

Dependency Theory, the Forerunners of the Concept of Informality: Revisiting the Marginality Thesis¹

Alejandro N. Garay-Huamán
Department of Economics
University of Missouri – Kansas City
angvh3@mail.umkc.edu

Abstract

This paper explores the intellectual history and sociology of the so-called marginality (informality) thesis. A concept originated within the Latin American Dependency theory, it represented a radical intervention that foresaw the now attractive notions of intersectionality and post-coloniality. Developed by Anibal Quijano and Jose Nun in the 1960s, the marginality thesis ingeniously integrated the economic logic of capital accumulation, imperialism, class, race, and the colonial heritage of Latin American societies. In the 1980s, the concept was appropriated and popularized by the World Bank. In order to be incorporated into the orthodox citadel, this radical epistemic construction was sanitized from its Marxist past. Since ever marginality (informality) became an extension of neoclassical economics. This paper argues that the appropriation and sanitization of the marginality thesis went *pari passu* with the emergence of the neoliberal creed, and it was part of a large attack on critical theory and practice.

Keywords: Marginality, informality, Dependency Theory, neoliberalism

JEL Classification: B51, F54, O17, P16

¹ This is an early draft, please do not cite or circulate without author's permission. This article was prepared for the Union for Radical Political Economics (URPE) panel on the "Global South" at the Allied Social Sciences Association (ASSA) 2023 Annual Meeting, January 6-8, New Orleans, Louisiana.

Dependency theory, the forerunners of the concept of informality: Revisiting the marginality thesis

Introduction

The phenomenon of marginality (or informality), understood as a “precarious or subterranean employment concentrated in urban areas,” emerged due to the dramatic change in the urban-rural population dynamics, epitomized in the rising of a massive urban surplus labor (Portes & Schauffler, 1993, p. 33). During the second half of the 20th century, economic development strategies, particularly import substitution industrialization (ISI), and population growth were central for changing the urban-rural population dynamics in Latin America as it considerably increased the demand for labor (Portes & Schauffler, 1993). Marginality as a concept emerged in 1950s, and in the next decade a theory of marginality is materialized (Bennholdt-Thomsen, 1981).

This paper explores the intellectual history and sociology of the so-called marginality (informality) thesis. Initially, the concept emerged within the Latin American Structuralist-Dependentist tradition. Later, the concept was appropriated by the emerging neoliberal academic consensus. Since ever marginality (informality) became an extension of neoclassical economics. I argue that this appropriation was part of a large attack on critical theory and practice. In the first section of this paper, I identify five different conceptual moments in the metamorphosis of the notion of marginality and briefly discuss them. The next section seeks to articulate how the emergence and later hegemony of neoliberalism transformed marginality from a radical (Marxist informed) conceptual framework into a fashionable concept for mainstream social theory. Finally, some preliminary conclusions are drawn in the last section

The Metamorphosis of a Concept: An Intellectual History of Marginality

The Origins: Latin American Marginality School

Within the earlier theoretical developments, Kay (1989) identifies two major strands of thought on the subject of marginality. First, a dualist or integrationist approach, which is grounded in the paradigm of modernization theory and/or developmentalism. Its rationale for the emergence of marginality was simple: the high increase in population growth following World War II coupled with industrialization efforts led to a massive migration from rural to urban areas. What followed was a rapid urbanization and the emergence of shanty towns where the patterns of social and spatial exclusion were clearly visible. For this approach, marginality is defined as the lack of socio-economic integration, and exclusion from political participation, emphasizing the notion of cultural marginality. Rural migration and the rapid urbanization of major cities created a marginal population comprised mainly of indigenous immigrants who were marginal to the urban city and the mainstream culture. As can be noticed, this approach dichotomized social reality into modern and traditional, that is, Latin American countries are depicted as dual societies.

The main figures associated with this school of thought were Gino Germani (Argentina) and Roger Vekemans (Chile). For Gino Germani, and others working within the modernization theory, marginality was seen as transitional period (González de la Rocha, et al., 2004). Marginality emerged from the transition from the traditional to the modern, industrial society. Marginals are defined by both their attachment to traditional socio-economic and cultural practices, and their lack of integration to the modern institutions and norms (Delfino, 2012).

