LATIN AMERICAN URBANIZATION DURING THE YEARS OF THE CRISIS*

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The purpose of this article is to review recent trends in the process of urbanization in major Latin American cities. Abundant literature on Third World urbanization in the 1960s and 1970s painted a fairly coherent picture of the process during these decades. That image, which has been generally accepted in both academic and policy circles, serves as the backdrop against which contemporary trends will be evaluated here. The population in Latin America was becoming rapidly urbanized, but the process has been frequently described as "distorted" in a number of ways by the common condition of underdevelopment in which these countries found themselves.

First, movement of the Latin American rural population toward the cities did not occur in a gradual, even manner but in an accelerating influx directed toward a few receiving centers. In most countries, a single city served simultaneously as the political capital, the place of residence of the dominant classes, and the preferred site for industry. Although the phenomenon of primacy (in which the population of the

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largest city outnumbers those of the next three cities combined) was not new to Latin America, the migrant flows of the mid-twentieth century exacerbated this disparity. Gigantic heads of dwarfish bodies dominated the landscape of the region, and projections into the twenty-first century envisioned more of the same trend (Beyer 1967; Breese 1966).

Second, within these large cities, growth combined with highly unequal income distribution to produce other distortions. The advent of the automobile allowed the wealthy to escape the peasant crowds by moving to remote suburban locations, and elite political power compelled city governments to extend infrastructural services to these areas. At the opposite end of the ladder, increasing rents and housing scarcity drove the poor to create their own shelter solutions in irregular settlements. Thus the poor also situated themselves in remote peripheral locations. The outcomes of these centrifugal forces were growing spatial polarization and low population densities, which increased costs and reduced the quality of urban services (Hardoy, Basaldúa, and Moreno 1968; Amato 1968; Portes and Walton 1976, chap. 2).

Third, traditional agriculture's disintegration in the rural areas of most Latin American countries took place without creating sufficient capacity to absorb labor either in the new modernized farms or in urban industry. The first type of scarcity caused migration per se, while the second led to the growth of a vast "marginal mass" in the cities that survived by inventing employment around the fringes of the urban economy (Nun 1969; Singer 1977; García 1982). Yet unemployment remained low in Latin American cities because the poor could not afford not to work in the absence of welfare protection. Instead, the typical profile of major Latin American cities featured low rates of unemployment combined with high rates of casual or informal employment that often involved half or more of the total labor force (Tokman 1982; PREALC 1982; Portes and Benton 1984). Regardless of the label applied to it, irregular work was perceived by many analysts as a countercyclical mechanism: it expanded in times of recession to absorb those expelled from modern employment but was expected to contract with economic growth (Lagos and Tokman 1983; Marshall 1987).

Together, accelerating primacy, spatial polarization of social classes, and high informal employment constituted the central features of Latin American urbanization prior to the 1980s. The literature describing these features also provided a coherent account of their causes. In Latin America, the process of import-substitution industrialization had been taken over by subsidiaries of multinational corporations that displaced not only domestic producers but workers because these corporations' superior technology was capital-intensive. A similar type of technology, when applied to agriculture, displaced labor from the countryside also. Idle rural laborers headed for the one or two national centers where opportunities for industrial employment existed, only to be confronted with the difficult conditions imposed by foreign-led industrialization (Mangin 1967; Nelson 1969; Leeds 1969; Cornelius 1971). The similarity of these conditions, which were repeated with monotonous regularity from one major Latin American city to another, reinforced the view that the central factor shaping the urbanization process in the region did not consist of idiosyncratic domestic variables but derived from common subordination to external constraints.

Within this theoretical context, the following analysis will attempt to provide preliminary answers to two questions. The first concerns the extent to which Latin American urbanization during the last decade has continued to reflect each of the features described above. If changes in the process have taken place, the second question would ask whether these features are common across the region—reflecting directly its subordinate but changing position in the world economy—or whether they can be attributed more appropriately to differing national factors.

LATIN AMERICA IN THE 1980S

The historical context for this analysis is the regionwide economic crisis of the late 1970s and 1980s that led to dramatic reversals in previous patterns of growth and forced a series of painful social adjustments. It is this drastic change of course that suggests the question of how other basic aspects of the fabric of Latin American societies, including urbanization, have been affected. Although the origins and effects of the economic downturn of the 1980s are now a familiar tale, a summary of these developments is needed to place the ensuing analysis in perspective.

During the years following World War II, Latin American economies managed to grow steadily, despite ups and downs along the way. The regional gross product, which totaled 51.8 billion dollars in 1950, reached 190.9 billion in 1980. Without exception, individual countries more than doubled their national products, although rates of growth were much higher in Colombia, Mexico, and Brazil than elsewhere in the region. During the 1970s, however, signs of the impending crisis began to appear. Oil prices tripled in early 1974, leading first to an economic slowdown and then to decline in the major market economies. The recourse of choice in most Latin American countries was massive foreign borrowing, which provided economic breathing space and made sustained growth possible. Accepting massive loans of petrodollars became the norm, while government officials simultaneously expressed hopes that an upward turn in terms of trade would help retire the debt in the near future (Alzamora and Iglesias 1983; Iglesias 1985).

These expectations were not met, however, and the new oil shock of the early 1980s led instead to a still sharper downturn, this time without the cushion of foreign borrowing. Latin American terms of trade declined from 131.4 in 1974 to 94.3 ten years later. By 1985 they were only 4 percent higher than they had been during the Great Depression (Massad 1986, 18–19). Inability to meet loan payments forced one country after another to implement readjustment policies with profoundly recessionary effects. The overall goal was to improve the balance of trade by generating an exportable surplus, but the price to be paid was negative growth rates for the first time in fifty years.

Between 1981 and 1984, the Latin American product per capita declined by 9 percent, the worst performance since 1930, and produced figures that reached catastrophic levels in countries like Venezuela (16 percent), El Salvador (22 percent), and Bolivia (25 percent). By 1987 the regional figures looked somewhat better, primarily because of improved conditions in Brazil and Colombia, but the economic decline continued in most other countries. By 1980 Latin America had already become a region of urban dwellers with up to 40 percent of national populations concentrating in major urban centers. As a consequence, cities experienced directly the effects of the debt-induced crisis. The question is whether such effects reinforced urban primacy, class polarization, and other features described in the research literature of past decades or whether these effects moved the process of urbanization in a different direction. A related question is whether the process continues to reflect the uniform condition of Latin American societies as part of the dependent capitalist periphery or whether divergent national patterns of development have evolved.

A NOTE ON METHOD

Attempting to investigate these questions with the data available is a daunting task. The difficulty is that existing statistical series are incomplete and seldom go beyond 1980. Adding to the problem are inconsistencies in figures reported by different international organizations and problems of comparability across countries. For example, statistics on unemployment may not reflect true cross-national differences but rather differences in the ways that census-takers posed their questions and the reach of their enumerations. In these circumstances, it would be rash indeed to submit such data to complex statistical procedures to test precise hypotheses. The best that can be attempted is to piece together disparate bits of information in order to construct a picture of likely trends. Any such picture must necessarily be regarded as tentative.

In such an undertaking, aggregate time series are useful in helping determine "breaks" or reversals in certain aspects of urbanization that can then be related to the timing of major political or economic events. Due to their many limitations, however, time-series data for Latin America as a whole were supplemented by an in-depth study of specific cities. Because our team lacked the time and resources to investigate all possible sites, we concentrated on three major urban centers—Bogotá, Montevideo, and Santiago. Information on each of these cities comes from extensive reports prepared as part of the collaborative project described in the acknowledgements.

The reasons for selecting these particular cities were both methodological and practical. First, although Bogotá, Montevideo, and Santiago are major urban centers, they are still manageable in size, which permits an in-depth probe into various features of their development. Second, given the need to limit such probes to a few cities, it was desirable to choose contrasting rather than similar cases. The simple comparative logic underlying this preference is that processes of continuity or change occurring across widely different national settings allow researchers to draw more general inferences than those taking place within a narrower range. For example, a massive drop in wages registered in these three capitals is more suggestive of a broader trend than if it had been observed exclusively in Andean cities or in those in the Southern Cone.[1]

Differences between the three national experiences represented are generally well known but will be summarized as a backdrop for the ensuing analysis. Chile and Uruguay both exemplify relatively early industrialization and urbanization in the Latin American context. In both countries, especially in Uruguay, the rise of an urban proletariat was accompanied by a relatively well-developed social welfare system and protective labor legislation. Urban growth in both countries concentrated in the capital city, leading to high levels of urban primacy (Klaczko and Rial 1981; Lombardi and Altezor 1987; Necochea 1986; Rodríguez 1987). Colombia, in contrast, is more typical of patterns of industrial development, aggregate urbanization, and labor-market regulation found elsewhere in Latin America. What makes the Colombian urban system unique, however, is that it lacks the accentuated primacy found elsewhere. Despite this notable difference, urban growth in Bogotá accelerated during the two decades prior to 1980, yielding predictions that it too would become part of the typical Latin American primate-city syndrome (Amato 1968; Murillo and Ungar 1977; Portes and Walton 1976, chap. 2).

