

**MACROTHEORIES, MICROCONTEXTS,
AND THE INFORMAL SECTOR:
CASE STUDIES OF
SELF-EMPLOYMENT IN THREE BRAZILIAN CITIES**

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The data discussed in this paper were collected in the cities of Manaus (Amazonas), Juiz de Fora (Minas Gerais), and Joinville (Santa Catarina). Fieldwork in Manaus was conducted in 1984 in

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ABSTRACT

Economists as well as anthropologists have seriously questioned the empirical validity of the dual economy paradigm. Indeed, the evidence is overwhelming that while formal and informal sector enterprises may be differentiated in terms of their capitalization, organization, labor processes, market penetration, and the like, it is generally the case that these differentiated enterprises are structurally articulated within a centralized political economy. Accordingly, three macrotheories have been offered to explain the structural articulation of formal and informal sector developments. One theory, that of modernization, suggests that informal sector developments are a temporary by-product of migratory flows of unskilled labor that have been set in motion by rapid urban industrialization. The other two theories, both Marxist or neo-Marxist in conception, consider informal sector developments to be primarily the result of economizing production strategies. According to one of these theories, firms in the formal sector seek to depress wages by maintaining a reserve of surplus labor and, thus, they force into the informal sector large numbers of unemployed or underemployed workers. In the alternative view, firms in the formal sector seek to lower costs or free up capital by contracting out to the informal sector high risk or marginal processes. While one or more of these macrotheories may assume some degree of general validity in reference to the organization of global or national economies, none of them proved to be particularly illuminating with respect to the case studies discussed here, drawn from urban economies in three different regions of Brazil—specifically Manaus in Amazonas, Juiz de Fora in Minas Gerais, and Joinville in Santa Catarina.

RESUMO

Economistas e antropólogos têm questionado muito seriamente a validade empírica do paradigma da economia dualista. Realmente, existem provas avassaladoras de que enquanto as empresas dos setores formais e informais podem ser diferenciadas em termos de sua capitalização, organização, processos de trabalho, penetração no mercado, lucratividade, acumulação de capital, etc., o fato é que estas empresas diferenciadas estão estruturalmente articuladas dentro de uma economia politicamente centralizada. Assim sendo, três macroteorias tem sido propostas para explicar a articulação estrutural dos desenvolvimentos dos setores formal e informal. Uma delas, a da modernização, sugere que os desenvolvimentos do setor informal são o resultado temporário de fluxos de migração de trabalho não especializado que foi posto em movimento por um rápido processo de industrialização urbana. As outras duas teorias, a marxista e a de concepção neo-marxista, consideram os desenvolvimentos do setor informal como sendo o resultado primário de estratégias econômicas de produção. De um lado, firmas do setor formal buscam reduzir os salários pela manutenção de uma reserva de mão-de-obra e, assim, elas forçam para o setor informal um grande número de trabalhadores não-empregados ou sub-empregados. Ou, alternativamente, firmas no setor formal buscam baixar os custos ou liberar capital pela contratação no setor informal com altos riscos e processos marginais. Se uma ou mais destas macroteorias pode ter algum grau de validade em referência a organização de economias globais ou nacionais, nenhuma delas é particularmente clara no que diz respeito aos estudos de caso derivados de economias urbanas de três diferentes regiões do Brasil, especificamente: Manaus no Amazonas; Juiz de Fora em Minas Gerais; e Joinville em Santa Catarina.

Caroline O.N. Moser (1984: 135), an economist, notes that since the informal sector concept was first introduced into academic anthropology by Keith Hart (1973) and then popularized by the International Labour Office, studies attempting to define it, describe it, and analyze it have been so numerous as to constitute what she calls a "growth industry." In general, the ILO's interest in the informal sector concerned its capacity to absorb surplus labor and thereby ameliorate some of the most negative conditions of urban poverty. Various studies motivated by this concern have sought to determine further whether or not the informal sector absorbed surplus labor in a devolutionary manner without increase in productive output, or if it contained autonomous dynamism for growth and, if so, how growth might best be stimulated by government policy. In either case, based on her extensive reviews of the literature, Moser (1978; 1984) was driven to conclude that the informal sector remains an exceedingly fuzzy concept. Studies of it have embraced such an astonishing heterogeneity of economic activity that it is virtually impossible to draw firm conclusions from their comparison. In fact, such studies appear to have contributed more to the debate surrounding the dualist and nondualist conceptions of the economy than they have contributed to the empirical resolution of questions concerning economic institutions, the organization of firms, enterprises, labor markets, the economic strategies of workers, or the economic and social inequalities attaching to any or all of these.

