

LABOR AND DEVELOPMENT
IN LATIN AMERICA

by

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1953

SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
1956

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Professor L. F. Hamilton
Secretary of the Faculty
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Dear Professor Hamilton,

In accordance with the requirements for graduation, I herewith submit a thesis entitled "Labor and Development in Latin America".

In this opportunity I wish to express my thanks to the members of the committee for their suggestions and advice.

I am deeply indebted to Professor C.P. Kindelberger and Mr. W. Beranek for their assistance in correcting this paper.

Sincerely yours,

(Manuel Zymelman

Dewey (and. Maguit) Oct. 22, 1956

ABSTRACT OF THESIS

Title of Thesis: "Labor and Development in Latin America"
Name of Author: Manuel Zymelman

Submitted to the School of Industrial Management on May 21, 1956
in partial fulfillment of the requirements for the degree of
Master of Science.

This thesis is concerned with three areas: 1) Availability of labor for a prospective industrialization of Latin America. 2) Problems of development and industrialization. 3) Different attitudes of three different types of society, Indian, Peasants, and Plantation society, towards the process of industrialization.

Chapter I deals with the demographic characteristics of the population: rate of growth, age distribution, racial composition, health conditions, education, rural-urban distribution and immigration. The conclusion drawn from the statistical data is that in Latin America is a potential labor force available for industry.

Chapter II presents the historical background, the cultural aspects and the social structure of the Latin American Society.

The problems of economic development and specially of industrialization of underdeveloped areas are evaluated in Chapters III and IV.

The main contribution to prospective source of Labor in Latin America will come from three types of societies: the Indian, the Peasant and the Plantation society. The hypothesis presented is that the three societies will present different reactions to industrialization and the more similar the traits of the society in question to those that industrialization will bring in, the more feasible the adjustment.

The method used, was to classify the traits of each society according to Talcott Parsons' five "variable-patterns" and compare them to the "variable-patterns" of an industrial society. The conclusions drawn from this comparison are: The plantation laborer can most easily adapt himself to an industrial enterprise.

The Indian laborer can be attracted to industrial work if the industry adjusts itself to local conditions and does not try to destroy old patterns but to change them through "acculturation".

The peasant is the least likely to become attracted to industrial tasks. He probably will not be available unless displaced by such factors as mechanization of agriculture.

Finally some general remarks are added concerning the creation of a skilled labor force, and "the development of wants" as a device to induce people in underdeveloped countries to seek employment in industry.

Thesis Supervisor: C.P. Kindelberger
Professor of Economics.

LABOR AND DEVELOPMENT IN LATIN AMERICA

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PREFACE

Industrialization of underdeveloped areas as a result of economic aid or simply through capital investment, made it necessary to concentrate attention on various labor problems.

Strangely enough, until the end of the second world war, very little consideration was given to the implications that industrial development will have not only on the economy of the country or region but also on the whole structure of society. In most cases attention was paid only to the economic side with the result, that raising of the general level of living standards was not attained, and instead, was developed a deep resentment against any foreign sponsored enterprise.

When a foreign enterprise decided to build a plant in a so called underdeveloped area, it took for granted the cheap supply of labor without considering the complex of values, attitudes and motives of the "natives", because as Dr. Miller pointed out: "the folkways are usually inpenetrably interwoven with considerations falling outside the range of myopic vision of the ordinary economist"¹, or because they considered those aspects unimportant to the setting of the problem.

The second naive assumption was that the industrial revolution would embrace the whole world and assume a similar character all over.

¹. Nathan Miller, Primitive Economics of the New Zealand Maori, 1929, p 156

This last assumption was specially fallacious in Latin America where historical, geographical and biological factors contributed to a distinct area of action and shaped a different pattern of industrialization.

It is the purpose of this paper to present a limited aspect of the availability of manpower source in Latin America, to analyze the three main prospective sources of labor: indigenous, peasant and plantation labour; to draw distinctions between their attitudes towards development and specially industrialization ; and to try to give some recommendations with respect to the possible ways of effecting a economical change through industrialization in places where the three types of societies are predominant.

These recommendations are deduced from the analysis of the "cultural patterns" of these three sectors.

No empirical proof can be shown here. Some of the findings are taken from field observations made in certain localities by anthropologists and sociologists and from personal experience especially in the behavior of the peasant, the society of the city and the "pueblo".

Chapter I

DEMOGRAPHIC CHARACTERISTICS

Latin American countries have a total of 20,028,000 Km² or 16% of the world's total area.

The topography of this part of the world presents different and contrasting aspects, ranging from the high mountains and high plateaus of the Andean cordillera to the plains of the pampas and from the jungles of the Amazonas and Matto Grosso to the deserts of Atacama and the savannas of the Orinoco.

Population in Latin America has been sharply influenced by the topography of its surroundings. The original inhabitants retired to the high fortresses or submerged in the jungles to hold on precariously to their communal habits and social organizations. The lack of transportation systems and the existence of fantastic natural barriers were determinants of the isolation of different groups and the creation of an uneven population whose common background consists of the influence of the Spanish-Portuguese colonization, a very low standard of living, precarious health and education conditions, and little hope to be able to rise from its actual low situation to higher levels of economic welfare.

Density of population is comparatively low - 7.5 inhabitants per Km² - but we should not be misled by this average. Some zones have a very high population density, and demographic data is in

general very poor; therefore, it is impossible to present a true picture of the population. Ecuador, for example, never had a census; and the last census of Uruguay was in 1908. Even in the more advanced countries there is not a series of census. This does not allow us to extrapolate from the data. The only way is to resort to estimates that are not very reliable.

Total population of Latin America has been estimated in 150,000,000 from which the zone ABC (Argentina, Brazil, and Chile) accounts for 49.6% of the total. (Table I)

The main characteristic of the Latin American populations in regard to the structure by age is its extreme youthfulness and low percentage of aged persons. (Table II)

It is evident that the size of the total population, its age, and sex play important roles in determining the size and structure of the economically active population. Demographic factors are, in fact, the principal determinants of the size of the male labor force.

In general the industrially advanced countries now have a large proportion of the population in the working ages, thus making a favorable ratio of producers to dependents. In contrast the underdeveloped countries in general have a relatively large number of children below working age although the ratio - dependents/producers is a little distorted by the fact that a very small percentage of the population reaches old age.

A comparison of statistics shows that Latin America as a whole did not change very much in the last decades, and the heavy economic

burden represented by the ratio - dependents/producers - is a chronic problem (Table III) although the concentration in the younger brackets is a hopeful sign for development. The life expectancy of a Latin American is 15 to 25 years lower than in the United States. Average estimates are shown in Table III. In general these estimations are overstated because the registration of deaths is incomplete, especially in the first year of life.

The increase of life expectancy in Latin America is a result of preventive medicine. Wherever data are available it indicates a close relationship between life expectancy and the availability of social medicine and number of persons per physician. Lowering of infant mortality has led to a rapid increase in the life expectancy. However, the decline in mortality apparently is not attributable primarily to improvement in economic conditions. It is more due to disease control and high fertility.

Population Growth

Annual rate of growth is more than double that of the world rate.

	1936-45	1945-46	1946-50	1950-55
World	0.83	0.85	0.87	0.92
Africa	1.48	1.16	1.17	1.11
North America	1.02	1.52	0.89	0.66
Asia	0.89	0.64	0.76	0.91

	1936-45	1945-46	1946-50	1950-50
Oceania	1.00	1.07	1.19	1.21
Latin America	1.96	0.84	1.84	1.72 ^{1 + 2}

Total population in 1920 was estimated in 89 million. It grew to 150 million. This increased at the rate of 1.8% a year. Since statistics for every country are not available, rough regional estimates were determined.

Average Annual Increase (1920--1947)

Total Latin America	1.85
ABC Area	1.75
West Latin America	1.77
Central America	1.96
Caribbean	2.46 ³

Fertility and Mortality

Latin America appears to have one of the highest birth rates in the world although it is difficult to measure it. Although the fig-

¹World Population Estimates, O.I.R. Report 4192, United States Department of State, March 1, 1947

²It is very difficult to get factual data. Only 12 countries in Latin America have published data of births, deaths, immigration, and emigration. Even these data are not accurate.

³This is the zone of highest density of population. It has the highest annual increase despite the largest net emigration.

ures in the table are not accurate, they point out that the decline in mortality is responsible for the increase of the population and the widening of the gap between birth and death rates. Infant mortality (deaths of children under one year per 1,000 live births) shows a downtrend although the rate remains still high. (Table V)

	Birth Rates and Death Rates per 1,000 ¹	
	B. R.	D. R.
World	36	26
Africa	40-45	35
North America	17	11
Latin America	40-45	20-25
Europe	17	13
Asia	40-45	35

Health Conditions of the Population

Deficiencies in nutrition, housing, and sanitary services are the causes of many diseases and undermine the physical resistance of the population. There are no statistical data available about health; and if there are any, they are fragmentary and not very reliable.

(Bolletín de la oficina sanitaria panamericana.)

Inferring from the descriptions of anthropologists in some studies made in different regions,² we can conclude that the health con-

¹World Economic Report, United Nations Department of Economic Affairs, 1948, p. 222

"La salud del indio," America Indígena, Volume XII, 1952

ditions are deplorable. Medicine is practiced by men or women completely ignorant of the proper methods and usually according to magic and superstitious rites.¹ The seasonal workers serve usually as vehicles for the transmission of endemic diseases. The rate of tuberculosis is one of the highest in the world due to the lack of an adequate diet² and working conditions in the mining zones. Typhoid, smallpox, syphilis, and skin and eye diseases are very common except in the larger populated centers.

The Races

The racial composition in Latin America is probably the most mixed in the world. Combination of races is far greater than that of the United States. Generally the terms used to discuss the racial background of Latin America are the following:

1. Criollo, an individual of pure Spanish blood, born in the new world.
2. Mestizo, a mixture of Indian and White blood.
3. Zambo, a mixture of Indian and Negro blood.
4. Mulatto, a mixture of White and Negro blood.
5. Indian, an individual of the race that inhabited Latin America before the Columbian era.

¹These remarks apply mainly to the rural and indigenous population. The situation of the cities is completely different.

²"Latin American continent has been undergoing a veritable tragedy due to undernourishment," Findings, International Conference of Nutrition, Buenos Aires, 1939

Population by Races in Per Cent

of the

National Population

Country	White	Mestizo	Indian	Negroid
Brazil	39	20	3	37
Mexico	9	51	29	1
Argentina	89	9	2	-
Colombia	20	59	12	9
Peru	13	37	49	1
Chile	25	66	9	-
Cuba	30	20	-	40
Venezuela	12	68	10	10
Bolivia	12	31	57	-
Guatemala	3	30	67	-
Ecuador	7	32	58	3
Haiti	-	-	-	100
Uruguay	90	8	-	2
Dominican Republic	5	14	-	81
El Salvador	8	52	40	-
Honduras	10	45	40	5
Nicaragua	10	77	4	9

Country	White	Mestizo	Indian	Negroid
Paraguay	5	30	65	-
Costa Rica	48	47	2	3
Panama	8	50	10	31 ^{1 + 2}

It is possible to observe that apart from Argentina and Uruguay where the dominant sector is White, in almost every other country the prevalent element is the Mestizo and Indian. Negroid dominance is only in the Caribbean Zone.