Apart from these structural differences and others that will be noted, the three countries also diverged in the political systems and state political philosophies that predominated during the last ten years. In Chile neoconservative policies were implemented by the military government that came to power in the wake of the 1973 coup. Although the most extreme versions of monetarism were jettisoned by the Pinochet regime by the mid-1980s, market-oriented policies continued to be applied in Chile with unusual rigor (Foxley 1983; Valenzuela 1984; Ffrench-Davis and Raczynski 1987). Similar adjustments were attempted in Uruguay by the military government that came to power in the mid-1970s. In this instance, however, neoconservative policies were resisted by vast sectors of Uruguayan society using organizational experience garnered during the democratic period. The demise of these policies was soon followed by the return to power of an elected government (González 1983; Notaro 1984; CINVE 1984).

In Colombia the bipartisan consensus sustaining the institutions of a restricted democracy neither disappeared during the 1970s nor broke under the pressures of the subsequent crisis. Political continuity paralleled an eclectic approach to economic management that avoided the doctrinaire excesses found elsewhere. As a result, Colombia succeeded in avoiding the hyperinflation and near defaults experienced by other Latin American countries. Instead, adjustment to the externally induced economic downturn of the early 1980s took place in Colombia within the framework of established institutions rather than as a drastic departure from them, as occurred in Chile (Bagley 1985; Gallón 1986; Kalmanovitz 1986; Ocampo 1986).

Differences between political systems and economic policies are important because they can alter decisively the impact of external factors on the domestic social fabric. In terms of the research questions at hand, the issue is whether such differences are reflected in patterns of continuity or change in urban development. Before plunging into that inquiry, however, it is necessary to emphasize that the results obtained from the comparative analysis of the three cities, like those from aggregate time-series data, must be regarded as tentative. They are at best indicative of trends to be compared with those anticipated by the past research literature on the evolution of Latin American urbanization.

URBAN PRIMACY

Perhaps the strongest image to emerge from past writings on Third World cities is the concentration of the national population in one or, at best, two gigantic centers. This process, which was driven by rapid population growth and accelerating rural-urban migration, transformed the demographic profile of Latin American countries in the aftermath of World War II. And because the forces underlying the

TABLE 1 Largest Cities in Latin America and Their Indices of Urban Primacy, 1970–1985

		Size of Largest City			*Index of Urban Primacy*	
Country	*Largest City*	*1970 (000s)*	*1980–85*[a] *(000s)*		*1970*	*1980–85*[b]
Argentina	Buenos Aires	9,400	9,968	(1980)	4.03	3.91
Bolivia	La Paz	500	881	(1982)	1.40	1.07
Brazil	São Paulo	8,405	10,099	(1985)	.77	.77
Chile	Santiago	2,600	4,067	(1985)	2.83	3.32
Colombia	Bogotá	2,500	4,169	(1983)	.94	.93
Cuba	Havana	1,700	1,983	(1984)	2.48	2.38
Ecuador	Guayaquil	800	1,388	(1984)	1.18	1.06
Haiti	Port-au-Prince	400	738	(1984)	4.12	4.07
Honduras	Tegucigalpa	281	539	(1985)	1.79	1.06
Mexico	Mexico City	9,000	14,750	(1980)	3.10	2.84
Panama	Panama City	350	608	(1984)	3.96	
Paraguay	Asunción	445	719	(1982)	6.01	3.48
Peru	Lima-Callao	2,500	5,523	(1985)	5.32	4.20
Uruguay	Montevideo	1,350	1,516	(1985)	8.38	7.85
Venezuela	Caracas	2,147	2,944	(1981)	1.81	1.51

Sources: Davis (1969), tables A and E; United Nations (1973–1985), tables 6 and 8; Wilkie and Perkal (1986), tables 645–50; and World Bank (1983).

[a] Year of census or estimate in parentheses.

[b] Computed as the ratio of the largest city's population to the sum of the next three largest cities.

movement—agricultural unemployment and industrial concentration—showed no signs of abating, it was assumed that primacy would continue indefinitely in the future.

The late 1970s and 1980s indeed witnessed rapid growth in Latin American primate cities that reached extraordinary levels in some instances. Mexico City, with more than fourteen million inhabitants, became the largest urban agglomeration in the world. São Paulo and Buenos Aires also surpassed the ten-million mark during the 1980s. Table 1 presents data confirming that, without exception, primate cities continued to grow during the 1980s. Yet amidst this growth, the relative expansion of primate cities has decelerated, if not reversed.[2] As shown in table 1, twelve out of fourteen countries offering reasonably reliable data have experienced declines in primacy. They include Argentina and Mexico, whose capitals are two of the three largest urban centers in Latin America. Although values of the primacy index must be regarded

TABLE 2 *Evolution of the Latin American Urban Population, 1970–1985*

	Population of Largest City as % of Total Population		*Population of Largest City as % of Urban Population*[b]	
Country	*1970*	*1980–1985*[a]	*1970*	*1980–1985*
Argentina	39.6	34.1 (1983)	50.1	40.7
Bolivia	10.7	14.8 (1982)	38.2	32.3
Brazil	8.9	7.4 (1985)	15.8	10.4
Chile	27.7	33.8 (1985)	36.4	40.6
Colombia	12.2	15.1 (1983)	24.8	30.3
Cuba	19.9	19.9 (1984)	33.1	28.1
Ecuador	11.5	15.2 (1984)	30.2	29.9
Haiti	9.4	14.2 (1984)	47.0	56.3
Honduras	11.2	12.3 (1985)	36.1	30.9
Mexico	17.8	20.1 (1980)	37.0	30.4
Panama	29.2	19.8 (1984)	51.1	38.8
Paraguay	19.3	21.3 (1982)	50.7	49.7
Peru	18.7	25.4 (1985)	78.6	65.0
Uruguay	46.7	50.7 (1984)	55.9	49.7
Venezuela	20.6	19.0 (1981)	27.4	15.3

Sources: See table 1.

[a] Year of census or estimate in parentheses.

[b] Urban population defined as the total in cities over 100,000 and towns that possess urban characteristics.

with caution, they indicate at least that primacy rates have not expanded at the speed anticipated in the past.

The main exceptions to this pattern—Chile and Colombia—will be discussed below. In Brazil São Paulo's continuing hegemony is due primarily to the relative decline of Rio de Janeiro, which until the 1970s represented the second tier of the "dual primacy" pattern characterizing that country (Hardoy 1972a; Perlman 1976; Portes and Walton 1976, chap. 2). Data presented in table 2 support this interpretation by showing that São Paulo actually contained smaller percentages of the urban Brazilian populations in 1985 than fifteen years earlier.

A similar pattern is found in Argentina, where Buenos Aires contained lower proportions of the total and urban populations in 1980 than a decade before. The case of Mexico City, however, is more representative of the overall regional trend. With some exceptions, this trend demonstrates greater concentration of the total population in the largest center paralleled by a lesser concentration of the urban population. In twelve out of fifteen countries for which data are available, the primate city contained declining shares of the urban population. The apparent implication of the trend is that while the process of urbanization has continued unabated, it has been partially redirected away from major cities toward secondary centers.[3]

The main exceptions to this pattern have been Colombia and Chile. Because these countries are two of the three selected for in-depth study, it is possible to take a closer look at their urban profile on the basis of data that are not available from international sources. Table 3 presents these results along with those for Uruguay. In Colombia growing concentration of the urban population in Bogotá has indeed taken place, but at a slowing pace. In the intercensal period between 1964 and 1973, the city increased its population at a brisk 6 percent per year, exceeding growth in mid-size cities by a total of almost 20 percent. But the situation reversed itself during the next period, when Bogotá grew only 2.9 percent per year, or 15 percent less than intermediate cities. As a result, official projections made during the 1970s based on the assumption of expanding primacy overestimated Bogotá's real population in 1985 by 1.8 to 2.7 million (Cartier 1988, 39). The decline in population growth also coincided with a slowing of the physical expansion of the urban perimeter. The average yearly growth of Bogotá's built area between 1977 and 1982 was 164.3 hectares, or less than half of what it had been during the preceding fifteen-year period. Although population increase and spatial growth do not necessarily occur at the same time, it is telling that the two processes have declined simultaneously during the last decade.

The available data for Santiago portray a similar pattern of decelerating growth. Between 1952 and 1982, the increase in metropolitan population slowed by about 1.5 percent per year. In this instance, the slowing of primate growth was accompanied by a decline in the overall urbanization growth rate, which explains why Santiago's share of the urban population continued to increase. But the deceleration of growth rates was more marked in the metropolitan area, especially when compared with the next four largest Chilean cities, which maintained relatively constant rates. If the satellite port town of Valparaíso is excluded, Santiago's slower growth compared with the next three largest cities becomes significant: they grew about 33 percent faster during the last intercensal period. If the trend continues, it is likely that Chile will follow other Latin American countries in experiencing declining rates of primacy in the future.

