MONETARY STABILISATION POLICIES AND MILITARISATION. 
THE EFFECTS ON SOCIAL AND CLASS STRUCTURE IN 
ARGENTINA, CHILE AND URUGUAY (1950-1985)

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Abstract

This paper analyses the origins of neoliberalism in the Southern Cone; a process that has its origin in the period 1955-65 with the implementation of monetary stabilization policies, followed later by the structural adjustment programs. Both the monetary stabilization and the structural adjustment policies were global macroeconomic mechanisms to restructure the dynamic of capital accumulation and economic power relations. By promoting a freer flow of capital, the economic stabilization policies facilitated the entry of foreign capital into the economies of the Southern Cone, predisposing the economies of the Southern Cone to the process of internationalisation of production and financial capital, which began to take shape after World War II more rigorously. This process can be understood within a double transformation of capital as 1) the destruction of the domestic bourgeoisie; a process of relative concentration of capital; and 2) the internationalization of finance capital; a process of absolute concentration or centralization of capital. Military rule was a necessary condition for the project and process of ‘peripheral privatization’ through which capital was accumulated, but not mainly through the productive circuit of capital (M-C-M+). This process thus took place within a global transformation in the process of concentration of capital characterised by a shift from the productive sphere towards the financial and commercial spheres as a mean to secure the valorization of capital, requiring the liberalization of international credits and financial markets, thus setting the bases for the expansion of neoliberalism as an accumulation regime, globally and within Latin America. Therefore neoliberalism and globalization found their grounds in Latin America’s ephemeral ‘national developmentalism’ promoted by ECLAC (United Nations Economic Commission for Latin America and the Caribbean).

Key words: monetary stabilization policies, structural adjustment programs, neoliberalism, Latin America, military coups, accumulation patterns, internationalization of productive and financial capital
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Content

Acknowledgements.................................................................................................................................................. 3

1. INTRODUCTION.................................................................................................................................................. 5
   1.1. Disposition...................................................................................................................................................... 6

2. ECONOMIC POLICIES IN THE SOUTHERN CONE FROM THE POST-WAR II................................................................. 7

3. MONETARY STABILISATION PROGRAMS ................................................................. 7
   3.1. Implementation of Stabilisation Policies in Argentina, Chile and Uruguay ... 9

4. THE NEO-LIBERAL POLICIES......................................................................................................................... 11
   4.1. Theoretical and doctrinal sustentation of the neo-liberal policies ........... 12

5. ECONOMIC POLICIES, CONCENTRATION and CENTRALISATION OF CAPITAL: CHANGES
   IN THE SOCIAL STRUCTURE AND CLASSES .......... 19
   5.1. The concentration and centralisation of the capital...................... 20
   5.2. The employment problem.............................................................. 22

6. CONCLUSION............................................................................................................................................... 24

REFERENCES ............................................................................................................................................... 25
MONETARY STABILISATION POLICIES AND MILITARISATION. THE EFFECTS ON SOCIAL AND CLASS STRUCTURE IN ARGENTINA, CHILE AND URUGUAY (1950-1985)

“How was neoliberalization accomplished, and d by whom? The answer in countries such as Chile and Argentina in the 1970s was as simple swift, brutal, and sure: a military coup backed by the traditional upper classes (as well as by the US government), followed by the fierce repression of all solidarities created within the labour and urban social movements which had so threatened their power” (Harvey, 2005:39, The Construction of Consent).

1. INTRODUCTION

Since World War II, Latin America has experienced the implementation of various economic policies. The implementation of monetary stabilisation policies since World War II, especially during the 60s and 70s, and the effects these policies had in social and class structure in Argentina, Chile and Uruguay (the Southern Cone) will be the focus of this paper. The choice of this three countries obeys to three reasons: first, it is in these countries were neo-liberal policies were more rigorously implemented in the region, second they have in common - and close related to the implementation of these policies - the imposition of military juntas (Vuskovic 1984), and third these countries are characterised by a relative, but early, industrialisation process.

The emergence and implementation of the economic policies correspond to different two moments: an 'endogenous' and 'exogenous' moment. Internally, each of these economic policies erupts in critical conjunctures that have to do with 1) the specific manner in which capitalist reproduction occurs in these social formations, 2) with State regulation and 3) with the then current political domination pattern (Lichtensztejn 1978, Silva 2007). Externally, the emergence and implementation of these policies corresponded to determined moments of capital restructuring at a global scale (Rivera 1984), which develops new patterns of accumulation, leaning towards the rearrangement of the rest of the economies according to a new pattern of international division of labour and capital (González 1984, Rivera 1984, Silva 2007).

The internationalisation and concentration of the production process when disrupting national capitalist property and transforming production, affect directly the social classes involved in these processes, such as the local bourgeoisie, the working class and the petty bourgeoisie, but also the popular sectors, left outside of a system that tends to increasingly repel labour. At the same time the State intervenes in the economic sphere by restraining wages, reducing public spending, privatizing State industries, etc.

What are the consequences of this new type of integration for Argentina, Chile and Uruguay in relation to their economic, social and political dynamics? What are the changes these societies had experienced and to what extent these changes were the result of the implementation of these economic policies? What is the relationship between the
internationalisation and concentration of production and financial capital, on one hand, and the economic policies that preceded these instances and facilitated its development, on the other? How are the application of the economic policies and the internationalisation of capital and labour in the processes of concentration and centralisation linked internally?

We will analyse, in chronological order, what such programs consisted of and their effects on the economic, political and social spheres in light of the modalities that the system took in the social formations of the Southern Cone. In order to review the latter we will focus primarily on what was covered by these policies and the fields in which they were applied. This will help understanding the impact on other aspects of social relations such as the State instances, political, social and working life. It will be also discussed briefly, in a more theoretical level, some aspects of the relations of production in developed countries. The latter obeys to an effort to situate the internationalisation and concentration of productive and financial capital in a global context, as processes that not only constrict the less developed countries (the ‘Global South’), but also have validity, as far as its effects concerns, in the developed countries (the ‘Global North’) where these instances have their origin.¹

As a manifestation of capitalist accumulation, the internationalisation of multinational corporations (MNCs) is expressed, among other things, on the relocation of their enterprises to certain developing countries, also affecting the industrial working class in the developed countries. Recalling Marx, who wrote that capital has no home land, and whose maximum is its own valorisation, the present work tries to analyse these phenomena within a global perspective of how capitalist relations of production work, and the expression these relations take in the economies of Argentina, Chile and Uruguay.

1.1. Disposition
The disposition of the rest of the paper is as follows: The second chapter describes the economic policies in the Southern Cone from the Post War II. Third chapter provide a description of the monetary stabilisation policies. It illustrates the application of these policies as well as the measures taken for its implementation in the economic sphere, in a chronological manner and by country, showing its concentrating and centralizing trends.

The fourth Chapter analyses the neo-liberal policies and attempts to identify their doctrinal and theoretical sustentation highlighting the inconsistency between discourse and reality. It analyses the supposedly non-interventionist State, and its de facto interventionist role in various areas of economic and social life. It also discusses the military governments and their characteristics, as well as the external debt and its role in the internationalisation of financial capital as a result of various economic phenomena worldwide.

