Latin-Anglo American Cross Cultural Influences and the Political Economy of Change (Dialogue #9)

Antonio Jorge
*Florida International University, Antonio.Jorge@fiu.edu*

Raul Moncarz
*Florida International University*

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LATIN-ANGLO AMERICAN CROSS CULTURAL INFLUENCES
AND THE POLITICAL ECONOMY OF CHANGE

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By: Dr. Antonio Jorge
    Dr. Raul Moncarz
PREFACE

"Latin-Anglo American Cross Cultural Influences and the Political Economy of Change" was presented at the "Conference on the Latinamericanization of the United States" April 1-3, 1982, co-sponsored by the centers for Latin American Studies of both Arizona State University and the University of Arizona. The authors, Florida International University Professor of Political Economy, Dr. Antonio Jorge and Professor of Economics, Dr. Raul Moncarz, have jointly written a number of other analyses of the linkage between Miami's Latin community and Latin America. Publication of this paper as a Dialogue is intended to stimulate discussion.

Mark B. Rosenberg
Director
LATIN-ANGLO AMERICAN CROSS CULTURAL INFLUENCES
AND THE POLITICAL ECONOMY OF CHANGE

The first question that comes to mind is a rather obvious one. How should one understand the title of this paper? What does one mean by the Latinization of the United States? Although our ken in this general theme is restricted as to specifics to Cubans in South Florida, nonetheless, many of the problems associated with a definition of our area of endeavor subsists. Although Latinization, regardless of our specific understanding of the concept, would certainly be manifested differently in our section of the country than in other parts of the U.S., its content being dependent on a vast number of variable factors, still one must think of it as having an homogenous, invariant core which would be identifiable and recognizable under a variety of different circumstances.

We intend to advance in this paper the certainly much debatable proposition that Latinization must, ultimately, regardless of accidental differences, be understood in terms of cultural interaction and cross pollination between Hispanic or Latin sub-cultures and the mainstream American culture. Per contra, if it were not to be conceived in that fashion, Latinization would have to be thought of exclusively in terms of the economic contribution made by Latins to society in the context of an invariant cultural and institutional framework. In that case, one would have to concentrate much more narrowly, as is
customary in these cases, on the economy of minorities and their historic and/or prospective performance in the existing socio-economic panorama. Given the fact that the authors of this paper have dealt with this much more limiting perspective on a number of other occasions, we would like to take advantage of this opportunity to devote our attention to the larger and more complex cultural issues involved in this matter. The empirical and immediate agenda for us could then be expressed somewhat as follows: Do Hispanics in the United States and, more to the point, Cubans in Miami, constitute a separate enclave in South Florida or, contrariwise, are they in any detectable manner influencing the fabric of the larger society in which they live?

Obviously, an answer to the latter question would require its insertion in some larger theoretical frame able to relate to processes such as integration, reenculturation and assimilation. We certainly would not feel able to tackle the whole range of sociological and anthropological problems that such an attempt would require. Furthermore, it does not seem to us that the purpose of this paper and conference is that of presenting new theoretical constructs for discussion and evaluation of such wide issues.

Consequently, we will move in the hallowed intermediate range of middle-brow theory. That is, we will seek to understand the cultural impact of Hispanics in the United States and Cubans in Miami more through common-sense interpretation of factual reality and direct appeal to description, rather than by trying
to establish the validity of an explicitly adopted theoretical instrument in which the data must be fitted. Naturally, we are all aware that no such hard and fast separation is possible between the theoretical and the empirical; the conceptual and the factual. Assumptions, hypotheses and worse, pre-analytical and unexamined constructs, oftentimes creep into these supposedly theory-free and "practical" intellectual efforts. Obviously, no interpretation of facts is possible in a theoretical vacuum. However, we are going to scrupulously refrain from any claims to value-free, methodologically antiseptic, scientifically neutral analysis or conclusions. This is not, nor we believe would it be even desirable to attempt it, that kind of an exercise.

Our purpose is simply to offer a first approximation to a critical analysis of the very important topic we are focusing upon, by providing one particular interpretation of the available facts. We are sure that they could be perceived and put together in other forms and ways. Furthermore, the absence of an explicit model in our case, prevents us from confidently extrapolating our own observations and views. Despite all of the above limitations, it still would seem useful to pursue this effort. If anything, because so little has been done in this area, there is value in stimulating others to contribute and get some work underway.

