the recession or of the international economic conjuncture.

Thirdly, it has been shown that the region needs active trade with the developed countries in order to maintain high rates of growth, since Latin America continues to depend on the industrial countries for supplies of capital goods and some basic inputs, which are essential items for making headway with the process of the transformation of production and particularly the industrialization plans within the current styles of development. Access under satisfactory conditions to the markets of the developed countries in order to facilitate the growth of exports of primary products, semimanufactures and manufactures is an essential requirement for speeding up growth. Regional co-operation and the growth of reciprocal trade, of course, constitute another essential condition for achieving the

/development objectives

development objectives to which Latin America should aspire. But this should not and cannot be considered as a substitute for the first of these factors. Both strategies must be conceived of as complementary objectives, especially over the period of the next decade.

Fourthly, many countries of the region are reaching the end of the present decade with high levels of external indebtedness, and the servicing of these debts accounts for high percentages of the value of their exports. This situation gives rise to two implications with important ulterior consequences. In some cases it will be difficult to increase this indebtedness beyond certain limits in keeping with the evolution of domestic product and exports. Generally speaking, increasing the real value of exports becomes more and more imperative owing to the need to attend to the financial servicing of the debt accumulated, as a result of the growing dependence on imports and external financing.

Lastly, the prevailing economic development process continues to reveal a limited capacity for generating employment and making a fair distribution of the fruits of growth. This will become worse as a result of the growth already being noted in the economically active population. In the circumstances it is evident that if the economic growth rate is not boosted and adequate policies of redistribution adopted, present social problems will tend to persist, with higher unemployment and underemployment, fewer and worse basic social services (education, health, infrastructure, housing, etc.) and a rise in the already considerable social inequalities.

III. POPULATION TRENDS AND CHANGES */

1. Diagnosis of the present demographic situation

Latin America as a whole has the highest demographic growth rate in the world (2.7% in 1970-1975), although with considerable differences among countries (see tables 5 and 6). Between 1950 and 1975 the population of the region rose from 163 to 322 million, or roughly double, while the

*/ In addition to the general references indicated at the beginning of this document the present chapter also draws on the report by César Peláez, Tendencias y perspectivas demográficas, CELADE, November, 1978.

world population grew by less than 60% and the population of the more developed regions by barely over 30%. Thus its share of the world population rose slightly from 6.6% in 1950 to 8.3% in 1975 (see table 3).

This rapid growth is already showing signs of falling off. The region's global fertility rate, ^{*/} 5.3 between 1970 and 1975, was markedly lower than that of other developed regions such as Africa and South Asia (6.3 and 6.9, respectively) but was nevertheless more than double the rate of the more developed regions (see table 2).

The information available on population growth trends indicates that the rate of growth of the population reached its peak in the middle of the 1960s and now is beginning to decline slowly. Nevertheless, it is expected to remain high until the end of this century, and certainly above the average growth rate of the world population. According to the most recent projections, the population growth rate is expected to fall to 2.4% by the end of this century, which would produce an increase of about 90% of the population existing in 1975 (see table 4).

In about 1975, life expectancy at birth was nearly 62 years, well above the figures for Africa and South Asia (45 and 48 years respectively), but 10 less than the figures for North America and Europe. The overall decline in mortality means that a group of 15 countries have a life expectancy of more than 60 years (with a few approaching 70), while in a few countries life expectancy is still barely over 50 years (see table 2).

The high fertility in 1970 meant that the age structure of the region's population was predominantly young, although with major variations between countries according to their degree of demographic transition as will be seen below. On average, young people aged less than 15 years represented 42% of the total population in 1975 and are expected to decline to less than 38% in the year 2000, amounting to 227 million persons. By the year 2000 the number of children and young people in this age group is

^{*/} The general fertility rate is represented by the average number of children which a woman would have had at the end of her fertile life if during that period, in other words between the ages of 15 and 50, she had reproduced according to the annual average fertility rates by age of the population of a country in a given period.

Table 2

**LATIN AMERICA AND OTHER WORLD REGIONS: SELECTED
DEMOGRAPHIC INDICATORS, 1975-1980**

Region	Life expectancy at birth	Total fertility rate	Natural growth rate (per thousand)
<u>World total</u>	<u>57.2</u>	<u>4.2</u>	<u>19.3</u>
More developed regions	71.7	2.3	8.0
Less developed regions	54.6	5.0	23.6
Africa	47.3	6.3	27.7
Latin America	63.7	5.0	27.0
North America	71.7	2.0	8.0
East Asia	64.4	3.2	15.6
South Asia	51.4	5.8	26.1
Europe	71.9	2.2	5.5
Oceania	66.8	3.4	16.1
USSR	70.9	2.4	10.0

Source: Latin America: CELADE, Boletín Demográfico, Vol. VIII, No 15, January 1975, and Vol. XI, No 22, July 1978. The data relate to 20 countries with over 97% of the region's total population.

World total and rest of the regions: Selected World Demographic Indicators by Countries, 1950-2000 (ESA/P/WP.55, 28 May 1975).

Table 3
WORLD POPULATION BY REGIONS, 1950-1978
(Thousands)

Region	1950	1955	1960	1965	1970	1975	1978
<u>World total</u>	<u>2 500 931</u>	<u>2 722 226</u>	<u>2 985 836</u>	<u>3 288 186</u>	<u>3 610 036</u>	<u>3 966 125</u>	<u>4 203 269</u>
More developed regions	857 305	914 733	975 656	1 036 246	1 083 886	1 131 361	1 160 598
Less developed regions	1 643 626	1 807 493	2 010 179	2 251 940	2 526 150	2 834 764	3 042 671
Africa	218 803	243 315	272 795	308 787	351 727	401 314	436 080
Latin America	163 643	187 527	215 434	247 392	282 679	322 353	349 080
North America	166 073	181 741	198 662	214 040	226 389	236 841	243 965
East Asia	674 821	728 914	787 980	854 378	926 866	1 006 380	1 054 435
South Asia	692 916	762 815	855 711	970 157	1 101 199	1 249 793	1 353 197
Europe	391 968	407 616	425 154	444 990	459 085	473 098	481 119
Oceania	12 632	14 139	15 771	17 507	19 323	21 308	22 587
USSR	180 075	196 159	214 329	230 936	242 768	255 038	262 806

Sources: World Population Prospects as Assessed in 1973, ST/ESA/SER.A/60, United Nations, New York, 1978.
The data for Latin America were obtained from CELADE, Boletín Demográfico, Vol. XI, No 22, op. cit.
Both the world total and data for the "more developed" and "less developed" regions are based on figures taken from this Boletín (No 22). Argentina, Uruguay and Chile are included among the countries of the "more developed" regions. The figures for 1978 were obtained by interpolation between those for 1975 and 1980.

Table 4
WORLD POPULATION BY REGIONS, 1975-2000

(Thousands)

Region	1975	1978	1980	1985	1990	1995	2000
<u>World total</u>	<u>3 966 125</u>	<u>4 203 269</u>	<u>4 370 617</u>	<u>4 811 080</u>	<u>5 272 370</u>	<u>5 752 451</u>	<u>6 241 913</u>
More developed regions	1 131 361	1 160 998	1 180 532	1 230 088	1 276 662	1 319 037	1 359 411
Less developed regions	2 834 764	3 042 671	3 190 085	3 580 992	3 995 708	4 433 414	4 882 502
Africa	401 314	436 080	460 915	531 701	614 085	708 453	813 681
Latin America	322 353	349 080	368 138	420 177	477 938	540 491	607 464
North America	236 841	243 965	248 833	262 344	275 136	286 163	296 199
East Asia	1 006 380	1 054 435	1 087 749	1 164 848	1 233 498	1 301 942	1 370 061
South Asia	1 249 793	1 353 197	1 426 843	1 624 722	1 836 258	2 053 610	2 267 266
Europe	473 098	481 119	486 541	499 972	513 605	526 755	539 500
Oceania	21 308	22 587	23 482	25 777	28 109	30 431	32 715
USSR	255 038	262 806	268 115	281 540	293 742	304 607	315 027

Source: World Population Prospects as Assessed in 1973, ST/ESA/SER.A/60, United Nations, New York, 1978.

The data for Latin America were obtained from CELADE, Boletín Demográfico, Vol. XI, No. 22, op. cit. Both the world total and data for the "more developed" and "less developed" regions are based on figures taken from this Boletín (No. 22). Argentina, Uruguay and Chile are included among the countries of the "more developed" regions. The figures for 1978 were obtained by interpolation between those for 1975 and 1980.

Table 5
LATIN AMERICA: TOTAL POPULATION OF THE REGION BY COUNTRIES, 1950-1978

(Thousands)

Country	1950	1955	1960	1965	1970	1975	1978	Density per km ²
Argentina	17 150	18 928	20 611	22 179	23 748	25 384	26 395	9.5
Bolivia	2 703	2 973	3 325	3 761	4 282	4 888	5 285	4.8
Brazil	52 901	61 864	71 539	82 541	95 204	109 730	119 477	14.1
Colombia	11 597	13 446	15 753	18 485	21 261	23 838	25 614	22.5
Costa Rica	858	1 024	1 236	1 482	1 732	1 965	2 111	41.5
Cuba	5 858	6 426	7 029	7 808	8 572	9 332	9 718	87.6
Chile	6 091	6 743	7 585	8 510	9 368	10 196	10 732	14.2
Ecuador	3 307	3 812	4 422	5 134	5 958	6 891	7 543	29.0
El Salvador	1 940	2 218	2 574	3 005	3 582	4 143	4 524	216.1
Guatemala	2 962	3 423	3 966	4 615	5 353	6 243	6 839	62.8
Haiti	3 097	3 376	3 723	4 137	4 605	5 157	5 534	200.0
Honduras	1 401	1 644	1 943	2 304	2 639	3 093	3 439	30.7
Mexico	26 606	30 949	36 369	42 859	50 313	59 204	65 421	33.3
Nicaragua	1 109	1 278	1 472	1 701	1 970	2 318	2 559	21.6
Panama	825	947	1 095	1 269	1 464	1 678	1 808	23.9
Paraguay	1 371	1 564	1 774	2 016	2 301	2 647	2 888	7.1
Peru	7 832	8 864	10 162	11 721	13 504	15 485	16 821	13.1
Dominican Republic	2 361	2 747	3 258	3 854	4 523	5 229	5 653	116.7
Uruguay	2 194	2 353	2 531	2 693	2 824	2 842	2 886	15.4
Venezuela	5 145	6 110	7 632	9 119	10 709	12 666	13 989	15.6
<u>Total 20 countries</u>	<u>157 308</u>	<u>180 689</u>	<u>207 999</u>	<u>239 193</u>	<u>273 912</u>	<u>312 929</u>	<u>339 236</u>	
Barbados	211	227	233	235	239	245	249	577.7
Guyana	423	486	560	648	709	791	846	3.9
Jamaica	1 403	1 542	1 629	1 760	1 882	2 029	2 115	192.9
Suriname	215	250	290	332	371	422	461	2.8
Trinidad and Tobago	632	721	843	908	955	1 009	1 041	203.0
<u>Other countries</u>	<u>3 451</u>	<u>3 612</u>	<u>3 880</u>	<u>4 316</u>	<u>4 611</u>	<u>4 928</u>	<u>5 132</u>	
<u>Total for the region</u>	<u>163 643</u>	<u>187 527</u>	<u>215 434</u>	<u>247 392</u>	<u>282 679</u>	<u>322 353</u>	<u>349 080</u>	

Source: CELADE, Boletín Demográfico, Vol. XI, No 22, op. cit.