Thus, for the marginal (or the poor), poverty was a result of their inability to be part of the mainstream culture, and it was reproduced transgenerationally. This process is what Oscar

Lewis calls the “culture of poverty” (cited in González de la Rocha, et al., 2004, p. 198). In this framework, the marginals were neither radical, in the Marxian sense, nor completely excluded from society, instead marginals were located in a transitional locus between traditionalism and modernity. Germani (1980) goes even further equating marginality with the absence of citizenship.

As can be expected, the policy recommendations of dualists were straightforward, the integration of these marginal groups into the mainstream culture, emphasizing DESAL’s participatory ideology.² DESAL’s *Proyecto Marginalidad* (marginality project) led by Roger Vekemans seems to be a defining moment in the metamorphosis of the notion of marginality. The project was originally based in Chile and implemented in 1966. The project was funded by the Ford Foundation and aimed to investigate the conditions of rural and urban marginality in Latina America. Although for the Ford Foundation, the project represented an academic, political, and financial failure, the marginality project was “a ‘defining moment’ in the development of the social sciences in Latin America during the Cold War period” (Plotkin, 2014, p. 65).

Second, the single system of class conflict approach, also called the economic marginality, developed in the tradition of the Dependency school. Developed by Anibal Quijano (Peru) and Jose Nun (Argentina) in the 1960s, the marginality thesis ingeniously integrated the economic logic of capital accumulation, imperialism, class, race, and the colonial heritage of Latin American societies. Thus, it represented a radical intervention that foresaw the now

² DESAL is the acronym for the *Centro Para el Desarrollo Económico y Social de América Latina*. DESAL was founded in 1962 in Chile by a Jesuit theologian Roger Vekemans. It was research and policy-oriented institution, particularly interested in the notion of marginality (Petra, 2008/2009).

attractive notions of intersectionality and post-coloniality. Single system scholars conceptualized marginality as the inability of the Latin American economies for absorbing the growing labor force. This notion of marginality revolves around the Marxist conceptual category of the surplus reserve army of labor, which is beyond the required reserve of labor and thus has no function for the dependent capitalist development of Latin American countries (Portes & Schauffler, 1993). At the center of this failure were the structural limits of the dependent and peripheral capitalist development that characterized Latin America. Neither the developmental state with its import substitution industrialization strategies nor the neoliberal state with its free-market doctrines were capable to overcome these restrictions. Thus, for them, only socialism could solve the problem of marginality.

Quijano's (1965) early work in the category *cholo*³, used to explain the racialized nature of the large indigenous population of Peru, could be traced as the earlier antecedent of his later conceptualization of marginality.⁴ Along the same vein, although not fully developed, Quijano (1977a) links *internal colonialism*, a structural condition of post-colonial societies in which race and class are intricately bound together, to the emergence of marginality. Later, Quijano (1977b, 1983) also linked the notion of marginality to the imperialist dynamics. However, Quijano's seminal work on marginality was published in 1966. There, Quijano (1966) accomplishes a twofold task, first, he provides a thoughtful critique of modernization (dualist) theories; and second, he sketches out the foundations of his later theory on marginality.

³ The term *Cholo* has a pejorative connotation, and it is usually used to refer people of indigenous origin.

⁴ For Bennholdt-Thomsen (1981), this earlier conceptualization of marginality is somehow closer to notion of *marginal man* developed within the US sociology, which focuses in the individual conflits within a large society of members of ethnocultural minorities. However, Quijano's aim, she argues, is larger than the individual as he is concerned with the societal problem.

For Quijano (1977b), the phenomenon of marginality was a historically, specific problematic of Latin America for which there was not yet conceptual categories to explain it (see also Bennholdt-Thomsen, 1981). Thus, he reconceptualizes the Marxist categories of the *industrial reserve labor of army* to adopt it to the study of the Latin American conditions. As a result, Quijano (1974) comes up with the novel concepts of the *marginal labor* and the *marginal pole*. The marginal labor refers to the growing segment of the urban and rural population, largely indigenous, that remain unemployed in both the monopolistic and competitive sectors of the dominant capitalist system. Instead, this population is part of the marginal pole, the lowest level of the economy, where they operate and acquire their means of subsistence (Quijano, 1974). Among the marginal population, he typifies two segments: a marginal petty bourgeoisie and a marginal proletariat, both constitute sub-classes within the formal bourgeoisie and proletarian (1974).