We have divided this work into two parts. The first will contain some very general reflections on ethnicity and assimilation, followed by some more concrete observations on Cubans in
South Florida and how their social role and impact may differ from that of other ethnic groups in the larger society. The second part will address five specific areas where the occurrence of common developments in Latin America and the United States raise the question of a mutual convergence or approximation between the two. These are: Inflation, Corporatism, Unemployment, Consumption Levels and Lifestyles, and Greater Dependence on Foreign Trade.

It is clear from the recent literature on ethnicity that the much vaunted assimilation of ethnics to the mainstream culture has simply not taken place. The melting pot model has not withstood the test of time either. There has not emerged in the United States a common culture which is the result of the mix of the particular cultures of the various ethnic groups composing the nation. At the same time, the members of these ethnic collectivities are doing well economically in the larger society. In several cases, their economic status and other indexes of social success are above the average for the entire population.

The above statements are, a fortiori, applicable to the so-called Anglo Conformity Model. This perspective has been empirically refuted by the existence of ethnic groups which after the fourth generation still retain their sense of identity and stubbornly refuse to surrender it. They simply have not adopted the Anglo mainstream culture but, nonetheless, are able to function quite effectively. Although there is sufficient
evidence not to dismiss the hypothesis of a certain cultural division of labor in society, this does not mean either that assimilation is a precondition for an effective integration into society.

The United States does not conform either to the Classical Cultural Pluralism situation in which ethnic groups adopt some of the political and economic values of the host society, master the common language of the nation and benefit from some of the institutions and services available to the citizenry, but otherwise remain separate and almost rigidly apart. This model may be illustrated by life in Switzerland, Northern Ireland or Holland.

The American ethnic social model seems to be much closer to the structural pluralism of Milton Gordon than to any other description. According to this view, much acculturation takes place to Anglo-Saxon norms and patterns but, yet, a structural separation of racial, religious and, to some extent ethnic groups, remain in society. Complete assimilation does not occur. There are areas, especially in private life, where ethnicity continues to be relevant and active.

In effect, paraphrasing Glazer and Moynihan, neither the "liberal" nor the "radical" expectancy have proven right in predicting the future of ethnicity in America. Class has not become the sole or even main line of division among people in this society. The notion that class and interest are the sole rational grounds for social differentiation has simply not
proven correct. Without traveling to the opposite extreme and holding that ethnicity is primordial, one would have to concede that it is much more than circumstantial. Moreover, it seems clear on the basis of social experience that, although ethnicity may serve to defend common economic interests and advance the position of individuals in the group, as noted by Talcott Parsons, it also seems to respond to deep felt psychological needs of the individual. The refeudalization process in the modern world to which Ralf Dahrendorf refers, with a return to ascription over achievement, points in this direction.¹

The integration and gradual assimilation of ethnic groups in the social mainstream usually take place at an uneven pace. Many factors are important in shaping the nature and speed of the process. Among them, the number of individuals in the group; their demographic weight relative to that of the surrounding population; degree of economic development of society; level of formal education and relevant marketable skills; command of economic resources and of the technologies used by society; cultural cohesion; proximity to country of origin; general social values and attitudes towards minorities, and a great many others whose enumeration would be too long to make.

It can be reasonably held that the above mentioned factors, as well as others, favored the retaining by Cubans in South Florida of important elements of their culture. It would be quite possible to envision alternative conditions under which integration and partial assimilation would have taken place
more completely and rapidly. It should be noted here that the authors of this paper have attempted in several of their publications to document in some detail the process whereby Cubans became established in the greater Miami area after 1959. Our work deals in considerable detail with the causal and explanatory as well as the purely descriptive and quantitative aspects of this social phenomenon. In sum, we have tried to offer a reasonable account of the Cuban presence in the area, focusing primarily on the economic facet, but also paying considerable attention to the socio-cultural and political dimensions of the process. We refer the interested reader to the corresponding sources cited in the bibliography. Our interest here is of another kind. Namely, to assess, taking other detailed research as background, to what extent the massive Cuban influx into this area and its much publicized relative economic achievements, have succeeded in "Latinizing" Miami. That is, have the Cubans really contributed to the cultural transformation of the area, initiating a cross-cultural experience endowed with an evolutionary dynamic of its own?