Historically the Spaniards and Portuguese mingled with and assimilated the aborigine population much more effectively than did the Anglo-Saxons. There were no deep enrooted racial prejudices among the first conquerors (in contrast to the English colonizers). Nor were they too conservative to mix with the natives. Although later this pattern was altered by the fact that the "Criollos" wanted to preserve their upper status in the society, there was never a deep segregation between the White and the Mestizo. It was a common saying that a change in clothes makes an Indian a Mestizo and the acqui-

¹ Donald D. Brand, "The Present Indian Population of Latin America; Some Educational and Anthropological Aspects of Latin America, University of Texas Press, Austin, Texas, 1948, p. 51

² Determination of the race.

White: 76 to 100 per cent Caucasian.

Mestizo: Indian - White breeds with no more than 75% of either White or Indian blood.

Indian: 76 to 100 per cent Amerindian, including other persons recognized or accepted as Indians.

Negroid: All individuals with perceptible Negro blood.

sition of land makes him a White. This process, of course, could not be accomplished in one generation.

Argentina and Uruguay are almost free of Indians. This is due to the fact that the conquerors had no need for Indian labor in their fields, and in the latter part of the 19th Century a series of campaigns against the Indians nearly killed off the rest of the Indian population.

Negro population is predominant in the Caribbean area because the Spaniards, as a result of ruthless conquest partially due to the fierce opposition of the Indians of these zones, wiped out the aborigines. The Negro took then over the place of the Indians. In Brazil where the Indians submerged themselves in the jungles of the Amazonas to avoid slavery in the plantations, the Negro element was brought in to fill the void and slowly overshadowed the Indian group. They fused with the White and Indian, evolving as many possible combinations thereof.

In all the zones of the Cordillera, the Indian and Mestizo element is predominant. These are the Indians descendent of the most advanced cultures of the Quechua-Aymara and the Maya in Mexico and Central America.

Per Capita Income

Per capita income in Latin American countries is very low. Estimates done by the National Bureau of Economic Research show

the following figures:¹

Argentina	_____	:	
Uruguay	_____	:	30 - 35% of United States
Brazil	_____	:	
Peru	_____	:	
Venezuela	_____	:	10 - 20% of United States
Rest			10% of United States

Illiteracy and Education

A high illiteracy rate in a population coincides usually with a low degree of development and with low standards of living. The problem of illiteracy in rural Latin America is more pressing now when industrialization is based more and more on skilled labor.

In the majority of the countries, the percentage of adults and children who do not attend school is very high. There are not special statistics for illiteracy; but it is safe to assume that apart from Argentina and Uruguay, the majority of the other republics have illiteracy rates ranging from 30% to 80% or more.

Roberto Moreno y Garcia calculated that the percentage of children who do not attend schools in five republics are:² Bolivia 86%,

¹"Studies in Income and Wealth," National Bureau of Economic Research, Volume x, New York, 1947, pp. 240-244

²Roberto Moreno Garcia, Analfabetismo y Educacion Popular en America, Mexico City, 1941

Ecuador 70%, Guatemala 80%, Mexico 57%, and Peru 63%. This is due to poverty, lack of education facilities, transportation, and principally because children take over at an early age the tasks of helping sustain the family economically or they fill the vacancies of the adults when they leave the communities to work as hired laborers.

Illiteracy¹

Country	Year of Census	Age Group	Number of Illiterates	% of Population
Bolivia	1943	-----	-----	80
Brazil	1940	10 years and over	16,450,000	56.7
Chile	1940	-----	-----	27.2
Colombia	1938	10 years and over	2,700,000	44.2
Ecuador	1950	-----	-----	60
El Salvador	1930	8 years and over	804,000	72.8
Guatemala	1940	7 years and over	1,677,000	65.4
Honduras	1945	7 years and over	622,000	66.3
Mexico	1940	10 years and over	7,198,756	51.6
Panama	1940	10 years and over	144,000	35.3
Peru	1940	10 years and over	2,448,000	56.6
Venezuela	1941	10 years and over	1,555,555	56.8

¹Literacy Statistics from Available Census Figures and Occasional Papers in Education, UNESCO, Clearing House, Paris, September, 1950

Rural Urban Distribution

In Latin America as a whole the great majority of the people live in rural areas since agricultural activity is by far the most important source of livelihood. Argentina and Chile are the only countries where a majority of the population lives in areas classified as urban.

The concentration of urban population in a few large cities is especially characteristic of Latin America where "the cities tend to face outwards toward other countries and sometimes other continents rather than inward toward their own hinterlands."¹

In general in any approach to social economic problems in Latin America a distinction must be drawn between "the city" and the rest of the country or hinterland. Usually we find a cultural gap between the two. Physical conditions are far more advanced in the cities than in the "pueblos" or the "campo." Social and medical care is often available in the former whereas in the rural areas they do not exist.

Economic development took place earlier in the cities. Standards of living are much higher. Political power of the nation resides in the big metropolis; and the common notion is that "whoever dominates the capital dominates the nation." This is and was a factor that slackened the economic development of the nation as a whole. In any

¹Kingsley Davis and Ana Casis, "Urbanization in Latin America," The Milbank Memorial Fund Quarterly, April and July, 1946, p. 191

program of development, special attention should be given to this particular phenomenon. For a rural urban distribution see Table VI.

Immigration

Many South American countries fostered and encouraged immigration to improve the composition of the economically active population and thus facilitate the economic development of unused resources. Spanish, Italians, Germans, Polish, and other minorities from Western Europe, and even Japanese and Chinese contributed to the raising of agricultural and industrial output of the countries they were accepted into. Strong immigration movements were effected at the second half of the 19th Century and the beginning of the 20th Century. The late nationalistic approach to immigration policy--namely, to limit the immigration of foreigners of different races and creeds--slackened the stream of new vital elements to the economy with the result that the scarcity of skilled labor is becoming more acute.

The statistics of net immigration are the least reliable of all. The statistics available are completely distorted, i.e. in Brazil it is calculated that more than 40% of immigrants from Portugal return at least once to visit their home country. When they return they figure in the official statistics as new immigrants, thus inflating the real figure of immigration. Other countries do not even have distorted figures on which to base assumption or extrapolate a trend.

Conclusions

Latin America has great labor potentials although the actual situation and constitution of the population is still a chief obstacle to economic development owing to the age structure of the population, health and physical conditions.

According to estimates, a great percentage of the population suffers from endemic diseases thus lowering the efficiency and output per worker. The application of preventive medicine is responsible in part for the high growth rates since there was no considerable economic improvement in the last decades of the living standard of the population. If the rate of growth continues at the same pace, there will be an ample supply of labor for the industrial purposes that agricultural activities by themselves will not be able to support.

The different characteristics and ethnological composition of the population are detrimental factors to industrialization since every sector and ethnical group offers a different aspect and presents a different attitude toward industrialization. Different approaches should be made for each separate case.

According to the attitude towards immigration of the majority of Latin American countries, it is not likely that a healthy stream of skilled immigration should be expected in the near future. Therefore skills in labor will need to be created within the existing population.

Table I

	Population	Per Cent	Area Km ²	Population Per Km ²
I Latin America	146,631	100	20,028	7.3
ABC Area	72,710	49.6	12,646	5.7
Argentina	16,109	11.0	2,794	5.8
Brazil	47,550	32.4	8,516	5.6
Chile	5,526	3.8	742	7.4
Paraguay	1,225	0.8	407	3.0
Uruguay	2,300	1.6	187	12.3
II Western South America	30,119	20.5	4,651	6.5
Bolivia	3,854	2.6	1,076	3.6
Colombia	10,545	7.2	1,139	9.3
Ecuador	5,400	2.3	275	12.4
Peru	7,922	5.4	1,249	6.3
Venezuela	4,398	3.0	912	4.8
III Central America	33,010	22.5	2,538	13.0
Costa Rica	782	0.5	51	15.4
El Salvador	2,047	1.4	34	60.2
Guatemala	3,642	2.5	109	33.4
Honduras	1,240	0.8	153	8.1
Mexico	23,434	16.0	1,969	11.9
Nicaragua	1,136	0.8	148	7.7
Panama	729	0.5	74	9.9
IV Caribbean, Major Antiallas excluding Puerto Rico & Jamaica	10,792	7.4	193	55.9
Cuba	5,091	3.5	115	44.3
Dominican Republic	2,151	1.5	50	43
Haiti	3,550	2.4	28	126.8

Table II

Percentages of children, active population and aged persons in selected Latin American countries, the United States and Europe.

	year	Under 15	15-59	60 and over	Ratio of "dep- endent" to "productive" population
Brazil	1940	42.5	53.3	4.1	.87
Chile	1940	37.1	57.0	5.9	.75
Colombia	1938	41.9	53.0	5.0	.89
Cuba	1943	36.4	58.0	5.6	.72
Dominican Republic	1935	46.5	49.0	4.5	1.04
El Salvador	1930	40.3	55.4	4.3	.81
Guatemala	1940	43.6	51.6	4.7	.94
Honduras	1945	41.7	53.6	4.7	.87
Mexico	1940	41.1	53.9	5.0	.86
Nicaragua	1940	42.9	52.4	4.6	.91
Panama	1940	39.3	56.0	4.7	.79
Peru	1940	42.6	51.6	6.4	.94
Venezuela	1941	40.9	54.6	4.3	.83
United States	1940	25.0	64.5	10.5	.55
Europe	1940	25.0	64.5	9.9	.65

Table III

Expectation of Life at Birth in selected countries of Latin America, Europe and United States

	Years	Expectation of years at birth
Brazil	1939-40	43.0
Brazil (Sao Paulo)	1939-40	50.1
Chile	1939-42	41.8
Colombia	1939-41	46.3
Costa Rica	1927	40.7
Peru (Lima)	1933-35	39.0
Venezuela (Caracas)	1937-39	44.2
France	1933-38	58.8
Germany	1932-34	61.3
United States	1939-41	63.6

Average estimates for Latin America

1919-22	31.5
1929-32	40.6
1939-42	41.8

Official data of the country concerned. United Nations Economic

Survey of Latin America 1948

Table IV

Recorded birth and death rates for selected Latin American countries 1921 - 1947

year	Argentina		Chile		Costa Rica		El Salvador		Mexico		Venezuela	
	Birth rate	Death rate	Birth rate	Death rate	Birth rate	Death rate	Birth rate	Death rate	Birth rate	Death rate	Birth rate	Death rate
1921-25	32.4	14.4	39.4	30.3	41.9	23.1	45.3	23.9	31.9	25.5	28.1	19.1
1926-30	30.1	13.3	41.6	25.8	44.6	21.1	45.1	23.7	36.7	25.6	30.1	18.9
1931-35	26.4	12.1	33.6	24.4	42.8	20.6	41.0	23.0	43.1	24.8	27.9	17.6
1936	24.4	11.8	33.5	24.4	43.0	20.0	41.7	20.3	43.0	23.5	31.9	17.4
1937	24.0	11.9	32.3	23.1	42.8	18.4	39.8	19.5	44.1	24.4	33.7	18.1
1938	24.1	12.3	32.1	23.5	43.6	16.9	41.3	18.1	43.5	22.9	33.7	18.3
1939	24.0	11.2	33.3	23.3	42.8	18.5	41.6	18.3	44.6	23.0	35.9	18.7
1940	24.1	11.2	33.4	21.6	43.2	17.3	42.2	17.7	44.3	23.2	36.0	16.6
1941	23.9	10.8	32.6	19.8	43.4	17.2	40.0	16.8	43.5	22.1	35.3	16.4
1942	23.1	10.7	33.2	20.3	41.6	19.9	38.6	20.7	45.5	22.8	35.7	16.3
1943	24.4	10.5	33.1	19.9	43.7	16.8	38.1	20.4	45.5	22.4	36.6	16.0
1944			32.2	19.5	41.8	15.8	37.9	17.7	44.2	20.6	35.9	17.2
1945			33.3	20.0	44.2	14.6	38.1	16.2	44.9	19.5	36.8	15.3
1946			32.4	17.2	42.4	13.1	36.1	15.5	43.7	17.4	38.4	15.0
1947			33.8	16.7	53.6	14.0	41.2	15.0	45.1	16.3	39.5	13.0