Table 6

LATIN AMERICA (20 COUNTRIES): TOTAL GROWTH RATE^{a/}, 1950-1975 AND RELATIVE GROWTH

Country	1950-1955	1955-1960	1960-1965	1965-1970	1970-1975	Growth rate 1950-1975 (percentage)
Latin America (20 countries)	27.67	28.10	27.90	27.07	26.59	98.9
Argentina	19.66	17.01	14.65	13.66	13.32	48.0
Bolivia	19.02	22.39	24.57	25.93	26.45	80.8
Brazil	31.17	29.01	28.56	28.50	28.35	107.4
Colombia	29.52	31.60	31.94	27.93	22.86	105.6
Costa Rica	35.20	37.55	36.24	31.08	25.19	129.0
Cuba	18.48	17.92	21.02	18.65	16.98	59.3
Chile	20.33	23.50	22.97	19.19	16.94	67.4
Ecuador	28.38	29.60	29.82	29.71	29.04	108.4
El Salvador	26.76	29.74	30.86	35.01	29.02	113.6
Guatemala	28.86	29.36	30.30	29.60	30.69	110.8
Haiti	17.25	19.52	21.11	21.39	22.63	66.5
Honduras	31.76	33.28	33.98	27.12	31.69	120.8
Mexico	30.18	32.21	32.77	32.00	32.47	122.5
Nicaragua	28.36	28.18	28.93	29.28	32.49	109.0
Panama	27.64	28.97	29.30	28.66	27.16	103.4
Paraguay	26.32	25.17	25.55	26.39	27.96	93.1
Peru	24.74	27.28	28.50	28.27	27.32	97.7
Dominican Republic	30.24	33.99	33.51	31.98	28.95	121.5
Uruguay	13.97	14.55	12.42	9.48	1.30	29.5
Venezuela	34.26	44.15	35.50	32.06	33.43	146.2
Barbados	8.90	9.00	3.90	3.30	5.00	16.1
Guyana	27.80	28.40	24.50	22.80	21.70	87.0
Jamaica	18.90	11.00	15.50	13.40	15.00	44.6
Suriname	30.20	29.70	27.20	22.00	25.70	96.3
Trinidad and Tobago	26.40	31.30	14.90	10.10	10.90	59.7

Source: CELADE, *Boletín Demográfico*, Vol. XI, No 22, op. cit.

a/ Per thousand.

/expected to

expected to grow by 80 million, many of whom will enter the educational system. School-age children (6 to 12 years) will number nearly 65 million by the end of the century.

The rapid growth of the population has led to much higher density, rising from 8 inhabitants per km² in 1950 to 16 in 1975. The figures are of course much lower than those for Asia and Europe. Variations within the region are considerable: in 1975 population density ranged from under 4 to 568 inhabitants per km² (Guyana and Barbados, respectively). In most of the countries, including those with the largest surface area, average density was under 30 inhabitants per km², with high concentration in a few heavily populated areas and limited population in the rest of the country (see table 5).

As a general rule, and despite the increase in average density the pattern of concentrated distribution of the population has not changed substantially since 1950, when the region already showed high levels of urban concentration and rural dispersion. This is clearly visible in the urbanization process which is much more advanced and intense than in other less developed regions of the world. The urban population which stood at 41% in 1950 (54 million persons) will rise to over 64% in 1980 (236 million), absorbing roughly 82% of total population growth in the region during that period. In the majority of the countries, including the most heavily populated ones with the exception of Argentina, the rate of growth of the urban population was 5% annually or more, which would imply that the urban population would double in less than 15 years. However, this growth rate of the urban population is already beginning to show declining trends which should become stronger in the future, except in a few countries in which urbanization remains limited, where the growth rate will probably remain very high.

The concentration of the population in large metropolitan areas (over one million inhabitants) has increased significantly, and these areas accounted for more than 22% of the region's total population in 1975, as opposed to barely 9% in 1950. This intense process of metropolization is all the more evident when it is remembered that the proportion of the urban population inhabiting major metropolitan areas rose from 23% to 40% between 1950 and 1978.

/The rural

The rural population has grown much more slowly and with clearly falling trends since 1950. The average annual growth rate was 1.1% between 1950 and 1978, while the urban population grew at rates over 5% annually. Thus very slowly a change is taking place in the considerable dispersion which characterizes the rural population of the region, with a few exceptions.

The economically active population (EAP) has grown increasingly rapidly, rising from 55 million persons in 1950 to about 108 million in 1978, i.e., practically doubling during the period. It is expected that a similar trend will take place to the end of the century, since much of the EAP in the year 2000 has already been born. Internal trends include greater participation of women and less of young people and the aged, in the first case as a result of the wider coverage of the educational system, and in the second because old people are less active due to the broader protection they receive from social security services.

2. Prospects of demographic change

The above description of the prospects of the demographic change in the region as a whole should be followed up by an analysis of the probable variants of those trends in different countries or groups of countries which possess clearly differentiated demographic, economic and social features:*/ (i) countries at an advanced stage of demographic transition (Argentina, Uruguay, Chile and Cuba); (ii) countries in which fertility has begun to decline over the last 20 years (Costa Rica, Colombia, Brasil, Venezuela and Panama), and (iii) the remaining countries, in which there was no sign of a significant decline in fertility in 1970. Broadly speaking, this classification tends to correspond with indices of economic and social development, with a few clear exceptions such as Peru and Mexico, which belong to the third group of countries although their level of development places them among countries of the other groups.

*/ See CEPAL, Long-term trends and projections of Latin American economic development, E/CEPAL/1027, 3 March 1977.

Bearing in mind the above considerations, it is important to identify the outlook for demographic change in the countries of the different groups. In those of the first group, fertility is comparatively low, although there is still an appreciable margin for it to decline in the less privileged social sectors and classes. Life expectancy in these countries is among the highest in the region; the mortality rate will decline slowly or rise, in the cases of Argentina, Uruguay and probably Cuba, due to the relative aging of the population. As a consequence of these trends the population will continue to grow increasingly slowly in these countries. The projected trends in fertility and mortality mean that the age structure of the population will continue to age. The proportion of persons aged less than 15 years will continue to decline, the proportion of persons of active age will remain at the present high levels or even increase in some countries, and the proportion of persons aged over 65 years will continue to rise. These countries have already attained high levels of urbanization, and it may be expected that this process will continue increasingly slowly. The same will be true of the growth of the rural population, which will be increasingly slow, and will probably decline in absolute terms in Argentina, Chile and Uruguay.

In the countries of the second group, consisting of Costa Rica, Colombia, Brazil, Venezuela and Panama, fertility began to decline more recently than in the first group. Broadly speaking, the downwards trend should become stronger and probably its effect on the growth rate of the population will not offset the expected decline in the gross mortality rate, since it has reached relatively low levels. As a result of these trends, the natural growth rate of the population will drop substantially in the future. If this is the case, in the year 2000 all these countries will have a much older age structure, although much less so than Argentina or Uruguay in 1975. The proportion of the population aged less than 15 years will be well below 40%; the proportion of persons in active age will be close to 60%; and the proportion of the population aged over 65 years will increase very slowly, probably to not more than 5% of the total population. The degree of urbanization attained in these countries varies considerably

/and will

and will probably grow more rapidly where it is currently lowest; by the year 2000 it may reach percentages comparable to or even above those of the countries of the first group in 1975. The growth rate of the urban population, currently about 5% annually, will continue to drop slowly. The growth rate of the rural population, which is at present less than 1.5% annually, will continue falling and probably become negative in some countries before the year 2000 (in Venezuela this was already the case in 1970-1975).

In most of the countries of the third group, there has not yet been a considerable decline in fertility, and therefore future trends are more uncertain. It would be logical to expect the decline to begin earlier and be more rapid in the countries which are relatively more developed from the economic and social standpoint. But many other unpredictable factors may affect this order, chief among which are the coverage and effectiveness of private and state family-planning programmes. In any event, the most likely possibility is that fertility in these countries by the year 2000 will be of the order of the rates in the second group at present (global fertility rates of between 4 and 5). If projected mortality and fertility trends continue, the natural growth rate of the population will decline, but even so in the year 2000 these countries will have average rates above 2.5% annually. Since their present degree of urbanization is relatively low and the natural growth of the population will remain high, it may be expected that the growth of the urban and rural population of this group of countries will be rapid during this period.

3. Demographic trends and education

The future growth, composition and location of the population, and its integration for the labour force, are of particular importance for the basic objectives of any development strategy because they affect unemployment and underemployment, the extent of poverty and the very unequal distribution of income which prevail in the countries of the region. Demographic variables are equally important for the development of education, from the standpoint of magnitude as well as in many other respects.

/In the

In the light of present demographic trends, it is possible to identify some consequences which are now irreversible in the medium term. The first of these is the steady and rapid growth of the young population, which will directly affect the demand for education and training, as well as the size and structure of the labour force. The demographic growth of the past decades will generate an age structure in which the young school-age population and the potentially active population will predominate. The population aged less than 15 years, amounting to 144 million persons in 1978, will rise to 227 million in the year 2000, with an estimated growth of 23 million persons. In addition, the population aged between 15 and 64 years is growing at an annual rate of approximately 2.9%, so that the number of persons of active age will rise from 190 million in 1978 to some 352 million by the year 2000. The economically active population was 55 million persons in 1950, 99 million in 1975 and is expected to reach 199 million persons by the end of the century. This implies the creation of approximately 100 million additional jobs. The magnitude of the task of providing productive employment for so many persons of active age would appear to exceed the historical capacity of the regional economy, according to provisional CEPAL estimates, since even in the case of relatively high regional economic growth of about 6% annually, and assuming that there are no unexpected changes in the patterns of economic and technological change, total employment would probably not grow by more than 2.2% annually to the year 2000. Consequently, if these estimates are borne out by the fact, the present rising trends of unemployment and underemployment of the regional labour force will grow still worse in the future.

Another major consequence of present population trends is that all the countries of the region will become predominantly urban within 20 years. Whether this result is desired or not, nearly 80% of the region's population will be urban, and two-thirds of that population will live in cities of more than 20,000 inhabitants. In the southern countries, the urban population will be relatively more important than this average; and in all the other countries the rural population will account for considerably less than half the total population.

/This population

This population growth will have serious economic and social repercussions which will affect educational development.

First, there will be a considerable rise in the potential and effective demand for goods and services of all kinds, especially if there is an effort to achieve specific targets for improving the standards of living of all social sectors, and to reduce or eliminate poverty within a reasonable period.

Second, the expected growth of the urban population will place heavy pressure on physical and social infrastructure and in particular will affect the demand for education by profoundly changing the composition, shape and relative importance of the rural and urban social strata.

Third, urban growth will tend to attract large numbers of unemployed persons from rural zones, thus increasing the impact on underemployment and marginal occupation in cities.

Fourth, it is likewise clear that this growth of the population will broaden and diversify the Latin American market in the extent that it is possible to promote a dynamic process of absorbing labour productively, raising per capita income and improving income distribution.

Finally, this process will generate different kinds of quantitative and qualitative pressure on the various levels of the educational system, and tend to introduce new dimensions, targets and structures in education.

IV. INCOME DISTRIBUTION AND POVERTY */

1. National income distribution

The countries of the region display significant differences in household income distribution. The main features of these differences can be seen from the summary description of the distribution in ten countries shown in table 7, which is based on estimates prepared from the latest available information, corresponding to the beginning of the present decade. The situations range from those prevailing in countries where there is a relatively smaller degree of inequality, shown by Gini coefficients of 0.5 or a little less, to countries with high concentration of income, as shown by coefficients of around 0.65.

(i) Within all this variety, there are situations which are more or less typical. Brazil constitutes a special example of high concentration, with almost 59% of household income received by the highest decile, whereas only 5.6% is shared out among the 40% made up of the poorest households. The large distances separating different segments of the population are clearly shown by the fact that the average income of the highest decile is 43 times that of the average income of the poorest 40%.

(ii) Honduras may be considered as representative of another group of countries with similar structural characteristics. In this case, the top decile receives 52% of household income, while the bottom 40% receives only 6.6%. This inequality is reflected in a concentration coefficient of 0.63 and an economic distance between peak and base of 32 times the average income of the latter.

(iii) Colombia and Mexico represent another class of distributive structure. The overall inequality is reflected in concentration coefficients of the order of 0.60 in both countries, with the richest 10% receiving half the total of household income. The differences between these two countries

*/ See CEPAL, The economic and social development..., op. cit., chapter II; CEPAL/UNDP, La pobreza en América Latina: Situación, evolución y orientaciones de políticas, PPC/DPE/O.1, 29 March 1979; and O. Altimir, "La dimensión de la pobreza en América Latina", Cuadernos de la CEPAL N° 27, Santiago, 1979.