The fifth chapter analyses the changes in the social and class structure in the light of the economic policies as well as the international concentration and centralisation of capital, in

¹ It is almost inevitable in this context to ask a series of questions that emerge when confronting theoretical and empirically the specificities of particular social formations with the functioning of the relations of production in developed countries, which overcomes the aim of this paper. Among these, are the same ‘laws’ of capitalist accumulation applicable in one or another group of countries? Are there particular accumulation patterns related to specific groups of countries? If there are differences, do they lay in the modalities that these patterns take in each social formation? The general “law” of the organic composition of capital is not equally applicable to both cases. If so, is there any difference in their manifestations and effects? If not, what is the difference then?
addition to the definitions of these concepts. It also differentiates the concepts of transnationalisation and internationalisation of capital. This chapter also deals with the employment issue, which is linked to the processes of de-industrialisation, outsourcing of the economy (tercerización de la economía), unemployment and other phenomena considered direct or indirect consequences of the implementation of these economic policies. These processes are illustrated with statistics from Argentina, Chile and Uruguay. The employment issue is also discussed in the light of the transformations conveyed by new technology (Leriche and Quintana 1984) and its tendency to repel labour.

The sixth chapter, or conclusion, focuses on the impacts the changes in the market have on the social and the political spheres, due to, among other things, the segmentation and heterogeneity of labour and occupational structure.

2. ECONOMIC POLICIES IN THE SOUTHERN CONE FROM THE POST-WAR II

According to Lichtensztejn (1978), in order to understand the economic policies applied in the Southern Cone between the 50s and 80s, it is necessary to insert and articulate them within the political framework within which they operate; instead of seeing these economic policies as automatic answers to economic imbalances. The sequence of these policies corresponds to the historical-structural logic of a dependent capitalist development in Argentina, Chile and Uruguay. These policies do not constitute a type of ideological veil covered with implicit goals, but must find "an approximation to the underlying theoretical conceptual elements in the implementation and evaluation of such policies [in order to be able to] question the interpretations of reality that inspires them and the hypotheses of their operational laws" (Lichtensztejn 1978:22, 27).

The global capital rearranges the rest of the economies according to a new international division of labour and capital as a consequence of the exhaustion of the existing accumulation pattern in the central economies. From there that the 'essence' of these policies – more than a pretended financing equilibrium (Vuscovic 1984), as postulated by its discourse – are, from a macroeconomic point of view, mechanisms to restructure the dynamic of accumulation and economic power relations.

3. MONETARY STABILISATION PROGRAMS

The stabilisation programs that emerged at the start of the 60s are internally associated with the limitation or debilitation of the accumulation pattern based on the process of import substitution industrialisation since the early 30s in Latin America, in which the State had the strong role of promoting domestic industry. Externally, these early monetary stabilisation programs would become a prerequisite for the internationalisation and concentration of production, also called relative concentration (Lichtensztejn 1978).

In the late 50s, the limitations of the industrialisation process became evident (Suárez 1984). The economy becomes affected by high inflation rates and serious problems in the payment balance, worsened by the degradation of the exchange terms² which in Latin

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² Prebisch and Singer separately stand for the deterioration of the exchange terms’ theory (known as Prebisch-Singer Theory) (Dosman 2001). Prebisch demonstrated that from the year 1870 international trade showed a permanent tendency of deterioration of the “exchange terms” (i.e., the relation between the export
America fell between 15% and 20% between 1955 and 1965. The per capita value of Latin American exports was higher in 1929 than in 1960 (Cueva 1978, Suárez 1984). These phenomena began to undermine the existing populist governments and the social advances that had been achieved so far such as employment increment and the real but modest salary increase that contributed to the expansion of the domestic market. During the previous period 1950-55, Latin America had a yearly increase of its gross domestic product of 5.1%. This fell to 1.7% between 1955-60 and even less between 1960-65 (Cueva 1978).

In the theoretical-ideological discourse field, conceptions began to spread that saw the import substitution industrialisation process and the presence of foreign capital as compatible processes, opposite to what it was in the previous period. From these conceptions, the IMF's view gained ground, giving guidelines for the economic policies of the neoliberal era (Lichtensztejn 1984, Suárez 1984).

Among the elements that such neoliberal approach emphasises is the importance of monetary balances, the opening to the outside markets, the support to the process of accumulation through incentives to private capital utilities and the free play of market forces. Therefore let us examine in more detail how are conceptualised though this stabilising optic, the following economic phenomena:

- Inflation is interpreted as a temporary phenomenon that has to do with the disproportionate expansion of demand, as a result of the governmental economic policy.
- With respect to the sphere of foreign trade, the deficits in the payment balance are due to the protectionist policies applied.
- On the fiscal front the disproportionate growth of expenditure in relation to income is attributed to the excessive ineffectiveness of State interference in the economic activity as well as to an excessive bureaucracy.
- In the wage area, it is emphasised that salary regulations underpin inflation.
- Finally, it is argued that the monetary-credit policy – by expanding the money supply and credit – promote inflation above the productive activities (Lichtensztejn 1978, Leriche and Quintana 1984).

All these problems are seen, to a greater or lesser extent, as a result of misguided government economic policies, legitimizing the stabilisation policies (Vuskovic 1984). It is up to the stabilisation programs to restore the balance, ‘basic condition’ for economic development. Its main objective is to fight inflation and the deficit of the balance of payments, the main ‘destabilising' factors. Hence, the IMF’s recommendations enact the elimination of foreign trade control. It also recommends the devaluation of national currency, the unification of currency conversion systems and the derogation of bilateral trade agreements payments (Leriche and Quintana 1984).
3.1. Implementation of Stabilisation Policies in Argentina, Chile and Uruguay

Lichtensztejn (1978) divides the stabilisation programs into two phases based on the impact these economies had internally. The first phase goes from the years 1954 to 1962 and the second from the years 1963 to 1966.

3.1.1. First Stage (1954-1962)

During this period, the stabilisation programs are mainly concentrated in the area of foreign trade, showing a clear trend towards a redefinition of international relations.

In Argentina, the first steps taken between 1956 and 1958 by the Provisional Government (after the overthrow of Peron in 1955) closely followed the IMF's approach. The Argentinean peso was devalued and bilateral treaties on trade were annulled. During Frondizi's government (1958-1962), which followed the Provisional Government, the fight against inflation failed, but this policy became essential in attracting foreign capital, especially productive capital.

In Chile, the stabilisation policies implemented between 1956 and 1958, during Ibañez government (1952-1958), showed a clear trend towards a redefinition of international relations. The entry of foreign capital came to represent 45% of the investment in Chile and accounted for more than two thirds of the value of imported goods (Lichtensztejn 1978). During Alessandri (1958-1964), the stabilisation policy between 1959 and 1961 was also organised around trade and the banking system. The national currency was devaluated; a single fixed exchange was created giving full freedom to private banks to operate foreign currency transactions. Tax exemptions were created to attract foreign capital as well as conditions to ensure the remittance of profits abroad. The result of this policy at the end of 1962 was that the external debt doubled, representing more than twice the value of exports.

In Uruguay, the National Council of Government known as the White Party Collegiate (1959-1963), implemented economic policies between 1959 and 1962 following similar patterns to those in Argentina and especially in Chile. The currency was devalued, most bilateral agreements were suspended, and control system of import and export licenses was abolished. Freedom of movement of capital above national border was established, thus increasing the foreign financing of the import sector and the private banking system.

