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***WORK MARKET IN THE NINETIES: THE (IN)EQUALITY BETWEEN NORTH AND SOUTH***

**Dra. Liana Carleial<sup>1</sup>**

**Professor, Post-graduate Program in Economic Development, Universidade Federal do Paraná/UFPR (Curitiba, Brazil) E-mail: [liana.carleial@pobox.com](mailto:liana.carleial@pobox.com).**

The goal of this article is to reconsider the so-called crisis of wage labor. With this purpose in mind, I examine the concepts that have been employed in dealing with this issue and consider the difficulties involved in the analytical organization of this “crisis”. I go on to map out new forms of labor and work and evaluate the configuration of labor markets, using a classical definition: sellers of labor power/small-scale owners of means of production (self-employed or autonomous workers). I conclude, on the basis of evidence drawn from a selected group of countries, that this crisis is compatible with a growing contingent of wage workers, particularly in developed countries.

We are living in times of doubt and uncertainty regarding the current behavior and future tendencies of labor markets. The eighties were a decade of important changes, with the reorganization of capitalism which exacerbated the deepening cycle of economic internationalization that many have referred to as globalization. Within this process, competition for access to different markets stiffened – particularly those of the developed world. Thus, the eighties were the scenario of a re-ordering of investment and commercial flows toward Europe, the United States and Japan. It was only after the re-ordering of these spaces that the markets of underdeveloped countries took on greater importance.

In a similar way, competition over the use of public funds also increased (Oliveira, 1988; Habermas, 1987), geared as it was to re-directing toward capitalists the axis of decision-making regarding the use of surpluses. This strengthened the market and the economy. Significant changes in the material base of capitalism are at the center of these processes: microelectronics which facilitate communications, reduce transportation costs and link markets in real time; suggested organizational changes that are modeled after Japanese organizations and are copied to a greater or lesser extent by Western economies, permitting differentiated and more agile organizational models for firms and firm networks.

Parallel to these changes, as Chesnais (1998) maintains, there has been a major change in capitalism’s correlation of forces, with the rise in American interests rates in the

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seventies as its starting point, creating a financial bias in contemporary capitalism. Marglin (1989) in turn argues that the reduction in unemployment of the Fordist period “spoiled” the working class, leading them to adapt to the system so that only the return of unemployment could in fact re-educate them in terms of efficiency and commitment. Entrepreneurs recognize this as a moment in which it becomes possible to take advantage of workers’ minds, whereas Fordism allowed only for the use of their limbs.<sup>2</sup>

Interpretation differences aside, the wisest procedure we can follow avoids underestimating the complexity of this stage. Nonetheless, scenarios like the one that we have described, of change or perhaps of transition, arouse uncertainty, curiosity and in some cases even na opportunism that attempts to distract us from central aspects of the process, focusing on marginal or minor evidence.

The discussion of the world of work is a good example. There is talk of a crisis of work, of wage labor or of employment. There are claims that it is impossible nowadays for people to think in terms of a long term professional life or career. Some entrepreneurs argue that a worker should have projects, areas of work and not “jobs”.<sup>3</sup> There are also claims that the alternative route is self-employment. Just how successful such interpretations have been is attested to by the proliferation of texts on micro-credit, as a strategy for sustaining self-employment.

This article takes arguments such as those described above as a point of departure, interpreting them from the perspective of the following question: what is the meaning of the so-called job or wage labor crisis? What analytical categories are available that can help to shed light on this situation? Does it make sense to work with notions of the “wage relationship” or *société salariale* as Castel uses it? For reasons that will be specified, I argue against such concepts and defend the hypothesis that the decisive distinction between those who own/do not own means of production, informed by Marxist theory, still retains

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<sup>2</sup> As the industrial director of a large Curitiba electronics firm asserted during a recent talk: “We have discovered today that it is also possible to use workers’ minds, and not only their limbs, as was the case yesteryears...” referring to the changes that productive restructuring has brought about on production processes and workers themselves.

<sup>3</sup> James Meadows, vice-president of the AT&T Human Resources Department, stated in an interview for the NY Times in 1996: “People need to look at themselves as self-employed, as vendors who come to this company to sell their skills”. He added, “In AT&T, we have to promote the whole concept of the workforce being contingent, though most of the contingent workers are inside of our walls”. Instead of jobs, people increasingly have “projects” or “fields of work”, he remarked leading to a society that is increasingly “jobless but not workless” ( Andrews, 1996: D10) taken from Tilly and Tilly(1998; p.224).

the explanatory power needed for our understanding of today's main forms of labor market participation.