Table V

Recorded Infant Mortality rates for selected Latin American countries 1921-47

Year	Argentina	Chile	Costa Rica	El Salvador	Mexico	Venezuela
1921-25	116	265	234		223	149
1926-30	113	229	172	140	173	135
1931-35	97	248	159	140	134	135
1936	97	252	153	120	131	139
1937	95	241	142	133	131	132
1938	105	236	122	117	128	122
1939	92	225	140	116	123	121
1940	92	217	132	121	126	115
1941	85	200	123	105	123	109
1942	86	195	157	117	118	117
1943	80	194	117	110	117	99
1944	81	181	125	118	113	102
1945	82	184	110	108	108	100
1946		160	102	113	111	
1947		161		96	97	

Statistical office of the United Nations, Monthly Bulletin of Statistics Volume 3
 numbers 1-2, January, February, 1949, pages 25-26

Table VI

Rural-Urban distribution of population in Latin American Countries

	Census year	Total Population	Urban Population Thousands	Urban Population per cent	Rural Population Thousands	Rural Population per cent
I ABC area						
Argentina	1947	16,109	9,895	61.4	6,214	38.6
Brazil	1940	41,236	12,890	31.2	28,356	68.8
Chile	1940	5,024	2,633	52.4	2,390	47.6
II Western South America						
Bolivia	1900	1,634	439	26.9	1,195	73.1
Colombia	1938	8,702	2,534	29.1	6,168	70.9
Peru	1940	6,208	2,197	35.4	4,011	64.6
Venezuela	1941	3,851	7,166	30.3	2,685	69.7
IV Central America						
El Salvador	1930	1,434	549	38.3	886	61.7
Guatemala	1940	3,283	878	26.7	2,405	73.3
Honduras	1945	1,201	348	29.0	852	71.0
Mexico	1940	19,654	6,897	35.1	12,757	64.9
Panama	1940	567	211	37.2	356	62.8
IV Caribbean	1935	1,179	267	18.8	1,213	82.0

Economic Survey of Latin America, United Nations, 1948

Chapter II

HISTORICAL BACKGROUND

Most of the cultural and economic factors now affecting different aspects of life in Latin America have deep roots in the native and foreign colonizing forces.

Two main forces exerted their influence--the Spanish colonizing from Mexico to the Channel of Magallanes and the Portuguese, in Brazil. (The Netherland influence was negligible.)

As it was pointed out in Chapter I the Spanish colonization differed considerably from the English. The topographical situation encouraged the formation of isolated centers, semi-independent from the crown, where each Viceroy exerted his monarchic power and where each important and populated center had its social elite--usually descendents of the conquerors but often born in the New World.

Class distinctions now prevalent in most of the Latin American countries have their origin from those days although economic and political shifts disrupted the older social structure. ¹

When the Spaniards conquered this part of the New World, they

¹ A typical characteristic example of such a society is described in "Stratification in a Latin American City" by Harry B. Hartworn and Audrey Engle Hartworn, Social Forces, October, 1948, pp. 19-29. The city is Sucre in Bolivia. The upper class composed principally of those descendents of the Spanish (Criollos). The middle class, economically wealthy fruit of the development of trade and industry and the Mestizo or cholo. Mobility is feasible nowadays, but resistance to this mobility is still strong.

found already organized societies perfectly self-sustained and sometimes with rational methods of production. The Inca and Maya empires were certainly highly efficient from a productive point of view. There was no exploitation of workers in the sense we understand it today. Every member of the community was a productive element.

The Spaniards, by introducing new concepts and features in land tenures and production methods, together with a mercantilist point of view, disrupted the old economic system.

The new colonial system of encomiendas (from the word "os commendo" that means "I commend you", where whole Indian communities were assigned with their lands to be protected and "converted" to Christianity, are the roots of the "peonage," "yaconazgo," etc.-- systems that are prevailing even nowadays in many of the South American countries.

Any attempt to promote industry during the colonial regime was hindered by the Spanish rulers in order to protect industry "at home." Markets were available only for raw materials. Even when most of the Latin American countries became independent and Laissez faire supplanted the mercantilist idea, the economic orientation given by the Spaniards continued; and the inertia of the whole system was too powerful to allow any change.

Furthermore, the political chaos that followed the ousting of the Europeans and the restlessness that was felt all over Latin America were certainly major obstacles to any industrial "take-off."¹

¹Rostow, "The Take-Off", Economic Journal, March, 1956

Foreign investments at the end of the 19th Century that followed colonial patterns of exploitation, and corrupt government, did not help too much to improve the economical situation of the folk-masses. Only lately and beginning with the revolution in Mexico in 1910, more attention is being paid to the social welfare of the populations; but it is still a very long journey to go.

General Cultural Aspects

Latin America presents an unusual picture of a mosaic of sociological and cultural aspects. Contrary to the general belief, there is no simple autochthonous culture. It seems that the culture is a "Mestizo" with original characteristics corresponding to the different regions or countries. This culture is a result of traits emerging from indigenous and Latin elements taken in different proportions.

Two main currents can be identified:

In regions where indigenous cultural influence is strong, we may say that there is a "native culture" in the sense which Kubler speaks about the Republica of Quechas.¹ This type of culture is found especially in Ecuador, Peru, Bolivia, Guatemala, and some parts of Brazil and Mexico.

The second current is the "Criollo." This is the native culture that went through the process of "acculturation"²--mainly with Spanish and French culture whose customs and values it assimilated. Ideologically this type of culture is humanistic-idealistic; intellectually it is characterized more by dialectics instead of pragmatics and empirism.

¹George Kubler, "The Quechua in Colonial World," Handbook of South American Indians, Washington, 1946, Volume II, pp. 331-410

²Acculturation comprehends those phenomena which result when groups of individuals having different cultures come into continuous first-hand contacts with subsequent changes in the original patterns of either group.

This culture is to be found in the big metropolis in Argentina, Uruguay, and Brazil. ¹

Historically any development of social and economic character started in the cities where the second type of culture is prevalent. Industry, financial institutions, education, and social services developed sometimes to a high degree in the cities. Despite the progress achieved in the cities, the hinterland remained static if not deteriorating. It is very common to find near the big metropolitan areas, only fifty miles or less apart, communities which continue to live their folk-like way of life completely unaware of the advance of civilization and untouched by the passing of progress. This fact rules out the alternative of concentrating development in the big metropolitan areas instead of doing it in the rural areas, and this historical development is a partial answer to those who believe that the changed culture of the urban centers affects the surrounding traditional folk-like ways of life. ²

¹Acculturation is to be distinguished from culture change--of which it is but one aspect--and assimilation--which is at times a phase of acculturation. It is also to be differentiated from diffusion which, while occurring in all instances of acculturation, is not only a phenomenon which frequently takes place without the occurrence of the types of contact between peoples specified in the definition given previously but also constitutes only one aspect of the process of acculturation. Ralph Linton, Acculturation in Seven American Tribes, New York, 1940, p.469

²Bert Hoselitz, "The Role of Cities in The Economic Growth of Underdeveloped countries", Journal Political Economy, 61:195-208, 1953

Social Structure

The society in Latin America is essentially aristocratic in its contexture. This aristocratic system may assume different characteristics according to the degree of control its members are able to exercise on the economic life of their country. Whether their power stems from familiar tradition, land ownership, political control, or church support, the members of this class have as a common denominator the same conservative class-consciousness with paternalistic features towards their dependents.

The base of the social structure is a large class of landless dependents who look up to their "patron" for guidance and direction to earn a livelihood. This attitude is a result of the colonial economic system and Spanish heritage. The common feature of this base is the extreme poverty in which they live. This lower class may be composed by Indians, Mestizos, Negros, or White immigrants. (The White immigrants are mainly in Cuba, Argentina, Chile, and Uruguay, and usually live in the big cities.)

The progress of industrialization and commerce created a new aristocracy founded in wealth. This new class included many foreigners although they were not accepted at first by the "Aristocracy of the Criollos." (the descendents of the Spanish that later became the rulers) The resistance is breaking down.

Other factors that contributed to the weakening of the system were the economic backwardness that the system by itself implied,

the spread of education, and the decisive role of industrialization that brought with it the creation of a working class in the urban centers.

A social group that helped bring about a further break down in this system was the Mestizo. Despite the fact that the Mestizo was considered almost in the same category as the Indian and shared his fate, many of this group rose in the social ladder because they had a drive towards power that the Indian lacked. It is for this reason that they occupy now important positions in all aspects of economic and political life.

The army served also as a spring board to jump from a lower to a higher class. Forty per cent of the presidents of Bolivia rose from the middle and lower classes through the army.¹ (This fact should not surprise us if we consider that the army accepts enrollment from all the classes and is usually a deciding factor in the "election" of a president.)

During the past 25 years the strength of the organized workers in the cities grew; and in many countries this class-conscious labor force plays an important role in the political system, being therefore able to improve their situation and impose social legislation. This situation is not shared at all by the majority of the isolated and inert rural working force.

¹ Harry B. Harthworn and Audrey E. Harthworn, op. cit.

The middle class is composed generally of merchants, industrialists, professionals, and white-collar workers.

Social mobility is in general more fluid in the big cities than in the country where opportunities are more limited and where status is influenced by strong family and kinship ties.¹

¹William Davidson, "Rural Latin American Culture," Social Forces, 25:249-252, March, 1947

Chapter III

GENERAL PROBLEMS IN DEVELOPING UNDERDEVELOPED COUNTRIES

Until the last World War, the process of economic development was analyzed only insofar as it might be affected by economic phenomena (income level, interest rates, propensities, etc.) Although some hints were given by the classical and neoclassical theorists about the difficulty of treating social and human reactions merely as a variable in a general function, it was not until recently that the modern view included phenomena which, according to the classical theory, did not fall within the scope of economic studies. As Hoselitz expressed it:¹

We must concern ourselves with a theoretical model which permits us to analyze a process of transition from social system displaying one form of organization to one displaying a different, presumably a more advanced economic organization." This process involves not merely a reshaping of the economic order but also a restructuring of the social relations which are relevant to the performance of the productive and distributive task of the society."

This process of "reshaping" and "restructuring" brings about the problem of influencing people other than ourselves with the moral obligation of causing this alteration with a minimum of disruption, thus implying a careful examination of the culture of the society involved in the process, the relationship between economic production, social life, political system, value system, etc.

¹Bert Hoselitz, "Social Structure and Economic Growth," Economica Internazionale, Volume VI, August, 1953, p.54

Historically, disregard of these aspects of development caused the old culture to collapse and the social structure to disappear with the obvious result that the individuals belonging to the disrupted society were held together only by common language, custom, and dislike of the outsider who exerted the pressure to get the change in the system.

Moreover, induced economic progress may have a reverse effect on the people and develop resistance or retrogression if the methods of introducing the change do not take into consideration the readaptation of the whole society.