Even though the marginal pole generates a surplus value (and also provides a market for basic capitalist commodities) that is mainly appropriated by the formal capitalist sector, it is not organically linked to the latter. Overall, the marginal sector is not utterly external, *contra* the dualist argument, to the formal capitalist sectors but complexly articulated. As Quijano (1974) puts it, “the ‘marginalized labour force’, therefore, not only contributes to capital accumulation in the intermediate level (...), but also in its role of ‘exploited consumer’” (pp. 424-425). The corollary of Quijano’s conceptualization is that Latin America economies are even more fragmented, heterogenous, and fraught with profound contradictions (Kay, 1989).

For Nun (1969), the phenomenon of marginality was part of the larger process of peripheral capitalist development (i.e., capital accumulation). Nun’s discussion revolves around the Marxist notions of *relative surplus population* and the *industrial reserve army*, and its links

with the level of exploitation and wages. Yet, just like Quijano, Nun wants to go beyond these concepts, as he considers them to be outmoded to the monopolistic conditions of 20th century dependent capitalism in Latin America. He questions whether dependent capitalism could incorporate these surplus population into the circuits of accumulation or not. For Nun, the relative surplus population in the monopoly, dependent capitalism “is not only afunctional but even dysfunctional for capitalism,” as the surplus labor “will never be absorbed into...[the] hegemonic capitalist sector, even during the expansionary phase of the cycle” (Kay, 1989, p. 102). Thus, instead he introduces the concept of *marginal mass* to stress the non-functionality of the surplus population for the modern capitalist sectors.

The transition: Romanticizing the marginal

The International Labor Organization (ILO) has also played an important role in the making of the notion of marginality/informality. ILO’s intervention in the debate came during the early 1970s, Keith Hart’s research (1973) about labor markets in Ghana sponsored by the ILO introduces the category of self-employment, or urban informal income opportunities, alongside formal income opportunities - i.e., wage labor (Portes & Schauffler, 1993). In this novel framework, Hart equates informality with popular entrepreneurship in the margins of the city, defying the “gloomy portrayals of a swollen tertiary sector or an inert marginal mass” (p. 39). Hart’s (1973) work was the pioneer of the later celebrated view that romanticizes the poor as the key agent of development. Few years later, the ILO’s Regional Program Employment of Latin America (PREALC, for its Spanish acronym) further elaborated the concept in terms of a particular *rationality* characterizing the informal sector, which differed from the capitalist rationality. For ILO, the rationality of the informal sector enterprise is survival, contrasting with the capitalist rationality of accumulation (Portes & Schauffler, 1993). Yet this new

conceptualization, Portes and Schauffler (1993) argue, underplayed the dynamic role that Hart attributes to the informal entrepreneurship, as it is relegated to the margins of the urban economy.

Despite the methodological and theoretical difficulties operationalizing and measuring the notion of informality/marginality, early empirical research (e.g., Pérez-Sáinz, 1991; Portes, Blitzer, & Curtis, 1986) showed the economic dynamism of the informal sector, for instance, debunking the widespread belief that informal workers and entrepreneurs were primarily engaged in low-productivity, subsistence activities and thus low-earnings. These findings reinforced the emerging consensus view of bolstering economic growth by advancing and promoting the formalization of the informal sector. From a more critical perspective, Janice Perlman's (1976) *The Myth of Marginality* argues that the marginals of the Brazilian *favelas* "are certainly not separate from, or on the margin of the system, but are tightly bound into it in a severely asymmetrical form" (p. 195). It is worth noting, finally, that the main problem with large part of the literature, both critical (Marxist) and mainstream, is its dualist, mechanical depiction of social reality in terms of a modern-traditional, formal-informal sectors. Since the early 1980s, an alternative, critical approach has challenged these interpretations from a structuralist perspective (e.g., Peattie, 1982; Portes & Benton, 1984). For these scholars, social reality is a unified system in which formal and informal sectors are linked together in a dense network of relationships. They highlight, for instance, the central role played by informal enterprises in supporting the accumulation of capital in the formal sector (Portes & Schauffler, 1993). Yet despite their criticism, and explicit rejection of radical deregulation policies, structuralist scholars endorse, for instance, De Soto's (1989) conclusion – originally published in

Spanish in 1986 – that rigid labor legislation protecting formal workers propels the expansion of the informal sector, joining the neoliberal bandwagon.