More recently, Lisa Peattie (1987) has outlined how with the same confusing results the dualistic conception of the economy has been assimilated to various macrotheories of political economy. She (p. 852) argues that in the tradition of Boeke (1953) and Geertz (1963) the informal-formal sector dichotomy is generally linked with the modernization paradigm. Modern enterprises enter into a backward economy and, in the process of their expanding influence, traditional sectors and populations are for a time marginalized and impoverished (see e.g., Nun 1969; McGee 1973; Quijano 1974; Mingione 1984). In the Marxist or neo-Marxist traditions, theories of dependency and/or underdevelopment shift the focus from marginalization to the structural linkages that exist between the informal and formal sectors. According to one's

particular macrotheoretical orientation, dependent structural linkages between the informal and formal sectors are shaped by the commingling of petty commodity and capitalist modes of production (e.g., Hart 1973) or, alternatively, they result from the wage and labor strategies of capitalist enterprises which seek to lower costs by maintaining a reserve army of surplus labor (e.g., Frank 1970; Roberts 1978: 159-77; Souza and Tokman 1976; Portes and Walton 1981: 67-106; Richardson 1984; Natrass 1987). Implicit in these structural linkages is a dualistic conception of the economy and Peattie (1987, pp. 857-8) concludes that this framework is much too muddled to be of heuristic value. Thus, in response to Moser's (1984) review, she (Peattie 1984: 180) suggests that we set aside the informal sector concept and begin instead by specifying the questions we really have in mind to explore.

Before setting aside the informal sector concept, however, it is instructive for purposes of the present paper to briefly consider Hart's (1973) use of it in his anthropological studies of Accra. As introduced by Hart, the concept was employed simply to present an ethnographic description of the range of income opportunities available to the urban poor. "The distinction between formal and informal income opportunities," Hart (p. 68) emphasized, "is based essentially on that between wage earning and self-employment." It was not Hart's purpose to present a macrostructural analysis of the whole economy. Nevertheless, by equating self-employment with the informal sector and then suggesting that self-employment constituted an effort primarily on the part of the "reserve army of urban unemployed and underemployed" to generate income, Hart unavoidably proffered a macrotheoretical explanation of what might very well have been a microtheoretical problem: i.e., the decision taken by individuals as to whether or not they will work for themselves or commoditize their labor. In effect, the microcontextual analysis of the productive work elected by different types of workers became entangled with the analysis of firms and enterprises, migratory flows, labor markets, and an urban economy conceived as having a dualistic macrostructure.

The present paper returns to this problematic. It seeks to explore whether or not wage- and self-employment are best explained by macrotheories relating to the development of urban economies or by reference to the decision-making calculi of individual workers. In addressing this problem, we are now going to follow the advice of Peattie and put aside the informal sector concept. Self-employment is not considered as work performed in the informal sector. Rather, it is conceptualized as work performed by individuals who commoditize not their labor but what they produce with it. The analysis proceeds on the basis of data collected in a comparative study of firms, workers, and working class families in three Brazilian cities: Manaus (in Amazonas), Juiz de Fora (in Minas Gerais), and Joinville (in Santa Catarina).¹ In order to contextualize the analysis to follow, it will be useful to begin with a brief description of the patterns of urban-industrial development characteristic of each of these cities.

¹ With reference to these data, a caveat is in order. The workers included in the study do not constitute a randomly selected sample drawn from a defined universe of wage- and self-employed workers. Rather, they comprise a purposive and diversified selection of cases that was drawn for the purpose of anthropological study in relationship to firms and sectors of employment. The fundamental question which the original research sought to address may be phrased as follows: In the context of different patterns of urban-industrial development, what kind of work must individuals perform in order to live and how must they and their families live in order that they may perform particular kinds of work? For purposes of the research, the selection of cases included self-employed workers and three categories of wage-workers. Of the latter, one category was selected with reference to employment by new industrial firms; a second included employees of older and more traditionally established industrial firms; and the third category included lower-echelon employees performing white-collar work in the rapidly expanding, non-industrial sectors of the urban economy. For the most part, self-employed workers included artisans, street vendors, repairmen, small shopkeepers, taxi operators, truckers, and the like. Thus, unemployed workers looking for work were not included in the study except as they formed part of the households of the workers who were included. The rationale for selecting the cities in question was based upon their regional location, the different social and cultural origins of their working class populations, and the fact that each city revealed a somewhat different pattern of urban-industrial development and populational increase.

Patterns of Urban-Industrial Development

The urban economy of Manaus is peculiar by virtue of the city's location and the character of its industrial development. Located in the Central Amazon at the confluence of the Rio Negro and Solimões rivers, this old port city had once been the prosperous center of Brazil's rubber boom.² Following the rubber boom, the city's economy remained largely dependent upon the extraction of and trade in forest products and, as a consequence, it stagnated for well over half a century. In 1967, in conformity with the development policy of the federal government, Manaus was made a Free Trade Zone and designated a "pole" for industrial development in the Central and Western Amazon region. With infrastructural investments in excess of US \$47 millions (1982 prices) and a powerful program of fiscal incentives, by 1982 SUFRAMA (Superintendency of the Free Trade Zone) had attracted 193 new industrial firms to the city. These new firms contributed almost one-third to the total number of the city's industrial establishments and they employed approximately 60 percent of the economically active industrial workers. Most of these new firms were of the assemblage type, more labor than capital intensive, and almost 25 percent of them were tied to the production for export of electronic units, mainly television sets, stereophonic systems, tape decks, VCRs, video games, digital watches, pocket calculators, and the like.