Table 7

LATIN AMERICA: NATIONAL DISTRIBUTION OF TOTAL HOUSEHOLD INCOME, BY INCOME GROUPS

Country	Year	Per capita GDP (dollars at 1970 prices)	Percentile household groups						Concentration coefficients	
			0-20	21-40	41-60	61-80	81-90	91-100	Gini	Theil
Percentage share of total income										
Argentina	1970	1 208	4.4	9.7	14.1	21.5	15.1	35.2	0.44	0.15
Brazil	1972	539	1.6	4.0	7.1	14.2	14.4	58.7	0.66	0.38
Colombia	1972	575	2.0	4.5	9.5	17.9	16.0	50.1	0.61	0.30
Costa Rica	1971	684	3.3	8.7	13.3	19.9	15.3	39.5	0.49	0.19
Chile	1968	823	3.7	8.3	13.1	20.4	16.2	38.3	0.48	0.18
Honduras	1967	275	2.0	4.6	7.5	16.2	17.5	52.2	0.63	0.32
Mexico	1967	800	2.6	5.8	9.2	16.9	16.2	49.3	0.59	0.28
Panama	1970	868	1.7	5.3	11.2	20.4	17.8	43.5	0.57	0.25
Peru	1972	555	1.5	4.2	9.6	20.0	18.5	46.2	0.60	0.29
Venezuela	1971	1 163	2.8	7.0	12.6	22.7	18.6	36.3	0.50	0.19

Sources: Preliminary estimates of the CEPAL/World Bank Project on measurement and analysis of income distribution in Latin America.

are to be seen at the base of the pyramid, since the share of the 4 poorest deciles is 6.5% in Colombia and 8.4% in Mexico. This is reflected in an economic distance from peak to base of 31 times the average lowest income in Colombia and 24 times in Mexico.

(iv) The overall income distribution in Peru has some features similar to those of the preceding group: a general concentration index of 0.6 and an economic distance from peak to base of 32 times the average income of the latter. The share of the peak is smaller than in the preceding countries, amounting to a little over 46% of total income, but the share of the base is also smaller: 5.7%.

(v) Panama also probably represents a special case: income concentration is rather less than in the countries referred to above, and the share of the top decile is similarly smaller: 43.5% of total income.

(vi) Income concentration is more moderate in Argentina, Chile, Costa Rica and Venezuela. In these countries the concentration coefficients are somewhat below 0.50, while the economic distance between the peak and the base is between 13 and 15 times the average income of the latter. The share of the top decile in total income varies from a little over 36% in Venezuela to a little over 39% in Costa Rica, while the poorest 40% receives between 9.8% (Venezuela) and 12% (Chile and Costa Rica) of total income.

The estimates of table 7, which show the total household income distribution by groups, are the most suitable for the analysis of social well-being. In contrast, the distribution of income between individual recipients gives a better reflection of the inequality of income distribution as generated in the productive process. These inequalities may differ from those between households, inasmuch as there may be differences as regards rates of participation by members in the labour force and personal income within each household. In Latin American countries, the inequalities of income distribution for individual recipients do not differ much from those for households.

Another point which should be taken into consideration in this comparative analysis is the fact that a significant part of the income generated in productive units is not received by households, since a

/proportion of

proportion of the gross operating surplus (value added at factor cost, less remuneration for work) corresponds to provision for depreciation of fixed assets. This proportion, which is in most cases between 10 and 15% of the gross surplus,^{*/} amounts to 17% in the case of Chile and 20% in that of Panama and Venezuela. Moreover, private and public corporations capitalize a substantial part of the operating surplus generated by them, and this consequently does not pass to the households. This institutional saving usually represents between 10 and 17% of the gross operating surplus generated in the economy as a whole,^{**/} rising to considerably higher figures in Chile, Panama and Venezuela. The joint result of both types of appropriation is that households receive only between 60 and 80% - and in some cases less than half - of the gross operating surplus. The saving of national private corporations and also, to some extent, the depreciation funds of personal enterprises, may affect the distribution of social well-being, as they constitute additions to the entitlements of some recipients to share in the national wealth. Although they are not income which is actually received, they increase the potential future income and represent resources which are possibly available at a later date to their owners. The same type of effect may be attributed to the increase in the real value of non-renewable assets. If the income thus earned is taken into consideration (which is not the case), the inequalities in distribution are greater than those noted.

2. The urban and rural distribution of income

In most of the countries of the region, the concentration of rural income in the period covered by this research was somewhat smaller than that recorded in urban areas. Although the unequal distribution of wealth and technological change in the agricultural sector have a decisive influence in the direction of income concentration, the distribution of other factors

^{*/} This represents between 5 and 8% of the gross domestic product at factor cost.

^{**/} This represents between 6 and 10% of the gross domestic product at factor cost.

which weigh heavily in urban inequalities, such as segmentation of labour markets, education, family composition, etc., is probably less uneven.^{*/} The importance of consumption of the family's own products also represent a relatively equalizing factor at the base of the agricultural pyramids, and is undoubtedly reflected in the overall concentration indexes.

Any analysis of rural income distribution presents difficulties if it is not undertaken in the context of national and urban distribution. In the case of rural income, the fact must not be overlooked that much of the income generated in rural areas ends up being received by persons and companies residing in urban areas and appears in statistical sources as having that origin.^{**/} Although the extent of this transfer may be difficult to estimate, its importance may be taken for granted since it may reasonably be supposed to represent a considerable part of the profits of the modern companies and absentee landlords operating in rural areas and residing in cities. Although the data on rural income distribution is not as abundant and detailed as the urban data, what is available appears in table 8, which includes data on three countries for the years 1960 and 1970. As is typical of the prevailing style of development, there is a considerable concentration in the peak of the distribution, but also in the centre where the middle strata are located, at the expense of the poorest strata. However, there are major differences when a comparison is made between this rural distribution and the national distributions for the same years. First, a comparison of the data in tables 7 and 8 shows that the share of the rural bottom 40% is much higher and in some cases almost double the national average. Second, the opposite is seen when comparing the share of the top decile, i.e., the proportion of total national income

^{*/} The explanation of the inequalities in rural distribution as a function of the generation of agricultural income is made more difficult, among other things, by the fact that some of the recipients of high agricultural incomes live in urban areas.

^{**/} In household surveys, which provide the basic information for these studies, account is taken only of income received in the place of residence of the recipient, irrespective of the location of the source of income.

Table 8

BRAZIL, COLOMBIA AND COSTA RICA: INCOME DISTRIBUTION AMONG THE RURAL POPULATION, 1960-1970

(Percentages)

Country	Year	Income category			
		Total	Bottom 40%	Middle 50%	Top 10%
Brazil	1960	100.0	15.3	51.6	33.1
	1970	100.0	15.4	48.3	36.3
Colombia	1960	100.0	10.2	39.4	50.4
	1970	100.0	12.4	42.1	35.5
Costa Rica	1961	100.0	18.8	32.8	48.4
	1971	100.0	18.1	53.7	28.2

Source: CEPAL, Las transformaciones rurales en América Latina: ¿Desarrollo social o marginación?, Cuaderno de la CEPAL No 26, 1979, table 26, p. 81.

/received by

received by the top 10% is much larger than in the corresponding rural decile. Third, in contrast it may be seen that the middle 50% of the rural distribution receive a much larger proportion of income than the national average. Finally, it should be noted that since average rural incomes are considerably lower than the national average, the average income of each category and group is likewise lower than its equivalent for the entire country or for the urban area. With regard to observable trends, the changes which have occurred appear relatively ambiguous. For example, the share of the top 10% declines in Colombia and Costa Rica and increases in Brazil. It is difficult to interpret these changes with the data available. However, two initial comments may be made: the first is that these changes may reflect the influence of short-term situations; and the second is that these changes perhaps represent a deepening of the process of agricultural modernization, with a greater shift of rural income to urban areas.

The relative productivity achieved by the agricultural sector is undoubtedly present in the differences which are to be observed between the Latin American countries in national income concentration. While in Argentina the average income of the agricultural labour force is only 20% below the average for non-agricultural activities, and in Colombia and Costa Rica it is around half of that average, in most of the countries of the region agricultural wages are only between a quarter and a third of those in other sectors, and in Brazil and Mexico they are not even a fifth of the per capita product in the urban sectors.* /

These ratios of the per capita agricultural product to that attained in non-agricultural activity reflect to a considerable extent the stage reached by the modernization of agriculture in each country. Whereas in Argentina probably less than one-sixth of the agricultural population is working in very traditional technological conditions which include to some extent subsistence activities, in other countries of the region traditional

* / These proportions refer to the average monetary product per economically active person at 1970 prices, and therefore incorporate the price relations prevailing in that year.

peasant agriculture may cover as much as two-thirds of the agricultural labour force, and in some of the Central American countries this proportion may be as high as four-fifths.

Rural-urban migrations do not necessarily represent a transfer of the labour force to higher income activities, since a considerable part of the migrants simply go to swell the urban mass of unemployed or underemployed, or else are employed in activities which generate average incomes only slightly higher than those of the traditional agricultural sector. Thus in fact these migrations shift a considerable part of rural poverty to the cities.

3. Technological heterogeneity in urban activities

Latin American economic development is characterized by the coexistence of technological strata with marked differences of productivity in urban and agricultural activities. On the one hand, the incorporation of modern technology has been concentrated in the most dynamic or oligopolistic industries, while on the other there has been a considerable lag in the older industry and in small and medium-scale industry. The result of this has been that the industries which can be considered modern - with levels of per capita product comparable to, although generally rather lower than, those of the same activities in the industrialized countries - employ between 15 and 30% of the population working in the industrial sector, but generate two-thirds of the industrial product, the rest of manufacturing employment being spread over activities which are of varying productivity but, as a whole, have average levels of productivity between one-fifth and one-sixth those of the modern industries and also lower than the average for the economy as a whole. Another significant part of the industrial labour force is employed in non-factory activities using very elementary technology, with levels of productivity comparable to those of traditional agriculture. The proportion of the labour force employed in these activities may be as little as 3%, as in the case of Argentina, or as high as 30% in the less industrialized countries, the average for Latin America as a whole being around 18%.

/In the

In the services sector, too, activities have been developed which use technology similar to that employed in the industrialized countries: modern public transport systems, energy supply, communications, financial services, and in general all the services required by modern enterprises and the middle and upper strata. These services, with levels of average income close to those of the modern part of the industrial sector, employ anything between 30% and 10% of the total labour force, depending on the country. At the other extreme, around one-tenth of the economically active population is employed in the most informal types of services, with income levels similar to those of subsistence agriculture. There are considerable differences, however, in respect of the extent and variety of services with intermediate income levels, which include a considerable part of commerce and transport as well as the public service: this part of the services sector employs 40% of the active population in Argentina, around a quarter in countries like Brazil and Mexico, and a smaller proportion in other countries. Thus the differences in the degree of income concentration observed between the countries of the region are closely linked with the specific profile of technological heterogeneity of their economic activities.

4. The evolution of income disparities

There is very little comparable information available to allow the evolution of income distribution in the countries of Latin America to be measured with any accuracy. Only in the case of a few countries are there data which give an approximate idea. Apart from conjunctural fluctuations, it may be said that the level of the general concentration of earnings in the largest countries of the region has not decreased, and in some cases it certainly worsened during the 1960s. The slowing down of Latin American growth in recent years and the changes of orientation in the economic policy have also definitely been causes of a further aggravation of income disparities in a large number of countries.