The arrival of neoliberalism: the promise of development based on the poor

Despite all the accolades devoted to De Soto's work (1989, 2001), his contribution was not novel. In establishing the relationship between the informal and formal sector, (Bromley, 1978) had already showed the potentiality of the informal sector as the engine for economic growth; likewise, Hart (1973) emphasized popular entrepreneurship as a key feature of the informal sector. Yet De Soto opted to neglect any previous research on the informality sector, as was theorized up to that point, taking a completely different approach (Portes & Schauffler, 1993).

De Soto (1989) advocates for the complete deregulation of poor's assets from state control, and its incorporation to the financial circuits, a process that he calls the informal revolution. For him, the state bureaucracy is the great obstacles to capitalist development. In the underdeveloped countries there are plenty of non-utilized assets, that is *dead* capital. The main obstacles for transforming dead capital into *living* capital are the state bureaucracy, lack of information, and the lack of formal property rights (De Soto, 1986). For instance, he argues, the regulations imposed by the Peruvian government has creates one of the largest rates of informality in the world, so informality is the popular response “that successfully breaks down this legal barriers” (Portes & Schauffler, 1993, p. 40).

In De Soto's framework, people operating within the informal sector are seen as “energetic entrepreneurs, struggling against the state” (Woodruff, 2001, p. 1215), modern Davids confronting the bureaucratic Goliath. In De Soto's (2001) own words,

Nevertheless, the grimmest picture of the Third World is not the most accurate. Worse, it draws attention away from the arduous achievements of those small entrepreneurs who have triumphed over every imaginable obstacle to create the greater part of the wealth of their society. A truer image would depict a man and women who have painstakingly saved to construct a house for themselves and their children, and who are creating enterprises where nobody imagined they could be built. I resent the characterization of such heroic entrepreneurs as contributors to the problem of global poverty.

They are not the problem. They are the solution (De Soto, 2001, p. 34)

This romantic view of the marginalized poor had a tremendous impact in both researchers and policy makers, especially among the rising transnational neoliberal elites and technocracy. De Soto's call for deregulation and freeing the informal sector readily resonated with the neoliberal narrative promoted by the IMF, WB, and other international agencies.

Neoliberal hegemony: The World Bank and the “New Marginality”

After De Soto's intervention, the marginality (informality) debate is *reclassified* into two main strands. International organizations as the WB played a central role in this new development. First, a public finance perspective whose research agenda focuses on trade-offs between taxes and public services, particularly in measuring the impacts of excessive taxes and regulations, regulatory discretion and corruption, capital market imperfections (e.g., Loyza, 1996; Johnson, Kaufmann, & Zoido-Lobaton, 1998; D'Erasmus & Moscoso Boedo, 2012).

Second, a labor perspective concerned with the trade-offs between labor and capital costs. The research of scholars working in this perspective emphasize the rural-urban migration and labor dynamics, the impact of capital costs in formal and informal markets, and the impact of wage rigidities and labor costs in labor markets (e.g., Chaudhuri, 1989; Rauch, 1991). Overall, they argue that informal workers belong to the less advantaged sector of a dual labor market that characterizes developing economies. As Maloney (2004) puts it, “[a]bove market-clearing wages force workers to queue for preferred jobs while subsisting in an inferior sector characterized by

an absence of benefits, irregular work conditions, high turnover and, overall, lower rates of remuneration” (p. 1159).

In the 1980s, the concept of informality/marginality was formally appropriated and popularized by the World Bank. Once a radical epistemic construction, to be incorporated into the orthodox citadel it was sanitized from its Marxist past. Since ever, informality became an extension of neoclassical economics. Informal markets (e.g., labor, commodities, housing – urbanization –, etc.) are seen as abnormalities of well-functioning market economies. I identify two moments in the conceptual development of marginality/informality within the Word Bank:

World Bank 1.0. Large part of the literature of this period sees the informal sector in the developing world as the unregulated equivalent of the “voluntary entrepreneurial small firm sector” of the developed world (Maloney, 2004). This notion rejects the rationing out effect of dual labor markets. Instead, it favors an explanation of the voluntary informality based on the poor legal institutional arrangement of developing countries. This conceptual elaboration is clearly marked by a continuity with the earlier development, particularly De Soto’s work. It is argued that the sources of wage rigidity that would segment the labor markets are mainly absent in the developing world. In fact, the reality of developing countries shows *inter alia* that: minimum wages are not binding, unions are not strong enough to push for higher wages, and in general very flexible labor markets. Yet paradoxically it is precisely the flexibility of labor markets that could explain the high levels of informality, a relationship that runs against the tenets of neoclassical economics.