A change in one aspect of life, namely the economic, will have repercussion in all the other aspects of social behavior. Where the social structure is based on kinship, joint family, collectivistic ideas, etc., it is probable that the raising of economic standards and the widening of the scope of opportunities will destroy these relationships. Without entering the discussion whether such a result is a desirable one, we can safely assume that the change will be resisted or fought mainly by the individuals who are more certain to be hurt by the introduction of the new system. This will lead to an active rejection of modernization or to a state of "anomie."¹ This state of "anomie" is the main barrier to development and can be assumed to be a result of two main forces:

¹R. K. Merton, "Social Structure and Anomie," American Sociological Review, 3:672-682, 1938

1. People feel a sense of safety in what is familiar and are reluctant to change for new hypothetical gains.

2. Past experience that brings recollections of exploitation, slavery, and the notion that development was always to the advantage of the developers and not of the society.

It follows that it is not so important to introduce a change of methods in production as to introduce a change in the dominant attitude. It is easier to get people to participate in projects that will satisfy their immediate needs than to make them aware of their dynamic potential and the need to depart from their static stage.

To be able to attack the problem from its roots, we analyze separately each one of the factors that determine the stage in which the society finds itself. In small homogeneous societies, a large majority of members belongs usually to one personality type. These individuals behave accordingly to the culture of their societies.

Culture is "that complex whole" which includes knowledge, belief, art, morals, law, customs, and other capabilities and habits acquired by man as a member of a group.¹ It seems, therefore, that we should first study the individual and his motivations and afterwards relate him to the whole structure of the society.

In primitive societies the individual has a different "economic spirit."² Although it seems that the basic incentive to work is still

²Thurnwald, Economics in Primitive Communities, 1932, p. 280

¹E. B. Taylor, Primitive Cultures, London, 1891, p. 38

self-interest and in all work we see the idea of getting something, we find that the desire for public approval, the feeling of emulation, the sense of duty towards the community, and principally the wish to conform to customs and tradition are the key factors of stimulus. In activities that rank low in the community, the individual will see very little attraction and not too much zeal. A good example of this statement is the labor situation in the cane industry in Antigua.¹ Absenteeism in this industry is higher than in the other trades because the cane industry is regarded as the lowest occupation on the island.

The problem of labor motivation is not a new one and has been implicitly or explicitly included in all economic theory. The idea of the leisure preference of the individual is still widespread in the underdeveloped societies; and despite the fact that Adam Smith wrote:² "where wages are high, accordingly we shall always find the workmen more active, diligent, and expeditious than where they are low," two centuries later people still argue that the worker is indolent and would offer services in adverse proportion to his wage.

The colonial thought goes even further by asserting that due to the lack of appreciation of the purchasing power of money and inca-

¹ Simon Rottenberg, "Income and Leisure in An Underdeveloped Economy," Journal of Political Economy, April, 1952, pp. 95-101

² Adam Smith, The Wealth of Nations, Modern Library Edition, New York, Random House, 1937, p. 81

capacity to enjoy more than his customary exiguous standard of living, the native will necessarily fail to respond to monetary inducement; and with higher wages he will work less. As an example of this colonial point of view and of the policy of the European countries in the field of development, is a sentence in a speech of Joseph Chamberlin: "the natives should earn a livelihood with the sweat of their brow (it could not be done by preaching, he added) ... they must be taught that it is their duty to work at industrial development ... (European doctrine of "salvation")."

However, facts disproved this preconception of laziness of the individual in underdeveloped societies.

The presumption that the demand for money is inelastic with the consequent corollary that wants are definitely delimited is denied by the fact that no case has been known where increasing offers of new goods have been rejected when the means of obtaining them were not too onerous.

In Central America where landowners complained that voluntary offer for work and free labor is impossible to attain or was insufficient; a large company found it possible to work a large banana plantation with free laborers paid at a higher rate than the prevailing rate in the same neighborhood.¹

In Brazil where the Ford company had a plantation and paid higher wages, the first reaction was absenteeisms and leaves; but when

¹D. G. Munro, The Five Republics of Central America, p. 134

the government took over, the workers resented the cut-back of their privileges and other facilities they had had before.¹

In other cases, usually on plantations and mines, where an increase in wages is not accompanied by an offer of new goods and the marginal acquisition power is negligible, it does not make sense even for an economic-minded western laborer to try to work harder when marginal gains of the fruits of his labor is infinitely small.

In any society the individual attaches certain values to his leisure. The larger or smaller value attached to his leisure depends mainly on the cultural background of the society he lives in.

The determinants of the different outlooks in these societies are caused by internal and external factors.

Where nature is prolific and benign and subsistence level can be attained without much effort, leisure takes an important place (mostly in the tropical and subtropical countries). Conversely, in the less endowed regions where the individual must struggle for his mere subsistence, leisure is considered less important; i.e. the plantation laborer in Brazil sings "I am lucky we have cold water and cool shadows. I need no more"; but the inhabitant of the high plateau sings "In the mountains my destiny is to work and work."

Philosophy of life, beliefs, and religion influence greatly the attitude towards leisure. A conformist religion that advocates the suppression of materialistic wants fosters a predisposition to leisure. Conversely, a belief that work is good per se, develops

¹Simon Hanson, Economic Development in Latin America, The Inter-american Affairs Press, 1951

an internal drive for progress and achievement.

The idiosyncrasy of the individual is not the only factor that determines his willingness to work. The habitat and his own physical conditions may play the major role in influencing his propensity to leisure. Where the worker is accused of being lazy, the climate is usually unhealthy, the diet is very poor, and health is undermined by hereditary and endemic sicknesses. A pathetic description in defense of such an individual is commonly found in the literature:

"The Brazilian whom almost all the agents of colonizing people designate as mediocre, useless, lazy, this hero suffering from worms, undernourishment, lack of productive work, still carries on the ceaseless struggle and at least has the sacred qualities of perseverance."¹

"Hard work in an unhealthy climate, low wages, and a pernicious system of bondage dependent upon keeping him perpetually in debt, makes of the "Cholo" a listless and backward specimen of humanity."²

"The laziness and lack of economic ambition are due partly to malnutrition and disease."³

"Where health and nourishment conditions were improved, it could be noted a remarkable improvement in the attitude towards labor!"⁴

¹ Hugo Bethlem, Vali do Itajai, Rio de Janeiro, 1939, pp. 15-16

² C. J. Jones, South America, p. 518

³ A. J. Brown, Industrialization and Trade, Royal Institute of International Affairs, 1943

⁴ Ibid.

Summarizing, we may ascertain that propensity to leisure is not an innate function but a result of the interaction of physical and cultural factors. Therefore, when we try to appraise the problem, we should give a proper weight to the environment and habitat in which the problem develops. The propensity to leisure can be changed by influencing and changing some of the factors mentioned above.

As it was remarked before, economic behavior of the individual is deeply involved and interwoven with the social structure of the society he lives in. Although as it was pointed out further in p. 32, it is a self-interest that usually governs the drives in these primitive communities, the outlook is more collectivistic than individualistic if we compare it according to "western standards." (The collective unity can be the family or the whole community.)

The social structure of the community is therefore of critical importance as a determinant of the individual's aspirations and goals. The degree of fluidity and mobility in this structure may enhance or hinder progress. A rigid structure is commonly found in the primitive societies; and in such a condition it is extremely difficult to develop a certain type of personality that Prof. Phelps Brown calls the "one man by himself" and considers not "merely a factor in economic development but an essential condition of it."¹

The submission of the younger people to the elder, the responsibility of each one of the members for the whole unity he belongs to

¹Phelps Brown, Economic Growth and Human Welfare, 3 lectures, Delhi, 1953 (pamphlet)

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are other major obstacles to development to be taken into consideration.

Any change in the institutions of a given society will arouse opposition, not only because men tend to regard the ways of their ancestors as sacred and regard any changes as a bad change, but also in all those people who enjoy a privileged position in a given structure and whose situation is endangered by the introduction of a new economic system.

Where there are possibilities of earning an income outside the familiar orbit and where the center of production shifts from a close circle of the community, the ties that hold the individual close to family and community are weakened with the effect that the individual develops a sense of insecurity. In certain cases it may go so far as to be an incentive to struggle and go ahead, but mostly it will be reflected in a withdrawal or a striving for the "old days."

This is what usually happens to the laborers who leave their communities to go to work in mines and on plantations or in industrial centers; and this is mainly the reason why such a great turnover of labor in underdeveloped countries exists.

The problem is how to effect an economic change without disrupting the whole structure of the society and how to integrate the individual in a new and more advanced organization.

There is no general rule to apply. In each case careful examination should be given to the institutions and their role in the

society. The process of assimilation of a new life should come slowly and through acculturation. This culture change involves not only the addition of new elements of culture but also the existing elements and the modification and reorganization of others because "to introduce new ways of life or arbitrarily discard other ones without taking into account the problem of readapting the whole society does not lead to progress. It is more likely to lead to a state of mental confusion."¹

Chapter IV

INDUSTRIALIZATION AND DEVELOPMENT

In the process of raising the standard of living of underdeveloped countries, industrialization has been confused with development. Although it is not true that industrialization will or is able to bring a solution to all problems, we can assume that it is the core of any development process. (The case of New Zealand is a striking exception to the rule.)

Industrialization varies in time and space and assumes different forms in a complex of different cultural settings

The origins of industrialization in history are varied and the consequences of industrialization are many fold. (This is contrary to the Marxian concept that the modes of production are the basic determinants of all social structures and that industrialization will lead necessarily through capitalism and the proletariat to a communist state.)

The outcome of industrialization in a given society is dependent on the interaction of the forces inherent to the society in question and the external elements that bear their pressure on the existing setting. Therefore, no general principles can be laid down to predict a given outcome and result, although an overall appraisal can be given.

Wherever it comes, industrialization brings in new values and destroys old ones. It is naive to think that it is possible to import the desirable values and exclude the non-desirable. These aspects come together, and the best we can do is to hope for a smooth adjustment.

We must not forget that industrialization in an underdeveloped area comes to an organized society whose structure is a result of a slow process achieved through ages with an already integrated economy in which all the factors of production are present and that that new technological practices are disruptive to such entities. New elements will modify the balance between labor and the other factors and will change the whole system and throw it in imbalance. Thus we need to create a new social system to integrate those aspects of culture that can be adjusted to the new economic patterns, namely, industrialization.

Industrialization brings the introduction of money where before it could exist a solely barter economy.

People who earn money become more independent of the old order, and parental authority is weakened. Industrialization may bring disruption into the traditional institution and the decline of the skilled craftsmanship values.¹

This situation arouses the opposition of those who lose more. The counterpart is that industrialization creates new facilities and

¹George A. Theodorson, "Acceptance of Industrialization and Its Attendant Consequences for The Social Pattern of Non-Western Societies", American Sociological Review, 18:477-484, October, 1953

new rewards, offering a spring board for a climbing status and thus attracting all the ones who were least gratified in the old system.¹

Industrialization means not only the introduction of machinery; but it also implies their economic use; and this usually means a constraint of labor to machines. This adjustment to daily rhythm presents the problem of a fixed- against a self-determined routine and a change in the culture patterns and shift in the biological drives.

The worker now spends more time in the factory with his fellow workers than with his neighbors, his home, or community thus effecting a radical change in his relations with his neighbors and starting a process of adaptation and integration to a new pattern of interaction and new forms of orderly life within and outside the factory.

This process is slow and during the evolution and adaptation, morale is usually low and so is the efficiency.

Before, in the nonindustrialized community, the discipline was self-imposed; now, it is imposed from the outside due to the division of labor and continuity of operation.

Industrialization introduces also selection on the basis of achievement and skills regardless of the ancestry and social position of the individual. Because machinery is expensive, economic facets displace all the other factors such as cultural, religious, and traditional.