There is a generalized consensus that in Brazil income disparities increased significantly in the 1960s. The top decile of households certainly increased its share in total earnings by more than 8% between 1960 and 1972,

/while the

while the share of the 40% at the bottom of the scale dropped by more than 2.5%, and the intermediate strata experienced a relative drop of more than 6% in total earnings. In terms of absolute levels of real income, the earnings of the top decile increased 2.7 times, those of the intermediate strata did not quite double, and those of the bottom 40% only increased by slightly over 30%, while the real value of the aggregate available income of the households increased 2.2 times over the same period 1960-1972. Consequently, two-thirds of the increase in real earnings were absorbed by the top of the pyramid, and slightly over 30% by the intermediate strata, while the base had a share of only something less than 3% in the total increase.

In the other major countries of the region for which sufficient data exist, income disparities do not seem to have changed substantially during this period, except for the conjunctural fluctuations which may have been recorded. In Mexico, during the 1950s a moderate increase in the share of the intermediate strata was observed, and a slight increase in the share of the top decile, both with detriment to the bottom strata. During the 1960s, the shares of the different groups were maintained with slight modifications with advantage both to the base and to the apex of the pyramid.

In Argentina, the income distribution which had existed at the beginning of the 1950s deteriorated somewhat around 1961, with an increase in the earnings of households in the top decile, to the detriment of the other groups. In the 1960s, however, this evolution was apparently inverted, with a moderate decline in the share of the apex of the pyramid in the distribution and some relative loss in that of the base, both benefiting the intermediate strata. The successive changes of orientation in the general policy and particularly in economic policy during the 1970s, and the marked conjunctural fluctuations which took place at the same time, resulted in considerable changes and transfers in income distribution. To judge by various important statistics, it seems evident that the present concentration of income is definitely greater than that existing at the beginning of the decade.

5. Influence of education on income distribution

To a large extent the differences observed between Latin American countries as regards degree of concentration of income are associated with the quality and dissemination of education among the population. In order to estimate the effects of education on remuneration it should be borne in mind that it is closely associated with the hierarchy of employment and to some extent the personal property of the income-recipients, all of which contributes to the formation of structural disparities in income distribution. Low or limited dissemination of education promotes structural conditions which further the functioning of stratified labour markets. It also strongly influences the persistent existence of underemployment and low productivity activities.

Table 9 contains two indexes which reflect the level of education among the economically active population in a group of countries whose population accounts for over 4/5 of the regional total. The first takes account of the average number of years of education per person employed and the second records the proportion of the active population without schooling. Generally speaking, the countries which record the highest educational averages also show the lowest percentages of population without schooling. If these educational indicators are compared with the indexes of income distribution (see table 7), this confirms the relationship between high levels of income inequalities and low levels of dissemination of education. Thus, around 1970, Argentina whose active population had an average of more than seven years' schooling while only 4% had had no schooling, showed a smaller inequality than Chile, with an average of almost six years' schooling and 8% of the active population without any type of schooling; Colombia and Mexico, where income concentration was greater, had an active population with an average of three years' schooling, a quarter or fifth of which had not received any schooling. Among the countries with the highest income concentration, Brazil had an active population with an average of a little over two years' schooling and 36% without schooling, while in Honduras the labour force had an average of not more than one year of schooling while 43% of the population had not received any schooling.

/Table 9

Table 9

LATIN AMERICA: EDUCATIONAL INDICATORS OF THE LABOUR FORCE AROUND 1970

Country	Average educational level of economically active population (number of years of schooling)	Percentage of economically active population with no schooling
Argentina	7.2	4.0
Brazil	3.1	36.0
Colombia	3.9	21.6
Costa Rica	4.8	10.8
Chile	5.8	8.2
Honduras	2.5	42.5
Mexico	3.5	27.1
Panama	5.2	17.1
Peru	4.5	19.3
Uruguay	5.7	4.9
Venezuela	3.6	...

Source: Data obtained from the CEPAL/UNICEF, Project on social stratification and mobility in Latin America, 1975.

6. The magnitude of poverty

The existence of mass poverty in Latin America has always been a constant and very familiar situation in the region. The substantial economic growth achieved in recent decades has not had proportional repercussions on the earnings of the poor, who are very numerous. This economic growth aggravates existing contrasts in the living conditions of different groups of the population, and has made the existence of present mass poverty more visible and at the same time more reprehensible.

This experience has given rise to deep scepticism with regard to the traditional belief that economic growth alone would bring a solution to the serious and widespread problems of poverty, unequal distribution of income, unemployment and underemployment, which have existed and still exist in the region. In other words, the fruits of the substantial economic growth have not been fairly distributed among the different population groups. Furthermore, if present conditions are maintained, it may be anticipated with a high degree of certainty that the share of the poor groups in the fruits of future growth will still remain at completely inadequate levels by the end of this century.

(a) The incidence of absolute poverty

It is estimated that at the beginning of the present decade 40% of Latin American households lived a situation of poverty, because they were not able to acquire the minimum basket of goods and services for private consumption to meet their basic needs, while nearly half of them lived in conditions of extreme poverty in that their income was not even sufficient to acquire only the food which would provide them an adequate minimum diet. This means that around 1970 there were about 110 million poor persons; of whom some 54 million could be considered extremely poor. These estimates have been obtained on the basis of an analysis of 10 countries representing 84% of the region's population. The cost of a nutritionally adequate food basket was calculated in dollars at 1970 prices for each country. It was estimated that the minimum income to meet these food requirements and an adequate minimum of other goods and services would, in the urban areas, amount to twice the cost of the food, and slightly less in rural areas.

/Comparing these

Comparing these minimum incomes with those actually received by the households determines the incidence of situations of poverty and extreme poverty in the total population of the countries. Table 10 gives the corresponding estimates expressed in percentages of the households below these lines of poverty and extreme poverty. The differences in the incidence of poverty between countries are considerable. These differences would appear to be associated with the structure of income distribution, and with the disparities in the per capita product in each of the countries. In countries like Honduras, around two-thirds of the population were to be found in a situation of poverty. In Brazil, Colombia and Peru, poverty affected approximately half the households. In Mexico, it covered more than one-third of the population, while in Costa Rica and Venezuela the proportion was one-quarter. In Chile, the incidence of poverty was somewhat less, covering one-sixth of the population, and it was still lower in Uruguay and Argentina. As regards the rural population it is estimated that 62% lived in conditions of poverty in 1970.

(b) The relative dimension of poverty

The dimensions of poverty analysed up to now correspond to situations of absolute deprivation compared with norms which claim to reflect the minimum physiological and cultural levels of living for a decent existence, in keeping with predominating life styles. The problem of poverty does, however, have dimensions which are somewhat different from the point of view of a relative definition, which takes into account deprivation in conjunction with the average levels of satisfaction of needs in each society.

The comparison between the two classes of measurement of poverty gives some idea of important aspects of the problem in each country: how much inequality poverty contains, how far the norms of satisfying basic needs are from the country's average resources; to what extent existing disparities may give rise to situations of relative deprivation beyond the absolute minima, which may be as much or more socially significant than situations of absolute deprivation.

Relative lines of poverty were traced on the basis of these same data on the distribution of income and consumption in each country, quantifying the situations in which income from each household was less than half the

Table 10
LATIN AMERICA: ESTIMATED INCIDENCE OF ABSOLUTE POVERTY AROUND 1970

Country	Percentage of households below the poverty line			Percentage of households below the indigence line		
	Urban	Rural	Total	Urban	Rural	Total
Argentina	5	19	8	1	1	1
Brazil	35	73	49	15	42	25
Colombia	38	54	45	14	23	18
Costa Rica	15	30	24	5	7	6
Chile	12	25	17	3	11	6
Honduras	40	75	65	15	57	45
Mexico	20	49	34	6	18	12
Peru	28	68	50	8	39	25
Uruguay	10	...	...	4	...	...
Venezuela	20	36	25	6	19	10
Latin America	26	62	40	10	34	19

Source: Oscar Altimir, La dimensión de la pobreza en América Latina, E/CEPAL/L.180, 1978, p. 81.

/average per

average per capita income of the households as a whole. Although this norm is arbitrary, it has the advantage of being based on an idea of social justice particularly if it is considered that 10% of the richest households have an income about five times higher than the average. Poverty defined in this way affects a significantly larger proportion of the population than poverty defined on the basis of absolute norms.

The differences observed in table 11 with regard to the dimensions of relative poverty at the national level are a reflection of differences in the degree of inequality in income distribution between the bottom half and the rest of the social pyramid. In countries where disparities are greater, half the population is below the relative standard. In the other countries - with the exception of Argentina and possibly Uruguay - slightly over one-third of the population will be considered relatively poor. Some of these differences represent inequalities in the rural sector and between the rural and the urban population. There is greater uniformity among countries in the incidence of relative poverty in the urban areas, defined in relation to average urban income. Table 11 shows clearly that in nearly all the countries, between 35% and 45% of the urban population is to be found below the relative norm, while this index is slightly more than 50% in Brazil. At the other end of the scale, relative poverty would take in a quarter of the urban population of Argentina and Uruguay.

In examining the different aspects and problems relating to the dissemination of poverty and its causes, the governments of the region stressed the need for deep-seated changes in economic and social structure and in public policies aimed at its final eradication. "The combination of some measures to alleviate poverty, such as the free distribution of food, employment in public works on a subsistence wage, promotion and facilitation of housing construction in segregated areas and with self-help systems, public services which tend to be differentiated in terms of quality and accessibility, are necessary in short term, but run the risk of converting the present situation of the poor into a systematic and permanent segregation, with different levels of services, qualities of housing and educational possibilities. More energetic and novel measures require to be introduced

Table 11

LATIN AMERICA: ALTERNATIVE ESTIMATES OF RELATIVE POVERTY AROUND 1970

Country	Percentage of households below the relative poverty line a/	
	Urban	National
Argentina	27	28
Brazil	52	54
Colombia	43	48
Costa Rica	34	36
Chile	38	39
Honduras	40	58
Mexico	44	48
Peru	34	48
Uruguay	25	...
Venezuela	37	38

Source: Oscar Altimir, La dimensión de la pobreza en América Latina, E/CEPAL/L.180, 1978, p. 96.

a/ Defined as half of the average household income.

/so that

so that the great marginalized sectors can contribute to the production effort, satisfy their basic needs and organize themselves in defence of their own interests. These measures should ensure a different orientation of investment and production and of the services provided by the State in such a way as will effectively benefit the poor and the needy. This policy, of course, should be promoted in a context of economic and social dynamism which will guarantee poor people sources of work and higher real incomes, while ensuring adequate growth of the economy."*/

7. Housing solutions and income concentration

It is estimated that half rural dwellings and nearly a third of urban dwellings are inadequate and insalubrious. The present levels of public and private construction only very partially meet the requirements of population growth. The possibilities of making any change in this lack of housing are reaching their most critical point since the number of families who do not have access to the housing market for lack of adequate resources increases daily. This has given rise to the emergence of new types of urban settlements characterized by a high proportion of marginal and submarginal dwellings, constructed under precarious conditions with meagre resources and adversely affecting the prospects of an adequate development of housing in the cities, and of the culture and quality of individual and social life in the urban environment.

The growth of the population, even supposing a more moderate rate than the historical trend observed, will give rise to new housing problems and simultaneously will aggravate those already existing. The projections made show that the population of Latin America will double in the last quarter of the century. The greatest housing needs will, of course, be concentrated in the big cities because urban growth will absorb around 92% of the total population increase. It is also estimated that approximately two thirds of the urban growth will be concentrated in cities of 100,000 inhabitants and over. Hence housing problems will mainly be located in the major urban

*/ "La Paz Appraisal", op.cit., 20 and 21.

settlements, where it may be assumed that urban households will triple between 1970 and the year 2000 to reach a figure of nearly 100 million dwelling units, a great part of which have not yet been built. Meeting the basic need for housing for everyone will therefore require an extraordinary effort if the equally high figures for rural housing are added to the above.

