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THE HEMISPHERE AT OUR DOORSTEP:
IS FLORIDA PREPARED?

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PREFACE

Mark B. Rosenberg, director of the Latin American and Caribbean Center and professor of political science at Florida International University, prepared this paper for the International Trade and Relations Subcommittee of the House Commerce Committee of the Florida House of Representatives. It was presented at a hearing in Tallahassee, Florida on February 7, 1989.

Richard Tardanico
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THE HEMISPHERE AT OUR DOORSTEP: IS FLORIDA PREPARED?

Geography is destiny. Florida's location gives it a comparative advantage and leadership opportunity in matters related to Latin America and the Caribbean. No other U.S. state is so well-positioned to take advantage of the commercial, trade, and cultural opportunities presented by this privileged location. The flip-side of this reality is that no other U.S. state is so vulnerable to the changing political and economic realities of the region.

Florida's opportunities with Latin America are a function of several factors. First, Latin America's population will nearly double in the next twenty-five years--from about 380 million to 700 million. The region has the fastest growing market directly accessible to U.S. producers and suppliers. Second, despite the crushing burden of economic debt and the negative financial flows, Latin America exported over \$100 billion worth of goods in 1988. With even a modest restructuring of the debt, there should be a burst of new economic activity in the region that will have a significant impact on Florida.

In the midst of economic and financial volatility in Latin America, a new competitive reality in the Western Hemisphere is emerging that will impact on Florida's business environment far into the future.

What is this new competitive reality? First, look at the key trends:

--American business is internationalizing to remain competitive in the global market. Many large companies now operate worldwide from a U.S. base rather than as American companies with international operations. A growing number of U.S. managers are now routinely confronted with circumstances that require country knowledge and international expertise.<1>

--By the year 2000, services will dominate U.S. economic productivity. Now, 70 per cent of all U.S. jobs and 60 per cent of the gross national product are in services. In just a decade, up to 90 per cent of jobs and 85 per cent of GNP will be in services.<2>

--Regional trading blocks are emerging. In 1992, twelve European countries will lower all regional trade barriers and become a common market. The U.S. and Canada are now completing details of a sweeping trade agreement that promises to have a significant commercial impact on the northern industrial states.

--The Uruguay Round of trade discussions will promote a more open trading system; in the Western Hemisphere, U.S. investment in Latin America is being supplanted by Japanese and European capital<3>;

There is a heightened sense of urgency about the changing global realities and their impact on the U.S. States and municipalities are now aggressively studying the new business environment and its impact on commerce and business development. One recent study estimates that "more than 1,000 U.S. state and local governments of all political stripes are participating in foreign affairs..."<4> The trend toward "thinking globally and acting locally" seems to be growing. Citizen diplomacy has become a new and legitimate vehicle for maximizing community ties with important overseas counterparts.

One example is suggestive. The State of California established the World Trade Commission in 1983 to coordinate the state's international efforts. With a budget of over \$10 million the WTC has three offices: policy/research, export development and export finance. The Office of Policy/Research has been particularly aggressive in identifying international trade and commercial developments that impact on the state. Through contract and in-house research, the Office has produced studies that identify the problems for California posed by the Europe '92 common market.

Other WTC studies have helped the state to position itself to benefit from the new trade provisions of the Uruguay round.<5> Working closely with the office International Trade Representative in Washington, the WTC has provided information and analysis that has been used in the continuing round of trade negotiations. In the process, California commercial interests have benefitted.

Geography and Migration

Until recently, Florida's privileged geographic location was given little state level attention. Indeed, there has been a good deal of complacency toward the emerging reality of global production and economic interdependence.

Nowhere is this better illustrated than in the issue of migration. Once again, Florida has been surprised and unprepared to confront the massive movement of Latin American refugees to the state. Like in earlier efforts to attract Federal assistance, the near frantic exhortations by state officials for Federal relief appear to have fallen on deaf ears in Washington.

While Floridians have enjoyed the benefit of a privileged geographic location, they have done little to understand or prepare for their special relationship and responsibilities toward Latin America. Geography, population pressures and our own marketing of the state make it a mecca for those seeking a new start--victims of political or economic difficulties in their own countries.

The current spate of refugees from Central America is not just another temporary migratory aberration. Rather it is the consequence of policies in the U.S. and the region itself. Even with the prospect for renewed economic growth in Latin America, we can expect the refugee influx to continue. Latin America's social services, education, and health care have suffered alarming setbacks as a result of the burdensome foreign debt and domestic economic mismanagement.

Immigration reform has had mixed results. While the status of illegal aliens working in the U.S. has been regulated, the flow of illegal migrants to the U.S. has not been reduced. We don't need statistics in Florida--we can feel the new population pressures. As the new arrivals incorporate into the local economies, financial remittances to their home countries will help family and friends there to withstand financial travail. But these same remittances will encourage and facilitate family reunification efforts here in Florida, placing further short-term strain on overburdened public services. In the long run, the refugee influx will give the state an important labor and human resources comparative advantage that can enhance the state's competitive market position.