This article is structured as follows: three sections, besides introduction and final considerations. The first section is of a conceptual nature and deals with the difficulties that emerge in the analysis of the crisis of labor. The next section looks at the so-called "new" forms of labor (subcontracting, industrial homework, telephone work, etc.), observing that these new forms of work can be interpreted (although not without difficulties) through use of the classical distinction between those who sell their labor power and owners of means of production. This is followed, in the fourth section, by an evaluation of how widespread wage labor is in different countries, establishing a parallel between the performance of wage labor in four developed countries and within those that make up the *Mercosul*. I end with some final considerations on these discussions.

## **1. Concepts**

### **1.1 Labor power and wage labor.**

According to Marx, capitalism's logical and historical point of departure is the availability of that most special of commodities, labor power. This availability is due to a long process of expropriation that transfers the means of production to the few, while dispossessing the masses and thus imposing upon them the need to sell their labor power.

The separation between owners and non-owners of the means of production is at the root of labor market formation. In fact, commodification of land and labor power constitute the founding condition of the latter. The generalization of the sale of labor power and the preeminence of this practice as a way of securing survival is what gives labor, as an a-historical form, its capitalist specificity, that is, as wage labor.

The conditions for the purchase and sale of labor power were initially spelled out by Marx and were based on the following aspects:

- i. labor power can only be sold on the market if it is offered for sale by its owner, that is, the bearer of this labor power.
- ii. the owner of this labor power must be able to make use of it, that is, must be the "free owner" of her/his ability to labor.

- iii. the bearer of labor power and the person with means to purchase it meet up on the market and enter into relationship with one another as owners of commodities, endowed with equal status including in a formal legal or juridical sense.
- iv. the owner of labor power must sell his/her labor power for a specified period of time which means that he/she can not lose ownership of it.
- v. the owner of labor power must not sell a commodity embodying labor power. This means that the owner of capital must encounter the owner of labor power “free” of means of production and unencumbered for putting her/his ability to labor into motion. (Marx, pgs. 189-191)

These then are the conditions of the capital/wage labor exchange, excluding all forms of autonomous work and self-employment. The commodity “labor power” is engaged in the production of some good or market service for a specified amount of **time**. Control over the way time is used requires a whole series of organizational practices and means of control over workers. Marx argued that capitalists themselves necessarily took distance from the labor process, substituted as it were by workers who personify capital. These workers could be laborers, line or product supervisors, managers, administrators, directors, etc.

The conditions under which labor power is exchanged and controlled, and the scale in which it is employed have all been modified throughout capitalist development. Initially, the sale of labor power led to the reorganization of handicrafts and peasant production, beginning marginally alongside the traditional forms of work of the artisan, the master craftsman and the agricultural worker. At a second moment, the organization of populations as wage laborers took a long time to crystallize, depending first on the generalization of manufacture and later, on the proliferation of industry, which then established the preeminence of wage labor, especially of the industrial sort. Finally, the increased complexity of the functions of the State and the multiplication of service activities led to the increased differentiation of wage workers, in which the industrial working class component was drastically reduced. In this process the conditions for the purchase and sale of this commodity were altered and contract practices came under the regulation of laws pertaining to the area of labor law.

Thus, wage labor is the form that work takes on under capitalism. Its generalization enables us to speak of a **wage society** – society based on wage labor. Thus, societies that are considered capitalist must be characterized, first and foremost, by the generalization or widespread character of the sale of wage labor.

The concept of a wage society is premised on the predominance of wage labor. It also enables us to reflect upon the real differentiation within the contingent of wage laborers at a given moment in time. In other words, the spread of wage work is distinct from proletarianization, although the latter is incorporated in it. To be a wage worker does not imply that one belongs to the proletariat, although proletarians are included in the mass of wage workers.

To speak of the spread of wage work rather than proletarianization means to recognize that throughout capitalist development, workers have become increasingly differentiated. The common condition that unifies them is the non-ownership of means of production. However, there are different degrees of dependence between workers and capitalists, contingent upon their ability to survive –together with their families – in the face of unemployment. This ability is probably highly varied, yet does not invalidate the central issue that brings all these workers together: one must work in order to survive, therefore one must sell one's labor power.<sup>4</sup>

## 1.2 The Fordist wage relationship

As we have already seen, the wage relationship is a general condition, common to all societies organized around wage labor. Nonetheless, these societies can be distinguished according to their historical, structural, political, technological and social characteristics. The wage relationship is a central concept of regulation theory, an heir of Marxist, Keynesian and Kaleckian traditions. It is a constitutive element of a specific system for the organization of production, the Fordist system. In this sense it enters contemporary thought clearly through its economic matrix centered on the firm; nonetheless, it is not merely a micro-economic concept but refers to the interdependence

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<sup>4</sup> There do not seem to be many theorists engaged in reflection on this matter. What we find in the literature is the concept of “proletarians” or the use of the category “social class”, with all the difficulties therein. For a successful attempt to analyze the question of social classes in contemporary capitalism in a Marxist light, see Haddad, F. (1996)

that exists between firms, systems of professional relationships and even macro-economic regulation and the employment system of a given society. In this regard it permits the transition of analytical levels, from the firm to society as a whole.