If by Latinization one means the ubiquitous Cuban presence and influence in Miami and the pervasive visibility of things Cuban and Hispanic in general, then the existence of this process and its gradual dissemination since its inception at the close of the fifties is plainly undeniable. If, at the other extreme, the understanding of the term were to encompass the occurrence of fundamental or widespread institutional changes in society,
and/or modification of established behavioral patterns on the part of the population as a whole, one would be hard put to produce much evidence of Latinization. In the intermediate area between these two extremes, it is quite possible to argue a number of positions regarding the degree of Latinization of the area depending on the criteria one chooses to apply and the indices and data which are considered relevant.

No doubt, it is quite possible to show how Latinization has influenced to one degree or another a number of society's institutions and organizations in the area. There are also many obvious instances of the behavior of the general population being affected or partially molded by it. *A fortiori*, the predominance of certain typically Cuban and Latin institutions, organizations and behavior patterns among Cubans and Hispanics is a tangible reality. That is, in many areas of social life, and in locations exhibiting a high Cuban or Hispanic population concentration, one can readily detect them. Specifically Cuban and Hispanic cultural manifestations are not lacking in Miami, particularly in those kinds of interpersonal relations carried out among Latins.

Nonetheless, it should be strongly emphasized, the ethos, inner structure, accepted functioning and basic operational modes of fundamental society-wide institutions and organizations, have not been modified in any important respect. Naturally, the associated behavior patterns have correspondingly not changed either to any considerable extent. Furthermore, in
the measure that Cubans and Latins must or choose to adopt the value system and/or work within the institutional infrastructure of society, they have to acculturate in a parallel fashion.

That is, Hispanics constituting 42 percent of the population of Dade County and with an aggregate income in excess of $4 billion, a proportion of the total slightly less than their demographic weight, with levels of educational attainment and an occupational distribution not too dissimilar from those of the native white population, constitute an essential ingredient of the South Florida society and one whose presence, as already noted, is very much in evidence.\(^4\)

The economic aspect of the transformation brought about by Cubans and Hispanics on the local community is examined in the greatest detail in the REMP publication cited in n. 2. The economic weight translates, of course, into a host of specific dimensions at the actual level of social intercourse. From the extensive use of Spanish in commercial establishments, traffic signs, emergency medical, police and fire services, to satisfy the needs of Latin tourists, as well as those of the considerable segment of the local Hispanic population for which Spanish is still the preferred language, to advertisement in the same language through the lively Latin media, billboards, bus benches, commercial vehicles and the like. The Latin consumers' market is a vigorous and growing reality which becomes stronger as time goes on.\(^5\) Also, the pervasive contacts and ramifications of the economy of South Florida with the international
economy and, particularly, that of Latin America, although well known, are not oftentimes appreciated in their real and rapidly growing importance.⁶

The outward signs and symptoms accompanying the transformation of the area could be multiplied to no end. There has been much impressionistic, but also much serious reporting about this subject.⁷ Unfortunately, these superficial manifestations of cultural change which in no way affect the fundamental values and norms of the host society, and only marginally impinge upon the instrumental ones, are very commonly misinterpreted. The mistaken and purely emotional reaction of some, specifically among the less economically successful members of the non-minority native population is that the Cubans are taking over.⁸ Moreover, a not inconsiderable number of local black residents feel that they have been economically displaced by the immigrants or deprived of advantages which they would have otherwise enjoyed. The fact that academic research has proven once and again that these perceptions do not correspond with the reality of the situation in South Florida, and that the Cuban and Hispanic influx has demonstrably been of great benefit to the entire population of the area, find great resistance in being accepted.⁹ No doubt, we are confronted in this matter with images and perceptions of reality which cannot be easily penetrated.¹⁰ The end result is ethnic conflict which is not only undesirable on grounds of social cooperation and community health but which is also objectively unnecessary and without a real foundation.¹¹
Some dimensions of ethnic polarization have become patent in Miami in recent times. The rescission by a large majority of voters of the so-called bilingual ordinance of Dade County, which provided for the use of the Spanish language in a number of services, publications and information provided by the county at its own expense, charged the local atmosphere with a good deal of factional passion. Another instance of ethnically inspired behavior, which is certainly far from new in American politics but was the source of rivalry in Dade, was the mayoral elections in Miami and other cities in the county. Although Cubans did not vote en bloc along ethnic lines, strong preferences were nonetheless shown. In the case of black voters, block voting was easily detectable. The arrival of the Mariel refugees has been another issue producing considerable friction, particularly because of the allegedly high number of criminals and felons among this population, and the ever present popular Malthusian view of Hobbesian competition in a stationary state economy. Another source of fertile controversy has been the bilingual programs in the Dade School System. Prolonged bickering continues at this point regarding whether these are strictly "remediation" oriented and if so how effective have they proved to be, or rather, culture "maintenance" programs designed to enhance the cultural identity of the student at the expense of the general tax payer.