In conjunction with these developments, between 1975 and 1980 the number of commercial establishments in the state of Amazonas increased from 6,996 to 13,144. Of these, 7,704 (58 percent) were located in Manaus. Ninety-six percent of the commercial establishments were retail outlets of which 926 specialized in the sale of watches, television sets, and other products assembled in Manaus. A major local market for these goods consisted of tourists from other regions of Brazil who come to Manaus, on the average of 1,500/day, primarily

² For a more detailed description of developments in Manaus, see Despres (1985; 1987: 67-88).

to purchase high cost consumer durables at prices considerably lower than those that prevail outside of the Free Trade Zone.

The overall impact of the government's development project in Manaus may be summarized as follows: First, in terms of work, between 1960 and 1980 the reported number of economically active persons in the urban population exploded from 39,000 to 216,000. This growth reflected a 400-to-500 percent increase in virtually all sectors of economic activity. However, while the number of self-employed workers increased from 9,000 to 42,000 during this period, their proportion among the economically active actually declined from 33 to 21 percent of the total. In 1984, there certainly existed disguised unemployment in the city and many workers, particularly in the new industrial sector, were shunted from one firm to another as a consequence of production decisions taken in São Paulo. While a great many of these workers did not consider their employment secure, very few of them elected self-employment in favor of wage-employment in the new industrial sector.

Second, the government's development project exacerbated a traditional migratory flow from the interior which resulted in a massive explosion of the urban population. In 1960, Manaus contributed only 24.5 percent to the population of the state; in 1980, it contributed 44.4 percent. Despite this increase in population, there was little evidence to suggest that there existed in Manaus an unusual surplus of labor.³

Finally, as might be expected, this demographic shift substantially transformed the social and cultural character of the city. For example, near the end of the rubber boom in 1902, Manaus contained 50,000 people living in four or five bairros that formed an area of approximately twenty square blocks at the river's margin. By 1984, it had become a metropolitan center of close to a

³ It may also be noted that during this period the number of economically active women increased from jumped from 6,700 to 64,000, a relatively increase of 855 percent and by 1980, women comprised nearly one-third of the economically active labor force.

million people living in fifty or more bairros sprawled over an area of almost ninety-five square kilometers. More than half of this spatial expansion and 79 percent of the growth in population occurred within a period of less than twenty years. In the process of urbanization, Manaus acquired most of the characteristics and problems associated with urban-industrial growth throughout much of Brazil and Latin America. In almost every area affecting the quality of life, the growth in population dramatically outpaced the provision for human needs. As wages remained low and the cost of living and property values soared, and as public housing and services of every type became more and more inadequate, large segments of the working class were forced to live at poverty's edge. Thus, favelization became widespread.

The cultural and economic history of Joinville assumes a somewhat different character from that of Manaus. Located in the northeast of Santa Catarina, on the Bay of Babitonga, the município was founded 1850 when lands in the area were donated to the Princesa Dona Francisca upon her marriage to the Príncipe of Joinville. The colony of Joinville was subsequently settled by migrants who came mostly from Germany.⁴ For more than a century following its colonization, the economy of Joinville was tied to the extraction of timber, the cultivation of tea for export, and the production of various food crops mainly for local and regional markets. In 1926, the city listed less than a hundred industries and all but a few of these were engaged in the processing of agricultural products, mainly tea, tobacco, wood, sugar, and leather. A few relatively small firms were engaged in the manufacturing of textiles and various articles of clothing. During this period, the município contained 46,000 inhabitants. Of these, 36,000 lived outside the city and were mostly self-employed on family farms.

⁴ In the 1930s there existed in the three southern states of Brazil approximately 2,500 schools in which all instruction was carried out in German. Fearing that these schools and the German population of the region was falling under the control of "Nacistas do Brasil," with the institution of the Estado Novo in 1937 President Vargas instituted a "Campaign of Nationalization" which, among other things, required that instruction in Brazilian schools be conducted in Portuguese.

Unlike that of Manaus, the industrialization of Joinville resulted not from programs involving the massive intervention of the federal government but rather from local capital investment. Moreover, industrial development centered mainly on the establishment of heavy mechanical industries rather than industries of the assemblage type. The process began most noticeably in 1938 when a group of local investors created Fundação Tupy S/A. Initially, Tupy produced iron castings and hydraulic connections. It then diversified its production to include a wide variety of heavy industrial products. Subsequently, Tupy evolved into a group of 18 companies of which 10 were located in Joinville and it is today the city's largest employer. Following Tupy, in 1941 Hansen Industrial was formed. Engaged mainly in the production of plastic piping, Hansen continued to expand its operations in Joinville while becoming a conglomerate of 25 firms spread over 15 Brazilian states and 3 foreign countries. A third firm, Consul, was organized in 1950 for the production of refrigeration units. Vertically integrating its production, shipping, and marketing operations in Joinville, Consul now controls approximately 50 percent of the Brazilian market for household refrigerators and related appliances. A fourth company, Embraco, was organized in 1974 for the production of compressors. While first servicing only Consul's need for compressors, Embraco now exports approximately half of its total production to more than 30 countries. Together, these firms are known as the "big four" and they form the hegemonic core of Joinville's new industrial economy.⁵

Through the local Associação Comercial e Industrial, the directors of these four firms have virtually controlled the economic and political life of Joinville. Over the years, the

⁵ All four of these industries are capital-intensive and unlike most of those that were implanted in Manaus, none of them are fundamentally assemblage in type. In addition, all four of these enterprises were initially capitalized by entrepreneurs, mostly engineers and bankers of German descent, living in Joinville, and even today all four of them remain largely under the control of directors who live in Joinville and who form the majority of their governing boards. It should be noted, however, that Consul owns 51 percent of Embraco. To raise capital for further expansion, in 1977 Consul sold 30 percent of its shares and 8 percent of Embraco's shares to Whirlpool, an American firm based in Michigan. However, controlling shares in these two firms continue to be held by investors in Joinville.