Fordism is known for its practices regarding the organization of labor such as: the rationalization and mechanization of labor, separation of conception and execution of labor, and mass production of standardized products, all subjected to strong hierarchies. The tasks to be carried out are all linked to a general hierarchy of tasks in which qualification and remuneration are stipulated for each and every one. Each worker is also linked to a work collectivity, or labor union.

Fordism can be characterized as a productive system and, more specifically, as a social inscription in which the wage labor-capital conflict is recognized, organized according to principles for the transfer of productive gains to wages in such a way that collective agreements lay out the principles for wage evolution. Unions have usually accepted its rules of hierarchy, educational requirements and technical division of labor, which have been associated with a wage scheme that allows for rising standards of living for workers reflecting rises in productivity.

Perhaps this can explain why Fordism, as a labor process, dates back to the beginning of the 20<sup>th</sup> century, albeit only achieving stability in the post World War II period. The Fordist wage regime is a scheme that enables us to look at wage workers insofar as they are subjected to a particular form of organization of work and production and a standard for the growth of production and employment in one of the most important stages of capitalist development.

Nonetheless, this leads to the constitution of a restrictive analytical category, useful for thinking about the wage workers of the developed world, and of Europe in particular. Lipietz' (1988) interpretation which proposes the concept of "peripheral Fordism" for the Brazilian model of industrialization is actually more confusing than helpful, insofar as the absence of a Fordist wage regime in this country has important historical and structural explanations.

### **1.3 The Fordist wage regime and the wage society.**

The concept of “wage society” proposed by Castel (1995) is somewhat different from the Fordist wage regime. It is based on a fusion of history and economics and is more wide-reaching.

The author begins with the notion of the individual who, through the sale of labor power frees him/herself from local ties, traditions and customs. Women are freed from domestic seclusion through the sale of their labor in the public sphere. In this conception work is understood in a libertarian sense, heir of the Smithian tradition (Carleial, 1993). At the same time, each worker must have his/her place inscribed within the collectivity, which can be symbolized by the minimum wage as a gate of entry to the labor market through which an ample array of extremely differentiated positions opens up, varied in terms of wages, social recognition, interest in work, prestige, etc.

The formal demands that are made by the author (Castel, 1995; p. 325-340) do, however, bring this concept close to the that of the Fordist wage regime. Castel argues that a particular type of wage relationship has reigned throughout capitalist development. The Industrial Revolution anticipates the modern wage relationship. For Castel (1995;326), within capitalism the wage relationship can take on different configurations and it is important to locate the transformations that determine the passage from one form to another. The passage from the relationship that prevails at the beginnings of industrialization to the Fordist wage regime can be understood insofar as it brings together the following five conditions:

1. A marked separation between those who work regularly and consistently and those who are inactive or semi-inactive, which leads to a precise definition of the economically active population. This makes it possible to define and locate those who are employed, those who are unemployed, regular and intermittent workers, paid and unpaid workers, etc. (p. 327)
2. The attachment of the worker to her/his work post and the rationalization of the labor process within the scenario of a precise and regimented scheme of time management. (p. 331)
3. Access via wages to new forms of worker consumption, through which each worker becomes a consumer of mass-produced goods. (p.334)

4. Access to social property and to public services (collective goods) so that the worker becomes a user/participant of the stock of common goods available in a given society (p. 337);
5. The emergence of labor law that recognizes the worker as member of a collectivity possessing a social stature, which goes beyond the merely individual dimensions of the labor contract. (p. 338)

Both the wage relationship and the wage society portray capitalism in relation to the predominance of wage labor, without reference to other forms of labor linked to capital. Castel's interpretation is generalizing to the extent that it makes mention of a society of wage workers submitted to certain rules of organization. Does this mean that all the workers in this society are wage-earners? If this argument makes sense, the central relationship in this society is economic.

Castel deals with societies that constituted a labor market, engendered the generalization of wage labor, constructed channels of political participation through unions, organizations of civil society in general and an entire political, institutional and juridical infrastructure that recognizes the status and condition of the wage laborer. European societies stand as an example of this, regardless of the differences between them. However, we cannot say the same of the United States or of the so-called developed or developing countries.

The *société salariale* makes the capital/wage-labor conflict explicit, recognizes the diversity among wage workers in a given society, and points to the historical, social and political differences between contemporary capitalist societies. Furthermore, it brings the State into the center of the discussion of the capital-wage labor relationship, as another indicator of the differences between countries. Given all these qualifications, few societies can be considered as having reached this level.