The internationalisation process promoted by the monetary stabilisation policies in the Southern Cone is not a homogeneous process (Lichtensztejn 1978, Vuskovic 1984). While stabilisation policies have elements in common, they show some differences. This responds to the degree and type of participation that foreign capital reaches internally, which depends on the specificity of each of these social formations (Silva 2007). For example, Lichtensztejn (1978) notes that in the case of Argentina, these policies facilitated foreign investment in new productive activities and intensified its participation in the areas where it already operated.

The above process resulted in some changes in the previous industrial and dynamic structure due to an alteration in the organic composition of productive capital. In this regard, Cueva gives illustrative data for Argentina. He notes that during 1955 and 1963, the industrial fixed capital within the constant capital increased by 124%, while the portion of circulating capital within the constant capital increased by 25.5%. The variable capital decreased by 4.2% during the same period, and the surplus rate increased by 3.5% (Cueva 1978). In Chile and Uruguay this monetary stabilisation policy favoured the opening of
trade and financial capital. Thus, these countries kept fundamentally the existing industrial and dynamic structure (with the exception of the copper mining industry in Chile, where an expansion is registered). The opening to foreign trade and financial capital disrupted financial and commercial relations, resulting in an external debt, almost an unknown phenomenon (Lichtensztejn 1978, Rimez 1984).

This first phase is characterised by the fact that with the implementation of economic stabilisation policies, the internationalisation and concentration of production became relative. Foreign investments did not try to alienate the ownership of the already accumulated capital, displace or absorb existing investments, without excluding the local bourgeoisie, which became subordinated to a kind of dependent association (Lichtensztejn 1978). Meanwhile, the unequal distribution of income increased in an irregular manner. There is then, during this first phase of application of stabilisation programmes, a transitional compatibility of interest, reflected in the ability to continue operating with inflationary conditions (Lichtensztejn 1978); inflation being strongly opposed by these policies.

By promoting a freer flow of capital, the economic stabilisation policies facilitated the entry of foreign capital into the economies of the Southern Cone, predisposing them to the process of internationalisation of production and financial capital, which began to take shape after World War II more rigorously. Although Lichtensztejn (1984) recognises that Latin America was not USA's main investment area, it became significant especially in countries where development conditions had reached a certain degree of industrialisation and their domestic markets were developed enough, as is was first of all the cases of Mexico and Brazil (Bitar 1984), but also Argentina, Chile and Uruguay.

The number of American subsidiaries, engaged in manufacturing activities in Latin America in 1950 went from 259 to 612 in 1960. The amount of American capital invested in Latin American industries went from 780 million in 1950 to 2.741 million in 1965. With respect to U.S. banks, the number of branches increased from 56 in 1955, to 134 in 1967 (Cueva 1978).

In this context, the implementation of stabilisation policies sponsored by the IMF in these countries, shows that the objective pursued, or at least in regard to their results, is to facilitate the internationalisation of these semi-industrialised economies and open them to the expansion and integration of transnational capital (Lichtensztejn 1978).

3.1.2. Second Stage (1963-1966)

During the second period of stabilisation policies, it is evident that its implementation became more in line with the IMF's approach, which helped to intensify the inflationary process and caused political conflicts in Argentina and Uruguay. In the Argentinean case, there were two coups d'etat, the one that overthrew Frondizi (1958-1962) in 1962, and the one that overthrown Illia (1963-1966) in 1966. In Uruguay, the stabilisation policies re-emerged within a context of aggravated social conflicts and struggles. In the economic

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3 It was already clear during the 60s that the politico-economic dynamics of post-1945 era in Latin America did not facilitate national development. The ‘dependency school’ came as a reaction to this failure. ECLAC’s reformist policy argued for a development strategy that would give the State an active role in the economy, protectionism and industrialization through import substitution. With the aims of enacting income redistribution, agrarian reform and a redistribution of power, ECLAC recognized in a congress held in 1977 in the Dominican Republic that none of these goals had been achieved (Cueva 1978).
sphere, these policies are preceded by a strong rate of inflation, widespread capital flight, a ‘crack’ in the private banking system and the need to refinance the high external debt (Vuskovic 1984).

Chile is in this regard, an exception; when Argentina and Uruguay, with the revitalisation of stabilisation policies, tend to close a type of developmental policy, in Chile with the rise of the Christian Democrats with Frei (1964-1970) in 1964, and the strengthening of the Left Front, resulted in the concretion of a State with a clear reformist orientation. There is no implementation of a stabilisation policy during this period. The same occurs in the later period for Chile during Allende (1970-1973) and for Argentina during Campora (May-July1973) and Peron (1973-1974), being the reason why these governments constitute a disruption in the implementation of the economic policies. Nonetheless, these policies are later re-introduced, with greater zeal, after the deposition of these governments. In the case of Argentina and Uruguay, theses policies’ inclination and adherence to anti-inflationary IMF's approach in regard to the measures adopted during this second phase is clear.

In Argentina and Uruguay, the restrictions on public and credit spending contemplated in the first programs were not executed as planned. For instance the levels of industrial protection mechanisms were not reduced such as the access to domestic credit and other forms of subsidies. In this second stage however, the access to credit became one of the key instruments in a process where denationalising facets are witnessed. The restriction of the domestic credit got the small and medium enterprises into serious issues, whereas major domestic and foreign companies continued to benefit both from subsidised domestic credits as well as from credits from abroad, from their own home companies or from international banks. This situation would facilitate the acquisition of the small and medium national enterprises in economic difficulties, thus suggesting an intensification of a denationalisation process.

4. THE NEO-LIBERAL POLICIES

The application of neo-liberal policies that occur in the late 60s and early 70s are associated internally to the political changes in the Southern Cone, which meant the replacement by the Armed Forces of the respective institutional governments. These political changes were preceded by high inflation rates. Externally, they represent a needed prerequisite for the internationalisation and concentration of finance capital.

Then, the transition from a relative to an absolute concentration process (i.e., progressive denationalisation and centralisation of ownership, as well as a more regressive distribution of income), only changes when this accumulation pattern ceases to correspond with the forms of political-institutional functioning (Lichtensztejn 1978). This lack of correlation only emerged in certain specific situations symbolised by an explosive inflation, highlighting the need for a change in the relations of power and the dominant ideology at the State level. The coups d’ etat in Brazil (1964), Chile (1973), Argentina (1976), and Uruguay (1973) had a history of hyperinflation on the order of 70.4% in Brazil year 1963, of 351% in Chile year 1973, of 334.8% in Argentina year 1976, and 183% between June 1967 and June 1968 in Uruguay (Lichtensztejn 1978).
The greatest importance of the inflationary process lies in the fact that it can lead to qualitative changes that exacerbate and deepen the economic crisis, jeopardising the ability of the State to govern (Lichtensztejn 1978, Remmer 1986). The process of economic crisis becomes a political crisis, questioning the legitimacy of the State authority. The 'lack of trust' and 'power vacuum' or the 'need for economic and financial sanitation' are terms that in the discourse legitimise the alteration of the constitutional order with the subsequent corollary of neo-liberal policies; all this increasingly coordinated by the IMF and other international organisations controlled by the developed countries (González 1984).