Over the last decade the form of economic growth has been concentration and exclusion, particularly as regards income distribution. Consequently, there is a highly concentrated demand for housing which absorbs a great part of the resources in order to attend to the needs of a small fraction of the population; the rest lack the necessary resources to purchase their own dwellings in the market and are obliged to depend on the state assistance policies or find makeshift solutions. Income concentration therefore leaves a considerable proportion of the population outside the private housing market, because their incomes are inadequate for solving their housing problems. According to estimates, the cost of a minimum housing unit with modest hygienic facilities is apparently not less than 3,000 dollars. Although this sum may vary from one country to another and among regions, it is indicative of the commercial cost of the most elementary dwelling in addition to which these costs are rising continually. If this cost is effective, and considering the present income distribution schemes, it may be estimated that more than half the Latin American population would have serious difficulties in buying houses at those prices.*/

In general terms, public policies have not significantly changed the allocation of resources for housing. However, there are substantial differences in how the countries have dealt with the housing problems of the urban poor sectors. In some countries in which state intervention in the economy as a whole has been substantial, the solution of sites and services was adopted. This consists in handing over a temporary dwelling in a lot of semi-urbanized sites, where the combined action of the inhabitants and the state would aim at a total provision of services in these areas, for the future.

*/ G. Rosenbluth, Vivienda y demanda efectiva en América Latina, CEPAL, July 1979.

This type of solution, owing to its low cost, allowed mass attention and its application was the only solution within the reach of the meagre incomes of the poor sectors. In other words, as they obtained their land the settlers organized themselves to make demands for houses, schools, hospitals, electricity, transport and other services. This type of expectation created favourable conditions for a process of active mobilization and participation by the people themselves. This solution, however, gave rise to a constant proliferation of squatting which put heavy social and political pressure on the state and the responsibility for finding satisfactory solutions. In the countries in which this phenomenon occurred, city perimeters grew considerably as the result of this form of mobilization by the people, who took over fertile land previously devoted to farming. The provision of infrastructure services always lagged behind this urban growth based on territorial expansion. All in all, the urban population/housing ratio underwent a favourable change compared with earlier periods.

5. In other countries where the state policies have been to intervene less directly in the economy and give greater support and facilities to private entrepreneurial activity, possible solutions have depended on possibility of access to the private housing market. This is only feasible for persons who receive sufficient income and therefore have the capacity for savings and investment for buying their own houses. However, the public policies aimed at direct financing on special credits for the mass construction of cheap housing for the low income sectors have tended to decrease considerably, as well as facilitation policies or mere tolerance of the formation and activity of working-class organizations to obtain solutions within their scope, even at a very elementary level, to the housing problem. Despite everything, these makeshift solutions continued to proliferate because when there is no alternative they are the only available solution.

V. RURAL DEVELOPMENT */

1. General trends

The rural societies of the Latin American countries are being transformed by numerous and deep-seated economic, demographic and social processes. Among the most important and specific of these processes is the technological and entrepreneurial modernization of rural areas, their integration into the urban system and the national and international economy, the natural growth of the rural population and the migratory processes. From one country to another these aspects of rural changes are more advanced or can barely be detected, but in all of them they are moving rapidly ahead and pose major problems to development efforts for the years to come. In these efforts to achieve full rural development and overcome the problems created by some present trends, rural education necessarily must play a key role.

The problems of rural development are of different types depending on whether they stem from situations which may be considered traditional, or whether they tend rather to have some relation with the development styles which are being put into practice. Among the traditional problems, mention may be made of the deterioration in land quality; the standstill in production and obsolete techniques; the lack of an adequate infrastructure, especially for marketing, financing and transport; demographic pressure on the land; the latifundium-minifundium complex and, generally speaking, the unfavourable situation of the majority of the rural population compared with the urban population in terms of income levels and social services (education, health, recreation). As regards the second type, i.e., problems stemming from the form in which development actually occurs, the most important have their roots in the capital accumulation processes, the growing complexity of technology and the increasing dependence on the urban and international marketing and financing systems. This group of interdependent processes is described as agricultural modernization.

*/ Cf. CEPAL, "Las transformaciones rurales en América Latina: ¿Desarrollo social o marginación?", Cuadernos de la CEPAL, N° 26, Santiago, 1979.

The modernization brings with it deep-seated changes in the institutional structure and social composition of agricultural relations of production. In the first place, the high priority given to increasing yield and productivity makes imperative the concentration of substantial areas of high-yield land, investment and operating capital, the increase of the technological scale and with it the training of the labour force, and development of adequate machinery for marketing production. All this means that economic activity in rural areas can be organized in the form of modern enterprises in the context of a dependent integration with agro-industry, the urban milieu and the international market. In brief, the dominant trend is towards a move from the traditional estate to the large modern farm, which leads to the emergence of a new class of entrepreneurs, part proprietors (latifundium-owner, intermediary, investor), and part professionals. Many of these organizations have their operating base and the residence of their managers and proprietors in urban centres. Secondly, the large farm requires operating conditions which would not be possible without the presence of a great variety of professionals and different technicians to provide the necessary services and carry out the functions of management, planning and supervision inherent in it. Fourthly, the direct work of production is carried out by a mass of wage earners comprising two categories: those who are permanent relatively skilled workers and those who only carry out sporadic and occasional work (mainly sowing, sugar-cane cutting and harvesting). The latter are closely bound up with traditional and domestic agriculture in which they are minifundium-cultivators or family economy workers. On a temporary basis, in order to supplement their low incomes, they work as day-labourers in modern sector agricultural work without uprooting themselves permanently from the rural milieu. Lastly, mention should be made of the independent rural dwellers, who are not minifundium-cultivators, nor landowners, who carry out their agricultural activities in predominantly traditional conditions. Generally speaking, it is difficult for them to incorporate themselves in the process of modernization and organize themselves on the scale of the modern enterprises, with the administration, technology, financing and marketing,

/to which

to which they only have precarious access. They therefore compete very unfavourably with the modern enterprises. Poor harvests or falling prices mean that numbers of these independent rural dwellers, and also many minifundium-cultivators, are obliged to sell their lands and emigrate to the cities, joining the vast urban marginal population.

A review of the processes of agricultural modernization shows that in all of them there is an important factor of facilitation stemming from state action to benefit the private modern sector. As a recent CEPAL study says, the enterprise which operates sheltered and stimulated by State protection, or through its position in the great agroindustrial and/or marketing complex benefits from the distribution of state land, subsidies for agricultural credit, remission of debts or moratoria facilities (credits and subsidized prices) for purchasing machinery and industrial inputs, both national and imported, and near exclusivity granted in terms of technical assistance and state agricultural research, etc.^{*/} In a development style in which state support promotes and benefits large-scale private enterprise, the role of the mass of poor peasants and wage-workers becomes unstable as may be seen from various indicators, including those relating to income distribution which reveal that the situation of nearly two-thirds of rural homes around 1970 was one of poverty. In fact, the traditional peasant population carries out several main functions: they supply and reproduce the labour force for the modern sector, and produce food for the market and also for their own consumption. Although the specific situation varies considerably from one country to another and also among regions, the relation between modern enterprises, permanent wage-earners and minifundium-cultivators who are temporarily employed as day-workers would seem to adapt to a variety of rural development situations, whether in Mexico and Central America, in the rural farms of the coast of the Andean countries which use indigenous labour from the Sierra region, or in Brazil and Argentina.^{**/} Among the many variants of this situation may be included that of the semi-migrant workers who live in the peripheries and urban slum settlements who

^{*/} CEPAL, "Las transformaciones rurales en América Latina...", op.cit., p.86.

^{**/} CEPAL, "Las transformaciones rurales...", op.cit., pp. 76-77 and annex 23.

during the day go to work in the country, as in the case of the boias frias of north-east Brazil or the temporary migrants who move in great international flows for seasonal work, like those from Guatemala to Mexico, Colombia to Venezuela, Bolivia and Paraguay to Argentina, or "the wet backs" of Mexico to the United States.

In the La Paz Appraisal the governments of the region made the following balance of rural development: "The progress achieved in rural production has not given the expected results because the needs of large sectors of the rural population who remain outside the processes of agricultural modernization or have been harmed by them remain unsatisfied. The compelling forces of migration towards the cities have not been countered either (nor the process of disintegration of the archaic but still prevalent forms of production for actual subsistence and social security in the rural milieu). Urban and rural differences continue to increase, frequently to the disadvantage of those groups living in rural areas who do not benefit from the modernization of Agriculture" (point 24).

2. Education in rural development

Education should be a key element in a strategy to achieve authentic and equitable rural development. In fact, an educational development policy can only be efficacious within the framework of a coherent and integral development style in which all the policies comprising it have general compatible and mutually strengthening objectives. Otherwise, any reform of rural education would only serve to increase the flows of selective migration of educated persons to the urban centres if at the same time agricultural structures were not transformed in order to provide all the rural population with larger numbers of more appropriate job opportunities and access to the sources of production: land, water, techniques, credits, etc. In so far as it is an integral part of these important transformations, education will be able to contribute to the success of rural development. In order to respond adequately to this challenge, account must be taken of the fact that any planning of social change, including that which is objectively designed to favour the majorities, will not be successful if

/it is

it is not based on the awareness and corresponding identification and participation of the peoples affected.*/

Consequently, an effectively integral rural development requires the participation of the major groups affected in each of its stages. It is in the generation of this capacity that education finds its most important task and its severest challenge. In order to take part in the management of their own development the poor rural groups must break with their isolation (geographical, social, linguistic) by expanding and deepening their information on national and international economic factors which to a large extent determine the possibilities of changing their situation. They must also have a more profound acquaintance with social and political structures and with the decision-making processes which affect rural development, i.e., the idea is to combine in a consistent whole the aims of education for work, for the change of structures and for self-assertion.**/ In brief, the peasants require an education which will assist them in meeting their technical needs and in becoming aware of their problems and providing themselves with the necessary organization to contribute collectively to their solution.

VI. THE STRUCTURE OF THE LABOUR FORCE AND TRENDS IN URBAN EMPLOYMENT

1. Growth of the labour force

The explosive growth of the economically active population certainly represents an exceptional challenge to development strategies and policies. With annual growth rates of the labour force of close on and even greater than 3%, which will not change in the immediate future although the decline in population growth may be greater than anticipated, the employment problem will be very difficult to solve, and tend to become exacerbated with the great mass which the unemployment and underemployment of the economically active population at present represents.

*/ José Matos Mar, Educación, lengua y marginalidad rural en el Perú, UNESCO/CEPAL/UNDP, Dec 10, 1978, p. 81.

**/ Ibid., p. 22.

Estimates for the next twenty years show that the notable demographic differences which have been recorded among countries of the region will be accentuated still further in terms of their effect on employment. A group of countries, formed among others by Argentina, Cuba, Chile and Uruguay, will continue to slow their population process; however, their labour force will still increase at a higher rate than the total population, and both will tend to balance out around the year 2000. In another group, made up of Ecuador, Mexico and the majority of the Central American countries, the high rate of population growth will persist, although with a tendency to decrease in some. The labour force, however, will grow more rapidly than the total population. Lastly, a third group of countries including Brazil and Colombia, show an intermediate evolution: their population growth will show appreciable decreases; but there will be an intensified increase in the labour force at an annual rate of nearly 3% or over. This will be the case particularly because the majority of the population of active age which will comprise it has already been born and consequently cannot be affected by future decreases in the birth rate.

2. Changes in the structure of the labour markets

The recent characteristics of economic development in Latin America already summarized involve three types of trends and modifications in the structure of employment, as will be seen in table 12:*/ (a) changes in the sectoral structure of the labour force, a relative reduction in primary sector occupations and growth in the secondary and tertiary sectors, in a sequence typical of developing countries, and different from the classic model of capitalism in the most advanced western countries; (b) changes in the proportion in which the "middle" strata are represented. The heterogeneous "middle" sectors of the urban areas, which are devoted mainly to non-manual occupations, have grown much more rapidly than the sectors of manual workers in industry and the basic services, and even the groups classified as "marginated". This growth of the urban middle strata has

*/ Carlos Filgueira and Carlo Geneletti, Estratificación ocupacional, modernización social y desarrollo económico en América Latina, CEPAL, Social Development Division, November 1978.