## **2. The wage labor crisis: beyond the concept of the wage society?**

As we have seen in the previous section, the concept of wage society is too strong to account for all the transformations undergone in the sale and purchase of labor under capital. It is rigorous and allows us to differentiate countries. However, conditions 2, 3, and 5 were undermined in varying degrees by the changes in the organization of work that have occurred over the past 20 years.



The development of microelectronics has led to changes in the material base of capitalism and the substitution of the classic Fordist firm, horizontally and vertically concentrated, for the network-firm of Japanese inspiration, which places a differentiated firm at the center of the current organization of production. This type of firm is a center of contracts to the extent that its production is shared with other firms (usually small and medium-sized) among which sub-contracting and supplying relationships are established. Furthermore, a series of organizational changes within, outside and between firms qualify these new arrangements, in search of more competitive and globalized markets. The productive model that tends to prevail organizes production through the signals of demand and seeks to produce “with quality” in order to attend to its increasingly demanding clientele.

There is already a vast literature that evaluates the impact of these changes on productive processes and on labor markets, among which the following stand out: the Taylorist-Fordist organization of the labor process has been undermined in the sense that the attachment of the worker to her/his work post is no longer relevant and, quite to the contrary, a multi-functional or polyvalent worker is desired, that is, one who can carry out different tasks linked to the same information base.

The above-mentioned change does not mean that the Taylorist form of work organization has been completely eliminated but does signify the impossibility of centering the interpretation of labor markets around that earlier tendency. Furthermore, the new model of the firm is compatible with the mobility of the worker between firms or between the firm and the household.

Another significant implication is the substitution of qualification demands rules by formal education for a vague concept of competence which according to Zarifian (1999) represents a radical shift since “competence refers to the individual’s willingness to take initiative and assume responsibility in the professional situations she/he confronts”. This concept refers clearly to the individual and not to the function, or to the group of workers engaged in the same work.

The conjugation of this complex of changes occurs during a period whose indicators of economic performance are also different from those of the Fordist period. The indicators listed in Table 1 are already familiar; nonetheless, it is important to emphasize that in the

two worlds referred to here, Europe and the USA, average annual growth rates for accumulation, GNP, employment and demand are smaller and unemployment is larger, regardless of the differences between groups, during the period 1980-99 as compared to the 1960-73 period.

Even without going into more details on patterns of capitalist accumulation and growth, the fact remains that impacts on labor markets have propitiated an “assault” on labor legislation permitting flexibilization and the reduction of labor costs. Increased unemployment, together with the complex of technical and organizational changes that we have referred to, weakens the collectivity of workers who have been having extreme difficulties in preserving rights previously won and making them extensive to those who are just now entering the labor market. Furthermore, the new format of the firm has stimulated the emergence of subcontracted workers whose work is often ruled by commercial contracts rather than labor contracts that reproduce, in the Marxist vernacular, commodity production. As a result of all of these factors the society of wage laborers proposed by Castel (1995) starts to sound shaky.

Palomino and Aloy (1999) have analyzed the characteristics of different types of labor, combining the dimensions of contracts and the organization of work, as is shown in the diagram below.

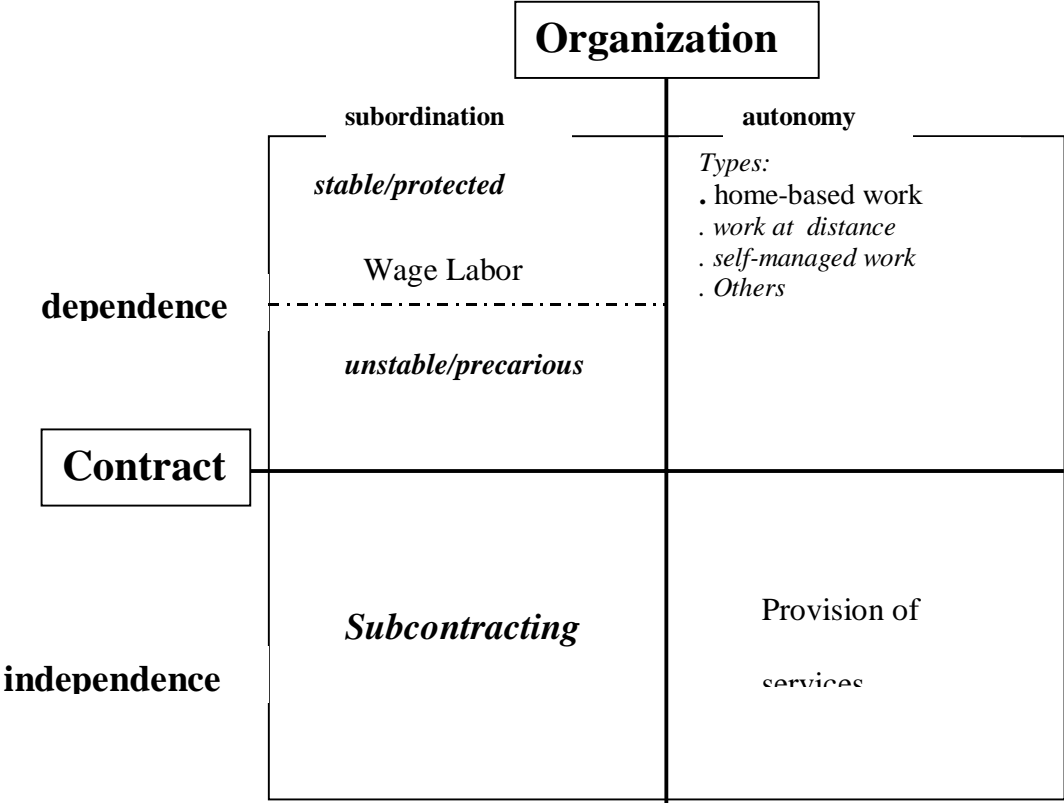
The wage worker, from the point of view of the contract, is “dependent” on his/her employer’s will and subordinate to the latter, from the point of view of the organization of work. This is the central nucleus from which all other forms of work can be seen.