Associação has worked assiduously to stimulate the local development of cognate industries and to free "the big four" from any dependency they might have on the São Paulo market for the purchase of capital goods and unit components for the products they manufacture. The Associação has had as one of its objectives to make of Joinville the industrial center of Santa Catarina. Thus, during the 1970s, the Associação provided the political momentum for the development of an industrial park in Joinville and then, with its research division and financial connections, it proceeded to attract 282 new industrial firms to the city. With the addition of 141 new firms, the heavy industrial sector represented the major source of growth. Still, 60 new firms were added in sectors involving the production of plastics, textiles, and clothing. Associated with this growth, the number of commercial establishments in the city increased from 1,036 (employing 4,000 workers) to 1,551 (employing almost 7,000 workers).

With all of this development, between 1970 and 1980 the economically active population in the city grew from 40,000 to 94,000 workers, a relative increase of 135 percent as compared to the 104 percent increase recorded in Manaus during the same period. However, judging from the available data, the proportion of self-employed workers remained relatively constant at approximately 15 percent of the total. Excluding taxi operators and a surprisingly small number of street vendors, most of the self-employed appear to have been shopkeepers or the proprietors of small-scale service and industrial enterprises dependent almost exclusively on family labor.

Although industrialization in Joinville has proceeded at a somewhat slower and more integrated pace than it did in Manaus, it nevertheless has been accompanied by a substantial growth in the city's population. In 1940, shortly after Tupy was established, the city had a population of 34,000. By 1964 this number more than tripled, reaching a level of 108,000. In 1986, according to data collected by the city's planning division, the population exceeded 325,000, a relative increase of 38 percent over 1980. Forty-eight percent of this number is comprised of individuals who migrated to Joinville principally for reasons of work, and only 38 percent of these migrants have lived in the community ten years or longer. Slightly more than

half of these migrants have come from areas classified as rural. The major source of this migratory flow has been the littoral of São Francisco do Sul and Vale do Itajaí in Santa Catarina but, in recent years, increasing numbers of migrants have come from the states of Paraná and Rio Grande do Sul. Despite the magnitude of this migratory flow, industrialists and union leaders alike acknowledge that there exists such a shortage of labor in Joinville and its surrounding area that further industrial expansion may require the organized recruitment of "less desirable workers" from outside the region.⁶

As in the case of Manaus, the magnitude and rapidity of the migratory flow to Joinville has exceeded the city's capacity to provide adequate housing and public services. Thus, industrialization has meant favelization. In the words of a local historian (Ternes 1986: 246): "In truth, the process of industrialization disfigured the city, polluted the rivers, compromised its green areas, while the immigrant populations were establishing themselves in a disorderly manner, occupying areas not recommended for human habitation."⁷ The most notorious of the areas unfit for human habitation is a large sea mangrove or marsh owned by Tupy and now occupied by more than 7,000 squatters.

Juiz de Fora provides still another microcontext in which the conditions relating to wage- and self-employment would appear to differ. Located approximately 275 km from Rio, Juiz de Fora is the most important socioeconomic magnet of the Zona da Mata in southern Minas Gerais. Founded in 1850, the city's early population included a substantial number of German, Italian, and Portuguese immigrants who came to construct the railroad over which coffee and other agricultural products could be more easily transported from the Zona da Mata to the port of Rio.

⁶ At the time of this research, Consul was in the process of completing the construction of a new division which would necessitate the recruitment of 1,000 workers. Comments relating to "less desirable workers" generally include a reference not only to the level of skill but also to workers whose ethnic origins are not German.

⁷ As translated from the Portuguese.

Engineers among these immigrants combined with fazendeiros to form a local oligarchy similar to that which exists in Joinville. In 1889, they capitalized the construction of the first hydroelectric power plant to be built in Latin America. A textile industry soon followed. By the turn of the century, with 37 cotton mills, Juiz de Fora had acquired a reputation as the "Manchester of Brazil," a reputation of which the city still boasts.⁸

In her study of one of the city's textile mills, Maria Andréa Rios Loyola (1972) relates that the industrialization of Juiz de Fora was affected both positively and negatively by its centralized location in the highway and railroad networks that connect the Zona da Mata to the large urban markets in Belo Horizonte, Rio, and São Paulo. Coffee provided much of the capital with which local entrepreneurs established the textile and garment sector as the main branch of industrial activity in relationship to these markets. With the collapse of coffee, the agricultural economy shifted to livestock and the production of dairy products, and Juiz de Fora became and remains today the largest milk and cheese producing municipality in the region. In recent years, because of competition from Rio and São Paulo, the local oligarchy has turned its investment interests away from textiles to the capitalization of new industries, mainly in the mechanical, paper, and chemical sectors.⁹ As a consequence, the textile and food processing sectors no longer dominate the city's economy in terms of total production. Still, it is these traditional industries that continue to absorb the majority of the city's labor force.¹⁰ However, it is the newer industries that

⁸ For details relating to the history of Juiz de Fora, see Paulino de Oliveira (1966), Maria Andréa Rios Loyola (1972), and Silvia Maria Belfort Vilela de Andrade (1984).