Although hardly novel in the experience of other immigrant groups, especially those characterized by a large admixture of political refugees and well educated middle and upper class
émigrés, the Cubans have not only created an economic enclave in Miami but, perhaps of greater importance, a cultural one. The importance of the enclave as a producer or business market may have been exaggerated. However, the strong desire evinced by Cubans to maintain their social customs, the Spanish language and certain personal values, mainly those relating to family life, would be very difficult to overemphasize. The Cubans have undergone an effective process of partial acculturation as far as the adoption of instrumental social values and norms is concerned, mostly those applying to the operation of the market place. Perhaps, as noted in many studies, this was to be expected of the largely urban population of a country with fairly good communications and transportation systems, where geographical and historical proximity, accompanied by cultural and commercial contacts of a very close nature, had made for easy familiarity with the American society. In the case of many middle and upper income people, they had first hand knowledge of the United States as tourists, former students in American educational institutions, and through their personal social contacts.

The proliferation of political, civic, cultural, intellectual, social and artistic associations and groups is, indeed, highly noticeable and shows no signs of slackening. Even bilingual higher education is available at a number of accredited colleges. It is quite possible that the massive development of parallel and, to some extent, competitive cultural traits, even if these
do not threaten in the least the social uniformity of the community, may produce a negative response on the part of those who would consider undesirable or unacceptable anything less than total assimilation. The relative success of the immigrants, of course, poses a major problem to those who would prefer to think along those lines. It makes it impossible to ignore the new group or to think of it as possessed of unworthy characteristics.

In concluding this first part of our paper, we would like to very succinctly summarize some of our previous observations. These are: In the case of the Cubans, ethnic identifications, to paraphrase Talcott Parsons, are devoid of "social content". His conclusion that "ethnic identification is primarily focused on style of life distinctiveness within the larger framework of much more nearly uniform American social structure",\textsuperscript{17} is, in our view, applicable to the Cuban case. One other point remains to be elucidated on which, so to speak, the returns are not in yet. Will the Cubans be able to maintain their traditionally nurtured personal and family values and behavior norms in a society which, although similar in many respects, is also profoundly different in cultural ethos and social \textit{weltanschauung}? Let us now proceed with the second part of the paper where, as we noted before, we shall examine the issue of the influence of Latin mores on American society in the context of five specific topics.
Inflation

The study of Latin American inflation is dominated by the debate between structuralists and monetarists. The former view concentrates on the inflexibility, rigidity and unresponsiveness of the economy as being responsible for the inflation. The second blames it on fiscal irresponsibility, the clash of group interests, political expediency and lack of restraint.

In any case, economists of the neo-classical school have long ago summarized the common elements underlying this intellectual dispute, in their own way passing judgement on the substance of the issue at hand, when they coined the phrase "living beyond one's means" as concisely expressive of the antithetical elements contained in it.

It is interesting to briefly pause to consider a variant of this neo-classical truism by calling attention to a remark made by the economist Lester Thurow in a recent column of his in a bi-weekly publication: "At some rate of interest all economic activity, including inflation stops." Ultimately, the truth of his terse statement is undeniable. The success of the current Chilean experience in combatting inflation attest to a result that because of its tautological nature could have been apodictically asserted a priori. In this reductionist sense, the Chicago School and monetarism in general would be undeniably correct. Inflation in both highly developed and less developed countries can be fought in the same general manner. Obviously, the relative costs, the effectiveness of the process, the time
element and everything else, including the causal elements accounting for the phenomenon, are going to be different.

We doubt that contemporary events in the U.S. since about 1965 would seem to indicate the existence of a basic similarity between the inflationary experiences of Latin America and those of the U.S. It would seem that an increasing degree of divergence is taking place in this particular area. This perspective is particularly fruitful if one considers the repeated complaints, not only by the general public and programmatic economists, but also by a growing number of academic theoreticians, among them Paul Samuelson, that there is something amiss in current economic theory. There is an uneasy feeling that we have to go back to the drawing table to redesign economic theory. This, of course, is another way of stating that post-Keynesian theory and policy are becoming increasingly more irrelevant to the treatment of problems for which they were originally designed.