Moreover, the voluntary informal entrepreneurial argument challenges the notion of social protection and decent work, advanced by other international institutions as the International Labor Organization (ILO). According to the World Bank, for many people, “being

in the informal sector is often the optimal decision given their preferences, the constraints they face in terms of their level of human capital, and the level of formal sector labor productivity in the country.” (Maloney, 2004, p. 1160). Finally, given the emphasis on the institutional arrangements, marginality was also framed within the then fashionable discussions of citizenship, participatory democracy, civil society, micro-entrepreneurship, and so on. Likewise, poverty as an expression of marginality was discussed within the framework of social capital and the “resources of poverty” – i.e., intensification of labor, survival strategies, restricted consumption, and extensive use of social networks – (e.g., Gonzalez de la Rocha, 1994)

World Bank 2.0. Persisting with its commitment to neoliberalism, the WB shifted its focus towards the institutional capabilities of the state in developing countries. For (Loayza, 2016), informality is the result of both lack of development and poor governance, a structural feature of underdevelopment. Developing countries have a structural lack of physical and human capital, and institutions that regulate the relationship between the state and private agents (Loayza, 2016). Moreover, given the literature’s emphasis on exclusion, Perry, et al. (2007) introduce the notion of “adding exit to exclusion,” as the new *razón de ser* (*raison d’être*) of the informal sector (p. 43). As they put it,

In this lens, much of the informal sector, in fact, offers jobs that are equally valued by workers to those they could get in the formal sector. Contrary to the predictions of the exclusion view, this implies that many informal workers are equally well-off (in broad welfare terms) as in other formal jobs fit to their skills; and, being “voluntarily” informal, they can move to the formal sector but choose not to (p. 45).

In the Margins: The Marginality Debate of the 1990s

During the 1990s and the 2000s, in the midst of the neoliberal restructuring whose outcomes were fragmentation, heterogenization, and dualization in the social fabric, the marginality debate reemerged but in the context of analyzing developed nations (Delfino, 2012).

While the critical perspective on marginality was still ongoing, it was marginal as the dominant discourse was the neoliberal one. Wacquant (1996) introduces the notion of advanced marginality to characterize the condition of marginality in developed countries. In these countries, the new regime of marginality is linked to several developments. First, the re-emergence of acute social inequality in the midst of economic prosperity; second, the qualitative and quantitative transformation of the labor sphere; third, the dismantling of the welfare state by neoliberal policies; fourth, the stigmatization and racial concentration of ethno-racial minorities and immigrants (Wacquant, 1996, also Delfino, 2012). Taking a cue from Wacquant, Auyero (1997, 1999, 2001) argues that Latin America is also experienced a new marginality linked to process of de-proletarianization and informalization, similar to those of the developed countries. Auyero (1997, 1999) identifies the state and the space as the two loci of the new marginality. The former, he argues, plays a central role in the casual chain that explains the perpetuation of economic and cultural marginalization, and the latter acts as the locus of social destitution (Auyero, 1997, 1999; Delfino, 2012). Auyero (2001) also emphasis the distinctive dimension of race and racialization in the process of marginalization in both developed and developing countries.

On the other hand, following the structuralist-dependencist tradition, Nun (1999), Cingolani (2009), and Salvia (2009) call for revisiting and placing the concept of marginality as a central category in the social sciences. First, they argue, marginality can allow us to explain the contemporary transformation of the occupational structure and its impact to the accumulation process. As capitalism generates differentiated but overlapped and combined process of accumulation (based in different labor regimes), the mechanisms generating relative surplus population(s) proliferate, thus marginals became a complex, heterogenous, fragmented group

coming from different social positions (Delfino, 2012; Nun, 1999; Salvia, 2010). The old concept of the marginal mass is vindicated by Salvia (2010), who shows how its explanatory power remains robust to the new conditions of neoliberal globalization. Second, marginality helps to describe and explain the structural heterogeneity of peripheral and dependent capitalism and its historical reproduction. Marginality underlines the political and economic particularities of dependent capitalism, while acknowledging the new dynamics of the internalization of capital (Delfino, 2012, Salvia, 2010). Third, marginality's usefulness for explaining the political problems that are associated with *managing* the surplus population. Cingolani (2009) points out the different forms of social control (i.e., social policies, handouts, military repression, criminalization, etc.) that the capitalist state could employ for managing the surplus population.