⁹ The most significant of the new mechanical industries is Siderúrgica Mendes Júnior, a steel mill which produces six million tons of non-flat steel products annually. Largely because of the transportation requirements of this plant, the Central Brazil Railway elected to move its regional headquarters from Rio and thus base a substantial number of its workers in Juiz de Fora.

¹⁰ Juiz de Fora still has many industrial establishments that were founded prior to 1920.

have attracted the most recent wave of migrants, mainly from the Zona da Mata but also from Rio and Guanabara.

In 1970, Juiz de Fora reported a population of 239,000 inhabitants of which 76,000 (32 percent) were economically active. Although 35 percent of the 1970 population could be counted as migrants (82 percent proceeding from the Zona da Mata), more than 90 percent of these migrants had already lived in the city 10 years or longer. Also in 1970, the city registered a total of 696 industrial and 1,717 commercial establishments. Buried in these figures, however, is a deeply rooted tradition of cottage industry and family-based commercial establishments. As evidence of this, in 1970 only 6 percent of the city's 696 industrial establishments employed in excess of a hundred workers and no less than 61 percent were family-operated enterprises employing five workers or less.¹¹ The vast majority of these small-scale industries continue to be engaged in the production of various articles of clothing either on consignment or for retail sale in family shops.

Between 1970 and 1980, an industrial park was established in Juiz de Fora. During the decade, 217 industrial and 886 commercial establishments were added to the city's economy. As near as can be determined, these developments did not greatly transform the cultural character of the community. All of the new industrial firms were locally capitalized and a great many of their directors and their majority shareholders resided in the community and continued to form its economic oligarchy. Moreover, the textile and food-processing industries remained the major source of employment. Regarding the textile sector, the city's planning commission estimated that in 1986 there existed perhaps 1,500 registered and unregistered household enterprises engaged primarily in the manufacture and sale of clothing. Thus, while the city's economically

¹¹ Informed sources estimate that 15 to 20 percent of the small scale enterprises operating in the city are not registered, and thus it is difficult to know how much these figures underestimate the true number of family-based cottage enterprises.

active population increased from 76,000 to 115,000 between 1970 and 1980, it was the belief of public officials that the number of self-employed workers had remained more or less at the level of approximately 25 percent of the total and that this figure had not increased as a result of a surplus flow of migrants looking for work. Indeed, they suggested that most migrants coming to the city were workers who secured employment in the mechanical, chemical, paper, and railroad industries prior to leaving their previous places of residence.

In contrast to the 84 percent increase in population recorded in Joinville and the 104 percent increase in Manaus, during the decade of the 70s the population in Juiz de Fora increased by only 29 percent. The establishment of new industries during the period 1970-80 generated a flow of workers from the Zona da Mata but the migratory wave was not large. While the proportion of migrants who had lived in the city ten years or longer declined from 90 to 60 percent during the decade, the proportion of total population born outside the city increased only from 35 to 41 percent.

Thus, urban-industrialization in Juiz de Fora has been less rapid and considerably more manageable in its social impact than it has been in Manaus or Joinville. This is evidenced by the success with which city government in Juiz de Fora has confronted urban-industrial growth with a well organized program of urban development. Almost as rapidly as squatter settlements appear, self-help groups are organized and the city provides them with land titles and with the financial assistance and materials they need to construct decent houses. These new bairros or neighborhoods are then targeted for infrastructural development, including paving the streets and the construction of schools, clinics, recreation facilities, and the like. As a consequence of this program, compared to Manaus and Joinville there are surprisingly few favelas in Juiz de Fora and those that remained were rapidly being reconstructed at the time of research.

Self-Employment: Macrotheories and Urban Contexts

The process of urban-industrial change in these three cities has been contextualized at least in part by local social, political, and economic forces. Accordingly, in each city the developmental process has assumed a somewhat different pattern by virtue of the decisions taken by public agencies and/or entrepreneurs to establish different types of industrial firms and commercial establishments in relationship to product and factor markets. Thus, independent of the general consensus that exists among political and economic elites regarding the capitalist mode of production, the process of urban-industrial change has assumed a sufficiently distinct character in each of these cities as to render problematic efforts to assimilate the explanation of such microcontextual phenomena as wage earning and self-employment to macrotheories of political economy.

Consider, for example, the thesis that modern enterprises enter into a backward economy and, in the process of their expanding influence, surplus workers are marginalized and forced to make their way by self-employment in the so-called informal sector. The thesis assumes, *inter alia*, that modern enterprises are more demanding of skill than traditional enterprises, more selective in recruitment on the basis of skills and, thus, more remunerative in the wage-employment they offer. It also tends to assume that rural areas are more traditional or backward than urban areas and migrants from rural areas are disproportionately disadvantaged with respect to wage-employment and, consequently, more likely to be counted among the self-employed.