The classical wage laborer appears in the first quadrant of the table, which combines contractual dependence with organizational subordination, incorporating even different forms of precarious contracts. Sub-contracting is represented in the quadrant that associates contractual independence with organizational subordination. Nonetheless, this type of relationship can be governed by formal commercial contracts or simple verbal contracts made through mutual agreement.

Service provision brings together the characteristics of contractual independence and organizational autonomy (quadrant 3). What have been called the modern forms of self-managed work (industrial and other forms of “homework”, cooperative work, work at a

distance, etc.) bring together, in the authors’ opinion, organizational autonomy and contractual dependence (quadrant 4).

**Classification of modes of work according to contract relations and work organization**



Source: Palomino and Aloy( 1999;p.6)

The organization and visualization of “new and old forms of work” as the authors present them is extremely interesting and illustrative of different labor formats today. Furthermore, it enables us to see how such modalities of work **are not the result of recent transformations in capitalism’s material base**. They are in reality modalities of work that have always been present. Tele-work is a good example, representing a new version of an old modality, that is, paid work run out of the home.

The contemporary dimension here is related primarily to juridical aspects, in other words, the re-emergence of precarious contracts which call attention to the lack of protection and vulnerability of the worker’s condition, that is, the increased precariousness of labor. Something similar occurs in the case of a “new” modality, voluntary labor, which

is not contemplated in the classification presented herein but could be included in quadrant which combines contractual independence and organizational subordination. This is an *ad hoc* inclusion since this form of work is not sold in the public sphere but rather is “donated”. Nonetheless, the recent new appreciation that this type of work has received merits its inclusion.

From the analytic point of view, however, the most complex type of work is undoubtedly sub-contracting. Thus, the ILO is justified in its efforts to come up with a more rigorous definition of the latter, associating it with an independent worker (that is, not possessing a labor contract) albeit subordinate to an organizational principle.

However, in this paper we defend the hypothesis that, difficulties notwithstanding, it is possible to organize this type of evidence by grouping workers as sellers of labor power or self-employed workers (owners of small-scale means of production are referred to as self-employed). Table I below attempts to illustrate all the modalities of work discussed above.

Finally, it is important to note that some of the types of workers included in the fourth quadrant of the previous page can, in some cases, be engaged in work as precariously employed workers or autonomous laborers. This is the case of those who work out of their

**Table I - “New” and “old” forms of labor market participation**

WAGE LABOR	SELF EMPLOYMENT
Stable and precarious workers	Small employer
Home-worker/tele-work	Self-employed (service provider; home or distance worker)
Worker at a distance	Sub-contracted worker
	Cooperating worker
	Self-managed worker

own homes. Thus, to strive for a better understanding of the forms of home work and sub-contracted work seems to be the most challenging question of our discussion here.

For the purposes of this article, a key issue refers to the contours or conditions under which, for different types of work, workers sell their labor power. This can be studied by looking at the dimensions of the wage society (concept discussed in the 2.1 section above. It differs from “wage society” by Castel ) in different countries.

**3. Tracing the contours: which crisis?**

In this section, our aim is to evaluate how widespread the wage society is in the countries we have chosen to look at. The question is whether new technologies, the assault on social welfare benefits, the “flexibilization” of labor law, cooperatives, and NGOs have been able to alter the prevalence of the wage labor. In other words, what should we make of the so-called “crisis of wage labor”?