Neoliberalism and the Attack on Critical Social Theory and Practice

In Latin America, there is a marked transformation of the production and circulation of social knowledge after WWII, particularly since the rise of Cold War tensions, which was actively promoted by US public and private institutions and enthusiastically supported by the domestic political and economic elites. The metamorphosis of the concept of marginality was part and parcel of this larger process. In the remaining of this paper, I briefly discuss some of the specific reasons behind this transformation.

The *professionalization* of the Latin American social sciences under the US aegis was a key moment in the process of pushing Marxism to the margins of the academic discourse. As Bray and Bray state, "Latin America already had a vibrant left experience, but successive waves of anticommunism...had decimated the left and made Marxism an almost illegitimate mode of thought in academia" (Bray & Bray, 1998). US philanthropic foundations played a central role in the "institutionalization and 'Americanization' of the social sciences" (Plotkin, 2014, p. 68). In

many instances, however, Latin American social scientists willingly embraced these new methodological paradigms, which were closely linked to modernization and developmentalist thought (Plotkin, 2014). Overall, US based philanthropic foundations (e.g., Ford, Carnegie, Rockefeller) aimed to advance the US interest abroad. In fact, the Ford Foundation, in an internal document, openly points out that among its foremost responsibilities was that “the training [provided by the Foundation]... advance either directly or indirectly, United States interests abroad” (cited in Plotkin, 2014, p. 69). Anti-communism was one of those interests, and US foundations worked diligently to align its goals with those of the US government. As Plotkin (2014) puts it,

The Ford Foundation, in particular, provided funds to the Congress for Cultural Freedom, renamed the International Association for Cultural Freedom after it became public knowledge that it had received large amounts of money from the CIA. This was a transnational network of progressive anti-communist intellectuals formed in 1950 with the supposed aim of defending freedom of thought and expression (p. 69, n. 13)

These connections between the US foreign policy, philanthropic foundations, and research centers were epitomized by the Camelot Project. This project, initiated by the Pentagon in 1964, had explicit political, and even military, objectives aimed to anticipate and control revolutionary outbreaks (Plotkin, 2014). Many Latin American scholars took part in the project, including Gino Germani, sometimes unknowing the source of the funding ((Plotkin, 2014). Likewise, the *Proyecto Marginalidad* (see above), funded by the Ford Foundation, has been denounced as an instance of cultural imperialism. Renewed critical intellectuals (e.g., Fernando Henrique Cardoso, Jose Nun, Ernesto Laclau) participated in the project, although they shortly left the project claiming a lack of intellectual pluralism (Petra, 2008/2009).

Successive waves of military dictatorships since the early 1970s coupled with harsh neoliberal policies also played a major role reshaping the intellectual world of Latin America.

Repression and censorship against radical intellectuals were the norm during this period. These military dictatorships initiated a violent persecution against the critical intellectuals, many of them were killed or jailed, others were exiled, and those who were lucky enough to survive were expelled from their academic positions losing both their economic and intellectual autonomy (Petras, 1990a). Concomitantly, government aid agencies in Europe and US, and philanthropic foundations increased their funding for research institutions in Latin America. For Petras, (1990a), both events were the basis for the “creation of a new intellectual world: the externally funded research center” (pp. 102-103). This new scenario was the breeding ground for the emergence of the new intellectuals, the “institutional intellectuals” (Petras, 1990b), whose new academic milieu was characterized by their dependence from external (Western) funds for research, their articulation to the mainstream global production of knowledge, and their abandonment of critical theory and endorsement of neoliberal ideology (Petras, 1990a, 1990b).

For Petras (1990b), the retreat of the radical, *organic* intellectuals, and thus of radical social theory and practice since the 1960s (rising of neoliberalism worldwide) also reflects the further decline of working-class power and a further shifting of power towards the bourgeoisie. To make it even worst, some of the former radical intellectuals willingly joined the neoliberal bandwagon. In some cases this intellectual metamorphosis, Petras (2001) argues, was related with the former left (radical) intellectuals sought for respectability.