Among the 211 economically active workers interviewed in Manaus, 77 percent could be counted as migrants. However, virtually no difference existed in the distribution of migrants and non-migrants among wage workers and the proportion of migrants among self-employed workers was only slightly higher than that of wage workers. Moreover, migrants who were self-employed were far more likely to have lived in the city ten years or longer than wage workers. Personnel

managers among some of the new assemblage industries did express a strong preference for recruiting non-migrants, particularly younger men and women of urban rather than rural origins and persons who generally possessed a higher level of education. In rationalizing this preference, they argued that younger men and women of higher educational achievement had fewer family responsibilities and were less inclined than older workers to want to make a career of their factory employment and, as a consequence, personnel managers believed that these young and better educated urban workers could be more easily dismissed when production levels needed to be lowered in response to market assessments. Because of these recruitment preferences, it is the case in Manaus that migrants who work for wages are more likely to be found in the traditional rather than the new industrial sectors. It should be noted, however, that employment in the traditional industries in Manaus is generally more secure. In addition, the wages earned by workers in these traditional industries are as high, and in many cases higher, than those paid by the new industrial firms.

Thus, without distinction, 81 percent of all the industrial workers interviewed in Manaus reported earning two minimum salaries per month or less. By way of comparison, 51 percent of the lower echelon white collar workers and 49 percent of the self-employed workers reported earning 3 minimum salaries per month or more. In sum, based on our data, self-employed workers in Manaus are not persons who have been significantly marginalized relative to wage workers by virtue of their social and cultural origins, their migratory status, their lack of skills or, in the final analysis, their income-earning potential.

In Juiz de Fora where the locally capitalized textile, mechanical, chemical, and paper industries are not of the assemblage type, and where by tradition there exists a relatively high level of self-employment based in cottage industries and small-scale retail enterprises, the data differ but they generally support the same conclusion. In Juiz de Fora, only 34 percent of the 135 workers interviewed were migrants. Seventy-two percent of these migrants worked for wages and almost two-thirds of them were employed in the new mechanical industries. Moreover, 70

percent of the migrants who were self-employed, as compared to only 30 percent of those working for wages, had lived in the community ten years or longer. Regarding recruitment, the firms studied in Juiz de Fora placed a high value on the personal character and previous work habits of applicants almost to the exclusion of their educational and technical qualifications, and they expressed no interest in whether or not job applicants were migrants who had proceeded from rural or urban areas.

As for wages and incomes, the situation in Juiz de Fora is very different from that of Manaus. In Manaus, 82 percent of the new industrial workers earned two minimum wages per month or less. In Juiz de Fora, 92 percent of the new industrial workers interviewed reported earning three minimum wages per month or more, a level of income achieved by only 65 percent of the self-employed workers, 48 percent of the lower echelon white collar workers, and 41 percent of the wage workers drawn from the textile industry. In other words, in Juiz de Fora the new mechanical, chemical, and paper industries have a significantly higher wage structure than do the assemblage industries in Manaus. Still, wage-employment opportunities in these new industries has not diminished the proportion of self-employed workers in the urban economy. Accordingly, the marginality thesis simply cannot account for the large number of self-employed workers operating in the urban economy of Juiz de Fora.

In Joinville, 75 percent of the workers interviewed were migrants and no difference existed among wage- and self-employed workers according to whether or not they were migrants or non-migrants. As a group, self-employed workers showed a much lower level of educational achievement than all categories of wage workers. However, partly because of the shortage of labor, in Joinville the largest of the new industrial firms (i.e. Consul, Tupy, and Hansen) have professionally organized training programs designed to develop and maintain a permanent cadre of highly skilled workers. These programs are open to applicants more or less independent of their level of educational achievement. As a consequence, in Joinville migrants of low

educational status are not marginalized and forced to work for themselves in order to earn a living.

The low level of self-employment in Joinville (approximately 15 percent in comparison to 21 and 25 percent respectively for Manaus and Juiz de Fora) invites the question as to whether or not self-employment in these microcontexts can be explained as a function of capitalist enterprises lowering labor costs by seeking to maintain a reserve of surplus labor. Certainly in Joinville there existed a critical shortage of labor and the wages paid by new industrial firms were relatively high by comparison to Manaus (but not as high as those paid by the new industrial firms in Juiz de Fora). Still, a substantially higher percentage of the self-employed workers in Joinville (80 percent as compared to 55 percent of the new industrial workers and 42 percent of the traditional industrial workers) reported earning three minimum wages per month or more. Thus, given the shortage of labor and the earning potential of self-employment, if the reserve of surplus labor thesis is correct one would think that either industrial wages would be higher in Joinville or that the number of self-employed workers among the economically active would be larger.