The process of absolute concentration of power brings crucial transformations involving, not just the reorganisation of the economic sphere, but also an entire re-organisation of the State and its functions. The State then emerges openly as capable of crushing any kind of social demands of the working class and popular sectors. Hence, the absolute process of concentration of power follows, as a parallel process, the absolute process of concentration of capital and income (Lichtensztejn 1978, Bethell 1995).

The initial compatibility of a relative arbitration policy inwards (i.e. internal control of inflation, fiscal expenditure control, monetary-credit policy and salary regulation), with a stabilisation policy of open doors to transnational capital outwards, in the first stage begins, in the second half of the 60s, start to exhaust its internal and external boundaries, becoming an absolute internationalisation process. It begins then the period of recessive economic policies. This depressive-centralisation phase gave the conditions for a future recovery cycle of growth, under new oligopolistic authoritarian forms of operation. The special feature of the neo-liberal policies is not its originality, but they are renewed approaches "directed now to justify any level of economic depression only it is compatible with the interests of the great transnational banks system" (Lichtensztejn 1984:29). New to these neo-liberal policies is their doctrinaire and political elements that frame the application of these policies.

4. 1. Theoretical and doctrinal sustentation of the neo-liberal policies

If the monetary stabilisation policies took place within a global frame of capitalist expansion, the rise of neo-liberal policies did within a context that start showing clear signs of economic stagnation. In this recession context, the internationalisation of the national financial systems in Latin America, legitimised by the neo-liberal monetarist doctrines have their genesis in the stagnation and declining profitability of their productive sphere in the central economies (Lichtensztejn 1984, Leriche and Quintana 1984).

The exhaustion of commercial, productive and financial mechanisms that originally allowed the expansion of world capitalism since World War II until the early 70s, brought from a theoretical-ideological aspect, a revision of the then patterns of economic performance. It brought as well the resurgence of seemingly out-dated economic, pre-Keynesian, concepts such as the extreme free trade, monetarism and the privilege of market for the proper functioning of the economy (Arancibia 1984). In this conception, any regulation should not be mediated by the State authority. The State is considered an interventionist, undesirable agent whose function should be minimised within the economy.

The society, once conceived as constituted by “sovereign citizens, comes to be a sum of free consumers, producers and savers” (Lichtensztejn 1984:21), which also operate in a ‘free’ market arena. Market’s laws and economic freedom are the main pillars of economic
management (Sanchez et al. 1984:57). Other types of freedoms are relegated to a secondary level. The suppression of democratic rights, authoritarianism and the militarisation of the State became necessary mechanisms to remove market's 'distortions'.

The process of import substitution and the protectionist welfare State, became attacked targets by a doctrine’s which combines in a peculiar manner, neo-conservative, neo-liberal and monetary orthodoxy elements. Within a recession or conjuncture crisis, relapses over the State the reformulation of its roles. In the previous period, the State was one of main pillars of accumulation. Its management was essential in the creation of the economic infrastructure, provision of funding, supply of essential goods, etc. In the following period, the State management had to dismantle the mechanisms of the import substitution industrialisation upon which it was built. It also disrupted the social and political pacts in which this process was founded (Silva 2007). Additionally it corresponded to the State, the reorganisation and reorientation of the productive, financial and political apparatus, necessary to the new forms of external operation.

Although the discussed ideas seem to be about the old controversy of the State intervention over the economic life, this new qualitative reformulation of the State, emerged as an answer to social political processes that involved a questioning of the political order. Therefore, the reformulation of political domination patterns aims to safeguard the 'establishment' from fictitious or real threats (Lichtensztejn 1984). In front of such threats (whose origin is always identified beyond the 'iron curtain'), the responsibility to defend the 'patriotic' values is embodied in the National Security Doctrine, responsibility under the Armed Forces.

This new military authoritarianism did not constitute a striking break with other types of authoritarianism in Latin America, but it had its own specificity (Lechner 1977). This new military authoritarianism emerges in countries with a relative level of economic development and that also has by no means negligible, a democratic-bourgeois tradition.

O'Donnell (1977), instead, places greater emphasis in differentiating the imposition of the military over earlier forms of military authoritarianism. According to him, there is a close relationship between what he terms the Bureaucratic Authoritarian State and the deepening and transformation of this dependent peripheral capitalism. This translates into a vertical industrial integration, linked to the international capital in a context of relative industrialisation, widespread and relatively diversified, as it is the case of the Southern Cone countries.

Similar to Lichtensztejn (1978), Lechner (1977) and O'Donnell (1977) argue that in the domestic plan, the military governments emerged in response to high and deep processes of political effervescence of the popular sectors. A sharpening of class struggle, which varies from country to country, destabilizes the existing order, without creating a new one. This resulted in a power vacuum that the Armed Forces occupied. The military takes power as an institution (Lechner 1977). The military seeks to establish a new State, proclaiming its non-transitory character in a project of historic proportions. Its discourse in the Chilean case is eloquent "We cannot accomplish in a year what was not done in a hundred... neither fix a deadline to governance because the moral, institutional and material restructuring task of the country requires a long-term action" (Arancibia 1978:69).
The military governments are also characterised by ignoring the civilian forces from the government management, proscribing the national Congresses, political parties, unions and other types of civil organisations. They are, therefore, systems of political exclusion and de-politicisation because they reduce the social and political issues to 'technical' problems (O'Donnell 1977). The military governments are also economic exclusion systems because they reduce and delay the claims of the popular sectors and the middle class. Within this order, social inequality serves as a natural selection factor in all areas; it survives the effectiveness of the strongest, or those who embody 'progresses.

The polarisation of the class' struggle and the threat of the popular sectors in this process tended united the different factions of the ruling class. The bigger the threat, the greater the importance of the Military forces and of their hard fractions became (O'Donnell 1977). The willingness to implement in a systematic way, ‘a hard hand in order to dismantle the popular sectors and their organisations acquires more importance. Referring to the ability of the organisation and action of trade unions, Palomino (1985) says that the capacity to implement economic policies increases as social resistance weakens. If at first, it was necessary to implement the economic policies with the direct assistance of the repressive apparatus, later the intervention of this repressive apparatus was not necessary “as the weakness of employees prevented effective resistance” (Palomino 1985:60).

Regarding the allied sectors of the Armed Forces during the coups, O'Donnell (1977) says that the higher the level of popular threat, the longer it takes to the allied sectors (also excluded from the process they helped to prepare) to reactivate and seek alliances with popular sectors, thus becoming a real challenge to the Armed Forces. The Chilean case, in its moment, is a good example of this observation. It took one and half decade for the opposition (centre and left) to re-organise and challenge Pinochet’s power.

In general, according to Lichtensztejn (1984:22), the neo-liberal policies could be viewed as “ways to establish or renew, via the authoritative power, disciplinary mechanisms in the working class and also, within the capitalist class itself”. It is up to the Armed Forces then to organise paradoxically the national space for its internationalisation, since the internalisation of capital requires clearly defined national spaces.