Table 12
LATIN AMERICA: OCCUPATIONAL STRUCTURE, BY COUNTRIES, 1960 AND 1970

Country	Year	Total per cent	I. Middle and upper occupational strata				II. Lower occupational strata					III. Others
			Total per- cent- age	Primary sector	Second- ary		Total per- cent- age	Primary sector	Second- ary		Not iden- tified	
					ter- tiary sectors	Not iden- tified			ter- tiary sectors	Not iden- tified		
Argentina	1960	100.00	36.60	3.40	31.40	1.80	62.70	14.90	30.80	8.90	8.10	0.70
	1970	100.00	38.20	1.30	32.40	4.50	61.10	13.20	34.30	10.00	3.60	0.60
Brazil	1960	100.00	15.30	0.00	14.50	0.80	84.70	49.20	22.00	6.90	6.60	0.10
	1970	100.00	23.30	0.70	21.60	1.00	70.20	42.20	20.10	7.90	-	6.50
Colombia	1960	100.00	23.10	6.00	17.10	-	73.10	42.10	20.40	10.60	-	2.80
	1970	100.00	28.80	2.90	25.70	2.90	71.10	37.00	18.80	12.30	3.00	3.10
Costa Rica	1960	100.00	22.10	2.00	19.50	0.60	77.90	44.30	18.20	9.70	5.70	0.00
	1970	100.00	24.10	0.30	23.50	0.30	75.80	36.30	25.80	12.30	1.40	0.00
Chile	1960	100.00	22.10	0.40	20.10	1.60	77.60	29.50	32.60	13.30	2.70	0.30
	1970	100.00	29.00	0.70	25.40	2.90	69.60	22.20	32.00	10.70	4.70	1.30
Ecuador	1960	100.00	15.00	1.70	12.40	0.90	85.00	55.80	20.80	6.90	1.50	0.10
	1970	100.00	-	-	-	-	-	-	-	-	-	-
El Salvador	1960	100.00	12.20	1.10	10.90	0.20	87.70	61.70	17.20	7.90	0.90	0.10
	1970	100.00	13.60	0.80	11.70	1.10	86.30	45.60	15.60	6.40	18.70	0.10
Guatemala	1960	100.00	12.30	3.20	9.00	0.10	87.50	61.10	20.00	6.10	0.30	0.10
	1970	100.00	11.80	0.50	11.00	0.30	88.20	56.30	23.20	6.80	1.90	0.10
Honduras	1960	100.00	10.90	0.80	99.60	0.50	88.90	65.60	10.60	8.00	4.70	0.20
	1970	100.00	21.50	4.70	15.80	0.00	78.50	55.70	15.30	6.40	0.00	2.10
Mexico	1960	100.00	20.10	0.80	19.90	0.40	78.90	20.80	17.60	7.50	33.00	0.00
	1970	100.00	24.50	0.80	22.50	1.20	75.50	34.90	21.80	6.20	12.60	0.00
Nicaragua	1960	100.00	-	-	-	-	-	-	-	-	-	-
	1970	100.00	19.20	1.60	15.90	1.70	80.80	44.30	20.80	10.60	5.10	0.10
Panama	1960	100.00	20.40	0.60	16.80	3.00	79.60	44.50	17.00	11.10	7.00	0.00
	1970	100.00	23.40	0.20	22.60	0.60	76.70	38.30	24.60	13.20	0.60	0.00
Paraguay	1960	100.00	14.30	1.30	11.90	1.10	85.70	51.40	21.50	7.90	4.90	0.10
	1970	100.00	15.70	0.60	14.00	1.10	84.30	49.50	23.80	7.90	3.10	0.20
Peru	1960	100.00	-	-	-	-	-	-	-	-	-	-
	1970	100.00	23.20	0.30	21.10	1.80	76.70	41.60	23.40	8.20	3.50	0.20
Dominican Republic	1960	100.00	13.60	0.50	11.80	1.30	86.40	62.20	13.90	6.40	8.90	0.00
	1970	100.00	18.20	1.20	12.20	4.80	77.30	29.90	11.70	4.60	31.10	4.60
Uruguay	1960	100.00	35.80	2.60	30.70	2.50	64.10	14.30	29.30	12.90	7.60	0.10
	1970	100.00	34.98	1.44	30.64	2.90	65.02	14.90	30.10	10.70	7.10	1.20
Venezuela	1960	100.00	24.80	0.90	23.90	-	70.10	32.70	26.00	11.40	-	5.10
	1970	100.00	32.60	0.20	29.00	3.40	67.40	24.00	25.30	12.10	17.00	0.00

Source: C. Filgueira and C. Geneletti, *Estratificación ocupacional, modernización social y desarrollo en América Latina*, op. cit., table III-1, pp. 51-52.

/been maintained

been maintained in the unusually rapid expansion of secondary and higher education and the increase of bureaucratic posts, public and private, which absorb those graduating from it; (c) changes in the dependent nature of the labour force expressed in the increasing degree of conversion to wage-earners of workers in all sectors of production and at all levels of employment.

3. Evolution of the schooling of the labour force

As regards the evolution of the average schooling of the labour force it will be seen from table 13 that: (a) in all the occupational strata a sustained increase has taken place in schooling; (b) the educational levels of the lower middle strata are similar to those recorded by persons employed in the upper strata consisting of employers, executive staff and higher posts in industry, trade and services; (c) the level of education achieved by the lower middle strata is comparatively very high, and this occurs not only in the countries with the highest general schooling in the regions such as Argentina and Uruguay, but also in others which are to be found in phases of rapid educational transition, such as Chile, Panama and Costa Rica. In a second group of countries, the average schooling of lower middle strata occupations is 8 years, which shows fairly advanced levels of average education in these strata; (d) the most accentuated differences in average education are to be found between the middle and upper strata on the one hand and the manual occupations on the other. The educational profile of employment structure has therefore been modified in such a way that it has brought the schooling of persons with manual occupations (upper and skilled workers) closer to that of persons with lower non-manual occupations (employers, supervisors and technicians), the disparity between which has tended to decrease.

Table 13

AVERAGE NUMBER OF YEARS OF SCHOOLING FOR SEVEN OCCUPATIONAL STRATA IN 15 LATIN AMERICAN COUNTRIES
(ECONOMICALLY ACTIVE POPULATION AGED 10 YEARS AND OVER), 1960-1970

Country	Year	Occupational strata						
		Employers and managerial personnel	Profes- sionals, semi- profes- sionals and subordinate personnel	Own- account activities, commerce, employed salesmen	Lower strata in secondary sector occu- pations	Lower strata in tertiary sector occu- pations	Lower strata in primary sector occu- pations	Employers in agriculture and extractive industry
Argentina	1960	6.1	11.0	6.9	4.5	3.7	2.7	3.6
	1970	11.6	8.6	6.2	5.9	4.4	6.3	6.3
Brazil	1960	4.7	10.6	7.2	2.7	2.4	0.9	5.2
	1970	...	...	...	...	...	...	...
Chile	1960	8.9	10.8	8.1	4.9	3.8	2.5	7.1
	1970	9.1	11.8	8.7	5.2	4.6	3.1	7.0
Costa Rica	1960	7.1	11.4	6.1	4.1	3.2	2.4	3.2
	1970	7.9	10.6	7.3	4.5	4.2	2.9	3.4
Ecuador	1960	6.6	10.0	6.0	3.7	2.7	1.8	3.1
	1970	...	...	...	...	...	...	...
El Salvador	1960	5.1	9.4	4.7	2.8	1.8	0.6	2.5
	1970	6.4	10.1	5.5	3.6	2.5	1.0	1.8
Guatemala	1960	4.4	8.5	5.6	2.3	1.5	0.5	0.8
	1970	5.9	10.0	6.3	2.6	2.1	0.8	2.2
Honduras	1960	6.7	9.0	4.8	2.4	1.7	0.7	1.2
	1970	...	...	...	...	...	...	...
Mexico	1960	3.8	8.5	6.2	3.5	2.3	1.7	1.4
	1970	6.2	9.3	5.6	3.5	2.9	1.6	2.6
Nicaragua	1960	...	...	...	...	...	...	...
	1970	6.9	10.2	5.1	3.1	2.0	0.7	1.8
Panama	1960	8.5	11.1	8.5	5.4	4.3	2.0	3.1
	1970	9.0	11.8	8.6	5.5	4.9	2.4	3.5
Paraguay	1960	9.4	10.8	7.7	3.9	3.5	2.3	4.3
	1970	8.4	11.3	7.5	4.3	3.9	2.7	5.0
Peru	1960	...	...	...	...	...	...	...
	1970	8.1	12.0	7.0	4.6	4.3	2.1	4.1
Dominican Republic	1960	7.9	9.4	5.4	3.6	2.6	1.4	2.5
	1970	6.7	10.1	6.4	3.6	3.2	1.7	2.0
Uruguay	1960	6.1	9.8	6.5	4.3	3.7	2.6	4.0
	1970	...	...	...	...	...	...	...

Source: Carlos Filgueira, *Expansión educacional y estratificación social en América Latina, 1960-1970* (UNESCO/CEPAL/UNDP, 1977), table 33.

4. Inconsistencies between occupational strata, educational attainment and income levels

The dissemination of education has not been accompanied by a fairer distribution of income. On the contrary, it has already been pointed out that in recent years income has tended to become even more concentrated. This reiterated observation brings out the lack of congruence between the education received and the income received by a great part of the population occupying lower middle class posts: i.e., administrative, officials, office-workers, subordinate personnel in industry, trade and services, and some categories of higher middle class occupations, such as professionals and semi-professionals employed by the public bureaucracies.

The different trends in occupational stratification, educational attainment and income distribution show the great structural inconsistencies which affect a great part of the middle strata. The factors which determine the social aspirations of these sectors of the population are access to posts of officials or employees with high educational attainment close or similar to those of the highest occupational strata. But since their incomes are relatively low, this creates an apparently contradictory situation because the factors which generate the aspirations and give them legitimacy - education and employment prestige - do not correspond to the level of remuneration obtained.

5. Wage differentiation and occupational stratification

The changes observed in occupational stratification which have taken place within the framework of the prevailing development style have given rise to an increasing heterogeneity in the structure of the urban labour markets. Differentiation and segmentation are fundamental characteristics of this structure. There are many levels of transversal and horizontal cleavage which divide the markets into different strata and segments. One of the most striking effects of the segmentation of the labour markets in Latin America has been the increasing differentiation of urban workers' wages. The minimum real wage has tended to be maintained or to register slight increases, while the average worker's wage in the modern urban sector has achieved considerable advances. For example, in São Paulo

between 1969 and 1975, the average increase in wages of the workers of the lowest stratum was 16%; the wages of the middle categories increased between 35 and 42%; the increase in the top categories was 63%, while the average figure for management posts rose by 87%.*/ In the same period the average minimum real wage remained stationary. In addition to the occupational level, there are also indications that the structure and trends in wages are differentiated and depend on the size of the enterprise, whether this is measured by the number of employees or by the exercise of its market power.

These wage differences are partly to be explained by institutional factors such as the size of the unionized force of the workers and the level of profits of the modern enterprises operating in concentrated markets. The main explanatory factors are, however, more complex and are to be found processes which lead to the formation of the so-called "internal" markets in the modern formal sector. These internal markets determine employment and wage rises and structures in modern enterprises in such a way as to make them relatively independent of the situation of the labour market outside the firm. Among the most important should be mentioned: the levels of general knowledge and specific aptitude required for a given job, the technological ranking of the enterprise, in service training and the ease with which the enterprise can pass on wage rises to the consumer. In choosing their workers in the internal labour market, employers seek qualifications and signs which attest to the capacity of adaptation of the candidates to the work milieu, their ability to make their careers in the enterprise and a measurement of their training potential.