Manaus is another matter. As previously noted, despite the massive increase of population in Manaus, the proportion of self-employed workers has declined. This may be related to a low level of unemployment and the availability of wage opportunities, but these explanations ignore the fact that the wages paid in both the new and traditional industrial sectors (and in much of the commercial sector) are uniformly low. Approximately 50 percent of the self-employed workers interviewed, including street vendors, reported earnings in excess of those reported by 80 percent of the industrial workers. In truth, industrial firms in Manaus do not need a reserve surplus of workers to lower labor costs. By tacit agreement among themselves, and with the support of government, most of these firms have taken the federal government's minimum wage floor and used it as the ceiling above which they concede little or nothing to the contract demands of the sindicatos. With few exceptions, industrial firms and commercial establishments in Manaus pay but a small percentage of their employees above the minimum wage.

The reserve army of surplus labor thesis is even more problematic in the case of Juiz de Fora. Relative to Manaus and Joinville, the number of migrants flowing into Juiz de Fora is not large and a substantial proportion of these migrants secure employment, mainly in the new industrial sector, even before they migrate. Moreover, the wages paid by the new industrial firms in Juiz de Fora are well above those required by the minimum wage law. Ninety-two percent of the new industrial workers interviewed reported earning three minimum wages per month or more, and no less than 35 percent reported earning in excess of six minimum wages. Despite these attractive wages and the employment opportunities that now exist in these new industries, the number of self-employed workers engaged in cottage industries and family-based retail enterprises remains high. If there exists a surplus of labor in Juiz de Fora to explain this, then why is it that the new industries pay wages higher than what is required by law and considerably higher than the wages earned by virtually all categories of textile workers? Further, if there exists a surplus reserve of labor, why is it that as many as three out of every ten of the new industrial workers interviewed were migrants, mainly from the Zona da Mata, who had lived in the city less than five years? In sum, we could find little evidence in Juiz de Fora that wage-employment and self-employment were somehow significantly related to efforts by industrial firms to lower labor costs by maintaining a reserve of surplus labor.

As applied to the analysis of self-employment, structural theories would give focus to the complex linkages and dependent relationships between petty commodity production and monopoly capital (see e.g., Faria 1976; Gerry 1978; Moser 1978; Tokman 1978). The general thesis of this approach is that large-scale capitalist enterprises relegate to small-scale enterprises subsidiary functions and operations they consider risky or too costly to provide for themselves. This thesis is certainly relevant to the position assumed by a great many cottage industries in the urban economy of Juiz de Fora. However, as an explanation of self-employment in Juiz de Fora or elsewhere, it is both erroneous and tautological. It is tautological because it suggests that individuals who subcontract work are self-employed because they subcontract work. It is

erroneous because the majority of the self-employed workers interviewed in all three cities were engaged in the production and/or sale of goods and services for which they did not have orders or contractual arrangements with large-scale firms. To the contrary, in Manaus it was a common complaint of street vendors that they were continuously harassed by public authorities on the behalf of commercial establishments with which they competed.

Workers as Actors

Whether monistic or dualistic in conception, and whether evolutionary, structural, or functional in mode of analysis, the macrotheories from which explanations of the so-called "informal sector" have been deduced generally treat firms and enterprises as economic actors whose decisions are more or less based on the economic calculus of the market. By a strange twist of logic, however, workers are generally denied the status of economic actors. As commoditized labor, workers form a class which has the potential of collective action but, as individuals, they are dealt with as if they did not make decisions for themselves. What all of this tends to ignore is that, despite their limited quotient of power, workers are economic actors. At the very least, they generally decide for themselves whether or not they will make of their labor power a marketable commodity or use it themselves in the production of marketable goods and services. The question is: By what rationality or rationalities do workers take this decision? Given the limitations of space, we shall confine the discussion of this question to a consideration of (1) the previous work experience of the workers interviewed; (2) the reasons self-employed workers give for their self-employment; and (3) the circumstances under which wage- and self-employed workers would change the work they are doing in favor of something else.

Wage and self-employed workers seem to respond differently to their earlier work experiences. In Joinville, 57 percent of the wage workers interviewed had never changed employers and only 11 percent had changed employers more than once. In Juiz de Fora, 50

percent had never changed employers and only 5 percent had changed more than once. This would seem to suggest that wage-employment in these communities has been relatively stable and workers are not shunted, nor do they shunt themselves, from one employer to another. This is not the case in Manaus. In Manaus, 70 percent of the wage workers interviewed had changed employers at least twice and 27 percent of them had changed employers no less than four times. This certainly underscores a feature of an urban economy dominated by industries of the assemblage type. Still, excluding the few individuals who had once worked in agriculture or who might have sold goods in the streets when they were young, 93 percent of the wage workers in Manaus, 97 percent in Juiz de Fora, and 95 percent of the wage workers in Joinville had never been gainfully employed except for wages. This would seem to suggest that unless their early experience with employers somehow had been difficult and negative, wage workers in general tend to become locked into wage-employment as a way of earning a living.

The opposite tends to be the case with self-employed workers. Ninety-three percent of the self-employed workers interviewed considered themselves capable of securing wage-employment. Moreover, 75 percent of these workers in Manaus, 65 percent in Juiz de Fora, and 50 percent in Joinville, had at one time or another worked for wages. Of this entire sample, only 13 percent had turned to self-employment because they had lost their previous job and could not find what they considered to be acceptable wage-employment. In other words, the overwhelming majority of these workers had quit whatever work they were doing for wages in favor of working for themselves.