Finally, the Uruguayan case follows a parallel trend, where the capital has grown recently at a fraction of the next four largest cities and the entire urban system. Urban growth during the late 1960s and early 1970s was very slow everywhere, but especially in Montevideo, due to the strong negative effect of international migration (Lombardi and Altezor 1987). Growth resumed during the intercensal period but was

TABLE 3 Evolution of Urban Growth Rates in Chile, Colombia, and Uruguay

	Annual Growth Rates as Percentages		
Country	*Largest City*	*Next Four Cities*	*All Cities in Country*
Chile			
1952–1960	4.3	3.5	4.0
1960–1970	3.4	3.3	3.0
1970–1982	2.8	3.5	3.1
Colombia			
1964–1973	6.0		4.2
1973–1985	2.9		3.4
Uruguay			
1963–1975	0.1	2.8	1.5
1975–1985	0.6	3.3	1.8

Sources: Cartier (1988), table 4.2; Lombardi and Veiga (1988), table 1; Lombardi and Altezor (1987), table 3; and Raczynski (1986), table 30.

much slower in the capital than in other cities. As a result, Uruguay—with the most "primate" urban system in Latin America—has started to move gradually toward a more balanced situation.

In conclusion, patterns of urban growth throughout Latin America have departed significantly from earlier characterizations and their projections into the future. Urbanization of the population and its concentration in primate cities have continued, but in many instances the primate city growth represents a declining fraction of urbanization. In a number of countries, secondary urban centers, including mid-size cities, have taken the lead in urban expansion. Trends in the three countries for which detailed data are available support this conclusion, despite major differences in their economic and political structures. Although it would be incorrect to read into these results the imminent demise of primacy in Latin America, they indicate the need to revise views held as uncontroversial until recently.

CLASS POLARIZATION

Another central element in past descriptions of Latin American cities has been the physical separation of social classes. The movement of both elites and working-class masses away from the urban core led to relatively low levels of population density in many cities.[4] As with primacy, spatial polarization was assumed to increase indefinitely because the forces that were sustaining it—rural-urban migration and transportation innovations allowing the poor and the well-to-do to settle in re-

TABLE 4 Density of Selected Cities in Latin America, 1970–1975

City (Administrative Unit)	*Inhabitants per Square Kilometer*		
	1970	*1980–1985*[a]	
Bogotá (Special District)	930	1,270	(1985)
Brasília (Federal District)	93	207	(1980)
Buenos Aires (Federal Capital)	14,862	14,614	(1980)
Caracas (Federal District)	964	1,075	(1981)
Guatemala City (Department)	530	615	(1981)
Lima (Department)	103	163	(1985)
Mexico City (Federal District)	4,586	6,337	(1980)
Montevideo (Department)	2,265	2,792	(1985)
Santiago (Province)	168	262	(1985)
Santo Domingo (National District)	551	1,053	(1980)

Sources: Wilkie and Reich (1978), table 624; Wilkie and Perkal (1986), tables 104, 118, 626–45; Cartier (1988); and Lombardi and Veiga (1988), table 6.

[a] Year of census or estimate in parentheses.

mote locations—were expected to continue (Hardoy, Basaldúa, and Moreno 1968; Unikel 1972; Portes and Walton 1976, chap. 2).

One approach to establishing whether polarization has increased is to examine the question indirectly through the evolution of population densities. To the extent that greater numbers of individuals move to distant locations, densities in central city areas would be expected to remain stagnant or decline. Table 4 presents the available data for selected cities, defined according to local administrative limits. Although these limits vary widely and thus affect how urban populations are counted, the pattern produced by these figures is consistent. With the exception of Buenos Aires, densities have continued to increase in urban centers, regardless of their legal boundaries.

By themselves, however, these results do not provide compelling evidence against polarization because they say little about the actual distribution of social classes in urban space. To investigate this question, the only recourse is to look at specific urban sites. In this regard, changes in the distribution of the population in the three cities selected for in-depth study provide valuable lessons.

Bogotá has often been cited as the prototypical example of Third World urban polarization. The north of the city is the preserve of the well-to-do, featuring neighborhoods like Antiguo Country, El Chicó, and El Lago, which compare with the best residential areas of U.S. cities. Shopping centers like Unicentro complete the illusion of finding oneself in a suburb of the developed world. The middle classes occupy areas like Chapinero, which lies between the upper residential enclaves and the city center. Toward the south and southwest, one finds established working-class neighborhoods and then the endless stretch of "pirate" subdivisions reaching toward the hills, which are the home of the poor—low-paid workers, informal artisans and vendors, and domestic servants (Usandizaga and Havens 1966; Amato 1968; Mohan 1980).

For many years, the north-south axis in Bogotá has symbolized the underlying class structure. During the 1970s, the rapid advance of the "frontier" of pirate settlements in the southwest and the consolidation of the upper-class enclave to the north led to the expectation of a new qualitative gap. Predictions were that poverty would be, once and for all, relegated to remote "satellite" towns where even minimal participation in urban society would be difficult. Patterns of change during the 1980s deviated significantly from this expectation, however. Increasing density (see table 4) has been accompanied by signs of a more blurred spatial separation of the classes. One such indication is the distribution of different levels of housing quality. Bogotá's Planeación Distrital, the special district planning department, distinguishes several such housing "strata"—the lowest typifying dwellings in new pirate subdivisions and the highest, the most exclusive residential neighborhoods. Maps locating these extreme strata as well as middle-income areas indicate a much more mixed distribution of socioeconomic levels than would have been anticipated on the basis of prior descriptions of the city's development (CENAC 1987; Cartier 1988).[5]

Exceptions to the pattern of class polarization documented by recent evidence have not occurred randomly but reflect instead the results of three identifiable processes during the last decade. First, middle-income groups have been displaced toward Bogotá's south and southwest periphery. The movement followed the Autopista Sur toward the established working-class neighborhoods of Bosa and Soacha and also in the area of Tunjuelito. Crossing the symbolic north-south demarcation line was prompted by the need of many middle-income groups for affordable housing at a time of growing economic scarcity. Housing prices in established areas to the north remained high, especially when compared with stagnant or declining real earnings. As a result, city permits for formal residential construction in south and southwest areas like Primero de Mayo, Fontibón, and Sur Oriente went from 4.5 percent of the annual total in the 1970s to 12.1 percent in 1981 and 1982 and on to 19.6 percent from 1983 to 1986 (Cartier 1988, 55).

Second, working-class settlements also expanded in the north, advancing east from the Río Bogotá, especially around the barrio Tibabuyes in Suba and in the hill area above Usaquén. Settlement locations near upper- and middle-class areas have always been prime locations for the poor because they afford greater opportunities for casual employment. This attraction became all the stronger during the 1980s because of growing difficulties in finding or retaining regular jobs as well as increasing transportation costs from remote working-class settlements (Carroll 1980; Pineda 1981; Stevenson 1981; Cartier 1988, 49–50).

Third, a broader socioeconomic mix in the metropolitan area has been facilitated by the District of Bogotá's changing policy on pirate subdivisions. In the past, government policy consisted of ignoring these areas or attempting to eradicate them. Changes in policy during the late 1970s and 1980s, however, reflected the recognition that unregulated settlements represented effective solutions to the demand for popular housing. As a result, a rapidly increasing number of pirate settlements have been legalized and efforts have been made to extend the urban infrastructure to them. This outcome has reversed the prior trend toward the complete satellization of poverty (Murillo and Ungar 1977; Alcaldía Mayor 1987a, 1987b). Although these recent trends have not erased the class polarization characteristic of Bogotá, they indicate that the process has become less relentless and unilinear than in the past.

Montevideo represents a different kind of urban environment because of the level of development attained in Uruguay earlier in the century and the absence of population pressures. Unlike other Latin American capitals, Montevideo has no "frontier" of illegal settlements advancing in any direction and therefore presents a more stable and consolidated appearance than is usually found in Latin America. Notwithstanding these differences, Montevideo also experienced a parallel process of class polarization after World War II. Beginning in the 1940s, the elites and middle classes left the city center for new residential locations toward the east. Their movement followed the Río de la Plata along the beaches of Pocitos, Buceo, Malvín, and Carrasco. During the 1960s and 1970s, lower-income groups also moved away from central city areas but to the north and northwest. Factors determining this movement were land prices and the affordability of housing: prices along the eastern shore exceeded 350 U.S. dollars per square meter in the late 1970s and fluctuated between 50 and 100 dollars in the center, while they were as low as 5 to 10 dollars per square meter in the northwest periphery (Klaczko and Rial 1981, chap. 2; Lombardi and Veiga 1988).