Evidence regarding the magnitude of the crisis of wage labor in the capitalist world can be illustrated through several examples. In reality any choice will entail a certain degree of arbitrariness and here we have chosen four countries of the developed world that have important differences between them. France appears here as what is considered a country of wage workers, so strong a characteristic that it was the example behind Castel’s concept of the “wage society” ( *la société salariale*) (1995) as discussed earlier; the USA represents the most successful example of permanent economic growth over the last ten years, but does not nonetheless constitute a *société salariale* in Castel’s sense. Japan is the cradle of the so-called “lean production” and of specific employment policies such as an accentuated sexual division of labor and life-long employment; Spain on the other hand is one of the poorest countries of Western Europe that with the advent of the European community has received a significant volume of resources allowing it to return to economic growth. At the same time, it is pointed to in the literature as one of the European countries that has most subjected its labor market to “flexibilization”.

The analysis of Table II below reveals an absolute dominance of the wage labor as a form of labor market participation. Most important, however, is its trajectory.

In the four countries under consideration here, this is an ascending trajectory, principally in the USA. As Castel once remarked regarding France, “What a strange crisis of the labor wage!”<sup>5</sup>

**Table II - Wage labor indicators(WL) for selected countries/selected years  
(WL = proportion of active wage workers in total economically active population (in %))**

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<sup>5</sup> Castel (1998: p. 55) asserts: available statistics do not show regression either in terms of the number or proportion of wage workers. It is precisely to the contrary: in 1995, there were precisely 155,000 wage workers in the private sector than in 1997, which represents an increase of 1.2% per year. In fact, France never had as many wage workers as today: 19.6 million, considering the public sector, according to the Ministry of Labor.

	<b>France</b>	<b>USA</b>	<b>Japan*</b>	<b>Spain</b>
<b>1960</b>	<b>69,30</b>	<b>83,89</b>	<b>53,88</b>	<b>-</b>
<b>1965</b>	<b>74,05</b>	<b>86,40</b>	<b>60,8</b>	<b>-</b>
<b>1970</b>	<b>78,41</b>	<b>89,79</b>	<b>64,20</b>	<b>-</b>
<b>1975</b>	<b>83,00</b>	<b>90,34</b>	<b>69,10</b>	<b>-</b>
<b>1976</b>	<b>82,34</b>	<b>90,70</b>	<b>70,42</b>	<b>68,84</b>
<b>1980</b>	<b>83,73</b>	<b>90,59</b>	<b>71,25</b>	<b>69,50</b>
<b>1985</b>	<b>84,99</b>	<b>90,91</b>	<b>75,38</b>	<b>68,69</b>
<b>1990</b>	<b>86,82</b>	<b>91,20</b>	<b>78,42</b>	<b>73,72</b>
<b>1991</b>	<b>87,18</b>	<b>90,98</b>	<b>78,53</b>	<b>74,33</b>
<b>1992</b>	<b>87,43</b>	<b>91,30</b>	<b>79,53</b>	<b>73,40</b>
<b>1993</b>	<b>83,86</b>	<b>91,18</b>	<b>80,65</b>	<b>73,37</b>
<b>1994</b>	<b>84,13</b>	<b>91,20</b>	<b>81,14</b>	<b>73,54</b>
<b>1995</b>	<b>88,35</b>	<b>91,48</b>	<b>81,50</b>	<b>74,26</b>
<b>1996</b>	<b>88,63</b>	<b>91,58</b>	<b>82,00</b>	<b>74,90</b>
<b>1997</b>	<b>87,11</b>	<b>91,75</b>	<b>-</b>	<b>76,06</b>
<b>1998</b>	<b>87,66</b>	<b>92,06</b>	<b>-</b>	<b>76,92</b>
<b>1999</b>	<b>88,34</b>	<b>92,34</b>	<b>-</b>	<b>78,43</b>

Sources: France: Insee; EUA: Bureau of Labor Statistics; Japan: Population Census of Japan; Spain: Instituto Nacional de Estadística( our analysis from raw data)

\* included militar population

Considering each performance explicitly, we see the following: in the USA in 1960, 83.89% of the economically active were wage workers, a figure which rose to 92.34% in 1999. In France, in 1960, 69.30% of the economically active were wage workers, rising to 88.34% in 1999. In Japan, in 1960, only slightly over one-half of the economically active were wage workers (53.88%), rising to 82.00% in 1996, and in Spain, while 68.84% of the economically active were wage workers in 1976, by 1999 the figures had risen to 78.43%.

The data presented here are comparable with regard to the criteria used to define wage workers but vary in terms of the time period to which they refer. Nonetheless, this variation is not a menace to our central argument – that wage work is undeniably the dominant labor condition under capitalism. Regardless of the names used to refer to recent changes – globalization, productive restructuring, etc. – these transformations have not undermined the bases of capitalist organization.