¹Ibid.

Availability and Efficiency of Labor for The Industry

It is the general preconception that the main difficulty of industry in underdeveloped countries is the lack of capital. Supply of labor is taken for granted. Paradoxically, one of the chief obstacles in the industrialization of underdeveloped countries is the shortage of industrial labor.

There is a common error to consider the labor force in underdeveloped countries as a proletariat and try to apply the rules governing proletariat behavior to these zones. Labor in these parts of the world is not a proletariat for the one simple reason that before them is always the choice between a new way of life and the old modality.

The anachronic method of dissociating people from their old social pattern by a sudden change imposed by alienation of the means of subsistence is likely to create a class of uprooted persons depending solely on wage earnings. This does not certainly contribute to ~~help~~ but improves the quality of this type of labor. The result is that with a lower productivity the wage differential does not equalize the cost.

Until now very little was done to foster a spontaneous and permanent offer of labor. The forms of recruitment confirm the notion that supply of labor is rather enforced and not offered. It is not strange, therefore, that the willingness to work is thwarted and

restrained.¹

The policy of enforcing the supply of labor by economic and political means has its roots in the belief that inhabitants in the underdeveloped countries are not only lazy but biologically completely unfit and unable to perform skilled jobs. "It is not an uncommon belief that indigenous people by reason of biological handicaps and cultural barriers are unable to profit by vocational training skills."²

The facts, however, are different and refute this assertion. Where labor was suitably trained, the productivity (average amount a laborer produces per unit time) was fairly high. Morris Cooke describes it "There is a keen native aptitude for rapidly acquiring mechanical and related craft skills.....with proper health, nutritional care, and competent managerial direction a work performance that compares satisfactorily with that of workmen in more mature countries."³

¹Recruitment is usually done by unscrupulous individuals who as a rule do not feel responsibility for the welfare or conditions of work. They attract people with false promises. Once in the working place, any movement of assertion is severely punished as rebellion; and there exist corporal punishment and even forced labor at the point of a gun." Lynn Smith, Brazil, People, and Institutions, Baton Rouge: Louisiana University Press, 1946, p. 109

²Committee of Experts of Indigenous Labor, La Paz, January, 1951

³Morris L. Cook, Brazil on The March, McGraw-Hill, New York, 1944, pp. 64-76

"And where there was no discrepancy between cultural inheritance and the new methods of production, efficiency of labor was high enough to justify economically the enterprise."¹

An important problem is the lag of time existent between the moment of introducing the industry and the time the industry is able to function adequately, or the time the worker acquired the necessary skill to make full use of the machinery.

The length of time that this training period requires will vary proportionally to the methods applied to adjust the native to his new milieu and the education imparted to him.

This training period is of prime importance for successful industrialization because skilled labor force cannot be created overnight.

Summarizing we may conclude that the introduction of bold innovations in machinery and methods should be accompanied by a similar effort on the human level by education and training.

Managerial Difficulties

The problem of the lack of efficient management and sound management-labor relations in underdeveloped countries was only recognized in the last decades.

In this particular issue the failure at the managerial level is not only a result of awkward foreign colonization and investment

¹Morris L. Cook, op. cit.

policies but also an outcome of an oligarchical viewpoint of the native management.

In What Consisted The Failure?

Where management was foreign, a profound abyss was created between the rulers and the ruled with no possibility of communication. The "feed-back" that helped so much to the development and efficiency of the modern industry was always lacking. The principle of delegation was curtailed by the fact that the natives were confined to the very low levels in the hierarchy and treated as second-class laborers.

The isolation of management within and outside the factory helped create a cultural resistance, an "antagonistic acculturation,"¹ against accepting the new ways and methods.

The concept that labor is cheap contributed to the lavish use of labor. Finally the introduction of forms of production--without taking into consideration the effect that the impact will have on the existing patterns of life of the worker, the extreme desire of reaping a profit in the shortest possible time--led to an irrational exploitation of men and resources.

When the enterprise was a native-owned company, the same stigmas and managerial techniques were copied with a high degree of accuracy.

¹George Deveroux and Edwin M. Loeb, "Antagonistic Acculturation," American Sociological Review, 1943, pp. 133-147

It is true that the gap between top management and lower ranks was smaller than in the former case, but the general attitude toward labor was one of contempt and disdain. In the best of the cases it was a "paternalistic" approach with the main idea of keeping down wages.

The native management had another handicap as a result of the cultural heritage and that was the extreme aversion to manual work, (It is a popular proverb in Brazil "Manual labor is for the dog and the Negro.) and aversion to direct contact with workers and places of work.

Relations between management and labor were confined to strictly giving and receiving orders. Changes were effected without consultation or consentment of the laborers. Workers consider that management addresses them as "errant children."¹

Lately the picture is beginning to change. Unionization of labor, at least in the metropolitan areas, and the use of unions as a political force compelled management to seek a better understanding with the workers. Yet the dominant attitude of management is still one of disregarding the needs and tribulations of the laborers.

¹Simon Rottemberg, "Problems in A Lating American Factory Society," Monthly Labor Review, July, 1954, pp. 756-760

Chapter V

THE THREE SOCIETIES

Indigenous Labor

The indigenous population accounts for more than 15% of the total population. It is one of the future cheap labor potentials in Latin America that presents special problems for development and industrialization.

Definition of Indigenous

"Indigenous persons are descendants of the aboriginal population living in a given country at the time of the settlement or conquest by some ancestors of the non-indigenous groups in whose hands political and economic power at present lies.

"In general, these descendants tend to live more in conformity with the social economic and cultural institutions which existed before the conquest;they do not fully share in the national economy and culture, owing to barriers of language, customs, creed, prejudice;they lead a tribal or semi-tribal existence."¹

We can distinguish three types of indigenous people:

1. Forest dwellers
2. Community dwellers
3. Wage laborers

¹I.L.O. Conference, Living and Working Conditions of Indigenous Populations in Independent Countries, Geneva, 1955, p. 47

Census calculations and research of these groups are based on a variety of criteria, and the results should be accepted not without criticism.

Distribution by Countries ¹

Argentina -- The estimates in 1947 indicate the presence of some 130,000 Indians distributed mostly in the northern part of the country (Salta, Chaco, Formosa) and a small number in the south. Most of them are forest dwellers, but many work in plantations as wage laborers.

Bolivia -- Estimates of 1954 indicate the presence of 1,700,000 Indians, of whom 800,000 are engaged in agriculture. A large number of them are tenant laborers. The existence of "forced labor"² in the form of Huasicamia Peonage or Yaconazgo is not uncommon.³ The number of forest dwellers are estimated in 87,000.

Brazil -- Number estimated: 1,000,000. The Indigenous population consists only of forest-dwelling Indians whose social structure is tribal.

¹All the data is taken from reports of the I.L.O., Geneva, 1955.

²"All work which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily." I.L.O. Conference

³See definitions at the end of chapter.

Chile -- Estimates in 1940 indicate that there exists 250,000 Indians. They live far away from populated centers and belong to a system of Reductions (traditional agrarian communities).

Colombia -- Estimates in 1938 show 105,807 belonging to the "resguardos" equivalent to the "comunidades." The number of the forest dwellers is unknown.

Ecuador -- Last estimates in 1942 indicate 1,200,000. The majority belongs to the group of traditional sedentary rural communities; some are tenant laborers.

Guatemala -- Census of 1940 indicates 1,800,000. 55% of the population belong to the traditional agrarian group. Many work in plantations.

Mexico -- In Mexico live 2,500,000 Indians. The majority belong to agrarian communities. Today the system of the ejidos¹ is very common. The majority of the Indians are landless.

Nicaragua -- Estimates show the presence of 40,000 forest dwellers.

Panama -- Estimates in 1940 indicate the presence of 59,000 Indians--some engaged in agriculture and others in plantation work.

¹ A grant of lands to villages to be assigned by local representative authorities to families for cultivation or other productive uses but not as private property. Wilbert Moore, Industrialization and Labor, Cornell University Press, Ithaca and New York, 1951, p. 237

Paraguay -- A census in 1950 indicates 30,000 Indian inhabitants; most belong or are descendants of the forest dweller group, but during the harvest season they seek employment in the plantations and forest undertakings.

Peru -- Estimates in 1948 show the presence of 3,121,000 Indians. Most dwell in agrarian communities, some are independent farmers, and others, workers in mines and plantations. The breakdown in 1940 of the number of wage earners was as follows:¹

agricultural	82,000
plantation	40,000
mining	35,000

El Salvador -- Estimates show the existence of 360,000 Indians-- community dwellers and agrarian workers.

Venezuela -- 1950 estimates indicate 80,000 forest dwellers mainly "inaccessible Indians."

¹I.L.O., Migrant Workers in Underdeveloped Countries, Geneva, 1955

Indian Economics¹

Most of the indigenous population is engaged in agriculture. Before, the Spanish colonization land was not considered as a personally negotiable commodity and was occupied by the clan and family or tribe.

The use of the land was decided by the whole community. The individual derived his titles from his ancestors. The actual comunidad is a transformation of the "Ayllu" or "Calpulli" an organization existent in the Incas and Mayas period that consisted of a few families linked by blood ties and formed an economic unit based upon cooperative work. This type of community was given legal status through the system of "encomiendas" imposed by the Spanish. (see p. 22) The conquerors were given rights to the labor or products of the labor of the Indians as a return of protection and "religious education."

The grant of "repartiments" and "Mercedes" (favours) among the "encomenderos" (conquerors in charge of the "encomiendas") destroyed many of the Ayllus and Callpulis by distributing their members and allocating them to different estates.

The introduction of individualization of land titles was disastrous for the remaining communities because the land of many of

The following statements refer to the indigenous people living in the "comunidades," or agrarian communities. According to the preceding statistical data, the number of forest dwellers and wage laborers is comparatively small.

them was declared "no man's land."

Continuous land encroachment and alienation effected from the White population and unjust dislodging sent the Indian communities away from the fertile zones, higher in the mountains and deeper in the jungles.

To prevent the alienation of the rest of the land, many laws were passed to guarantee the rights of the remaining Indian communities thus creating sometimes Indian reservations, the "resguardos."

The increase of the population and the facts named above destroyed the delicate equilibrium achieved between the already scarce resources and the population. The survey in 1949 shows that in Guatemala 63% of cases land in the comunidades is insufficient to support growers' families¹ and in Peru the situation reached the point of "atomization of property rights."

This situation leads to three main consequences:

1. The creation of a "floating" agricultural force that fluctuates with failures of seasonal crops. This class is the main contributor to plantation labor force during the "busy season" and to mining.
2. The creation of tenant laborer class attached to the landowner's estate by different forms of exploitation.² This class

¹Leo A. Suslow, Aspects of Social Reform in Guatemala, Hamilton, New York, Colgate University, 1949, (mimeographed paper) from I.L.O.

²See "Forms of Forced Labor" p.

contributes to the peasant labor that has a high degree of immobility.

3. Migratory movement to industrial centers and cities. This class is still very small in number because the industrial centers are usually located very far from the comunidades.

Indian Village

Contrary to the general belief, the Indian economy is nowadays not a barter economy but a "competitive, atomistic, free, open, and rational."^{1 + 2}

Common ownership is no longer found in the comunidad. In most of the cases, communal control is exercised solely to prevent further encroachment of land from individuals or enterprises outside the community. Water rights and pasture lands are mostly of common use.

The household is the economic and social unit. In each household the member tends to own land and keeps track on his contributions to the community. However, they cooperate on a non-cash basis with their neighbor.