All the self-employed workers interviewed were asked to specify the various reasons why they had decided to become self-employed. Only 43 percent of them gave as one of their reasons that they thought they could earn more money.¹² A slightly larger number, 47 percent,

¹² Workers were not compelled in the interview situation to rank the reasons for their decision according to priority but rather they were asked simply to indicate what factors they had considered in making the decision.

elected self-employment because they "disliked working in a factory." Related to this, 60 percent indicated they decided in favor of self-employment because they did not like taking orders from an employer or a patrão. As self-employed workers, 67 percent were economically engaged with other members of the family and most of this group indicated that they were persuaded, in part, to quit their jobs in order to work at home or elsewhere with relatives. In addition to this, a little over 60 percent of them took the decision, again in part, because they considered the work they were doing for themselves to be more interesting, more challenging, and it afforded them a greater opportunity for growth. Whatever, the most commonly agreed upon reason given for their preference, cited by 79 percent of the interviewees, was that self-employment provided them the independence with which they could decide for themselves how, when, and to what purpose they would perform their work.

In light of these considerations, it is interesting to compare wage- and self-employed workers according to the circumstances that would motivate them to change their employment (i.e., leave their present employer or give up self-employment for wage work). Seventy-eight percent of the wage workers interviewed would change their present employer for higher wages; 70 percent of the self-employed workers would not take on wage-employment for a higher income. Fifty-three percent of the wage workers would change jobs to work for a better employer; 73 percent of the self-employed workers would not give up their self-employment in order to work for a "good company." Sixty-nine percent of the wage workers would change employers for better working conditions; 73 percent of the self-employed workers would not change. Fifty-two percent of the wage workers would change employers if they could find a more "intellectual" type of work; 90 percent of the self-employed workers would not change.¹³ In sum,

¹³ It perhaps should be noted here that these and the above value orientations of self-employed workers did not vary significantly from one urban context to another. This is not always the case with wage workers. Assembly workers in Manaus, followed by textile mill workers in Juiz de Fora, were much more inclined to change employers than were workers employed by the mechanical industries in Juiz de Fora and Joinville, or sawmill workers in Manaus. Compared to textile

as compared to wage workers, self-employed workers held extremely positive attitudes with respect to the character and organization of their work and most of them would not be inclined to change it for more income or an opportunity to work for a good company or patrão.

Conclusions:

These data suggest that somewhat independent of the macrodevelopments affecting the labor markets of these three urban economies, wage earners and self-employed workers disclose very different rationalities in reference to the labor process. Whether they worked in the white collar sectors of these urban economies, for the assemblage industries in Manaus, the mechanical or textile industries in Juiz de Fora or Joinville, most of the wage workers interviewed acquiesced to a system of values in terms of which they viewed their economic well-being as inextricably linked to the commoditization of their labor for sale in the market. Accordingly, whatever dissatisfaction they might have with the wages they were paid, with the conditions of their employment, or with those for whom they worked, for most, their only conceivable option was to withdraw their labor and return it to the market. Thus, in conformity with the logic of economic rationality, most of these workers were more or less prepared "to go to market" whenever they thought they could incrementally improve there the material conditions of their social and cultural lives.

By way of contrast, the self-employed workers interviewed held extremely positive attitudes concerning the character and organization of their work. Most of them considered their work interesting and challenging. They perceived that it afforded them the opportunity for advancement, the opportunity to reward their own initiative. Laboring alone or with family and kin,

workers in Juiz de Fora, sawmill workers in Manaus tended to view their "patrões" in more positive light.

they were their own bosses. They did not have to take orders, submit to authority, or worry about relationships with supervisors or patrões. They did not have to worry about layoffs or dismissals. They considered that their work provided them with a sense of self-reliance, freedom of movement, and the independence with which they were able to perform their work according to their own sense of priorities. Accordingly, even if it meant somewhat less income for themselves and their families, most of the self-employed workers interviewed strongly preferred to commoditize not themselves and their labor but the products of their labor. The decision they made in this regard tends to follow upon decisions they had already made as to how they wanted to conduct their individual lives with family and friends. Thus, their decision with respect to self-employment as a mode of economic action was embedded in a system of social relationships that did not conform entirely to the symbolic-cultural logic of economic rationality.

All of this is not to suggest that the various macrotheories which conform to the logic of economic rationality are not without some value for understanding the dynamic processes that affect working class populations in these Brazilian cities. Clearly, the opportunities for wage earning and self-employment do not exist completely independent of the forces that have transformed the economies of these cities and the composition of their populations. However, self-employment appears to involve considerations that engage values which are not entirely structured by these macroinstitutional forces. Further, the character of these values are not clearly revealed by subsuming the description of workers or the type of work they do under such a priori categories as the "informal sector" or "petty commodity production." Finally, it is also the

case that self-employment in these cities may be found in all sectors of the economy and in relationship to the organization of firms or enterprises of varying scale and capitalization.

¹⁴Although she continues to employ the dualistic conception of the economy, in a recent article Larissa Adler Lomnitz (1988) describes the extent to which "informal activities" are socially embedded even in the formal sector of state controlled, centrally planned economies like that of the Soviet Union.

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