This centrifugal movement transcended the limits of the Montevideo metropolitan region to encompass adjacent departments. In the intercensal period between 1963 and 1975, Canelones to the north increased its population by 13.1 percent while the metropolitan area grew only by 1.5 percent. Overall, consolidation of the upper-class enclave to the east, displacement of low-income groups to the north, and the rapid decay of the urban core together gave Montevideo a profile similar to other Latin American cities in the 1970s. But as in Bogotá, changes during the 1980s have led to a partial reversal of this trend. Growth of the metropolitan area during the last intercensal period, although slow, was four times the level of the prior period, and average densities increased noticeably, as indicated in table 4. More significant has been the distribution of different socioeconomic levels inside the urban perimeter. Data on average housing quality as of the mid-1980s show, along with clear evidence of polarization, a substantial presence of low-income groups in the urban center and in areas close to the most exclusive neighborhoods (Mazzei and Veiga 1985; Lombardi and Veiga 1988).[6] This spatial mix has emerged not casually but as the result of two convergent developments during the last decade.

First, irregular settlements have expanded. In Montevideo these settlements, known as *cantegriles*, do not form a ring around the regular city area but exist as "pockets" interspersed within established neighborhoods. The margins of creeks crossing the city—the Miguelete, Malvín, and Carrasco—are common locations of cantegriles and are often close to upper-income areas. Irregular settlement growth during the 1970s and 1980s accompanied the general deterioration of living standards and the contraction of regular industrial employment. By 1985 some nine thousand families (or fifty thousand persons) were living in these precarious settlements (Mazzei and Veiga 1985, 12). This figure includes the original cantegriles as well as "emergency settlements" that were built by the government to eradicate the cantegriles but themselves experienced rapid decay.

Second, the poor have gradually returned to central areas of Montevideo. But unlike the open poverty of cantegriles, the situation of dwellers in tenements and rooming houses (*conventillos*) in the urban core is concealed by conventional street façades. Living conditions indoors, however, can be every bit as harrowing as those in the irregular settlements. Yet for the poor, a central-city location, no matter how precarious, has the familiar advantages of greater access to informal employment and lower transportation costs. Hence the deterioration of central-city areas lamented by some has been perceived by many low-income families as an opportunity to escape open poverty or confinement in remote locations. This preference explains the fierce resistance of central-city inhabitants to forced removal to the suburbs during the military regime. This choice also explains the growth of areas adjacent to the decaying urban center. A total of seventy thousand persons (about 5 percent of the city's population) were estimated to be living in tenements and rooming houses in 1985 (Mazzei and Veiga 1985; Benton 1986; Lombardi and Veiga 1988).

In Santiago upper- and middle-income groups also decamped from the center toward new residential locations in the years following

World War II. Wealthier families moved east toward remote and secluded areas at the foot of the Andes, the *comunas* of Providencia and Las Condes. Middle-class housing predominated in Ñuñoa and La Reina toward the southeast and also in eastern Providencia. South and west of the center, traditional areas of modest but regular housing were occupied by the established proletariat. Beyond and covering more than half of the urban periphery stretched the frontier of irregular settlements known as *poblaciones* (CORHABIT 1966; Goldrich 1970; Behrman 1972).

During the 1960s, the trend toward class polarization was alleviated by two countertrends in Santiago: by the concentration of offices and recreational facilities in the urban core, where members of different classes congregated during working hours, and by the presence of large poblaciones in the east, often in close proximity to upper-income neighborhoods, as in the large hill settlements of La Faena and Peñalolen in Ñuñoa (Portes 1971). Between 1970 and 1985, population densities increased significantly in the province of Santiago (see table 4), a pattern suggesting additional reversals in the trend toward polarization.

In reality, increasing density reflected rapid suburbanization and the decline of the old urban core. Free-market ideologues hired as advisors from U.S. universities persuaded the Chilean military authorities that urban land was not really a "scarce" resource and that limits on the free operation of the land market should be removed. As a result, sixty-four thousand additional hectares became available for suburban development at a time when the actual built area of Santiago totaled only thirty-nine thousand hectares. The outcome was a qualitative leap in the pattern of spatial segregation of the classes, which some Chilean scholars labeled as "class apartheid" (Necochea 1986; Morales and Rojas 1987; Raczynski 1988, 45).

Three specific processes led to this outcome. First, luxurious commercial and recreational facilities emerged in the eastern periphery, and banks and office buildings sprang up there. This development made it possible for upper-income groups to work, shop, and play in the same pleasant environs without having to intermingle with the lower orders in the urban center.

Second, the official program of eradicating precarious settlements removed nearly thirty thousand families from poblaciones and sent them to new housing projects. Most of those removed came from areas adjoining upper- and middle-income neighborhoods in the eastern sectors, which were effectively "cleansed" of their poor population. More important, removing the limits on urban development allowed housing projects for those evicted to be built in more distant locations than ever before—five to fifteen kilometers away from the center. The time, expense, and difficulty of transportation from these remote areas effectively isolated their inhabitants from the rest of the city (Morales and Rojas 1987; Rodríguez 1987; Chateau and Pozo 1987).

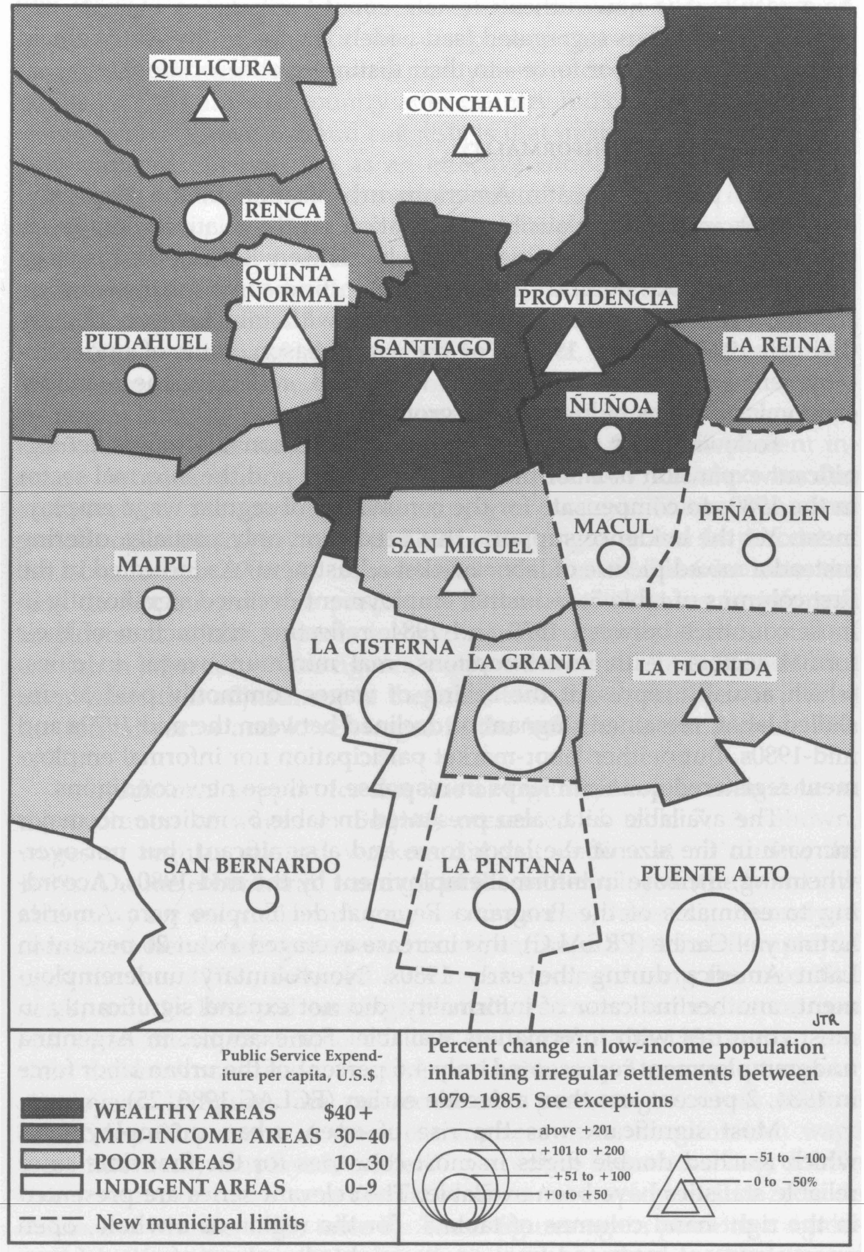
Third, a process of administrative decentralization was completed in the 1980s that doubled the number of municipalities or comunas in metropolitan Santiago from sixteen to thirty-two and transferred to them most of the local functions previously directed by the central government. The main effect of this policy was to consolidate the legal as well as spatial segregation of the classes. The eastern area, now cleansed of irregular settlements, was subdivided into the comunas of Santiago, Providencia, Las Condes, Ñuñoa, and La Reina. Housing projects for evicted pobladores were located, in turn, in the poorer and more remote municipalities.[7]

Figure 1 illustrates the outcome of these policies by the mid-1980s. In Santiago it is now possible to delineate the approximate class composition of different areas on the basis of expenditures per capita of the respective municipalities. In 1984 the richest comuna, Providencia, spent the equivalent of eighty-five U.S. dollars per inhabitant on public services, while one of the poorest, La Pintana, spent less than four dollars per person, or twenty-five times less. Yet as figure 1 illustrates, La Pintana, has been one of the main recipients of the poor population removed from Santiago's eastern zone, despite La Pintana's extremely meager resources. By 1985 more than half of the population of La Pintana (53 percent) consisted of relocated groups (Morales and Rojas 1987, 109).