¹Sol Tax, Penny Capitalism, Washington, 1953, p.13

²"The Indian comunidad does not imply collective ownership of land; its essential trait is simply the existence of social links between the members of the group. This characteristic can be observed even among tenant laborers or share croppers that continue to regard themselves as members of the comunidades." Capriles Rico and Gaston Arduzequia, El Problema a Social de Bolivia, La Paz, Feux, 1941, p. 45

Agriculture is the main source of livelihood. The output of the agrarian comunidad is generally intended to the direct consumption of its members. Women are usually engaged in weaving and in pottery. Innovations in technology are accepted if they render immediate good results. The lack of the simplest tools for production is responsible for the low efficiency and hence for the low living conditions. (In cases where the facilities of adequate tools were provided, a start was made in improving the living standards.) The land of the comunidades is poor and needs a long period of rest after a season's crop because the Indians are not acquainted with fertilization methods and the rotation of crops.

Indians don't like to sell their land and dislike to work as laborers.¹ They deal on a cash basis. This is because the Indians still remember the days when labor was coercive and they were cheated in the accounts.

Attitudes

It is frequently said of Indians, usually with a pretext of not improving their wages, that if they earn enough they don't work.² This implies a perennial subsistence level; but the Indians enjoy some luxuries; and they work to get them.

¹Sol Tax, op. cit., p. 100

²See Chapter III

The picture of the happy savage of Rousseau is not a valid one. If they are sometimes cheerful, the dissatisfaction with their living conditions is frequently much greater. They do strive for wealth and to become a landowner. To possess land means security because no mechanism to alleviate catastrophies is to be found in the community. They want a degree of independence, together with a betterment of their standards of living; and sometimes they forego the economic view for this degree of independence.

Independence does not mean merely a degree of self-sustenance of freedom of decision making, it is also an avenue to win the approval and respect of the whole community. However people in the community are respected not only for their economical position but also for their personal virtues, and loss of face is regarded worse than loss of money. Prestige, more than money, is a vehicle to office; but the officials are not elected nor appointed. The "elders" choose the new officials. Usually an officer must serve first in the lower office to be regarded fit to serve in the higher one.¹

Provision for children is also a strong incentive. To provide a better house, better food and clothing for the young children is often more important than to have these commodities themselves.

¹A special case is to be noted among the Aymara in Peru where it is difficult to find strong leadership and where "individuals are extremely reluctant to hold office." Tschoopik, Jr., "The Aymara in Peru," Anthropological Papers, 1951, p. 137

Kinship, relationship, and compadrazgo are very important. Attachment to the family is impressed upon the child from his early steps. This is mainly the reason why usually laborers who leave the village feel the drive and necessity to come back every so often and feel the obligation to help in the harvest time, working in their families' plots.

Religious motivations are very strong. They place emphasis on the celebration of their religious events and attach a great importance to religious office. They consider that religion and witchery influence the outcome of the economic enterprise. One of the reasons cited by Spicer² for a failure in drilling water wells in Viru, Peru, was the disregard of such beliefs.

Collective attempts to improve the general situation are common features. In the somewhat richer and better organized communities, we find a cooperative and joint effort to improve the living standard by buying up land from the nearby estate to alleviate the population pressure, and even to organize an industrial enterprise where the capital came from their own savings.

An example often cited to prove that the Indian communities with the adequate means and proper encouragement are able to follow in the steps of "western capitalism" is the accomplishments of the "Muquiy-anyu" community in the province of Jaula, Peru.

²E. H. Spicer, Human Problems in Technological Change, New York, Russel-Sage Fund, 1952

This community is considered wealthy relative to the other ones around her. The land is fertile and provides for a living standard that is considered above the subsistence level, thus giving an opportunity to accumulate some savings. The community of Muquiyanyu decided to build a hydroelectric power station that serves not only the community but also other neighboring centers; and not long afterwards a modern school was opened, built by the community members. We can conclude, therefore, in the words of John Collier:¹

"Muquiyanyu demonstrates ... not merely the staying capacities of the Indian societies but their competence for new adjustment. It has brought to life many of the ancient values, has modernized the immemorial man-nature cooperation, has displayed readiness for innovation and the capacity to innovate."

¹John Collier, *The Indians of the Americas*, New York, Norton, 1947, p. 148

Forms of Forced Labor

- 1) Pongueaje and Colonato. Mainly existent in Peru and Bolivia. Consisting of compulsory unpaid labor on the landowners land.
- 2) Huasicamba in Bolivia, Ecuador and Peru. Consisting of compulsory unpaid personal services of various kinds rendered to the land owner.
- 3) Aparceria, known as Conuco in Venezuela and Parombia in Colombia, under which the peasant is obliged to deliver part of his harvest to the land owner in return for the use of the land.
- 4) Yaconazgo, under which Indians are taken from their communities to work in groups on large country estates.
- 5) Siringuaje and Peonaje. Dating from colonial regime providing a source of cheap manpower from agriculture and mining.
- 6) Acasillaje. "Payment in kind."

Report of the Ad-Hock Committee on Forced Labor I. L. O. Geneva 1953.

Peasant Society

The peasant is one of the pillars of the Latin American working force, and forms the greatest mass of bulk of the agricultural worker.

In certain form we may state that the "paisano", "huaso", "gaucho", "peon" and other denominations that the peasant receives in the different regions, is a typical phenomenon of the Latin American countries, with unique characteristics. Moreover, he is the "genuine" South American, neither Indian nor Spanish, but a result of the intermingling of the two with injections of other ethnic groups. His culture is the outcome of a mix of Indian and Latin aspects with original features that place him in a different level from that culture called "Mestizo".

This kind of peasant is usually landless, and attached to the "hacienda" or "estancia"; sometimes as an "inquilino" (tenant) and other times as a "puestero" or peon (theoretically a hired worker). The work is out of proportion with the salary or meager earnings. Usually they consider themselves part of the estate or hacienda, and so considered their ancestors from immemorial times, yet if they stop for a while and think, they do not own anything and neither are they entitled to share the proceeds of their work.

They belong to the farm, however, they are not serfs not slaves. Theoretically they are free to go wherever they want but in practice they remain all their life in their poor condition and hard life.

The inquilino is born in tenancy and he knows no other condition all the rest of his life.

The root of his life condition is the Spanish colonial policy of encomiendas that granted Indians together with land. This historical fact was the one which established the type of holding common to all Latin America from Mexico to Chile, and was the basis for the big land estates.

An estancia is a large estate ranging from 1000 to tens of thousands of hectares. The soil is dedicated partly to agriculture and partly to cattle breeding.

The main building is reserved to the "estanciero" that lives usually in the big cities or abroad. The administrative tasks are performed by the "mayordomo".

The peons live at a certain distance. Their houses are made from adobe and alfalfa. The houses consist usually of one or two rooms. The sanitary conditions are not very good, although better than those in the Indian or plantation villages.

The diet consists mainly of corn and meat.

Since every estancia is a self-contained community and density of population fairly low, the social unit is the family. In the majority of the cases, the laborers of a hacienda belong to one family or if there are a few families, they are usually bound one to another by intermarriage.

The relationships in the family are patriarchal and diffused. There is no division of labor at all. Everybody is fit to do any

work required in the estancia. Children of six and seven years perform perfectly the same tasks as the adults, therefore they are counted as members of the labor force in the hacienda. Illiteracy is very common because of the isolation in which the peon lives. There is very little knowledge of the outside world and very little interest to acquire this knowledge.

The relationships between the peons and the "hacendado" are of a paternalistic character. Knowing the precarious economic position of the peon and his low social status, the foreign visitor is sometimes amazed at the familiarity and protective relationship between the land owner and his family to the laborers. Yet, no matter how much the estancia may advance economically the situation of the peon does not change.

The possibility of becoming a land owner are minimal. Personal possessions are few and poverty is the common denominator of all the peasants of the different estancias in the different countries. The peasants are doomed to stay in the present status unless there is a change in the whole social stratum.

The peon lacks in general a sense of independence and initiative. This is a stigma inherited from the situation of his ancestors in the encomiendas.

Because he thinks himself rooted either by heritage or by tradition to the particular property he lives in, and due to the high degree of isolation, the turnover of labor is small. Any attempt to leave the hacienda is looked upon as a treason and betrayal to the group working

there as much as to the owner. It is a common belief among this type of rural worker that only the "bad" element emigrates to the cities and becomes a free laborer. They consider that the "city worker is a rebel against the society he knows."¹ Despite these facts, there is no devotion for land.

When there was a general rise of class consciousness after World War I and II, this particular class reacted the least to the incentives of becoming a land owner.

Since they enjoy a relative degree of freedom in their work they look down upon any work that is performed under a rigid schedule, or any work in a factory.

Religion and principally superstition are deep rooted in their daily life.

The enjoyments of the peon are very few. Sunday is the day that everybody gathers, sometimes to dance, to play games or simply to become drunk. They pride themselves on the possession of a good horse or insignificant jewelry adorning the saddles or costumes.

The peasant lacks completely a worker-class consciousness. This together with his lack of ambition and initiative makes him a neutral element in any social and economic movement. It is therefore that any disturbance in his condition will necessarily come from the outside and be forced on him.

¹ George Mc. Cutchen McBride, *Chile, Land and Society*, American Geographical Society, New York, 1936, p. 150.

Plantation Labor

Plantations are tropical agricultural undertakings with certain industrial characteristics and employ a large resident labor force.

Historically the plantation system was evolved to answer the special need of meeting the worlds demand for different crops in the absence of free and offering labor. The system of imported labor, bound either by slavery or other forcible means, shaped not only the typical production method but put its impression on the whole socio-economic structure of a vast labor sector in Latin America.

The word plantation represents usually the 'classic picture of a large estate. This was generally the case until the end of the last century. Today the case is different. Social pressures and politic-economic changes, land redistribution and agrarian reforms are the causes of splitting up the hugh estates into very small farmer holdings and the creation of small landownership.

In some places the division reached a stage of atomization due to the high valorization of land and increase in population. In other places, however, the process was reversed. Small croppers cannot compete successfully with the more productive large plantations. In bad years they are compelled to sell, thus going from an atomization to an integration process. (West Indies sugar industries.)¹

¹ R. Roux, "Economic Conditions Affecting Social Policy in Plantations", International Labor Review, 1953, p. 236.

Plantation is a one-crop undertaking that generally services an international market and hence is subject to the external cyclical influences. The result is that the exploitation of the soil is often irrational, very high in boom periods and very low in depressions. In Brazil, for example, for the production of coffee where they use the method of burning to clear the thick forest, in times of depression in the world market of coffee, thousands of hectares are left again to the devastating effects of the advance of the forest. In prosperity the whole process of regaining the utilizable soil is done all over again. The result is a constant shift of population and labor force, following the same pattern of the coffee or other crop cycle.

This irrational utilization, besides depleting the soil, deprives the zone of its food crops and is the cause of ill-balanced diet of the population.

The unhealthy consequences of a one-crop economy, are reflected not only in the nature and the physical settings, but in the whole social and human attitude of the laborers. Thus creating a type of society that has similar socio cultural features in different parts of the world. Major cultural differences are only to be found among the small land owners of different crops. (See page 69).

Chronologically the first type of plantation in Latin America produced sugar and cotton; afterwards came banana, tobacco and coffee. The social setting of each of them was similar: a feudalistic or semi-feudalistic system.