Without pretending to discuss the substance of the matter at this time, the observation can be advanced that the very complex root causes of the inflationary phenomenon in the U.S. hail from the presence of a new psycho-social milieu in which scarcity and the limits of growth have reemerged from old as realities which have come back to haunt the liberal optimistic and progressivist mind. Perhaps the substratum under this particular economic manifestation which we define as inflation is, simply, an increasingly utilitarian civilization where conflict arising from individual efforts at short run maximization of benefits, both through the medium of economic and political mechanisms,
lead to worsening bumps against the economy's ceiling. The demands of conflictive groups representative of the interests of the individuals composing them, is the ultima ratio behind American inflation. A sharpening of the competitive relationship among groups and sectors for the benefits of the system may well be leading into a negative sum game situation of which inflation is but one manifestation.

Naturally, the specific substratum accounting for inflation in Latin America would historically originate in a totally different causal context. To the extent that the Latin American and North American cultures are different, which they certainly are in many respects, one would expect the corresponding values, motivations, attitudes and behavior of the economic agents to vary accordingly. In the sciences of man, different sets of causes can often times produce the same effects. Dissimilar economic institutions and mechanisms can produce similar results in some cases. That is, they tend to reflect a uniformly patterned outcome, say, inflation or the business cycle, regardless of the specific composition of the causal mix provoking the output. The basic structural similarity informing the logic of economic systems and human behavior in them, would serve to explain these curious affinities in societies very different from one another in many other dimensions and factors.

At a remote level of causation contemporary Latin American inflation is frequently due to the limitations placed on modernization generally, and economic development particularly, by the existence of manifold constraints and parameters. As these
restrictions operate on societal ambitions and prospective goals on the one hand, and on established consumption habits and levels on the other, they tend to sometimes create irresistible inflationary pressures. Common instances of this would be efforts at increasing investment without a corresponding savings effort, or inadvisable protectionist policies stemming from an excessive attempt at imports substitution. The literature on economic development plans and efforts in Latin America is full of examples illustrating this situation.\textsuperscript{20} Of course, a closely related case is that when external push factors create favorable conditions for the unleashing of the inflationary process. Say, when a deterioration in one or another of the terms of trade measurements, or a decrease in the inflow of foreign capital, threaten the customary consumption standards of various social groups. Another variant would originate in attempts at increased consumption, arising itself from imitation and the operation of the demonstration effect.

In all of these cases and many others, the leitmotif is living beyond one's means. The bare essential logic of that type or category of human actions is what the Latin and North American inflationary experiences have in common. As the corresponding behavior impact upon a scarce environment, similar results would flow regardless of the very fundamental differences in the motivations prodding the economic actors or the actual historical origin, cultural content or organizational modality characterizing socio-economic institutions in the two regions. Nonetheless, it should be stressed that the differ-
ences being so profound, a similarity in the final economic outcome, namely, the inflationary effect, should not be interpreted as a sign of convergence between the two cultures. The fabric of the societies, and the meaning of the actions and purposes involved are so dissimilar, that one would not be entitled to speak of the American society becoming more similar to the Latin ones because of their common afflictions.

**Corporatism**

Corporatist tendencies and influences lie at the very heart of the Latin American socio-economic experiences. The general tenor of the philosophy and ideas shaping the life of these societies were informed by a peninsular credo rooted first in medieval scholasticism and, later on, on mercantilistic doctrines.

Perhaps the central non-event in modern history which has been most influential in molding Iberian civilization is its unfamiliarity with political and economic liberalism. The relative innocence exhibited by Hispanic culture during the XVIII and XIX centuries of the individualistic and developmentalist currents that permeated the thought and action of Anglo Saxon societies at the time, made for a basic and fundamental difference between the two cultures. These disparities, of course, are reflected both in their respective Weltanschauungen and, also, in their institutional and organizational formations, as well as in their behavior modes or patterns.

That is, not only is the ethos very different for both
cultures but, as the direct result of the variation in the nature of the seminal ideas and schema of thought in the socio-economic and political spheres, the modes of institutionalization and behavior have also been historically apart. Only in very recent times, and in connection with developmental efforts whose conception and implementation have been inspired on neo-classicism or marxism, has the Latin American debate seriously contemplated other alternatives. The rhetoric of the XIX century, especially in relation to political modernization, was mainly an intellectual exercise limited in its impact to a severely circumscribed elite.