What Should be Done?--Preparing for Florida's Future

These facts and the destiny of our geography give the state a special leadership responsibility on issues relating to Latin America. The quality of life in Florida is irrevocably bound to the fortunes and destinies of Latin America and the Caribbean. Florida is as intimately tied to the developing nations of the south as it is to the states of the north. Yet the state is only minimally prepared to confront the challenges and

opportunities that our intimacy with Latin America present. It is now time to look to state resources and creativity to address systematically the impact and demands on state resources from growing involvement with Latin America and the Caribbean.

Modest efforts through higher education have given the state some capacity to assess and respond to the opportunities presented by the growing market in Latin America. However, these efforts pale in comparison to the complex and sophisticated response of the California education system.

For instance, while Florida has three nationally ranked programs focusing on international issues<6>, California has eleven. Indeed, the western state is pouring resources into new programs linking business and social science to Pacific Rim studies. In contrast, Florida's system of higher education has not seized the comparative international advantage that the state's privileged location provides. Long-term planning focusing on enhancing the state's international competitive position is minimal and takes place outside structures charged with state university planning and administration. Vision is lacking. The state's leadership potential in international education is being squandered

What should be done?

1. If the state is to develop a credible response capacity to the changing international environment, there must be a consensus among all parties about the policy instruments to be favored. Start-stop efforts in international education are doomed to failure.

2. There are no quick-fix solutions. The extant educational structures are barely adequate. Long term solutions, through existing institutions, should be favored to expand and consolidate the state's existing educational capacity. Incremental resources are needed to enhance the international education and research efforts of state educational institutions. They can be given a specific mandate to identify through applied research the commercial, trade and cultural opportunities that Florida's strategic location offers.

3. The state must take leadership in providing a fora where state public and private sector interests with expertise on Latin America can gather to identify Florida's international challenges and the necessary state and Federal policy responses.

State officials have sensed that this effort is necessary. Governor Martinez and private sector leaders recently convened to identify and examine key hemispheric issues that are having an impact on Florida. This effort, through the non-partisan Hemispheric Policy Studies Center, should transcend the current funding uncertainty with a solid, long-term funding commitment from the state. It should be staffed by qualified professionals with solid international credentials.

The nonpartisan Center has the capacity to take leadership in identifying critical hemispheric issues and providing public education and rational policy dialogue on the appropriate policy responses. Currently it also maintains the support of the state's leading academic centers for this effort. However, many of these functions could be performed by these same

centers if adequate funding were provided.

4. Elementary, secondary and teacher educators around the state must assess their respective curriculums' attention to the new global realities of Florida's interdependence and cultural pluralism.

On the eve of the 500th anniversary of the founding of the Americas, are we teaching enough about this region so vital to the state's well-being? Has the state moved fast enough to incorporate the new foreign language requirements in schools curricula? Have we adequately assessed the future impact of continual migration on the quality of education in the state?

5. The private sector should be encouraged to participate in all phases of the state's enhanced international education effort. Private sector funding should be expected--but only after the state takes initiative and demonstrates the political and financial will to support expanded international education efforts.

In short, the state can do much more to prepare itself for the challenges and opportunities of our privileged location with Latin America. While the Federal government will always have the principal responsibility on foreign affairs, it should be apparent that the state must aggressively develop the capacity to understand and respond to that same foreign environment. Latin America is at our doorstep. The next move is ours.

NOTES

1. Stephen J. Kobrin, International Expertise in American Business (New York: Institute of International Education, 1984):8,9.
2. Marvin Cetron et.al., The Future of American Business: The U.S. in World Competition (New York: McGraw-Hill Book Co., 1985):xiii.
3. Georges A. Fauriol, The Third Century: U.S. Latin American Policy Choices for the 1990s (Washington: Center for Strategic and International Studies, 1988):11-12.
4. Michael H. Shuman, "Dateline Main Steet: Local Foreign Policies," Foreign Policy, No. 65 (Winter 1986-87): 154-174.
5. World Trade Commission, The GATT, and the Uruguay Round of Multilateral Trade: A Guide for California Business (Sacramento: World Trade Commission, 1987).
6. Through the U.S. Department of Education's Center for International Education, funding is provided on a competitive basis for language and area studies centers. "National Resource Centers" are identified and funded through peer review for their research, teaching and public education excellence. In the state of Florida, centers at UF (Latin America and Africa) and FIU (Latin America) are the only funded national resource programs, totaling about \$300,000/year. California has five such centers on Latin America; others are funded on Asian, African and East European world areas.