The human ecology as well as nature revolted against the imposition of this unnatural system. Indians who by culture are enemies of one-crop planters and nomadic in habit, were not suitable to become plantation workers. In Brazil they can still be found in the Amazonas, forming a nomadic labor force, "siringueiros". Therefore the plantation owners were obliged to import negroes who were the only ones as fit as the Indians to stand the conditions and the climate. (The attempt to bring Europeans as plantation laborers by contract failed because the plantation system is basically against individual aspirations of advancement and independence.) Today in Latin America the plantation is ethnically heterogenous; (a mixing of Indian, negro and european blood)¹ but culturally homogeneous.

Due to the isolation caused by the communication system, when the worker enters a plantation it becomes the center of his life and work. The laborers are absorbed into the new society because they feel an affinity of equal economic situation and sharing of destiny. The aspiration of ownership among laborers is a rare phenomenon and we find that they have no sentimental attachment to the fazenda, plantation, or its owner. The outlook of the worker is class determined and this class constitutes part of a rural proletariat.

Economically the plantation has similar features to an industrial society. At the beginning of plantation history, land

¹ Lynn Smith, "Brazil People and Institutions", 1947, p62
Baton Rouge, Louisiana State University Press, 1947 ↓

was free, labor supplied by slaves; but now the situation has changed: land pays rent and labor is paid wages and the plantation needs a permanent investment of capital.

The labor is unskilled and the product is standardized. Therefore to be successful, the plantation enterprise calls for a large scale operation and a rational production along industrial lines, moreover "it requires a large working class population, standard pay wages, impersonal relationship, control of discipline, efficient work regulations and availability of labor replacement, in short it needs to be highly 'capitalistic'".¹

We must however qualify this parallel: machinery cannot replace labor in plantation and productivity per worker is largely determined by the extent to which labor is expended in the productive process. In a plantation enterprise "production is a function of the extent of which human hands struggle against nature."²

It seems that the main barrier to an efficient economic development of the plantation was, and still is, the lack of good management and the allocation of resources. The high degree of ownership of "unlimited" natural resources including worker force, led to the mistaken idea that waste of land and labor will not bear a big burden on profits. The consequence is that land and labor is used lavishly.

¹ Sidney W. Mintz, "The folk urban continuum and the rural proletarian community." American Journal of Sociology Vol.59 pp.136-143

² Lynn Smith, op cit. p 346

The ironical part of this reasoning is that "labor despite its low level of remuneration is very expensive" due to the low productivity.¹

Productivity is low for different reasons:

- 1) Physical conditions. The worker is undernourished. This is a result of weak productive capacity and this comes from lowered organic resistance (vicious circle).
- 2) Depressing physical surroundings.
- 3) Non-identification with the work or with the plantation.
- 4) Apathy towards any improvement in the production because of the knowledge that he will not share the benefits.
- 5) Class awareness. Social ostracism is likely to result from trying to do better than ones fellow.

The turnover in plantation labor is very high. The new worker is regarded as a temporary settler and every so often he is required to move on. Since most of the crops are seasonal, workers are shifting from one type crop to another and hence from plantation to plantation. They remain idle in the "tiempo muerto" (dead season). This leads to low morale.

The dislike for plantation work among the natives is reflected in the fact that recruitment is very difficult and till not long ago was done by forcible means.

The institution of "Debt Peonage" is still existent and the

¹ Report of the Commission for the West Indies ,1950

"mandamientos system" by which the government recruited laborers and obliged them to work on the plantations was ended only in 1918.*

The "Vagrancy Law," which was imposed to insure a supply of labor from all who were landless, is still in force in Central American countries, while in South America the governments of Venezuela and Colombia continue to draft workers for plantation needs.

The dislike to work on plantations is not merely a result of low wages and unhealthy habitat, for other psychological influences are equally important. The past experiences of ill treatments, the trauma left by slavery and the association of the plantation with all kind of exploitation are deterrents to any voluntary offer of labor.

Plantation Life

People living on plantations form a transient community. They neither own the houses in which they live, nor are they entitled to possess any fixed assets without the consent of the owner or the manager.

The social unit is the family, but there is not a close relationship between the families that may comprise the plantation population.

The relationship between the members of the family is patriarchal.

* Sol Tax Penny Capitalism p 106 A Guatemalan Indian Economy
Washington U.S. Gov. Print. Off. 1953

There is no organized social life in the community outside the scope of work problems. Health conditions are deplorable and literacy is almost unknown.

Religious influence is very weak and workers have little interest in education because they view an upward movement in the social ladder as extremely unlikely.

The economic and social distress finds its way sometimes in unrest or usually in the consumption of "chicha", guarapo", or "arguadiante" as an act to palliate the difficulties and overcome hunger and fatigue.

Sometimes the drinking habit is fostered and encouraged by the entrepreneur who distributes "free" drinks with the result that the worker goes on drinking at his own expense and becomes indebted to the company store. This is done to assure "collaboration" of the workers "which under normal conditions would be difficult to obtain without more attractive rates of pay and better conditions of work." ¹

Some variations of the cultural forms are associated with the crops cultivated. The traits described before are characteristic of the big plantations, where most of the labor is concentrated. Where crops are in the hands of small landowners, many differences appear.

Robert A. Manners and Julius H. Steward in a study done at

¹ M. H. Kuczynsky Goddard and C. E. Paz Soldan Disección del indigenismo peruano Lima Instituto de Medicina Social, 1948

Puerto Rico¹ argue there is no homogeneity of agrarian rural life.

Coffee, for example, has different characteristics whether cultivated in the big fazenda in Brazil or in Puerto Rico. In the former the situation is as described in the big plantation scheme. In the latter the workers per holding are few in number. Although the worker is landless, he is allowed to own a parcel of land of inferior quality to help complement his wages. Since the price of land is high, the probability of becoming a landowner of a small coffee plantation is small. (Savings are not looked upon as "the way out," and there is no strong incentive to work hard because of the class immobility.) (Note the similarity with the "plantation type" in this aspect.) However, instead of an impersonal relationship with the management here we find a face to face relationship. The attitude of the worker is one of more respect toward the owner. Religious feelings are strong and there is a patriarchal relationship in the family.

The cultivation of tobacco is another example. Here plantations are either extremely large or very small. In the latter case the worker is usually the landowner. Tobacco is a cash crop and small holdings are sufficient for subsistence. It does not require any capital investment and tobacco does not have a high value. The effect of these conditions is a high degree of fluidity and mobility within the class structure; moreover, these conditions encourage the

¹ "The Cultural Study of Contemporary Societies." American Journal of Sociology, Vol. 59, 1953 pp. 123-130

desire for better education and a higher level of saving.

However, the proportion of total plantation laborers on small plantations is extremely minute. Small holdings are common in the caribbean zone, but they are rapidly being displaced by the large plantation.

CHAPTER VI

Analysis of the Three Societies

It was the hypothesis of this paper that the three types of society outlined in the previous chapters, namely the Indian society of the comunidades, the peasantry and the plantation society, will present different reactions in the presence of industrialization. Let us define industrialization as a process of mechanization and economic rationalization of both agricultural and factory processes. Then, given the initial stages of these societies we can try to predict what will be the comparative reaction of these societies to this process of industrial development.

We can formulate at this point two hypothesis:

The first, that a shift from primitive life to a highly structural life of industrialization will involve such a drastic change so as to entail considerable disruption and confusion, and hence that a transitional economy is desirable before an advanced technical organization is imposed. ". . . The farmers are more remote from industry and need to go through a transitional period of training by doing other work.¹"

¹ Kuo Heng Shih. China Enters the Machine Age, Cambridge, Harvard University press, 1944 pp 34-38

The second hypothesis is that the change can be made in a single jump and that "the proximity to the urban commercial industrial way of life is not a necessary intermediate stage in industrial labor recruitment but rather that the attitudinal barriers to this transition are overcome precisely in cases of extreme rural poverty." ¹

The argument that will be presented is that the more similar the traits of society in question, to those that industrialization will bring in, the more feasible the adjustment. The three societies will be evaluated according to this statement.

The argument develops as follows:

An industrialization process brings inherently with it certain changes in "pattern-variables." ² These patterns are interwoven with the social structure of the society and are part of its culture.

These pattern variables can be viewed as follows:

Industrialization accentuates a trend from:

a) Particularism towards Universalism. It means that notwithstanding the membership in a social structure or a category thereof, the occupational structure is open to all those who possess the necessary skills for the fulfillment of the occupation.

¹ Wilbert E. Moore, op. cit. p 147

² Talcott Parsons, Essays in Sociological Theory, Glencoe, Illinois The Free Press, 1949

Talcott Parsons and E. A. Shils, Toward a General Theory of Action, Cambridge, Harvard University Press 1952

Talcott Parsons, The Social System Glencoe, Illinois 1951

Levy Marion, The Structure of Society, Princeton, Princeton University Press, 1952

b) Diffusiveness toward Functional Specificity simultaneously increases the predominance of contractual relationship among the individuals who are engaged in the occupational scheme.

c) Ascription toward Achievement. Achievement determines the status of the individual by increasing the prevalence of performance over any other innate or automatically conferred quality.

d) Collective Orientation toward Self Orientation. This represents an increase of the individual's concern with his own needs and desires to those of society.

e) Affectivity toward Affective Neutrality. This involves the suppression of immediate desires for long range interests.

Socio cultural traits of every one of the three societies will be classified according to this five variable pattern and evaluated.

Indigenous Communities

Universalism - Inside the indigenous community itself the social structure does not reflect particularism. As indicated in Chapter V, there is no distinction among the members of the community. Everyone is eligible for office, and social position depends on economic position and personal virtue with emphasis upon the latter.

Diffusiveness

The primitive subsistence economy on which the comunidad is based imposes upon the members the burden of performing all kinds of tasks independent of their positions and abilities.

Strong family ties and loyalties as well as the kinship system foster a situation where the relationship between individuals is guided by traditional patterns.

Inside the family everything is shared. Moreover, when an individual leaves his community to work somewhere else, the members of his family still reap part of his earnings.

Even the relationship among neighbors is conducted along the implicit lines of tradition governing the comunidad. For example, when a neighbor is sick, it is common for the rest of the families to perform the ill man's tasks.

Administration of justice is done more according to the circumstances of the moment than according to the inflexible written law. Disputes among the members are solved by the elders and they usually tend to draw a compromise among the quarreling parties.

Contracts among the Indians themselves are oral. For the hiring of additional help the same oral contract is applied.

Among the Indians a profound suspicion was developed towards the signing of contracts. The reason for this was the sad experience of the alienation of their lands by legal maneuvers and the identification of signed documents with labor contracts, enforced by the white employers to the Indians disadvantage. In the comunidad itself the oral contracts are enforced mostly by moral coercion and public pressure.

Ascription

Due to the limitation of material accomplishments and goals, achievement consists more in the attainment of public office than in the accomplishment of specific tasks; therefore there is little concern for emphasis upon instrumental efficiency. In the Indian society tradition and stability are praised, and this is a deterrent to any trend toward achievement.

Collectivity Orientation

The origin of the indigenous comunidads was a collectively oriented settlement. Although economic pressure and changes brought about by the colonizers transformed the collectivistic outlook, basically the comunidad remained a unit constituted by single parts each laboring for its own benefit but with an overall interest in the welfare of the whole community. The official task of the comunidad is to defend the rights of the individuals against any intrusion of outsiders. Even when he is away an individual who considers himself a member of the community feels it necessary to return when his help is needed.

The strong tendency towards communal affinity is reflected in the fact that it is easier to hire indigenous laborers from a community as a group rather than as individuals.