The internationalisation of financial systems which is preceded and facilitated in Latin America by neo-liberal policies can be explained mainly by the exhaustion of the accumulation process, in the productive sphere due to the recession in the central economies. There is a transformation in the process of concentration which is characterised by a shift in the domain that provided the productive sphere towards the financial and commercial spheres (Geller and Vuskovic 1985) as mean to secure the valorization of capital (Guillen 1986). The lack of options in a context of economic productive recession turned huge masses of transnational capital into the financial firms, giving place to the renaissance of the private financial markets (Tomassini 1984). This process was reinforced by the high liquidity that began to exhibit the global economy resulting, among other things, from the surpluses accumulated by the Organization of the Petroleum Exporting Countries (OPEC) (Vidal 1984, Wionczek 1979). Between 1974 and 1983, the deposits of the OPEC in the international market were of US$452 thousand millions and 40% of these were deposited in banks in the USA and England. After 1973, the New York investment banks became more concentrated on providing capital to foreign governments. As Harvey (2005:28-29) describes, “This required the liberalization of international credits and financial markets and the US government began to promote and
support this strategy globally during the 1970s”. These moves set the stage for the full flowering of neoliberalism as an accumulation regime, globally and within Latin America. Therefore, neoliberalism and globalization are found in the very temporal core of so-called "national developmentalism" (Fordism/Keynesianism) (pers. communication Jason Moore 2012.

The impact of this productive economic recession was especially severe for those countries most closely linked to the global economy, recurring to mitigate these negative effects, to the massive foreign debt. It was in the financial field where the integration of Latin America deepened further. Between 1970 and 1982, the total debt grew from US$26.6 thousand million to US$327.5 thousand million (Camargo 2003:23, see also Table 1: América Latina: Deuda Externa Total entre 1979-1982). The latter corresponds to 33.2% of the Latin America GDP (Hernández 2005). This shows that international financial relations and its various forms of control gradually tended to govern the national economic structures (Rímel 1984, Rivera 1984 and Vuskovic 1984). Thus, the internationalisation of national financial systems is manifested primarily through the financing of governments and companies by transnational banks.

As rightly pointed out by Frank (1984), the belief that financial debt of the transnational banks have financed the account deficits in debtor countries, is only half true because the loans primarily led to the increase or maintenance of a high level of imports from the same countries that provided the loans. Expressed in other terms, the loans, supposedly destined to balance the deficits, incurred in increasing the same deficits (Cataingts 1986) or as the World Bank (1985:64) recognized, the Latin American external debt has been “a recipe for disaster”. Loans at first were given almost with any conditions attached. Within this context, the foreign debt was a promoter of imbalances long before the payment of the debts’ services just began to strangle the economy of the debtor countries.

The financial system thus served, as Frank (1984) said, a dual role: 1) on one side, it displaced the State as assignee of resources, and on the other, 2) it opened the domestic financial market to the international capital as a way of sustaining and supporting the transnational integration of the economy (Geller and Vuskovic 1985).

In fact, the channelling of financial resources from the transnational banks (TB) to the debtor countries, served the same countries where transnational banks have their origin, to transfer great part of its own crisis of over investment and overproduction by exporting goods and capital especially to certain countries of the periphery. This financing somehow managed to delay the manifestation of the crisis in the core countries, though it failed to prevent it. Conversely, when its effects were present, the recession and inflation were much sharper.

Arancibia's observations (1978) regarding the Chilean case are accurate in relation to Frank's thesis which states that the loans, rather than financing current account deficits, they helped core nations to get rid of its overproduction. The most significant feature in Chile for the year 1977 compared to 1976, is found in the import growth of 47% compared to export growth of 5.7% (with a low average price of copper in the year). This relationship is eloquent, resulting in a high deposit account deficit, which was financed through external debt. The composition of imports shows that is not about imports goods necessary
to support real internal growth since the import of capital goods grew by 46% versus 262% of non-food consumer goods and 39% of intermediate items. Consider also that the structure of imports reflects the income distribution because it shows a percentage decrease of those goods consumed by middle and lower class in contrast to a significant increase in consumption goods in the upper class. The main imported items are automobiles, textiles, refrigerators, stereo equipment, television sets, wines and spirits. Only in 1976, the whiskey import increased 400% in relation to 1975 (Arancibia 1978).

Another good example sustained by Fontanals (1984) in relation to the indebtedness used to finance imports, is the case of Argentina. There are no macroeconomic reasons to justify the almost tripling of the foreign debt in Argentina of US$22,000 million in just 3 years when their aggregate trade balance was positive. The registered deficit in the current deposit account between 1980 and 1981 would obey, not to structural reasons, but to the disproportionate level of imports reached.

Regarding the foreign debt, there was a glide in the source of external financing. Until the early 70s, about 80% of external financing came from public sources, while in the early 80s, 80% of the debts came from private sources (Tomassini 1984), i.e., a shift from the predominance of multilateral loans to private bank loans. The relative loss of loans from public sources for those coming from the private sector reflects the decreased influence of the IMF that according to Lichtensztejn (1984), declined since the early 60s to the 1982 financial crisis. Henceforth the IMF approaches take again importance in the management of economic policies in close relationship to the transnational banks (TB). According to Guerguil (1984), the IMF loans to Latin American countries increased, from US$6,500 million in 1982 to 10,000 million in 1983, for which different credit mechanisms were applicable. Out of these 10,000 million in 1983, more than two thirds were subject to a compliance regime, which, in other words, implies that disbursements are given gradually and subject to compliance mechanisms with targets set by the IMF (Rimez 1984).

Within this scheme, the IMF essentially maintains its focus on inflation as a result of domestic demand, requiring a greater need to contract this demand, adjusting the structure of prices and incomes for such purposes (Lichtensztejn 1984, Remmer 1986 and Leriche and Quintana 1984). IMF’s renewal is limited to follow the neo-liberal financial vision, aiming to support the reproduction of international financial capital and the need to consolidate the stabilisation through changes that reduce and redefine the space of State participation and reallocate economic resources under guidelines issued by international financial capital (Remmer 1986, Leriche and Quintana 1984).

Consequently, the opening of economies promoted by neo-liberalism requires the release of national spaces to the dynamics of the processes of accumulation and redistribution of international capital. Its operation presupposes the release of the fixing system of internal pricing in markets for goods and services, which, by following the logic of optimizing resource allocation and maximisation, will come to equilibrium (Sanchez et al. 1984). From the above, it is inferred that the domestic price level had to follow the international trend; otherwise the domestic industry would have been in 'advantage' with respect to the transnational companies (TNCs). The conversion of the productive apparatus has also taken the benefit of the comparative advantages based on the country's resources. With respect to the domestic industry, if it pretends to maintain control over the internal market, it shall be subject to international competition, making the tariff protection as well as the credit and fiscal subsidies unnecessary. International competition will repel, in a sort of
'natural selection', a process that will result, in an increased efficiency and productivity reducing costs and hence prices.

A broad consensus among most of the authors discussed exist that neo-liberal policies and the subsequent adjustment programs, correspond to a set of theoretical and political assumptions that have ended in the formation of a growth strategy, closely linked to the accumulation of international capital. These have in common "the glide and centralisation of the economic policy management in the monetary and financial areas" (Sanchez et al.1984:63). This process conjugates: the foreign debt becoming more detached from the productive sector and markedly speculative; the promoted de-industrialisation; the delivery of natural resources; the opening of the domestic market; the re-concentration of the national income, etc. (Sanchez et al. 1984).