The archetype of the Smithian or, more exactly, the Marshallian market model with its explicit assumptions about economic behavior and its implicit presuppositions with respect to political organization, has been by and large alien to Latin America until about the time of the Great Depression. Likewise, corporative, solidary and otherwise group-oriented institutional and behavioral economic models have never been popular in the United States to start with. Even in Europe, they gradually waned as the heyday of Mercantilism passed and liberal tendencies gradually asserted themselves.

The Spanish feudal caudillo variety, more rigid and authoritarian than the looser and more decentralized medieval variants of other European nations, metamorphosed itself into the well-known Latin American caciquismo. The paternalist spirit, particularist stratification and basically arbitrary and non-
reciprocal character of the latter system, was wedded to a large subsistence and/or plantation system in extensive rural areas, and to a commercial capitalism of mercantilist filiation in the large capitals and cities serving as colonial administrative, transportation and communication centers.

The spirit of the elite and producing sectors, and their economic self-image and sense of national duty, certainly has not been development oriented in Latin America, at least until quite recently. Moreover, enlightened political and economic thought, with rare exceptions, dates from the mercantilistic period and dealt with such matters as the odious monopolies of the Spanish crown and the potential benefits that would flow from the establishment of new productions and more liberal trade policies. 21 The intellectual characteristics of the general socio-cultural Latin American milieu has been notably romantic and idealistic in nature. The repeated invectives against utilitarianism, positivism and pragmatism being contrasted to the superior values and motivations inherent in the Latin American soul and culture. Rodo's antithesis between Ariel and Caliban is the epitome of this mode of thought. 22

The traditional political and economic mechanisms of Latin America and the United States have evidenced the fundamental antinomy characterizing them. The old ideology sanctioned an objectified political order with a minimum of mobility, and a subjectively rational, voluntarist and interventionist arrangement in the economic sphere, in the former geographic area. In the latter country, in principle, the internalized ideology called for an
opposite disposition of things. The political order was to be subjectified, mobile and flexible, while the economic system was to respond to the logic of objective rationalism. Teleological mechanisms, not to be tampered with by human hand, were to create a harmony of their own in accordance with the dictates of an optimal design.

Although these ideal types have been overdrawn and perhaps caricatured in the process of accentuating their polarity, it is still valid to affirm that they respond to two radically different conceptions of the individual in society. One would be hard put to show that the Latin model is in any relevant or visible manner affecting the mainstream cultures of the United States. On the other hand, there is no doubt that the 18.5 million Hispanics constituting the second largest and fastest growing minority in the United States, with a good chance of becoming the numerically most important one by the end of the century, constitute an undeniable part of the American social panorama. To the extent that they, like other ethnic groups in America, retain their identity and life-styles, their mere differentiated existence has already brought about a degree of Latinization to the United States.

Nonetheless, the basic issue, as we shall insist, is that of the impact of these groups on the larger society. To what extent, if any, are these ethnic groups affecting the mores, institutions, social processes and behavior of the non-ethnics? Are they in anyway contributing to the creation of new ideas and mechanisms that by mixing in the social cauldron help to
bring about a new and otherwise different reality? In other words, to what extent are these groups part of the social evolutionary process itself?

It would be difficult to imagine the possibility of Latin corporatist influences becoming operative in American society. The social-philosophical background and ethos are too dissimilar to envision a syncretic result. In any case, even in Latin America cooperatism is associated with pre-modernity. Recent experiences with these ideas, like the attempt of the military in Peru to promote modernization via cooperatism, have utterly failed.° The end result has been to deprive cooperatism of whatever residue of prestige lingered from the Peronist mythology and other nationalist movements with populist pretensions.

Any changes in the institutional ethos or the modus operandi of social mechanisms which the future may hold for the United States is much more likely to evolve along very different routes from those of cooperatism. One can much more easily conceive of enlightened individual egoism adopting the garb of negotiations among sophisticated social oligopolies, a la Gailbraith, but within a well defined social framework and consensually agreed upon social parameters, goals and objectives.

**Unemployment**

Latin American and American unemployment are, like in the case of inflation, only similar as far as results go. Again, the underlying causes for the phenomenon are very different. It would, indeed, be very difficult to try to establish any
similarities between these two radically different situations.

The Latin unemployment is of the typical varieties found in less developed countries. Its origin is fundamentally structural, although aggravated by exogenous cyclical causes and also by seasonal patterns of production. The American unemployment would have been described until not too long ago in the literature as directly associated with the occurrence of the business cycle. Nowadays, it would be more fashionable to attribute it to the failure of fiscal and monetary policies to fine tune the economy or, in the case of the monetarist minority, to the irresponsible and erratic management of the money supply by the authorities.