This process serves to differentiate the workers of the informal sector from those of the formal sector of the labour market. The functioning of the segmented labour markets leads to higher income concentration which relates to the importance of the modern enterprise in the present concentrating phase of capitalism. Increased participation by the big

*/ Paulo Renato Souza, La segmentación del mercado de trabajo urbano y las disparidades de salarios en economías subdesarrolladas (PREALC, Santiago, 1977); Oscar Muñoz, Dualismo, organización industrial y empleo, (CIEPLAN, Santiago, 1977).

oligopolistic and modern enterprises in the total product, with a much smaller share in manpower absorption, encourages the formation of growing wage differences. This structural differentiation which benefits their personnel brings different categories of workers face to face in the fight for wage increases, since it is difficult to raise wages selectively in the lowest strata without affecting the entire wage structure. Since any readjustment of this type would prejudice the relative position of the sectors of the most favoured part of the working population, it is very probable that strong social pressures will emerge within the organizations of the specialized workers which will tend to maintain the advantages acquired.

6. Segmentation of the labour markets and education

The processes of differentiation and occupational stratification of market segmentation and increasing wage disparities just described have deep-seated repercussions on the evolution of the education systems of Latin America, because education plays a decisive role in development. In this framework, the employers change the former emphasis on economism focussed almost exclusively on the relation between the marginal productivity expected from each worker and the wage he receives. Now in recruiting a person in a specific labour market they shift the focus of attention towards the training potential and the possibilities of each candidate for professional development and adaptation in the enterprise.

In the modern sector, where growth is higher, the changes referred to have determined the educational attainment required for the different types of work. At the present time, education tends to act as an anticipation of the capacity for adaptation, the learning potential and the discipline required in modern, hierarchical and bureaucratic enterprises. The presence of an educated labour force in rapid expansion has produced a situation in which the growth rate of the requirement of more years of schooling is greater than that of the real needs for knowledge to carry out formal types of work. As has been observed, in the industrial sector recruiting criteria have changed substantially and the mere number of years of schooling is becoming increasingly important. In some cases

/of technical

of technical progress this can be explained by the fact that the posts have become more complex and require greater technical skills, while in others the opposite occurs, since the work has been simplified, is merely repetitive and above all requires the capacity for adapting to the working pace imposed by machinery. On the other hand, it has been seriously questioned whether formal education is the machinery which effectively provides the necessary skills for satisfactorily performing the new jobs created by technological development. For example, it has been found in Argentina that in the industrial sector the same class of work is carried out by persons with very varied educational attainments. A specific type of education (in this case technical) qualifies a person for access to a broad variety of jobs, the majority of which lack any relation to the formal training the person has received.* / A factor which plays an important role in the generation of these differences is training for work which operates as a functional alternative when formal education is inadequate.

Owing to the fact that the interaction between the type of skills education provides and the real technical needs of the economies is imprecise and diffuse, formal educational requirements are used as factors of prestige and machinery for selection to reserve the most coveted jobs for the social strata whose children are in a position to acquire the educational qualifications required. It is not still very clear how educational attainment differentiates and hierarchizes the labour force. There is no doubt that the years of education acquired constitute a fundamental consideration, but the relationship is neither unidimensional nor linear. For example, the fact of possessing a certificate of secondary education is in some sense a pass to obtaining a non-manual job; literacy brings with it obvious advantages to many persons belonging to the informal sector and to minifundium-cultivators; and to be a graduate from a prestige university is of primordial importance in countries where higher education institutions have proliferated in recent decades. But since the growth of

* / Juan Carlos Tedesco, "Algunas características de la educación e industrialización en América Latina", study presented at the First Seminar on the Project: Development and Education in Latin America and the Caribbean, UNESCO/CEPAL/UNDP, Quito, 13-17 September 1977.

the secondary and higher education is more rapid than the supply of appropriate jobs, increasingly higher educational barriers are continually being placed in the way of access to office jobs and even manual occupations. The relative "over-expansion" of secondary and higher education has been accompanied by artificial changes in many occupations effected by a change of name and legal status. This is particularly reflected in the nominal growth of occupations in the urban middle and upper occupational strata, thus dissimulating their real significance in respect of a real improvement in levels of employment and productivity of the economy.*/ The workers come to be called "employees", "officials" or "technicians"; the subprofessional specializations receive professional university diplomas. This tendency, plus the fact that educational supply creates its own demand, has already had important consequences for the growth of the public and private bureaucracies, whose contribution to the development process and the satisfaction of basic needs is fairly debatable. In several senses, they constitute occupational areas of refuge for broad contingents of the educated middle classes. For example, it has been estimated that in Brazil the public sector absorbs nearly 50% of the total number of white-collar jobs in the non-agricultural sectors; and in Argentina employment in the public sector increased at an annual rate of 5.6% between 1970 and 1975, compared with 0.9% in the period between 1960 and 1970.**/

Another problem is the rapidity of the increase in enrolments in secondary and higher education institutions which frequently takes the form of a general deterioration in the quality of the schooling and therefore in the quality and prestige of the certificates granted by the different institutions. In so far as the appreciation of the qualifications of academic education in the job markets diverge from employment needs there

*/ CEPAL, "Desarrollo humano y cambio social y crecimiento en América Latina", Cuadernos de la CEPAL, N° 3, Santiago, 1975, pp. 31-36 and 46 to 48.

**/ Paulo Renato Souza, La segmentación del mercado de trabajo urbano; las disparidades de salarios en economías subdesarrolladas, PREALC, Santiago, 1977, p. 32; Juan José Ilach, "Estructura ocupacional y dinámica del empleo en la Argentina: sus peculiaridades, 1947-1970", Desarrollo Económico, 17:68 (January-March 1978).

will be no external means of proving this possible decline in professional quality. While the employers seek effective technical qualifications they will only give credit to diplomas from some elite institutions and will give increasing support to private institutions so as to obtain a reliable supply.

Generally speaking, the consequences of the interaction mentioned above between the occupational structure, the labour markets and education are such that persons with low levels of schooling have increasingly few possibilities of obtaining employment in the formal sector. In the urban labour market their choices are limited to the activities comprising the informal sector: domestic and personal services, itinerant trading and the lowest levels of construction. Although those persons with a low educational attainment can work in the informal sector of industry, recent studies show that this sector does not absorb any significant number of persons without formal education.*/

This situation indicates an important change in the role of industry in respect of the social strata with low levels of educational attainment. The origins of the industrial process both in the advanced western countries and in the Latin American countries which entered the stage of industrial development earlier were characterized by the large scale of absorption of the labour force with a low level of schooling. However, in the cases of more recent industrialization, industry no longer carries out this role. In order to explain this lack of dynamism in the creation of new jobs many of the reasons already given in connexion with the segmentation of the market may be used: changes in the structure of industrial manpower, the larger number of persons with a high level of educational attainment seeking employment in the industrial labour market, the fact that more years of schooling are required, etc. A recent study shows that at both ends of the spectrum of industrialization in the region - the cases of Argentina, the country with the earliest industrialization, and El Salvador which is just now beginning - there exists a tendency to bypass persons

*/ Tedesco, "Algunas características de educación...", op.cit., p.

with a low level of educational attainment. In the first of these countries, those most affected were the foreign immigrant workers, while in the second it seems that the effects of industrialization are creating a particularly critical situation for craftsmen and people working in small businesses. The situation is further aggravated by the evidence that non-educated persons only have restricted access to non-academic means of education in order to make up for their lack of schooling. Partial data show that those who take part in non-academic education programmes are almost exclusively persons who have already had several years of academic education.*/

7. Education and employment opportunities

One of the most complex problems arising at the present time which will no doubt come to the fore in the 1980s is the role of education in preparing the full participation of young people in the region's development processes. The main consequences of the above growth of the occupational structure, and especially of the middle strata, were already felt in 1970. An analysis of available data made recently shows that in the group aged between 20 and 29 years of age secondary and higher education increased very much faster than the corresponding employment opportunities, and since this trend persists in this decade the young people must face up to a growing divergence between the level of education they possess and existing employment opportunities.*/ Not only is there "over-education" for the present age groups of 20 to 29 and 30 to 39 with medium- and medium-high level jobs, but it is still more evident in respect of the occupational strata situated lower down and made up principally of young people. In 14 countries examined, without exception, the middle and upper occupational strata could only absorb part of those graduating from secondary and higher education and in five countries the proportion absorbed was only half.***/ This means, therefore, that an increasingly large proportion of young educated Latin Americans have no possibility of obtaining middle-class jobs.

*/ Ibidem., p.

**/ Filgueira and Geneletti, Estratificación ocupacional ..., op.cit., pp. 163 to 168.

***/ Ibidem., pp. 168 to 175.

8. The labour markets in the next decade

Even with the most optimistic hypotheses of economic growth and structural changes that can be imagined, all those persons who have analyzed the problems come to the conclusion that over the next 10 to 15 years in many countries the levels of under-utilization of the labour force will be high, and similar to or greater than those recorded at the present time.^{*/} Furthermore, other motives indicate that during the next decade new pressures will emerge which will be added to the trends already described.

The growth projections of the population and the labour force indicate that up to the end of the century there will be continuing pressures to obtain job opportunities. However, it is possible that in the next few years the forms taken by these pressures may vary. In addition to increasing in scope and intensity, it is most probable that in most of the region important changes will take place in the structure of the labour force. The most important will be the permanent shift towards a predominantly urban labour force with high concentration in the metropolitan areas, although it is probable that this increase will come from different sources. After the last postwar period a substantial part of the growth of the urban labour force was due to the arrival of migrants from rural areas. Since the 1970s there has been evidence that recent migrants will be relatively less important; rapid urban expansion will be increasingly due to new generations of young people who have been born and who have grown up in urban areas. In addition to this there is the problem of the radical increase in the rates of participation of young women in the labour force, particularly in some more urbanized societies with modern economies.^{**/} It is probable that

^{*/} CEPAL, Long-term trends and projections of Latin American economic development, E/CEPAL/1027 (March 1977).

^{**/} Recent ILO projections reveal substantial increases in the rates of participation of women in the labour force for the year 2000, particularly in the age groups 20 to 24 years of age. The increase in the rate of participation in respect of this group between 1975 and the year 2000 is 42.7% for Latin America; 13.9% for Argentina and 60.6% for Brazil and Mexico. ILO, Labour force estimates and projections 1975-2000, second edition, Geneva, 1977.

the expectations and performance of these new contingents of persons incorporated into the labour market will be different from those incorporated at an earlier date.

In connexion with this problem, the states members of CEPAL which took part in the eighteenth session of the Commission in La Paz concluded that: "There are serious doubts as to whether the informal sector can continue to carry out the functions which it has relatively successfully engaged in to date. The growing demand for employment among sectors of increasingly educated young urban dwellers who are facing ever greater difficulties in finding suitable jobs can hardly be palliated by the substitute constituted by the informal sector, where the lowest-qualified, transitory and poorest paid jobs predominate. Something similar is to be expected as a result of the increased flow of educated women seeking to enter the job market. This is a source of tensions which will tend to get worse with the rapid growth of these sectors of the population, particularly the new generations of men and women graduating from secondary and higher education, for whom the informal sector has no solutions to offer".*/

The possible inefficiency of the educational system as a means of putting the employment and income opportunities of the mass of the population on a level has been called in question by the changing conditions of the regional labour market. One of the most important tasks for education in Latin America over the next decade will be to face up to the contradictions and challenges brought on by its present crisis of readjustment and expansion. In this context, the educational paradox of Latin America consists in the fact that at the same time high rates of "inflation" in the educational system (drop in the economic value of a specific degree of schooling in the labour market) exist alongside regressive trends (financial crisis of education, particularly higher education, linked with the fiscal crisis of the State in the 1970s; and an increasing group of women and young people with levels of educational attainment higher than the average who are being occupationally wasted). The contradictions inherent in the process, plus the growing pressure placed on the predominant development style pose major challenges to the region's states in reaching effective and politically acceptable solutions.

*/ La Paz Appraisal, op.cit., point 23.