In the case of Chile and Argentina where the application of the neo-liberal model was more forceful, the centralisation resulted in the formation of large blocks in the business sector through the combination or merging of the bank-industrial-commercial sectors. In Chile, the privatisation of banks in 1975 as a result of the policy of the new ‘withdrawal’ State, led to the transfer of virtually all banks to economic groups or enterprise conglomerates (Bosworth 1994). The banks were used to finance the purchase of businesses and other properties. Therefore, essential parts of private capital accumulation did not result in new investments, but in buying public capital (Lichtensztejn 1984). In Argentina in 1981, “one third of the 100 largest industrial companies were the result of expansion from the purchase of other companies” (Lichtensztejn 1984:26), being the centralisation especially intense with respect to local businesses. In Uruguay, financial internationalisation did not result in a direct integration between the banking and productive capital (except for credit allocation decisions on the bank capital for the productive capital). The other sectors did registered an unbalanced expansion of the financial system, increasing the presence of international banks and transnational corporations, etc. (Lichtensztejn 1984).

Accordingly, and as stated earlier, financial internationalisation has led to changes not only in the processes of concentration and control of private capital, but it also had influence in the State business management (Phillips 1998). While external finances did not affect the domain of certain exclusive State areas, it affected many of these and their orientation in relation to "the provision of technological and commercialisation services, provision of machinery and inputs, production sharing agreements and exports" (Lichtensztejn 1984:26, 27).

The non-interference of State in economic life is an issue that deserves deeper analysis. The subsequent result of the implementation of the economic policies show how contradictory has been its own development. The privatisation of the agencies and public enterprises, open mostly to the incorporation to private companies, in the case of Chile has led to almost the total disintegration, breaking (Arancibia 1978) not only the preceding rules in the country that reserved certain economic activities for the exclusive management of the public sector, but also the explicitly recognized criteria set in the countries where the recommended policies came from. Until 1978, only the Corporación de Fomento de la Producción (CORFO) had transferred 400 companies to the private sector (Arancibia 1978).

In cases where the economic activities could not be transferred to the private sector, the so-called peripheral privatisation was applied, which was the equivalent of transferring part of
the activities to a private contracting firm such as transportation, maintenance, repairs, etc. This was the case with copper mining, where, a proliferation of contracting firms appeared in the scenario in comparison to previous years as for instance the Chuquicamata Division. The interesting point about this process is not the increase in numbers of contractors, but in the qualitative changes that it causes. The increase of workers in the contractors is related to a direct reduction of workers at Chuquicamata Division. This is not simply a substitution of one worker for another, but implies differences in wages, working conditions, housing, medical care and other benefits that Codelco (Corporación Nacional del Cobre) grant their workers, which contractors do not. With respect to wages, the difference between them is enormous, to the extent that the workers’ union in Chuquicamata prior to 1985, asked his own company to pressure contractors to improve their workers’ wages (Pers. comm. with Luis. A.Gallardo U., then member of the Chuquicamata workers’ union, 1987). It is interesting to highlight in relation to the social organisation and unionised actions of the workers, their subdivision. The peripheral privatisation makes it more difficult to have a better and more efficient organisation and bargaining power by Codelco workers given that their number reduces. Thus the spread of labour also means heterogeneity of patrons, workers’ demand, working conditions, rights, etc., all of which makes it difficult the organisation of workers in a single front.

This ‘peripheral’ privatisation does not privatise copper mining, but it introduces substantial amendments to it. It is interesting to note that the privatisation process has its limits, as it does the ‘non-intervention’ State. The privatisation of public enterprises has its limits because (Arancibia 1984), it requires some level of action from the State, especially in the developing economies, as the experiences of the Southern Cone demonstrated.

In the case of Chile, often presented as the most extreme example in implementing neoliberal economic policies, it is estimated that about 50% of the country’s economic activity is highly dependent on the management from the public sector; estimation made after a decade of the privatisation credo. In 1984, the State responded with about 50% of the gross capital formation. This way is that the neoliberal state resembles very much the Prebisch ideal on the role of the ‘intelligent regime’ or ‘smart state’ supporting industrialization, while the economy remains private (Dosman, 2001). The neoliberal state turns out to be as interventionist as the Keynesian state (Jason Moore, pers. communication 2012). Chilean State maintained under its ownership or control, the productive assets of greater value or significance, i.e. large-scale mining of copper, nitrates, oil, electricity, telecommunications, etc. (Arancibia 1984).

Regarding the role of a supposed ‘withdrawal' and 'non-intervention’ State, its rescue operations to safeguard the wreck of private initiative, puts in evidence the denial of its own discourse. After a decade of faithful obedience and unquestioned conception of free market and non-interference, the Chilean State was obliged to decree the intervention of the most important banks and financial institutions by managing their past-due portfolios, which were in virtual bankruptcy (Larraín 1989).

These "covered statizations or nationalizations" (Arancibia 1984), have little to do with a free market that regulates itself without State interference. The takeover of the State of firms in crisis was done through the transfer of substantial resources to avoid bankruptcy without affecting the nominal ownership of property, situation not only typical for Chile, Argentina and Uruguay, but also common even in the core nations, with the exception of the analysed cases, State interference is clearly postulated.
There are other illustrating examples of the lack of consistency between the discourses and the reality of this 'non-controller' State, where the State ended up taking over the responsibility of the international banking, even in the solution of private debts, to which it had not provided any guarantee or mortgage.\(^4\) What can we say about this 'contraction State' is that in order to make these policies feasible, it required a State management in key areas of the economic system. In Chile, the public authorities are those who set the exchange rate, the State agencies are the ones promoting and encouraging exports, regulating the conditions for the purchase of foreign currency. They determine the salaries of the labour force, likewise a number of measures to reduce the cost of labour by lowering wages, eliminating legal restrictions like the non-removability law, which allows dismissal of an employee without a trial, prolongation of the weekly working hours in commerce from 40 to 48 hours, etc. The State management is, therefore, not only openly intervening in the economic field but also in all other areas of the social sphere. A pre-requisite for successful implementation of many of these measures is the use of open repression, as well as the monopolisation of the political and constitutional arena.

5. ECONOMIC POLICIES, CONCENTRATION and CENTRALISATION OF CAPITAL: CHANGES IN THE SOCIAL STRUCTURE AND CLASSES

Taking as a starting point the economic policies to analyse the changes in the social structure of the societies of the Southern Con is an axis within which these phenomena can be analysed. If these policies belong to instances which have their place in the development of capitalist accumulation patterns prevailing globally, then the incidence of such policies on the social structure in which they were applied is evident.

These instances are the international concentration and centralisation of capital that Lichtensztejn (1978) defined as a relative internationalisation and concentration of production and the absolute internationalisation and concentration of finance capital, respectively. The importance of capital’s international concentration and centralisation promoted by the studied economic policies in the Southern Cone, get a central interest for the changes that such processes introduce in the whole area of social life. Among them stand out its effects on the labour market, concentration of ownership, income regression, deindustrialisation, in the outsourcing of the economy, etc. (Vuskovic 1984), within a tendency where all these phenomena are closely related.