In any case, unemployment in both societies derive from vastly different socio-economic situations. The level of economic development of the Latin and American societies are very distant from one another. The social fabric and the contexture of the economic substratum could not be more different. If unusually high unemployment were to statistically coincide in both societies, the only linkage would be through the external sector.

In effect, there is no denying that the propagation of recessional waves from developed countries, and, especially the United States, to the developing ones, has very serious effects on the levels of economic activity and unemployment in the latter. Certainly, the internal economy is the agency through which the seesaw movement of the cycle has been traditionally exported to the less developed countries.
Even with the preceding in mind, it is obvious that the main source of unemployment is the failure of the economy itself to grow pari passu with the expansion of both population and labor force. This comes close to a tautological rendering of the matter. It affirms nothing as to the causal mechanisms of underdevelopment. In itself it is purely descriptive and does not go beyond a statement of fact. 24

By contrast, unemployment in advanced societies has been perceived in a totally different light since the advent of Keynesian and even neo-classical economics. The latter already shifted the emphasis away from growth, which had been the main concern of the preceding classical period, into micro-economic efficiency. Keynesianism, in turn, emphasized spending over thrift as the key to prosperity and full employment. Unemployment arises, simply, as a consequence of the insufficiency of aggregate demand which falls short of the desired equilibrium full employment level of the economy. Through the suitable manipulation of short run counter-cyclical policies the problem could be successfully attacked and promptly resolved. 25

Clearly, this monetary approach is not the kind of real solution which unemployment demands in underdeveloped countries.

Once more, we conclude that the similarities between developed and underdeveloped countries as concerns this topic are more apparent than substantive. The United States does not stand in need of structural social and economic reforms in order to resolve its unemployment. Latin societies certainly must think in terms of a rearrangement of their structures if
they are to deal with it. Stabilization and compensatory pol-
icies are mere palliatives that cannot of themselves be truly
effective. The same is true for the adoption of labor inten-
sive or intermediate techniques of production. The roots of
unemployment lie in poverty and want and not in Mandeville's
profligacy or modern consumerism.

Consumption Levels and Lifestyles

Joseph Schumpeter has often alluded in his Capitalism,
Socialism and Democracy and in his History of Economic Analysis
to the productive virtues of capitalism. He delighted in in-
forming us on how the silk stockings that only the French
nobility could wear at the time of the Bourbon regimes were
now considered the birthright of contemporary secretaries.26
Adam Smith himself reminded us in his Wealth of Nations that
the luxuries of yesterday are but the needs of today. In ef-
flect, the great defense of the system has always resided in
its wonderful capacity to increase the material wealth of
society and of making it gradually accessible to an ever larger
number of people.

That is, given time, a reasonably efficient market system
and the presence of non-inhibiting social institutions and
mechanisms, the well known trickle down effect would take care
of the rest. After all, given half a chance, peoples' "pre-
pensity to truck, barter and exchange", to quote Smith again,
should jump at the opportunity of bettering their lot in this
life. This scenario was the predominant one for a long time.
It kind of briefly subsumes the classical and neo-classical wisdom on the matter of human progress.

Naturally, a direct implication of this line of thought was the need for initial sacrificing. Savings had to be accumulated before productive investment could take care of the business of increased production and consumption. Restraint and moderation, or more aptly, abstention, to cite the classical term, pointed the way for aspiring individuals and societies. Consumption was to be kept to a minimum in order to facilitate growth. Voluntary savings on the part of the affluent, and the iron law of wages for the rest of the population, would take care of this matter.

Modern and economically advanced societies are at the opposite end of the spectrum. Normally, they are not concerned with the difficulties associated with bringing forth new production. For them, growth has become institutionalized and is part of a self-sustained process. Aggregate consumption is, quantitatively speaking, the most important variable in the maintenance of appropriate levels of aggregate demand. Therefore, it is of the essence to prop up this schedule in order to avoid a cumulative decrease in output and a descent to a lower equilibrium level of income. It is in this connection that the familiar literature produced by John K. Galbraith on this theme becomes extremely relevant. Society must resort to all kinds of expedients in order to generate the needed level of consumption. Massive advertising and the creation of a consumerist psychology become the pre-
mier ingredients of prosperity. As a rule of social behavior, "keeping up with the Joneses" is elevated to the category of a fundamental pillar of the nation's well-being and a dictum of wisdom.