VII. STRUCTURAL CHANGES AND EDUCATIONAL DIFFERENTIATION

1. The differentiating trends of social modernization and educational evolution

One of the most striking features of the styles of development which produce concentration lies in the rapid increase in social differentiation. This is demonstrated by social indicators in such fields as population dynamics and the geographical distribution of the population, in the structure of employment and wages, in segmentation of the labour markets, in job stratification and mobility, in educational opportunities and the economic value of education, in the types and degrees of the consumption and the opportunities available in urban and rural areas, and in the contrast between the continuing participation of the élites in charge of the economy, the society and the state and the limited real participation of the sectors which make up most of the population. The scales which may be formed in these fields show a growing gap between the broad base of the social pyramids and their narrow apex, and tendencies for discontinuities to appear in the values of the indicators, largely as a result of the presence of concentrations and lines of breakage which indicate the existence of the sharply-defined social barriers.

An example illustrating this process of social differentiation can be found in the field of education whose different levels have become horizontally diversified and vertically separated. All this has occurred in an extraordinarily dynamic and expansive process of social coverage of the educational systems, which has far exceeded the growth rates of any other social subsystem linked to development. This educational growth has not taken place without major internal imbalances as may rapidly be seen in the fact that a large proportion of the population, not less than half in the majority of the Latin American countries, do not succeed in completing their basic primary education; this definitely prevents them from going on to secondary and higher education, obliging them to remain in a state of semi-illiteracy which has adverse repercussions on their subsequent possibilities of training and apprenticeship. This then is the first and biggest step of social differentiation. Those who can continue their post

/primary studies

primary studies find that the next level, i.e., secondary education, has now become a ramified structure in which there are several types of secondary education, some of them terminal, others with some possibility of post-secondary improvement for minor professional careers, while lastly, there is the classical secondary education which is basically a stage leading on to the university. There is still a generalized tendency to fragment classical secondary education into two phases, one general and the other preparatory and leading on to higher studies.

However, it is in the university itself where this process of hierarchization and internal differentiation in education has become most obvious, with deep-rooted social consequences. In the first place, pre-university courses have proliferated and carry out different functions, manifestly of a preparatory nature; but at the same time they are a latent means of creating additional barriers to discourage the least prepared aspirants because they contribute to lengthening the courses. As is well known, this has an adverse effect on the capacity of low-income families to keep their children in the university. Lastly, mention should be made of the fundamental importance acquired in recent years by postgraduate studies: master's degrees and doctorates, which are generally very expensive and selective. In brief, this differentiation within the university implies the existence of up to four clearly differentiated categories of studies, each of which constitutes an eliminatory requirement for advancing towards the next highest phase.

This picture of increasing educational differentiation would be further complicated if it were related to the effective connexions which the higher steps of the educational system maintain with the no less fragmented and hierarchized network of the job markets, where educational credentials are of capital importance, partly because they constitute the obligatory requisite for access to them. In other words, without the required educational diploma it is not possible to compete in a series of reserved labour markets, which are more selective and exclusive the higher the category of the jobs involved. In another section of this document the problem of the hierarchization and segmentation of markets has been analysed in greater detail.*/

*/ Cf. H. Kirsch, El empleo en América Latina: mirada retrospectiva y perspectivas para el futuro (E/CEPAL/DS/183, November 1978).

2. The importance of the middle sectors and "elitizing" of education

Perhaps one of the most significant areas of social development in which the structural inconsistencies and asymmetries between productive growth and transformation of society are manifested, is that involving the formation and expansion of the different urban middle strata and sectors which constitutes one of the more important aspects of social modernization. The factors which are contributing to the process of growth and deep-seated structural changes in these sectors and which can be said to be the most important are: rapid urbanization and growing metropolitanization; the tremendous growth of education at the secondary and higher levels; the growing bureaucratization of public and private activities; the great increase in professional services and particularly those of an assistential and educational nature; the specialization, mechanization and increasing complexity of many economic and state activities; and lastly, the predominance of middle class cultural patterns. All this has contributed to a considerable extent to the opening up of new and better job opportunities for members of these classes, with numerous repercussions in the social structure and the development process.*/

If this process is carefully observed it would seem possible to affirm that it has been occurring with a rapidity and intensity which bears no relation to what might have been expected from the rate at which the economy has grown and changed. Both the growth of education and the creation of urban jobs for the middle sectors can only be explained in part by the expansive dynamism of some economies which have tended to restrict the creation of technical jobs, especially where they have adopted a technical modernization which tends to save work by incorporating equipment and production procedures designed with this aim. This has given rise to what has been termed "spurious absorption" */ of employment in the public sector

*/ On this point see: C. Filgueira and C. Geneletti, Estratificación ocupacional, modernización social y desarrollo económico en América Latina (E/CEPAL/DS/185, November 1978).

*/ Cf. R. Prebisch, "A critique of peripheral capitalism", CEPAL Review, first semester 1976, N° 1, p. 15 et seq.

and in the services where its function is essentially to mitigate the lack of job opportunities in the most modernized enterprises and activities. With spurious absorption alternative employment possibilities are opened up for the middle sectors, although they are partly divorced from the real growth needs of the economy. The causes producing them are obviously and fundamentally of a social and political nature.

These facts reveal the structural maladjustments and inconsistencies to be found in the social and economic bases of the new middle sectors, whose upwards trend was rather arisen out of their better education, high level of social organization, capacity for political pressure, and the paradigmatic force of their patterns of consumption and performance, and less from their innovative and driving participation in economic production. A number of authors have stressed the different historical role which these middle sectors are now playing compared with the typical behaviour of the entrepreneurial bourgeoisie of the original period of capitalism.

For these reasons there have been no lack of analyses which have cast doubts precisely on the economic efficiency of a part of these new sectors, particularly those linked to the bureaucracies and services, reproaching them for possible parasitism to the detriment of the possibilities of other less favoured sectors. Although it is difficult if not impossible to make an empirical justification of a judgment of this nature, the fact that the majority of these emerging middle groups have located themselves in tertiary occupations, i.e., are not directly related to the production of goods, does not fail to be significant. In a great many cases their participation in production is mainly constituted by the provision of personal services which constitute a final good, and frequently luxury consumption.

There seems to be no doubt that a substantial part of the middle sectors have benefited from the prevailing development styles, either because their incomes have improved more than proportionally with respect to other lower social strata and because they participate to an increasing extent in the consumption of durables, or because they have extracted the maximum advantages from the public services and means of assistance and from the growth of secondary and higher education.

/The possible

The possible consequences which may be drawn from these processes are apparently ambiguous if not actually contradictory. In order to attempt an interpretation of their significance it would be necessary to differentiate between two major segments on the basis of their orientation towards the social order in force. On the one hand are to be found the upper middle sectors favoured by present development styles and characterized by possessing conformist and adaptable attitudes, with a high degree of immobility in their ideas and inertia with respect to social changes. It has cost them a considerable effort to succeed in entering the consumer society, in which the majority of their members have a limited share, but the life style of which they have resolutely assimilated. Many things have changed in their personal habits and social motivations showing the conviction with which they have adapted these new modes of social existence. This segment forms a solid social and political block which upholds the continuity of the status quo. At the other end of the scale are to be found some new middle sector contingents which have not been rapidly and advantageously incorporated and co-opted by the system. This means that it cannot be ignored that attitudes tinged with resentment and possibly loaded with a potential for contesting and rejecting the development strategies in force in their countries may possibly develop. This is to some extent the case of some of the educated youth who are having increasing difficulties in gaining a satisfactory foothold in the occupational structure. There is already an increasing number of graduates from the secondary and higher levels of the educational system who do not find jobs in keeping with their training and aspirations. Still worse, many of them may remain unemployed for a long period until they obtain some kind of work, frequently socially inferior to their education. This is more than a supposition, being a fact which is increasingly evident, since as from the 1960s at least the rate of growth of secondary and higher education has been increasing three or four times faster than the labour force as a whole, i.e., in any case the supply of educationally qualified young people is increasing much more rapidly than the growth trend of occupations of an equivalent standing.

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As has already been said, it would not be possible to estimate with any reasonable approximation to accuracy the real rate of growth of occupations in the middle and upper strata which necessarily stem from the growth of the economy and which are not therefore the result of diverse social pressures which strive to expand employment possibilities for these sectors. This observation is based on a relatively well known fact which indicates that in the majority of the Latin American countries a considerable hypertrophy of personnel employed in public bureaucracy and in the technical and professional services may be seen which is not in proportion to their degree of economic development.

There is often a tendency to generalize the phenomenon of spurious absorption referred to above, with a whole sequel of effects of a different tendency, according to the frame of reference in which they are interpreted. The positive significance should be noted of the growth of broad dependent middle strata, with higher levels of education, generated by the growing bureaucratization of countries undergoing a rapid process of modernization, and which, when added to those engendered by the growth of industry, trade and the services, have contributed to the formation of a solid social block. On the other hand, some other consequences of consideration with a hint of the problematical can be observed. The first is the existence already noted of an emerging "educated proletariat", structurally contradictory, with high social and economic aspirations, partially unemployed or underemployed, dissatisfied if not openly frustrated, who may in the circumstances be capable of engendering strong social and political resentment which marginates them from the system. Another consequence naturally linked to the foregoing is the "brain drain", the emigration of professionals, scientists and technicians towards other countries where the professional market is more favourable to them. If in addition to all this is added last of all the need-mobilizing impact of commercial propaganda and the mass media, which disseminate life styles and patterns of international prestige which attract like a "demonstration effect", an approximate picture of the degrees of open or latent frustration which are being generated in these expectant middle sectors can be obtained.

/In the

In the framework of this ambiguous situation alliances have been created in which the rising middle sectors have conquered a considerable degree of access to State power. Their substantial weight in the process of modernization has taken the form of a generalized emergence of dominant "mesocratic" coalitions.*/. Various aspects characterize these new forms of domination. One of these is the growing appropriation of the flow of income generated by the economy, which the middle sectors obtain by using their greater social and political power and use to improve their relative participation in income at the expense of the poorest, and sometimes of the richest sectors.**/ A second aspect which should be rapidly noted is the tendency towards the educational meritocratization of access to the middle and upper occupational positions of the State bureaucracy, and also of the entrepreneurial and professional strata of the modern enterprises, trade and private sector services. This presupposes greater importance of machinery of social selection and prestige favouring the middle sectors and based on criteria of bureaucratic rationality, i.e., on the educational diplomas and professional experience which become essential. In fact they are so because they open the way to access to markets and recruitment processes for jobs which are reserved for persons who comply with the requisite of possessing the minimum educational credentials required in terms of level and specialization. Lastly, the greater social and political weight of the middle sectors in the main decision-making centres and particularly in the State technical administration materializes in the development strategies and political styles which have proliferated in recent years. There is no doubt that their importance is such that they are contributing very significantly to forming the present profile of the great majority of Latin American societies.

In this framework of rapid and deep-rooted demographic, economic and social changes in the prevailing development styles, everything leads to the assumption that the demands for greater educational opportunities will tend to grow almost exponentially. The obtaining of educational credentials

*/ Cf. Jorge Graciarena, "Types of income concentration and political styles in Latin America", CEPAL Review, second semester 1976, N° 2, p. 210.

**/ Ibidem., p. 218 et seq.

will, even more than now, give a possibility of access to the hierarchized labour markets according to the criteria of meritocratic prestige based to a large extent on the achievements of increasing lengthy schooling. It can also be assumed that the same general trends towards social modernization will carry weight in the sense of increasing the internal differentiation of the educational systems by hierarchizing them and making them more selective in terms of social rather than strictly educational criteria, although this distinction is difficult to justify in view of the growing interpenetration of the two criteria. In other terms, it is suggested that the career of those who occupy the highest executive and professional posts will increasingly depend on their educational career, in which their successive achievements will be measured from kindergarten to post-graduate stage, and not only according to the educational performance of each candidate but also in terms of the academic prestige of the institutions of learning in which he has studied. That this is more than just a hypothesis is revealed by the situation of several countries of the region where it is possible to see clearly the path of the upward-moving educational channels which quasi-monopolize access to the labour markets for positions and careers at the occupational summit. Although this connexion between educational institutions and élite positions is of long standing in some of these countries, it does, however, seem indubitable that even in these countries social pressures increase continuously without producing the democratization of education and society desired. These elitist trends in education coexist in a number of countries with an educational system for the masses which lacks resources and capacity for tackling the requirements of elementary literacy and learning among the great national majorities.