In sum, the pattern of spatial polarization in Latin American cities exhibited significant changes during the years of the crisis, although not in a consistent direction. In cities like Bogotá and Montevideo, class polarization continued to be the dominant theme but without precluding exceptions and reversals. These unexpected trends came about not as the result of deliberate policies but primarily as the unintended consequences of efforts of groups threatened by the economic downturn to find affordable housing or new sources of employment. Such efforts led to middle-income groups being displaced into formerly working-class areas and to the poor partially reoccupying zones near upper-income suburbs or in the urban core.[8]

In Bogotá since the mid-1970s and Montevideo since an elected government was inaugurated in the early 1980s, policies have been implemented to incorporate the poorest areas into urban society. In contrast, working-class efforts in Santiago to cope with the economic consequences of the crisis met with resistance by the authorities. They effectively blocked the creation of new popular settlements, especially in areas near the well-to-do, and proceeded to dismantle existing settlements. As a result, Santiago has experienced not a partial reversal of class polarization but a qualitative leap in its development. The creation

Figure 1 Santiago: Public Service Expenditure per capita and Results of Settlement Eradication Program, 1985


QUILICURA
CONCHALI
RENCA
QUINTA NORMAL
PROVIDENCIA
PUDAHUEL
SANTIAGO
LA REINA
ÑUÑOA
PEÑALOLEN
MACUL
SAN MIGUEL
MAIPU
LA CISTERNA
LA GRANJA
LA FLORIDA
SAN BERNARDO
LA PINTANA
PUENTE ALTO
JTR
Public Service Expenditure per capita, U.S.$
WEALTHY AREAS $40+
MID-INCOME AREAS 30–40
POOR AREAS 10–30
INDIGENT AREAS 0–9
New municipal limits
Percent change in low-income population inhabiting irregular settlements between 1979–1985. See exceptions
above +201
+101 to +200
+51 to +100
+0 to +50
−51 to −100
−0 to −50%

Source: Morales and Rojas, 1987, Fig. 1 and tables 3, 5.

of socially homogenous municipalities gave legal form to this process, accentuating the spatial separation of privileged classes from the poor. As a result, it is now difficult to talk about Santiago as a single city because groups thus segregated lead widely divergent lives and remain confined—by choice or force—to their distinct spatial locations.

UNEMPLOYMENT AND INFORMALITY

The portrait of Latin American urbanization in the 1960s and early 1970s included a plausible explanation for the relatively low levels of unemployment in most cities. These levels were low not because jobs were plentiful but because the poor had to find some income-earning activity, even if it meant "invented" jobs with minimal productivity (Bairoch 1973; Chaney 1979). For the same reason, rates of underemployment or informal employment were high, reflecting the manifold economic activities of low-income groups.

Following this argument, it would be reasonable to predict significant expansion of labor-market participation and the informal sector in the 1980s to compensate for the contraction of regular wage employment. Yet the evidence supports this prediction only partially, offering instead a mixed picture of labor-market adjustment. As indicated in the first columns of table 5, industrial employment declined significantly in most countries between 1970 and 1984, reflecting contraction of their formal sectors. With few exceptions, real minimum wages in cities, which actually represent the ceiling of wages commonly paid to unskilled labor, remained stagnant or declined between the mid-1970s and mid-1980s. But neither labor-market participation nor informal employment registered quantum leaps in response to these new conditions.

The available data, also presented in table 5, indicate no major increase in the size of the labor force and a significant, but not overwhelming, increase in informal employment by the mid-1980s. According to estimates of the Programa Regional del Empleo para América Latina y el Caribe (PREALC), this increase averaged about 20 percent in Latin America during the early 1980s. Nonvoluntary underemployment, another indicator of informality, did not expand significantly in most countries with information available. For example, in Argentina underemployment represented only 4.6 percent of the urban labor force in 1984, 2 percent less than a decade earlier (ECLAC 1986, 25).

Most significant was the rise of open urban unemployment, which reached double digits in most countries for the first time since reliable statistics have been available. The relevant series are presented in the right-hand columns of table 5. For the region as a whole, open unemployment increased from an unweighted average of about 6 percent of the urban economically active population in 1974 to some 14 percent in 1984. In that year, urban unemployment reached the highest level recorded in Colombia, Peru, Honduras, and Venezuela (ECLAC 1986, 23). As noted previously, unemployment and underemployment are measured differently and thus comparisons across countries are not warranted. Still, the fact that unemployment rates (however measured) climbed significantly in country after country indicates a consistent regional trend. What this trend suggests is that increases in informal employment did not function as an effective countercyclical mechanism against the contraction of the modern sector. Instead, both informality and open unemployment grew simultaneously in most countries. As a result, masses of citydwellers found themselves lacking access to even the meager earnings once drawn from odd-jobbing, street vending, and other informal activities.[9]

The evolution of labor markets in Bogotá, Montevideo, and Santiago helps clarify these trends. Bogotá has experienced sustained increases in labor-market participation along with increasing levels of unemployment since the 1970s. As shown in table 6, the 10 percent increase in participation registered during the last decade was due exclusively to the growing labor supply of women. During the same period, open unemployment doubled, reaching a record 14 percent of the labor force in 1986. As the pertinent columns of table 6 indicate, the data do not support the prediction of massive increases in informal employment, which appears to have remained steady at about half of the urban labor force. The figures support the arguments of Colombian economists that adjustment to the crisis took the form of fewer jobs in the formal sector and lower wages in the informal sector (Ayala 1982, 1987).

Additional support for this line of argument comes from data on the evolution of wages in Bogotá, presented in table 7. As shown, wages of regular salaried workers did not decline at all during the 1980s. On the other hand, earnings of the self-employed (the best available proxy for informal employment in the series) varied significantly. A consistent trend emerged toward rising earnings for the self-employed until the late 1970s, followed by a rapid decline during the next five years; only in 1985 did earnings partially recover. Further, more than half of all informally employed workers in Bogotá in 1984 earned less than the minimum wage, as compared with only 3 percent of regular employees. If figures are converted into percentages across income categories, 92 percent of those earning less than the minimum wage were informally employed, while 77 percent of those receiving double that amount or more were formal workers or employers (Lanzetta de Pardo and Murillo 1988, table 8). These figures again point to a significant earnings disadvantage operating against workers in the informal sector.

TABLE 5 The Urban Labor Market in Latin America in the 1970s and 1980s

Country	*Labor Force in Manufacturing*		*Urban Real Minimum Wage (1980 = 100)*	
	1970 (%)	*1984 (%)*	*1976*	*1985*
Argentina	32.1	24.6	104.0	127.5
Bolivia	—	—	—	—
Brazil	18.3	18.9	97.7[d]	88.2
Colombia	21.0	17.7	75.1	110.0
Costa Rica	20.4	30.4	79.5	112.2
Chile	21.0	17.5	67.5	76.1
Ecuador	22.2	17.8	60.5	59.7
El Salvador	—	—	100.8	66.4
Guatemala	—	—	85.0	99.1[d]
Haiti	—	—	74.3[d]	87.1[d]
Honduras	—	—	112.3	89.0
Mexico	22.9	23.6	113.5	71.7
Nicaragua	—	—	116.1	63.6[d]
Panama	16.0	16.6	126.0	86.0[d]
Paraguay	—	—	100.6	99.1
Peru	18.4	15.6	107.3	53.3
Uruguay	—	—	171.5	94.1
Venezuela	24.9	26.3	78.9	65.8[d]
Latin America				

Sources: World Bank (1983); Garcia and Tokman (1985), tables 19, 22; and ECLAC (1986), tables 4, 6, 17.

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[a] As a percentage of the working-age population.
[b] Estimate of the Programa Regional del Empleo para América Latina y el Caribe (PREALC).
[c] As a percentage of the economically active urban population.
[d] Approximate year, commonly plus or minus 1.

In Bogotá established firms responded to the crisis by laying off workers, who then could not find comparable jobs in a crowded informal sector. Without even minimal incentive to enter irregular employment, many former formal employees opted to remain out of work. These workers may have believed that their situation would be temporary, but that assumption has proved unwarranted. In industry, contraction of regular employment has been accompanied by the proliferation of informal micro-enterprises to which production and services are now subcontracted (Lanzetta de Pardo and Murillo 1988; Cartier 1988).