Some concluding Remarks

Poor, rural, indigenous people were historically segregated from the process of capitalist development. Marginality thesis emerged as a critique to the process of modernization (industrialization through ISI), but it still seems relevant to explain the massive marginalization of the neoliberal capitalism. In its initial stage the marginality thesis was put upside down.

Marginals and the marginal economies, rebaptized as informal economies, were seen as potential entrepreneurs, endowed with massive assets, whose incorporation into the formal circuits of accumulation would drive unprecedented economic growth. As the promised was never delivered, this romantic conceptualization suffered a metamorphosis and re-appear as an obstacle to economic growth and development. An undesirable feature of the global south, which needs to be eradicated. Under the pretense of professionalizing social sciences, US private and public institutions suppressed and marginalized radical scholarship. This paper concludes that the appropriation and sanitization of the marginality thesis went *pari passu* with the emergence of the neoliberal creed. In fact, it was part of a large attack on critical theory and practice.

Works Cited

- Auyero, J. (1997). Wacquant en la Villa. *Apuntes de Investigación*, 1(1), 7-12.
- Auyero, J. (1999). "This is a Lot Like the Bronx, isn't it?" Lived Experiences of Marginality in an Argentine Slum. *International Journal of Urban and Regional Research*, 23(1), 45-69.
- Auyero, J. (n.d.). Introduction: Claves para Pensar la Marginalidad. In L. Wacquant, *Parias urbanos: Marginalidad en la Ciudad a Comienzos del Milenio* (pp. 9-31). Buenos Aires: Manantial.
- Bennholdt-Thomsen, V. (1981). Marginalidad en América Latina. Una Crítica a la Teoría. *Revista Mexicana de Sociología*, 43(4), 1505-1546.
- Bray, D. W., & Bray, M. W. (1998). Scholarship in the Age of Transperialism. *Latin American Perspectives*, 25(6), 32-37.
- Bromley, R. (1978). Introduction - The Urban Informal Sector: Why Is It Worth Discussing? *World Development*, 6(9), 1033-1039.
- Chaudhuri, T. D. (1989). A Theoretical Analysis of the Informal Sector. *World Development*, 17(3), 351-355.
- Cingolani, P. (2009). Marginalidade(s). Esbozo de Diálogo Europa-América Latina acerca de una Categoría Sociológica. *Revista Latinoamericana de Estudios del Trabajo*, 2a Época, 14(22), 157-166.
- De Soto, H. (1989). *The Other Path: The Informal Revolution*. New York: Harper and Row.
- De Soto, H. (2001). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. London: Black Swan.
- Delfino, A. (2012). La Noción de Marginalidad en la Teoría Social Latinoamericana: Surgimiento y Actualidad. *Universitas Humanística*, 74(74), 17-34.
- D'Erasmus, P., & Moscoso Boedo, H. J. (2012). Financial Structure, Informality and Development. *Journal of Monetary Economics*, 59(3), 286-302.
- Germani, G. (1980). *El concepto de la Marginalidad*. Buenos Aires: Nueva Vision.
- González de la Rocha, M., Perlman, J., Safa, H., Jelin, E., Roberts, B. R., & Ward, P. (2004). Ciudadanía, Derechos e Identidad. *Latin American Research Review*, 39(1), 183-203.
- Gonzalez de la Rocha, M. (1994). *The Resources of Poverty: Women and Survival in a Mexican City*. Cambridge: Blackwell Publishers.
- Hart, K. (1973). Informal Income Opportunities and Urban Employment in Ghana. *The Journal of Modern African Studies*, 11(1), 61-89.