The 1980- 90 period is perhaps the most relevant for our understanding of the transformations in the developed world, and for this period the results are absolutely clear: wage work is clearly on the rise.<sup>6</sup> It is also true that within the category of wage work

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<sup>6</sup> Our work would be more complete if we had been able to include data from the Anglo-Saxon countries, and particularly England, among our data. Unfortunately, the data was not available for use in the present version of this paper. Nonetheless, the data on the countries included here is valid and significant.

many differences persist; further research and consideration would permit a better understanding of the latter.<sup>7</sup>

The information presented here refers to the period beginning in the eighties and continuing until today, which means that it is enough to reveal the impact of the programs of structural adjustment led by the IMF and the World Bank (within those countries that make up the *Mercosul*). The first aspect to be considered is that the performance of different countries is not homogenous. In Argentina and Chile, particularly in the nineties, wage work grew reaching values of around 75% of the economically active yet, compared to developed countries, these figures are still relatively low. (Table III)

**Table III. Mercosul and Chile – Wage Labor indicators(WL) for selected years**

		Wage labor indicator (%)
<b>Argentina (Greater Buenos Aires)</b>		
1980		69,2%
1990		69,2%
1994		70,2%
1997		73,3 %
<b>Brazil</b>		
1979		75,4%
1990		72,0%
1993		68,1%
1996		68,4%
<b>Paraguay (Asunción)</b>		
1986		65,4%
1990		66,3%
1994		68,6%
1996		62,3%
<b>Uruguay</b>		
1981		76,7%
1990		74,2%
1994		72,3%
1997		72,0 %
<b>Chile</b>		
1990		73,8%
1994		75,0%
1996		76,4%

Source: Latin American Social Panorama, CEPAL 1998. Table 4, statistical annex. p.251

Only the best performances among the *Mercosul* countries comes close to that of Spain. Brazil and Uruguay, on the other hand, show a contrary movement in which wage work loses ground. The Brazilian case is emblematic: in 1980, we had reached the peak of a period of economic growth led by industry, but in 1981 sunk into a deep urban-

<sup>7</sup> One issue that would add to our argument would be the analysis of the nature of labor contracts, to shed light on the precariousness of wage work. Nonetheless, the evidence included here stands on its own.

industrial crisis from which we have not yet emerged. Paraguay's performance is more ambiguous, with wage workers as 65.4% of the economically active in 1986, rising to 68.6% in 1994 and falling to 62.3% - the lowest in the entire region – in 1996.

Is it feasible, from the brief reflections carried out here, to put forth the hypothesis that wage work is a **sign of economic development**, contrary to what many governments and the media have argued? Tables II and III seem to support such an argument. Furthermore, it is interesting to note that, in light of the changes currently underway, wage work continues on the rise in developed countries. In underdeveloped countries, on the other hand, the effects of the crisis in many cases work to reduce wage work. What then is the real meaning of this difference?

The previous analysis suggests that the space taken up by self-employment calls for some further thought. In this regard Loufi (1991; p. 155) as cited by Pamplona (2000; p. 74) uses ILO data to confirm that countries whose per capita income was less than US\$500 maintained on the average a rate of 37% non-agricultural self-employment, in relation to the total of non-agricultural labor. For countries with a per capita income of between US\$2000 and 5999, the respective figure was 18%, dropping to 6% for countries with a per capita income above US\$12000. At a latter moment, the analysis of total self-employment in relation to the economically active population for all three groups of countries indicated rates of 48%, 23% and 9%, respectively. Illustrating this discussion a bit more and taking the USA, Japan and Spain as examples, we can discern the following performance.

The analysis of Table IV is highly enlightening. These three countries have different types of labor markets and most importantly, occupy different positions within the world economy. If we are to take the United States as an example of successful labor market performance, it is important to note that self-employment there has remained quite low (13.83% of the economically active) since 1960.

This rate has been consistently reduced, especially in the nineties, decade in which the vice-director of the ITT made the pronouncement cited in our introduction, and during which the rate drops to a scarce 8% of the economically active, dropping further to 7.55% in December of 1999.

The Spanish case is also enlightening, revealing greater dependence on this form of labor market participation than the USA, with 31.15% of its economically active population



classified as autonomous in 1976, the first year for which we have available data. Nonetheless, throughout the period that we are analyzing, these rates drop constantly, particularly in the nineties (as was also the US case), going from 26.27% of the economically active in 1990 to 25.73% in 1995 and 21.77% (average of the first three trimesters of the year) in 1999.