Labor Market Participation[a]		Urban Informal Employment[b] (1981 = 100)	Urban Unemployment Rate[c]		
1976 (%)	1984 (%)	1983 (%)	1976 (%)	1980 (%)	1985 (%)
—	—	125.3	4.9	2.6	6.3
—	—	112.1	7.9[d]	7.5	12.6[d]
58.8	60.9	132.1	6.8[d]	7.2	5.3
49.8	56.2	102.3	10.6	9.7	14.1
50.2	48.7	148.9	5.4	6.0	6.7
50.3	52.5	98.2	16.3	11.7	17.0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	8.8	11.7
50.9	49.4	114.8	6.8	4.5	5.0
—	—	—	—	18.3	16.3[d]
55.0	55.8	113.5	9.0	9.8	11.5
—	—	107.0	6.7	4.1	7.4[d]
—	—	123.0	8.4	10.9	16.4[d]
52.8	57.9	98.7	12.7	7.4	13.1
43.4[d]	54.7	108.2	6.8	6.6	13.3
		121.8	6.5[d]	6.9	10.9[d]

As shown in the far-right column of table 6, industry is the one sector where informal employment has expanded rapidly in recent years. It should also be noted that much of the female labor employed by microenterprises is paid less than the legal minimum. As long as this adjustment strategy of massive lay-offs of regular personnel combined with informal subcontracting continues, unemployed industrial workers will have little chance of recovering their lost jobs.

In contrast with developments in Bogotá, the informal economy in Montevideo expanded rapidly during the years of the crisis. Table 8 indicates that self-employment and underemployment increased by about one-third and that the informal sector as a whole employed 70 percent more people in 1985 than ten years earlier. A representative survey of seven hundred households in 1984 found that 31 percent of all employed individuals worked informally, either full- or part-time,

TABLE 6 *Evolution of the Labor Market in Bogotá, in Percentages, 1974–1986*

	Labor Market Participation[a]						
Year	Total	Men[b]	Women[b]	Unemployment[a]	Self-Employed and Family Workers[a]	Informal Employment[c]	Informal Employment in Industry[d]
1974	—	81.4	31.4	—	22.1	50.5	40.6
1977	49.8	87.6	36.6	7.8	22.8	—	48.6
1980	54.1	—	—	6.8	25.6	—	48.6
1983	56.1	—	—	9.3	27.5	46.4	61.3
1986	60.2	85.6	44.0	14.2	24.8	—	—

Sources: Cartier (1988); Bourguinon (1979); and Lanzetta de Pardo and Murillo (1988), table 5.

[a] Working-age population, ages fifteen to sixty-four.
[b] Figures based on closest year for which data are available.
[c] Sum of self-employed workers minus professionals, domestic and unpaid family workers, and workers and owners in small enterprises. Figures for 1974 are based on data for the largest Colombian cities, including Bogotá. Small firms are defined as those employing less than five workers in 1974 and those employing less than ten in 1983.
[d] Self-employed, unpaid family workers, and workers in firms with less than ten employees.

TABLE 7 *Evolution of Monthly Wages in Bogotá, 1974–1985*

	Salaried Workers			Self-Employed Workers		
Year	Industry	Commerce	Services	Industry	Commerce	Services
1974	16.9	14.7	17.8	13.9	17.0	13.0
1977	15.5	12.7	14.7	13.0	16.9	18.8
1979	17.7	16.7	16.4	14.8	17.9	17.9
1981	18.2	17.2	18.7	18.3	24.7	19.2
1983	19.7	17.7	20.8	16.6	22.9	18.5
1984	20.3	17.9	20.6	16.0	18.2	17.2
1985	19.7	17.9	20.5	17.7	20.0	18.8

Source: Cartier (1988).

Note: Amounts are listed as thousands of 1980 pesos per month, with 50.92 Colombian pesos equaling one U.S. dollar.

and that 41 percent of households had at least one wage earner in the informal economy. Irregular full-time employment was more common among women (33 percent) and workers with only elementary schooling (25 percent) than among men (26 percent) and the university-educated (10 percent) (Fortuna and Prates 1988).

As occurred in Bogotá, the decade between 1975 and 1985 in Montevideo witnessed significant growth in labor-market participation,

TABLE 8 *Evolution of the Labor Market in Montevideo, 1975–1985*

	Labor Market Participation[a]			*Unemployment*[a]					
Year	*Total (%)*	*Men (%)*	*Women (%)*	*Total (%)*	*Men (%)*	*Women (%)*	*Self-employment*[b] *(%)*	*Under-employment*[c] *(%)*	*Informal Employment (1968 = 100)*[d]
1975	49.7	71.2	32.7	8.1	6.9	10.2	15.7	6.7	122.7
1977	53.7	73.9	37.6	11.8	9.4	18.3	—	6.9	—
1979	53.0	73.2	36.9	8.1	5.6	12.0	18.9	6.5	141.6
1981	55.7	75.1	39.5	6.6	—	—	—	6.0	—
1983	57.2	73.4	43.3	15.5	11.9	19.7	—	9.6	—
1984	58.2	74.9	44.7	13.9	10.9	19.8	—	9.6	—
1985	58.4	75.0	45.0	13.0	10.3	15.9	22.2	8.5	190.0

Source: Lombardi and Veiga (1988).

[a] Working-age population, between the ages of fourteen and sixty-four.
[b] Excludes employers.
[c] Involuntary employment requiring less than thirty hours per week.
[d] Personal service, domestic, and family workers, as well as self-employed workers, except professionals.

which is entirely attributable to an increase in the number of women seeking employment. Informal enterprises working under contract for larger firms made heavy use of female workers as a means of increasing flexibility and reducing costs. For example, in the leather export industry, women accounted for more than two-thirds of skilled homeworkers and sweatshop laborers (Prates 1983). Yet the expansion of informal employment proved insufficient to absorb those displaced from regular jobs as well as new entrants in the labor market, with the result being that open unemployment in Montevideo reached record levels, as in Bogotá. By 1984 unemployment had more than doubled the 6 percent average that had characterized the period following World War II. Since 1975 the downturn has affected both men and women workers, with unemployment growing by 3.4 percent among male workers and by 5.7 percent among females.

The strategy of dismissing regular employees and decentralizing production activities into micro-enterprises and sweatshops has been as common in Montevideo as in Bogotá (Fortuna and Prates 1988). In both cities, this trend has led to increases in industrial informal employment and a rapid rise in open unemployment. At present, dismissed industrial workers' chances of recovering their lost jobs seem as dim in Montevideo as they do in Bogotá.[10]

The economic adjustment process led finally to declining wages and increasing income concentration. Table 9 presents data indicating that the average real wages of the lower nine-tenths of Montevideo's labor force were the same in 1984 as a decade before, but they had lost

TABLE 9 *Evolution of Monthly Earnings per Employed Worker in Montevideo, 1973–1984*

	Per Capita Monthly Earnings			*Distribution of Earnings*		
Year	*Lower 9 Deciles (pesos)*	*Upper 1 Decile (pesos)*	*Total (pesos)*	*Lowest Quintile (%)*	*Highest Quintile (%)*	*GINI Index*
1973	23.3	66.2	28.8	6.5	43.5	.366
1976	25.9	83.9	34.2	5.5	46.8	.405
1979	23.2	125.3	36.5	5.0	50.8	.447
1981	36.1	180.4	50.5	3.7	52.8	.481
1984	23.5	111.6	32.3	3.2	51.5	.473

Sources: Melgar (1987) and Lombardi and Veiga (1988).

Note: Amounts are listed in thousands of 1973 pesos per month, with 93.7 Uruguayan pesos equaling 1 U.S. dollar.

about one-third of their purchasing power since 1981. Earnings of the top one-tenth also declined but not as steeply, with the result being that they still represented an 80 percent gain over the same ten-year period. Consequently, income inequality in Montevideo, which was traditionally lower than in the rest of Latin America, began to approach the .50 mark on the Gini index that is characteristic of other cities in the region.

In Santiago similar trends toward rising unemployment, declining real wages, and income concentration have all emerged, albeit in exacerbated form. The data in table 10 replicate the familiar evolution of informal employment seen in other cities. In this instance, however, growth in the informal sector apparently reflects not so much the expansion of subcontracting by established industrial firms as a set of autonomous survival activities. The empirical literature on the Santiago labor market mentions few instances of productive decentralization. Instead, casual self-employment and other informal activities tend to concentrate in petty commerce and services (Hardy and Razetto 1984, 11–14). The far-right columns in table 10 illustrate this trend.

At the aggregate level, the economic restructuring process is reflected in a decrease in industrial employment from 19 to 14 percent of the labor force between 1973 and 1984 and a parallel rise in the labor force employed in commerce and services, from 42 to 51 percent (Arellano 1987; Raczynski 1988).[11] The relative weakness of industrial subcontracting is probably a major factor underlying the very high rates of unemployment registered during the 1980s. Open unemployment, rather than industrial decentralization, dominated the labor scene during the economic crisis. Since the 1970s, the government has attempted to ameliorate this situation by launching two emergency work pro-

TABLE 10 Evolution of the Labor Market in Santiago, 1973–1984.