- Johnson, S., Kaufmann, D., & Zoido-Lobaton, P. (1998). Regulatory Discretion and the Unofficial Economy. *American Economic Review*, 88(2), 387-392.
- Kay, C. (1989). *Latin American Theories of Development and Underdevelopment*. New York: Routledge.
- Loayza, N. (1996). The Economics of the Informal Sector: A Simple Model and Some Empirical Evidence from Latin America. *Carnegie-Rochester Conference Series on Public Policy*, 45, 129-162.
- Loayza, N. (2016). Informality in the Process of Development and Growth. *The World Economy*, 39(12), 1856-1916.
- Maloney, W. F. (2004). Informality Revisited. *World Development*, 32(7), 1159-1178.
- Nun, J. (1969). Superpoblacion Relativa, Ejercito Industrial de Reserva y Masa Marginal. *Revista Latinoamericana de Sociologia*, V(2), 178-236.
- Nun, J. (1999). El Futuro del Empleo y la Tesis de la Masa Marginal. *Desarrollo Económico*, 38(152), 985-1004.
- Peattie, L. R. (1982). What is to be done with the Informal Sector? A Case Study of Shoe Manufacturers in Colombia. In H. I. Safa (Ed.), *Towards a Political Economy of Urbanization in Third World Countries* (pp. 208-232). New Delhi: Oxford University Press.
- Pérez-Sáinz, J. P. (1991). *Informalidad Urbana en América Latina: Enfoques, Problemáticas, e Interrogantes*. Guatemala: FLACSO.
- Perlman, J. E. (1976). *The Myth of Marginality: Urban Poverty and Politics in Rio de Janeiro*. Berkeley: University of California Press.
- Perry, G., Maloney, W. F., Arias, O. S., Fajnzylber, P., Mason, A., & Saavedra, J. (2007). *Informality: exit and exclusion*. Washington, DC: The World Bank.
- Petra, A. (2008/2009). El "Proyecto Marginalidad:" Los Intelectuales Latinoamericanos y el Imperialismo Cultural. *Políticas de la Memoria*, 8-9, 248-254.
- Petras, J. (1990a). The Metamorphosis of Latin America's Intellectuals. *Latin American Perspectives*, 17(2), 102-112.
- Petras, J. (1990b). Retreat of the Intellectuals. *Economic and Political Weekly*, 25(38), 2143-2156.
- Petras, J. (2001). Left Intellectuals and Desperate Search for Respectability. *Economic and Political Weekly*, 36(7), 540-544.
- Plotkin, M. B. (2014). US Foundations, Cultural Imperialism and Transnational Misunderstandings: The Case of the Marginality Project. *Journal of Latin American Studies*, 47(1), 65-92.

- Portes, A., & Benton, L. (1984). Industrial Development and Labor Absorption: A Reinterpretation. *Population and Development Review*, 10(4), 589-611.
- Portes, A., & Schauffler, R. (1993). Competing Perspectives on the Latin American Informal Sector. *Population and Development Review*, 19(1), 33-60.
- Portes, A., Blitzer, S., & Curtis, J. (1986). The Urban Informal Sector in Uruguay: Its Internal Structure, Characteristics, and Effects. *World Development*, 14(6), 727-741.
- Quijano, A. (1965). La Emergencia del Grupo Social "Cholo" y sus Implicaciones en la Sociedad Peruana. *Memoria del VII Congreso Latinoamericano de Sociología, Tomo I*, (pp. 403-447). Bogota.
- Quijano, A. (1974). The Marginal Pole of the Economy and the Marginalised Labour Force. *Economy and Society*, 3(4), 393-428.
- Quijano, A. (1977a). *Dependencia, Urbanización y Cambio Social en Latinoamérica*. Lima: Mosca Azul Editores.
- Quijano, A. (1977b). *Imperialismo y "Marginalidad" en América Latina*. Lima: Mosca Azul Editores.
- Quijano, A. (1983). Imperialism and Marginality in Latin America. *Latin American Perspectives*, 10(2/3), 76-85.
- Rauch, J. E. (1991). Modelling the Informal Sector Formally. *Journal of development Economics*, 35(1), 33-47.
- Salvia, A. (2009). De Marginalidades Sociales en Transición a Marginalidades Económicas Asistidas. In C. Barba Solano, & N. Cohen (Eds.), *Perspectivas Críticas Sobre la Cohesión Social: Desigualdad y Tentativas Fallidas de Integración Social en América Latina* (pp. 107-135). Buenos Aires: CLACSO.
- Wacquant, L. (1996). The Rise of Advanced Marginality: Notes on its Nature and Implications. *Acta Sociologica*, 39(2), 121-139.
- Woodruff, C. (2001). Review of de Soto's The Mystery of Capital. *Journal of Economic Literature*, 39(4), 1215-1223.