**Table IV - Participation of self-employed workers in total of economically active population(%) for selected countries/selected years**

Year	USA	Japan	Spain
1950	-	26,2	-
1960	13,83	22,1	-
1965	11,80	-	-
1970	8,93	19,5	-
1975	7,47	-	-
1976	-	-	31,15
1980	8,70	17,1	30,49
1985	8,64	-	31,31
1990	8,49	13,5	26,27
1991	8,72	-	25,66
1992	8,4	-	26,60
1993	8,5	-	26,62
1994	8,65	-	26,46
1995	8,38	12,2	25,73
1996	8,27	-	25,10
1997	8,11	-	23,93
1998	7,83	-	23,00
1999	7,55	-	21,77

Sources: França: Insee; EUA: Bureau of Labor Statistics; Japão: Population Census of Japan; Espanha: Instituto Nacional de Estadística (Our analysis, from raw data)

We can add the Japanese case to strengthen our argument. In this country in 1950, autonomous workers made up 26.2% of the economically active; in 1960, 22.1%, 19.5% in 1970, 17.1% in 1980, 13.5% in 1990 and only 12.2% in 1995. Thus, we see a trajectory of decreasing rates for this type of work.

The analysis of Chile and the *Mercosul* countries (see Table V) can also be implemented, observing that, in these examples, the autonomous workers under consideration are urban and indicators also include unpaid family members.

In this case, self-employment rates increase in all countries except Argentina (Buenos Aires) and Chile. It is interesting to note that in the nineties these tendencies become more clearly delineated. Paraguay (Assunción) has higher rates *vis-à-vis* the other countries and between 1994 and 1996 undergoes an enormous growth of self-employment, jumping from 19.7% in 1994 to 30.7% of all the economically active in 1996. Thus the hypothesis that

self-employment is most intensely associated with underdevelopment and the informal market is a reasonable one.

**Table V. Mercosul and Chile – Participation(%) of self-employed workers in total of economically active(rates include unpaid family members)**

		Urban self-employed (%)
<b>Argentina (Greater Buenos Aires)</b>		
<b>1980</b>		<b>25,3%</b>
<b>1990</b>		<b>25,4%</b>
<b>1994</b>		<b>25,0%</b>
<b>1997</b>		<b>21,5 %</b>
<b>Brazil</b>		
		<b>20,2%</b>
<b>1990</b>		<b>22,8%</b>
<b>1993</b>		<b>27,8%</b>
<b>1996</b>		<b>27,3%</b>
<b>Paraguay (Asunción)</b>		
<b>1986</b>		<b>26,9%</b>
<b>1990</b>		<b>24,5%</b>
<b>1994</b>		<b>19,7%</b>
<b>1996</b>		<b>30,7%</b>
<b>Uruguay</b>		
<b>1981</b>		<b>18,7%</b>
<b>1990</b>		<b>21,3%</b>
<b>1994</b>		<b>22,9%</b>
<b>1997</b>		<b>23,8 %</b>
<b>Chile</b>		
<b>1990</b>		<b>23,7%</b>
<b>1994</b>		<b>21,8%</b>

Source: Latin American Social Panorama, CEPAL 1998. Tables 4 and 5. Statistical Annex. pp.251 e 253

Our analysis here is initial and preliminary and needs to be further refined. Nonetheless, it fulfills its role in shedding light on the specificities of labor markets.

### **Final Considerations**

The complex of factors that have affected contemporary labor markets have come as a surprise to governments, policy makers and researchers in the area, as well as for workers and for society at large. This perplexity associated with or perhaps a consequence of the weakening of unions and the shifting correlation of forces in favor of capital at this stage of capitalism has led to the use of analytical categories that do not always shed more light on the current scenario.

This article contributes to showing how even in view of the changes that capitalism has undergone during this century, particularly in these two last decades that incorporate

new technological paradigms based on microelectronics and processes of structural adjustment both in developed and underdeveloped countries, in response to so-called neo-liberal programs, countries still continue to structure their labor markets primarily on the sale and purchase of labor power, in other words, on the wage labor.

This evidence is entirely compatible with the wage labor crisis, which refers to changes in the conditions under which labor power is transacted in markets: precarious contracts, insecurity, low wages, part-time work, loss of a collectivity of workers as a frame of reference, etc. There is no compelling evidence that modifications in the productive base require a new type of positioning within the occupational structure deriving from such changes. It seems to be more correct to assume that the increasingly precarious conditions ruling the purchase and sale of labor power result from Chesnais' hypothesis regarding the change in political forces in favor of capital. This therefore is the restructuring of capital.

Nonetheless, the degree to which the wage relationship prevails varies among countries, being more widespread in developed countries and less so in those that are still undergoing development. In addition, in underdeveloped the effects of recent changes on the wage relationship are varying. Brazil, Uruguay and Paraguay exemplify a significant drop in the relative importance of wage workers among the economically active. According to the evidence presented here, this could represent an incomplete capitalism or even the existence of a regressive process, that is, that capitalism in these countries is still on its route to development.

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