Year	Labor Market Participation[a] (%)	Open Unemployment[b] (%)	Unemployment plus Official Emergency Programs[b] (%)	Informal Employment[c] (%)	Street Vendors Number	Street Vendors Annual Growth (%)
1973	50.8	4.0	4.6	13.4	58,000[d]	0.6
1976	50.5	18.1	21.0	—		
1979	49.2	12.9	15.0	22.9		
1982	49.2	22.8	24.7	34.1	105,400[d]	6.0
1983	—	22.0	33.9			
1984	50.4	18.9	27.4			

Sources: Raczynski (1988), Pollack and Uthoff (1986), Martínez (1984), and Hardy and Razetto (1984).

[a] Working-age population between the ages of fourteen and sixty-four.
[b] As a proportion of the economically active population.
[c] Estimates based on irregular employment in commerce and domestic services.
[d] A 1971 figure.

grams. Nonetheless, levels of remuneration for those enrolled are a fraction of the minimum wage, and in 1984, coverage was limited to approximately one-third of the unemployed (Hardy and Razetto 1984; Schkolnik 1986; Raczynski 1987).

Together, open unemployment and emergency employment accounted for 25 percent of the economically active population in Santiago in 1982 and 34 percent in 1983. These high figures are unequaled for Chile in the period since reliable statistics have been available. Unlike the trends in Bogotá and Montevideo, labor-force participation did not increase in Santiago during the 1980s. This result, which is presented in the far-left column of table 10, must be attributed to the absence of minimal economic incentives in either formal or informal employment. Although some evidence suggests that low-income women attempted to compensate for loss of male earnings by offering their labor at any price, their efforts made little dent in the aggregate statistics (see Rosales 1979; Raczynski 1988).

Mass unemployment in Santiago was accompanied by a significant decline in earnings. Table 11 presents figures illustrating the size of the loss. Real wages in Santiago in 1986 were 15 percent lower than fifteen years before. The official minimum wage lost 23 percent of its value during the same period. It is important to note that unlike the situation in Bogotá, wage stagnation is not attributable in this instance to decentralization and the expansion of informal employment. Instead, declines in real wages in Santiago took place within the formal sector itself. In this instance, economic adjustment appears to have

TABLE 11 Evolution of Wages and Household Incomes in Santiago, 1970–1986

Year	*Average Real Wage (1970=100)*	*Minimum Wage (1970=100)*	*Poor or Indigent Households*[a]	*Average Household Monthly Income in Pesos*[b]
1970	100.0	100.0	28.5	6922
1976	64.7	105.4	56.9	3802
1979	82.2	125.8	35.9	6425
1980	89.3	126.0	40.3	6410
1982	97.6	122.4	31.2	6989
1984	87.1	84.3	48.5	5600
1985	83.2	80.2	45.5	—
1986	84.9	77.3	—	—

Sources: Raczynski (1988), Pollack and Uthoff (1986), CIEPLAN (1987).

[a] See text for definitions.
[b] In 1977 pesos, with 27.96 Chilean pesos equaling 1 U.S. dollar.

adopted the dual form of contraction of labor demand and wage compression among the remaining regular labor force.

The outcome of all these processes was widespread impoverishment of the working-class population in Santiago. The data in the third column of table 11 indicate that poor households (those with incomes lower than twice the value of a basic food basket) increased from 28 to 45 percent between 1970 and 1986. Indigent households alone (those with incomes below one basic food basket) increased from 8 to 19 percent (Pollack and Uthoff 1986). Consequently, food expenditures as well as caloric and protein consumption dropped significantly among the poorer three-fifths of the metropolitan population.[12]

Finally, the far-right column of table 11 indicates a decline in real average household incomes in Santiago during the years of the crisis. Additional data (not shown) indicate that the loss was concentrated in the poorer 40 percent of the population. These figures concur with preceding numbers to show that unemployment and the drop in real wages were not compensated by other income-earning activities among poorer households. As a result, household income inequality, which was already high in 1970, increased during the 1980s in Santiago.

In sum, results presented in this section suggest that open unemployment can expand rapidly in Third World cities. The "cushion" supposedly provided by remunerative informal activities during economic recessions turns out to be more apparent than real. Informal employment may rise rapidly as a result of decentralization by large formal firms; however, the process does not necessarily create new jobs but may merely transfer them from the protected sector to the unprotected sector. In the absence of such transfers, however, chances to find new jobs in times of recession dwindle, and competition among recently laid-off workers drives earnings to unacceptably low levels.

Hence, as several authors have noted, an expanding informal sector does not counterbalance a stagnant formal sector; rather, both sectors expand and contract together. Before the economic crisis, low unemployment in most Latin American cities reflected the existence of remunerative opportunities in either growing modern industry or an expanding informal economy. During the process begun in the 1970s and accelerated in the 1980s, however, the contraction of formal employment was followed by declines in informal earnings due to the rapid rise of the labor supply available for informal enterprises and the parallel decline in demand for their goods and services (Capecchi 1988; Ayala 1987). The consequence has been widespread unemployment and impoverishment of the urban working class, which has been most extreme in Santiago.

DISCUSSION

Having examined patterns of change in several aspects of urbanization, the next question to be asked is, what are the theoretical implications of these findings? Primacy, class polarization, unemployment, and informal employment certainly do not exhaust all aspects of urban development. Yet their joint evolution offers evidence that "something" has changed in Latin American cities during the last decade. While the findings presented here are preliminary, they should caution against continuing to describe Latin American urbanization in the terms commonly accepted in the past.

Most questionable in the light of these results are descriptions of a process of dependent distorted urban development common to the entire region. Distortions certainly exist, but they are not the same everywhere. In evaluating the interplay of external and domestic forces that underlies each of the trends discussed above, it might be well to begin with those that seem to reflect most closely the operation of external inducements and constraints. In the process, I will also consider the possible reversibility of the trends observed.

Deceleration of primacy and the rapid growth of secondary cities have become common enough in Latin America to indicate the operation of a broader set of determinants. These changes are apparent in countries exhibiting varying levels of development and different political systems and thus cannot be attributed exclusively to idiosyncratic domestic factors. A common explanation found in the recent literature is that growth in big cities is slowing down thanks to rapid declines in fertility throughout the region. This exclusively demographic explanation is not satisfactory, however, because changes in fertility behavior are much too recent to affect established migration flows and because urban primacy can expand even in the absence of population growth.[13]

A more likely explanation is to be found in changes in productive structures following the demise of import-substitution industrialization. As is well known, such industries are usually located in the larger cities, thus reinforcing patterns of urban primacy (Roberts 1976; Eckstein 1977, chap. 1). The shift toward an export-oriented model during the late 1970s and 1980s has been accompanied by the growth of industries that are not located in the large cities, such as commercial agriculture, forestry, mining, and product assembly. The proliferation of export-processing zones in several countries has added to the trend because these industrial enclaves are generally located away from national capitals.

Although still a hypothesis, the idea that the shift toward an export orientation partially underlies changes in patterns of urbanization is receiving support from several sources. In Uruguay the most rapid urban growth during the last intercensal period took place in cities like Bella Unión and Artigas, which lie at the center of new agricultural export zones, or Maldonado and Punta del Este, which are closely linked with international tourist services (Lombardi and Altezor 1987). In Chile the expansion of fruit production, forestry, and fishing following the application of governmental export incentives has led to the rapid growth of several middle-sized cities and to the emergence of new ones (Raczynski 1986). Similar trends elsewhere would suggest that changing conditions in the world economy affected patterns of urbanization by promoting new export industries, which in turn have encouraged a partial shift in the direction of population flows.

A second trend cutting across national boundaries is the rise of open unemployment during the 1980s. The main theoretical implication of this trend is its negation of past notions about the impossibility of mass unemployment in Third World cities and the countercyclical effect of the informal sector. While question-wording and counting procedures may affect national tallies, the indisputable fact is that recent years have witnessed a rise in the number of citydwellers deprived of any opportunities to earn income. Linkages between changing external conditions and domestic events are more transparent in this instance because the rise of unemployment can be traced directly to policies aimed at coping with foreign indebtedness. Of all the recent urban developments, none reflects more clearly the continuing subordinate role of Latin America in the world economy than the rise in unemployment throughout the region.

Nevertheless, neither the slowdown of urban primacy nor record levels of unemployment should be regarded as permanent or irreversible. A new period of rapid economic growth, for example, may return things to the status quo ante. Yet the policy of export-promotion and its apparent centrifugal effects may also be more than a conjunctural development in a number of countries. If such trends persist, an unexpected outcome of the crisis would be a more balanced urban system than that associated with the era of import substitution.