The type of economic development in the three studied countries and the economic policies applied within them are, in our view inseparable processes. While respecting the specificity of each social formation, the internal and external factors respond to a single process within which all these phenomena are internally combined and conditioned. Hence our attention will be paid on employment and we hope in this specific context, to link the other mentioned phenomena (economic policy effects on the labour market, concentration of ownership, income regression, deindustrialisation, outsourcing of the economy, etc.) given the close existing relationship among them. Before this, it is necessary to analyse the international concentration and centralisation of capital as a framework within which

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\(^4\) A well-known example in Chile related to the latter is the CRAV (Sugar Refinery Company of Viña del Mar) case, which broke after a speculative move, ceasing the payment of its obligations abroad, to which the government rushed to ensure compliance with the debt; a measure completely contrary to free market.
these are inserted and originate.

5.1. The concentration and centralisation of the capital

For some authors as Palloix (1978) and Fröbel et al. (1981), the It is only the understanding of the valorisation and accumulation of capital as absolute ‘law’ of capitalism, which gives a more consistent interpretation of the history of capitalism rather than the hypothesis of an equivalence between capitalism and free wage labour or for that matter, of the independent development of the productive forces (Fröbel et al. 1981).

Palloix (1978), similar to Fröbel et al. (1981), emphasises that the central thing to understand the logic of capital is the ‘law’ of value, which is nothing more than the law of international value. In this context is essential to differentiate processes such as the transnationalisation of production from the internationalisation of capital. The capitalist relations of production and their internationalisation is nothing else than the internationalisation of capital as a social relationship in their process of valorisation.

Palloix (1978), based on the three formulas of the cyclical process of capital says that we will achieve an understanding of the capitalist relations of production and their internationalisation only at the level of cycles M...M' and C...C' (money…plus money and commodity…plus commodity). Focusing on the relations of production outside of these cycles, does not raise the issue of the internationalisation of capital, because it is the cycle M...M', which raises the fundamental capitalist relationship. Conceiving the process of transnationalisation as an expression of the internationalisation of production is equivalent as subtracting from the production process, its capitalist form (Palloix 1978), leaving production (the form P... P') as the main goal. This conception does not in itself reveal the valorisation of capital. Hence the process of transnationalisation is a minor process that inserts itself in a mayor one, which is the internationalisation of capital a social relationship. Consequently, the strategy of the TNCs is nothing more than the strategy of the international valorisation of capital.

According to Palloix (1978), following the history of capital, it is only the capital-commodity cycle which originally developed in an international arena, now the capital-money cycle and capital-production cycle follow the same process. We are therefore in front of a process where the social capital cycle increasingly moves, through these three cycles, towards a global space. The act M-L (money-labour) is today an international event, which is the main aspect of the internationalisation of capital in its process of valorisation. It denotes the internationalisation of both class relations and the internationalisation of production; a new phase in capitalism development. Prior to the M-L moment, the capital-commodity and capital-production cycles have to be internationalised, so that the workforce succeeds to become a commodity at a globally level. From this perspective, the internationalisation of capital through the TNCs, corresponds to the most developed stage of the capitalist mode of production, as well as to the deepening of the social and technical division of labour on a world scale.

The internationalisation of capital is the internationalisation of the relations contained in capital in the process of a valorisation, already valorised. This whole process is ensured within the framework of the different national States; spaces that the process of internationalisation, paradoxically, requires for the management of the different levels of the value ‘law’. It is then up to the State to manage the functioning 'laws' of the capitalist
The economy within which the economic policies enter; thus laying out the national framework of the law of value (Palloix 1978).

The internationalisation and concentration of production (relative) and financial capital, (absolute) respond to the internationalisation of the processes of concentration and centralisation of capital, which originally began to occur within national States. In accurate terms, the concentration is, as Marx pointed out, the expropriation of capital by the capital. What the concentration does is to distribute in a different way the existing social capital. It is a quantitative modality of re-grouping the already accumulated capital. The concentration is therefore the most powerful lever of accumulation. Within this context, the centralisation of capital would be another term to describe the production process on a larger scale, being centralisation the most absolute concentration.

To summarise the above, the concentration refers to the production level, i.e., the increasing control of few enterprises controlling the production, while centralisation refers to the concentration of heritage property, not only at the production level, but also at the level of commercial and banking capital. In other words, centralisation has to do with amalgamation of many capitals with one another (Paz 1981).

The fact that in a time point financial capital predominates over productive capital and over the commercial capital does not mean that they all dissolve into a whole but they maintain their form in a strategy of control of the global process, in their quest for maximum benefits (Gorostiaga 1975). From this point of view, the process of concentration and centralisation is slowly transforming the ownership structure, affecting all social groups, from the capitalist class itself, as the concentration introduces substantial changes in the structure of their own property. If local businesses had a development embryo, the measures taken by the economic policies eventually would stifle their potential development (Arancibia 1984).

These policies affect largely the middle and petite bourgeoisie - which were the major support on coups d'etat - since the implementation of economic policies, by severely reducing domestic demand and restricting credit. They became the first economic victims of the owning class. Those who managed to survive these measures were later destroyed by external trade liberalisation. Out of 7,500 members that the Association of Small and Medium Entrepreneurs of Chile had in 1974, there were only 1500 left at the end of 1981 (Arancibia 1984). As Marx said, if the primitive accumulation is about expropriating the direct producer, within the capitalist mode of production, the capitalist expropriate each other through the process of centralisation (Marx, 1980, Vol.1, Chapter XXIV:953).

Concerning the effects of the dismantling of public enterprises by the State businessmen themselves in Argentina and Chile, demanded the public sector to increase its spending, raise tariffs, freeing the remuneration policies and to assume consistent policies to protect the domestic market and stimulate the economy (Arancibia 1984). Indeed, the loss of purchasing power is not a problem that concerns only employees but also the various fractions of the bourgeoisie since, in order to sell, there must be purchasing power. While it is true that the concentration and centralisation processes affect the capitalist class, these processes affect even more other sectors in these societies.

Although several authors emphasize that the economic phenomena affecting other social groups in these societies (unemployment, underemployment, underutilisation of labour, the
fall in industrial employment, increasing of self-employment or *cuentapropismo*, outsourcing of jobs, etc.), should be found in the evolution of the type of economic development in these countries, most recognize that these trends find its clearest crystallisation in the connection with the military coups and economic policies implemented by these governments in the 70s.

5.2. The employment problem

After the analyses of the processes of concentration and centralisation of international capital, let us focus on the employment problem, and link it to the above mentioned phenomena. As noted by Tangelson (1984:159-160) "employment and occupation are factors in which are articulated, defined and reflected the economic dimensions of the development process in its global, sectorial, regional and even individual levels”.

One of the processes that have had the greatest impact on the occupational structure has been the deindustrialisation process. This has been particularly strong in the case of Chile, where the degree of industrialisation\(^5\) (understood ideally as a capacity to produce its own capital and manufactured goods to reduce the dependency on import as well as a balanced relationship between industrial and agricultural production (Dosman 2001) declined from 25.5% to 18.9% between 1974 and 1982. In Argentina “the degree of industrialisation fell from 28.6% to 24.0% between 1975 and 1983, while in Uruguay it maintained its growth rate between 1977 and 1981in respect to its manufacturing export” (Lichtensztejn 1984:25).