Affective Neutrality

The precarious subsistence level of income forces the individual to seek the fruits of his work in the shortest time possible. However,

in the comunidads where the situation permits it, a small amount of saving is done. In one of the cases where the comunidad surpassed the subsistence level, it promoted even the construction of long range projects such as a hydroelectric plant, a dam and a flour mill.

Peasant Society

The situation of the peasant is of a different character than that of the individual living in comunidads. When we analyze the social aspects of this group we must take into consideration not only the group itself but the other people who do not belong to the group, yet who shape the behavior of those who are subordinate to them. Hence, the difference between the Indian society and the peasant society is that the former is a self-contained unit and can be studied in isolation, whereas the latter must be considered as a part of a system and where behavior and attitudes are largely the result of the interaction of all the parts of the "toto."

In the Indian society the unit was the family and the society was composed of families with no remarkable status differentials. In the peasant society we can distinguish between two sectors: the peon's family and the landlord's family.

Particularism and Ascription

The peasant is born in a condition of semi-servitude and throughout life he remains in this condition. The possibilities of upward mobility are nil, due to the physical isolation in which he

lives and the big gap that separates him from the next social layer.

His work and duties are predetermined and his occupational status limited by the ceilings imposed by the social structure. The small range within which the performance can fluctuate gives no room for any individual to rise above the other fellow. The condition of a tenant becomes an innate quality of the peasant and is transmitted from generation to generation.

Diffusiveness

The paternalistic character of the relationship between the "patron" and the "peon", fosters a situation where assignments of tasks and standings emanates from traditional sources. There is no written contract between superior and subordinate. Further, anyone who quits his job is looked down upon by the other members of his social class.

The peon is taught from childhood the pattern of behavior that is expected from him in this semi-feudal system. It is very common that the children of the peon should spend a few years working in the house of the landowner where they acquire the relationship habits that will persist throughout their lives.

When a new family moves in, the terms and conditions of work are stipulated verbally and the rights of the peon are understood to be in compliance with the accepted norms.

Collectivity Orientation

The individual is family oriented rather than community

oriented. The family is based on a patriarchal system. The earnings of the individual flow into the common pot with no regard to individual performance and efficiency. The compadrazgo system and interfamily marriage strengthens the ties that hold the individual to his kinship group.

Affectivity

The peasant does not dream of going from his present condition of tenancy to that of a landowner. The most he can expect is to receive as a bonus the right to milk another cow for his own consumption or the privilege of using another piece of land for cultivation. Therefore, the propensity to save is very small and whatever is spared after the indispensable needs have been met is spent in adornments and drinking.

Plantation Society

The denomination "plantation labor" will be applied here to the hired labor existent on the large estates excluding the self-employed or those employed on small land holdings. The numeral importance of the sum of the latter category is negligible.

Ascription and Particularism

Plantation work does not require skill. The work is homogeneous and there is no room for advancement. The highest aspiration of the individual is to become a "capataz" or foreman. But beyond this position opportunities for advancement are remote. Higher positions

are automatically conferred to white collar workers of the cities or to foreigners.

Functional Specificity

Diffuse relationship is still common on plantations wholly owned by hacendados who are in daily contact with their workers. However in the last 25 years we note a trend toward contractual relationship. Formerly the plantation laborer was obliged to give "diffuse institutional homage"¹ to the plantation owner in exchange for a certain degree of security. Now the relationship is more impersonal. Workers are hired in the same form as in a factory. Because efficiency is of primordial importance to the economic development of the plantation, and efficiency is based on division of labor and specific assignments of tasks, relationships have become more formalized.

Self Orientation

The plantation society does not correspond to Redfield's definition of "folk society".² It is rather a rural proletariat isolated by socio economic factors rather than by geographical factors. Therefore, this variable pattern is more similar to the industrial worker of the western society. The laborer has a class consciousness that is lacking in the other two societies mentioned

¹ Morton Rubin "Social and Cultural Change in Plantation Area" Journal of Social Issues 9-10 1953-54 p 30

² "Folk society is marked by isolation, a high degree of genetic and cultural homogeneity, slow cultural change, minimal division of labor, simple technology." Redfield "Folk Society" American Journal of Sociology 52:308 January 1947

before. Collective feelings stem only from the sharing of the same conditions rather than from affective or familiar ties. The individual is self oriented. Due to the high turnover of labor a heterogeneity of the composition of this labor force, collective orientation is limited to the extent to which it may affect working conditions.

Affectivity

The plantation laborer is aware of the impossibility of becoming a small landowner. He works on the plantation because there is not enough food in his own community. Savings are not regarded as the "way-out." Therefore he prefers immediate gains to much higher hypothetical gains in the future.

Summary of Traits by Type of Society

<u>Indigenous Labor</u>	<u>Peasant Labor</u>	<u>Plantation Labor</u>
Universalism	Particularism	Particularism
Diffusiveness	Diffusiveness	Functional Specificity
Ascription	Ascription	Ascription
Collectivity oriented	Collectivity oriented	Self oriented
Affective Neutrality	Aggectivity	Affectivity

CONCLUSIONS

Plantation Labor

The plantation society can be considered to be in a state of transition between the initial stage and the industrial stage. This means that it has characteristics of both systems (initial and industrial).

From the classification of the "pattern-variables", we can infer that labor in the plantation area is the most suitable and adaptable labor force for industrial enterprises.

The specific work hours and hourly rates of pay, contractual obligations and assembly line method fit in the "gestalt" of the plantation worker.

It is possible to effect a shift from particularism to universalism and from ascription to achievement by diminishing the outside pressure for social segregation.

Indigenous Labor

The reaction of indigenous labor according to our scheme will be quite different than that of plantation labor. The higher the integration of society, the stronger is the opposition to any changes, and therefore the introduction of a highly functional specific type of relationship involving the type of discipline and authority inherent in a factory to a system where authority stems from traditional patterns and discipline emanates from group

consciousness, is self-defeating if it is done bluntly.

Here the notion of acculturation (p. 26) can be of use. According to this concept an innovation is more readily accepted when the departure from the customary standards is small.

An industrial enterprise should then try to adjust to the local characteristics of time schedules available and in accordance with a concept of decentralization. This means that it should strive to operate at most feasible minimum economic size and locate near the comunidades.

Strong kinship ties are the cause of the great rate of absenteeism. People leave their work to visit their homes or return to their communities to celebrate religious festivities.¹

Discipline is accepted when the natural leadership of the indigenous labor force participates in the decision and the individuals are protected against arbitrary measures. In this society where discipline is task-oriented, the tie-in of wages with achievement may give a good result and the hiring of workers as a group will comply better with the trend toward collective orientation.

Peasant Society

Of the three groups of labor, the peasant is the least likely

¹In a study of labor preferences among Indian communities, worker preferred to work in one mine rather than in another, because they received in this mine a period of vacation coinciding with their religious festivities and traditional period of rest. Richard N. Adams "A Study of Labor Preferences in Peru" Human Organization, Fall, 1951, pp. 37-39.

to become attracted to industrial tasks. He is neither motivated by hunger to seek employment nor does the industrial system fit into the frame of his "weltanschauung". Moreover, the existence of small units and the spatial dispersion and isolation of prospective workers does not allow the localization of an industry near the labor supply.

As a proof that this element is neutral to incentives offered by industrial enterprises, is the low number who leave the estancias to seek employment in the city. It seems, therefore, that a "push" into factory activities will be more effective than a "pull" in the same direction. Mechanization of the methods of agricultural production may bring with it a decrease in the man-land ratio and hence, compel labor to look to industry for employment.

It should be pointed out also, that the establishment of an industrial enterprise will encounter strong opposition from the land owners who see industrialization as a threat to their position as rulers.¹

¹In a case study of a factory that moved in such an area it was pointed out that a campaign against the establishment of the factory was conducted by the large landholders of the zone. Simon Rottenberg, Problems in A Latin American Factory Society, Monthly Labor Review, July 1954, pp. 756-760.

SOME GENERAL REMARKS

If we assume the availability of capital investment, raw materials, and markets, the other requirement for an efficient development of an industry is the availability of skilled labor. Labor supply is a function of the "net advantage"¹ of the alternative of work in the factory over all the other alternatives available. Recruitment programs should then be adopted according to the circumstances that command each separate case.

In general we may assert that the methods employed until now were not satisfactory because they did not foster a voluntary offer of labor and relied mainly on a "push" policy. I would suggest that the problem should be tackled from the angle of "want development".

The whole problem of emulating a "self-propelled" development is based not on providing the means for the individual to reach a new and higher standard of living. An individual may possess the purchasing power but he needs also the inclination to spend which stems from the development of his wants.

Wants are neither fixed nor inherent in any society. They can be changed, influenced and awakened.

¹"Negative and Positive Considerations Brought Into the Analysis At the Same Time." Wilbert Moore, Op. cit. p. 300.

Factors that can affect and induce wants. ¹

Cultural patterns are affected usually by biological drives and geographical surroundings. Consumption patterns, as part of the general cultural patterns, follow the same rule. With a slow absorption of new modes and the discarding of old ones, a shift in consumption patterns can be affected. It would be erroneous to assume that a radical change could be expected in the short run. Many examples confirm this statement. A. Kardiner ² cites the failure of the attempted introduction of a different type of corn among Spanish Indians in the U.S. The new type of corn did not conform to the traditional diet and it was forsaken despite the fact that it was more economical to produce.

An attempt to replace corn for flour in the "tortillas" in Mexico would be unsuccessful. The slow introduction of flour in place of corn in bread however, may shift the consumption habits from corn to wheat.

It is also erroneous to try to change the schedule of food consumption with one stroke. In many Latin American factories an attempt was made to impose the same working hours as exist in the United States. This meant the elimination of the "almuerzo", the main meal at noon. The result was that instead of increasing

¹ Elizabeth E. Hoyt, Want Development in Underdeveloped Areas, Iowa S. College, Journal of Political Economy 1951, V. 59, pp. 194-202.

² Spicer, Op. cit.

Any program to develop wants, needs to go out from the boundaries of the factory and exert influence on the whole community. Industry must become a part of the community.

The incorporation of the industry into the community can be done successfully if it has the consensus of the "reference group" of the community, (it does not have to be the formal leadership) because the acceptance cannot be imposed.

A joint action to implant or improve education and other social services, like housing, health institutions etc. will serve as a long run device to create awareness of alternatives, and a literate labor force. (The action should be a joint action to avoid the danger of a paternalistic policy that if justified at the beginning of the process¹ is liable to create difficulties in the long run).

Skills

In spite of the fact that "natives" are able to manipulate modern machinery, the creation of a skilled force requires a certain amount of time and training. One of the common mistakes is to neglect the timing element in the development process.

The training process should be done gradually and through arousing the interest of the trainees. First by improving traditional occupations and later developing new ones.

Contrary to the notion that primitive people reject improvement

¹ Mosk, Industrial Revolution in Mexico, University of California Press, 1950, pp. 262-272.

of methods, the worker once he understands and justifies the process, is eager to apply it. The means by which it is expected to better or to create new skills should not appear to be artificial and exotic to the aboriginal population, if we do not want an effect contrary of the one that we expect.

The teaching of skills should be accompanied by a scale of reward proportional to the skill attained. The reward should not be, at least at the beginning, based only in monetary terms, but also in terms of prestige. The prestige should stem from a hierarchical position in the factory.

The workers themselves prefer a wage that is based on a piece rate scale rather than one that is based on a time rate.¹ Long run projects should be served on a piece meal basis. Success and accomplishment of one stretch serves as incentive for the next one.

¹ Richard N. Adams, Op. cit.
John L. Honigman, Study of Preferences in Canadian Indian Country"
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