These trends, however, are accompanied by others that contradict the impression of uniform external determination. In cities like Bogotá and Montevideo, the informal sector played a partially countercyclical role, less through autonomous growth than through employment transfers from formal industry. In Santiago neoconservative planners presided over the demise of most of Chilean industry, which could not compete unprotected with imports. Many industrial firms in Chile lacked the option of adjusting through informalization because they were forced out of business by the removal of tariff barriers. In addition, the wide availability of cheap imported goods—from clothing and footwear to food products—may have discouraged their production by local micro-enterprises (Foxley 1983; Lagos and Tokman 1983; Raczynski 1987).

The crisis was thus experienced in different ways by the urban working class, depending on the policies adopted by national states. These experiences ranged from stagnant wages and widespread informalization to the virtual elimination of income-earning opportunities in either the formal or informal sector of the urban economy. Although unemployment and urban poverty existed everywhere, the cases described above may be arranged along a continuum with the population of Santiago, which has been subjected to the most rigorous application of free-market ideology, occupying the least enviable place.

Another aspect demonstrating systematic variation has been the pattern of polarization within cities. The dominant tendency everywhere has been for upper- and lower-income groups to live apart, but recent years have witnessed several partial reversals of this trend. Impoverished middle classes searching for affordable housing as well as the desperately poor seeking some form of employment have given rise to new intra-urban spatial arrangements. For the poor, the occupation of spaces close to the urban center offers opportunities unavailable elsewhere and is therefore highly valued (Benton 1986; Portes 1978; Leeds 1969). But well-to-do groups tend to take a different stance. Their view has been poignantly expressed by a well-known Peruvian novelist in a book published at the height of the crisis: "In recent years, I've become accustomed to seeing next to vagabond dogs, vagabond children, vagabond old men, vagabond women. The spectacle of misery, in years past seen only in the *barriadas* and later in the center, now pervades the entire city, including residential and privileged districts. If one lives in Lima, one must become accustomed to misery and dirt, or go mad, or kill oneself" (Vargas Llosa 1984, 8).

The distaste of the Latin American upper classes for close contact with the "spectacle of misery" will probably ensure the emergence of new forms of polarization in the future, with wealthy groups moving to ever more remote locations. In Santiago this effort has already been obviated by the steps taken by the military authorities to prevent any residential mix, thus reinforcing the pattern of class polarization. In this instance, lower-income groups have had to move away in order to comply with the military regime's views on urban spatial order.

Such variations highlight once again the significance of internal forces, specifically state policies, as they interact with external constraints to produce different outcomes. The equally important topic of the evolution of urban social movements has accompanied and reflected this diversity. The general trend has resulted in the gradual weakening of traditional organized movements, like trade unions, and the emergence of what Latin American scholars have dubbed the "new social movements"—those made up of young people, women, residential associations, church-sponsored "grass-roots" communities, and similar groups (Cardoso 1983; Jelin 1985; Filgueira 1985).

The goals and strategies of such movements vary significantly, however. Where sufficient political space exists, most movements orient themselves toward traditional demand making through established parties or in direct dialogue with the state. Popular organizations in Bogotá and in Montevideo (following the return to an elected government) generally fit this pattern. When the state becomes a reluctant interlocutor, popular movements either spearhead the militant opposition or withdraw into themselves. In Santiago, the most extreme case of political closure among those studied, organized demand making was replaced at the height of the crisis by an increasingly self-reliant orientation among popular groups.

A 1984 survey of the Santiago metropolitan area identified more than two hundred self-created artisans' cooperatives producing clothing and other goods for direct consumption and outside sale. Other instances included the buying co-ops (*comprando juntos*), housing committees, debt committees, health groups, urban crop-raising collectives, and "communal pot" co-ops (*ollas comunes*). In all, nearly a thousand such organizations grouped sizable proportions of the population of Santiago's poblaciones. Unemployed men, wives, and children have all found in these cooperative ventures both a means of survival and a space for sociability and mutual support (Hardy 1985; Schkolnik 1986; Rodríguez 1987). Some analysts have interpreted the growth of these activities as a blueprint for national economic organization after the demise of the military regime. Although such expectations appear premature, recent developments in Santiago's peripheral settlements represent a notable departure from the measured demand making of the past and attest to the ability of the urban poor to find novel solutions in the face of harsh social conditions.

The literature on Latin American urbanization prior to the 1980s provided a fairly coherent portrait of a process characterized by the relentless growth of primacy, increasing class polarization within cities, low unemployment but high underemployment, and institutionalized demand making by lower-class groups. In this article, I have not attempted to document these baseline trends but have relied instead on past studies as a point of reference to examine contemporary events. It is too soon to tell whether the observed developments represent a "blip" in a long-term trend or whether they are here to stay. Record levels of unemployment and enforced self-reliance by the urban poor will probably give way to more familiar patterns in the future. But the slowing down of primacy and the informalization of much of the productive and trade apparatus may be more enduring features. If events during the years of the crisis have rendered past descriptions of Latin American urbanization partially obsolete, we must still await the verdict of future evidence to ascertain in what direction the process has actually been diverted.

NOTES

1. The comparative approach based on maximizing differences is only one of the possibilities discussed in the relevant literature. For my purposes, however, it is preferable to other alternatives. On the logic of comparative designs, see Przeworski and Teune (1970), Lijphart (1975), and Ragin and Zaret (1983).
2. The data available for this analysis are not ideal. Countries differ in the timing and quality of their censuses, as well as in their definitions of *urban* and *metropolitan*. Consequently, the data presented in this section must be regarded as an approximation of current trends on the basis of the most recently published information. These estimates rely primarily on series from the United Nations' *Demographic Yearbook*, supplemented by other sources. The year 1970 was chosen as the baseline because the availability of 1970 data from a number of sources facilitated cross-checks.
3. It is unlikely that vegetative increase alone has produced the sudden acceleration of growth in smaller cities. A more probable cause is the rechanneling of migrant flows previously directed exclusively toward the largest urban agglomerations.
4. In this section, the term *class* is used loosely to denote basic differences in socioeconomic levels within the urban population. Such gross classification (which essentially refers to differences between the well-to-do, middle-income groups, and the poor) is necessitated by the impossibility of reliably tracing the places of residence of better-defined class categories. Quality and location of housing is certainly an important aspect of consumption, rather than production. It seems reasonable to assume, however, that those at the top of the class structure who derive the greatest benefits from it will be found in the most desirable urban locations. On the topic of urban class structures, see Portes (1985).
5. A composite map of Bogotá housing levels, omitted here because of space limitations, is available from the author on request.

6. A map of residential characteristics and growth of the Department of Montevideo, omitted here, is available from the author on request.
7. In one instance, the old comuna of Ñuñoa was divided in order to separate its middle- and upper-income areas from the poblaciones of the Peñalolen hill sector. The latter became a separate municipality.
8. One anonymous reader commented on the fact that spatial patterns cannot be equated with actual interaction between members of different classes. It is true that groups who live together may remain socially apart and that distant individuals may seek each other's company. In this section, however, I am making no assumptions about the specific character of the relationship between spatial location and social interaction, a subject that would require data beyond our present reach. But it is clear that spatial proximity promotes at least minimal mutual awareness. The occupation of public spaces by persons from various social classes gives urban society a markedly different character than cities where areas are reserved exclusively for those within a narrow range of socioeconomic positions. In particular, spatial proximity prevents the privileged from ignoring or affecting to ignore the existence of those at the bottom of the class structure, an attitude accomplished with remarkable ease when spatial segregation prevails. On this topic, see Hardoy (1972a) and Walton (1976).
9. Data omitted here indicate that unemployment is most common among secondary workers, such as spouses and dependent children, but that as it climbs into double digits, unemployment also affects primary workers. This kind of unemployment should not be equated with that endured by workers in advanced countries in view of the fact that Latin American workers have little or no recourse to government relief. Ethnographic evidence suggests that in the absence of remunerative work, former workers engage in various forms of subsistence activities to support their households' collective survival strategies. See Roberts (1989), Hardy (1985), and Fortuna and Prates (1988).
10. The economic reactivation program of the current Uruguayan administration has brought positive results, including higher aggregate growth rates, higher earnings, and recent declines in unemployment. Few signs exist, however, of a return to the model of large, fully unionized plants dominant in the past (Fortuna and Prates 1988; Bayce 1985).
11. A representative survey of five low-income settlements in Santiago in 1986 found that informal workers represented up to 45 percent of the working-age population and exceeded the number of the regularly employed. Street vendors, domestic servants, odd-jobbers, and casual service personnel accounted for most of the informally employed (Schkolnick 1986).
12. The average caloric deficit among the poorest fifth was estimated at about 25 percent of the minimum daily norms (circa 1980) of the World Health Organization.
13. The Río de la Plata capitals of Buenos Aires and Montevideo exemplify large cities that continued to grow after the fertility of their national populations approached replacement levels (Hardoy 1972b; Klaczko and Rial 1981).

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