The Argentinean industrial product fell by more than 20% between 1975 and 1982, ranking at similar levels to what they had in the 60s (Kosacoff 1984). The industrial occupation reduced its production personnel by 40%, expelling nearly 400,000 people. The industry's participation in GDP, declined from 28% to 22%, a process which is associated with an increased outsourcing of the economy with the consequent lower levels of productivity. The participation of employees in the total income fell from 49% in 1975 to 32.5% in 1982. Between 1975 and 1981 the production activities of capital goods decreased its activity by 33%.

The changes in production structure due to the implementation of economic policies became evident examining the redistribution of the total sector weight. Between 1971-1984 priority was given to primary production (agriculture and mining) based on the conception of the comparative advantages thus promoting the 'restructuring' of the industry that decreased by minus 3.9% compared to an increase of 2.6% in the agricultural sector. With

\(^5\) In Chile, the creation of the Development Corporation (CORFO) in 1939, during the center-left coalition Frente Popular (1936/41), initiated Chile’s second industrialization phase. CORFO's objective was the promotion of the national economy through public policies that promoted industrial production and modernization of agriculture. Keystone of this strategy was the encouragement of exchange tariff and import substitution of intermediate and manufactured goods, promoted the creation of credit lines to support industry, infrastructure construction and the installation of basic industries such as electric power generation, refining of petroleum fuels and the production of steel, development of beetroot sugar production, promotion of paper production, etc. (http://www.memoriachilena.cl/temas/index.asp?id_ut=frentepopular(1936-1941), Furtado in Cueva 1977). Today, 2012, Latin America as Africa continues to depend on external markets to promote internal growth (López 2010). Chile, in particular, continues to heavily rely on its natural resources. Year 2009, of the total export, the mining sector's participation was 59.5% of which 53.5% corresponded to copper, followed by industry with 46.2% and agriculture with 6.9%. http://rc.prochile.cl/sites/rc.prochile.cl/files/documentos/analisis_exportaciones_chilenas_2009.pdf.
this alleged new policy, only a return to a pre import substitution industrialisation period took place (Beccaria and Orsatti 1985).

If in the previous decades, industrial, employment decreased in relative terms compared to employment growth in other sectors; from the coup d’etat this decrease becomes absolute. Argentina in 1983 had fewer industrial workers than in 1954. This is due the so-called deindustrialization process of the period 1976-1982. The industrial product fell in more than 20%, industry reduced its production personal with 40%, ca. 400 thousand workers losing their jobs, and ca. 20% of the factories closed up. It also took place an increment in labour productivity; this more associated to a rationalization of its use than a product of the rising of the organic composition of capital (Kosakoff 1984). On the other hand, the employees in the public sector decrease by 125,000 persons, from 425 thousand to 300 thousand between 1975 and 1981 (Palomino 1985).

In Chile, the participation of the industry in the total GDP in 1977 was lower than the reached in 1953 (around 21%). The total public expenditure, in relation to the total GDP, decreased from 42.6% in 1973, to 26.5% in 1975. The GDP contracted by 13.1% in 1975 and the unemployment rate reached 18.7%. The increase of consumer prices was 340.7% in 1975, and 1.108% between December 1974 and December 1976 (Arancibia 1978). Manufacturing companies went from representing 26.1% of the GDP in 1972, to about 20% in 1977.

Regarding the phenomenon of self-employment (persons employed by itself), it is estimated that it increased as a result of the applied economic policies, a phenomenon that is interpreted in relation to the reduction of employees in general. The self-employed are in Argentina, 19% of the economically active population and if their relatives are included the percentage increases to 22% (Palomino 1985).

Phenomena such as self-employment, informal sector growth and outsourcing of the economy are undoubtedly concatenated events. The goods producing activities fell significantly in all these countries with respect to trade activities and service. The application of economic policies, the impact of the crisis and the specific development in these countries combined infer on economic and employment growth, contributing to stop the process of diversification or heterogeneity, which seemed to be in practice in these economies (Meschiani 1985).

A relative consensus seems to exist that the employment is not a problem arising from a lack of economic growth. Latin America has seen higher growth levels than the U.S. and Western Europe in the same situation of historical development, but without being able to generate the same effects. Growth rate in Latin America was 6.3% in 1971, 7.1% in 1972-73 (Cueva 1979), 3.6% in 1975, 5.1% in 1976, 6.5% in 1979 and 5.6% in 1980 (CEPAL or ECLAC 1985). This problem is related to the type of then current development and the insertion of Latin America to the international economic system, making increasingly difficult to choose autonomously ways to overcome the problem of employment (Vuskovic 1984).

In 1950, one of four workers was underemployed, while in 1980, one of five still remained unemployed. From 113 million workers, more than 22 million were underemployed (Meschiani 1985).
The productive and financial internationalisation also introduces profound changes in the entire international system. It stands out within these transformations, the impact of the IT revolution and other technological advances (Leriche and Quintana 1984) and therefore in the occupational structure, impacting widely on society affecting without discrimination developing and developed countries alike. The most outstanding feature of the introduction of new technology is making labour redundant.

Within the logic of the system, the need for growth goes hand in hand with the rationalisation of production processes and this trend is not compatible with the need to create new jobs (Tangelson 1984). Within this overall context, the impact of technical development on employment remains a technical and economic issue, becoming an intractable political problem, especially in dependent societies.

6. CONCLUSION

Since the transformations that the labour market has suffered a direct impact on the social and political spheres, we will concentrate on this conclusion solely on the effects the analysed phenomena have over the social structure.

It is within the labour market where the core groups of society (capital-labour) are constituted. Since the labour market is a smaller set embedded within society, its conditions of development depend, largely, on the political and social spheres. This is how governmental implemented economic policies, resulting in phenomena such as deindustrialisation, outsourcing of the economy, etc., have become in the loss of strategic importance of the industrial working class; of workers and public employees who, together, constituted, compared with other sectors, those of the mayor capacity of organisation and collective action.

If the concentration of industrial workers is associated to a process of homogenisation of the working class - reflected in the organisation of unions against capital and government economic policies - phenomena such as deindustrialisation and outsourcing of the economy would rather tend to the heterogeneity of the working class and of other employees in general. This heterogeneity results in a big variety of demands their organisations must fight for, leading to a reduction of their capacity of organisation and action.

With regard to outsourcing of the economy, the type of insertion of the employees depends on the type of company concerned. In trade and services tend to dominate small establishment with low staffing, resulting in a large number of employees dispersed over a large number of establishments which, in turn, translates on a segmentation of employees, making difficult their collective organisation. The type of relationship with the employer is direct and personal, being common in this type of relationships, features of paternalism, a condition that tends to make difficult the negotiation power with the employer.

The financial sector tends to dominate the large public and private entities with large staffing. The creation of a single front of employees against one employer will be in these cases much more feasible. The segmentation of the occupational structure and the dispersion in the working conditions, mainly due to the implementation of the economic policy affect a considerable portion of the economically active population (Palomino 1985).
It is important to note, however, that this segmentation in the occupational structure, the dispersion in the working conditions, the suppression of unions, political parties and other social organisations - hitherto traditional channels of participation in the political and social sphere - all these phenomena do not necessarily translate into social dispersion given that new forms of associations and organisations can arise in response to these processes.

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