The present situation of the underdeveloped countries, of course, is much more reminiscent of that of the pre-industrial societies than it is of the affluent, industrialized societies of our time. In their case, savings are crucial to the mounting of a nation-wide effort to combat underdevelopment. Consumption beyond the necessary amount of the wage fund required to maximize future production is wasteful. Austerity and frugality rather than indulgence should be the motto. In actual practice, as we are all aware of, Nurkse's demonstration effect, particularly effective in our world of instant communications, assures us of the presence of a different reality. Again, the craving for living beyond one's means is the source of chronic deficits on the balance of trade, inflationary pressures, insufficient productive investment and a legion of associated ills.

Although as J. S. Mill has observed, the ambition to imitate the consumption standard of the affluent may stimulate the poor to greater effort, it often turns out to be the case, as Jacob Viner remarks, that people may easily take to new, tempting consumption habits, but not to the greater exertion that goes along with them. Recapitulating, we find that
although in the modern world there are strong standardizing tendencies that work in favor of the establishment of homogeneous consumption patterns, which originating in affluent societies, disseminate across national lines, into all of Latin America, this does not necessarily represent an advantage to the developmental efforts of the area.

Kenneth Boulding mentions how visiting the airports and large cities of the world has become sort of an invariant experience. We are all aware of the many articles and constant comments in popular magazines about the omnipresence of some of the attributes of the American lifestyle in rich Western European nations and the intense yearning for them in less well-off societies. To the extent that this is the case, it is undeniable that the presence of Western and, particularly, American technology, consumption habits and preferences, are very much in evidence in Latin American capitals. The impact of the American influence among the middle and upper income groups' lifestyles is patent. This phenomenon has acquired great force since the end of the Second World War and has become pervasive by now.

The opposite, of course, is not true. The development paradigm irradiates from the United States to the South without scarcely any feedback. This does not mean that particular types of products, specific goods or general categories of commodities may not penetrate the American market and vie for the favor of the consumer. American consumption patterns are very uni-
versalist and admit of much greater flexibility than is the case in less dynamic and fluid societies. It simply means that the lifestyles themselves, their general ethos, and the whole Weltanschaung which validates them are, to a not inconsiderable degree, molded by American mainstream culture. Notice that even when ethnic products are imported, or manufactured in the U.S., they change considerably from their earlier unsophisticated modality and, so to speak, acquire a new image which makes them compatible with their new ambience.

**Greater Dependence on Foreign Trade**

There is no doubt that this is an area where convergent paths have been developing between Latin America and the United States. At present, the economies of both areas resemble one another in this respect more than they did in the past. The North American economy has gradually increased its openness to international trade and thus its involvement with the economies of other nations. As international trade has kept on expanding at the breathtaking pace which has led to a total of world exports in excess of 1.700 billion, the involvement of the developed countries has grown apace. In effect, with industrial countries accounting for about 50 percent of world exports, the United States alone exported to the world slightly more than 220 billion$^x$ in 1980. Roughly, and expressed in terms of 1975 dollars, North American exports represented a 14 percent of the nation's Gross National Product in 1980. In 1970, the same calculation would have
yielded a 3.9 percent. By way of comparison, and for the purpose of illustrating the orders of magnitude involved, Western Europe accounts for slightly more than 30 percent of total world trade. The foreign trade coefficient for the United States, calculated on the basis of the sum of its exports and imports would be about the same as that of Western Europe.

As is well known, the economies of the Latin American nations are extremely diverse among themselves. Therefore, any statement sufficiently ample to embrace the entire area must inevitably ignore great differences among the individual nations. Nonetheless, a general measure of the international involvement of the area as a whole still has some usefulness. If we were to take the total of Latin American exports for 1980, which reached about 91 billion, and divide them by the G.N.P. of the area for the same year, which came to approximately 520 billion, we would end up with a coefficient of 17.5 percent.

That the United States has become more vulnerable to exogenous influences as its trade has expanded in absolute and relative terms is a truth well known by all. The insistence and efforts on the part of the nation to augment its exports by becoming more competitive, at the time that it seeks to moderate the onslaught of foreign imports on domestic industry, serves as evidence of the growing importance of the international sector. The recently completed Tokyo round negotiations attest to the heightened sensitivity of the economy to the
fluctuations of external activities. American emphasis on reciprocity, and the importance attributed to the voluntary restraints demanded of the Japanese, clearly show to what extent imported goods can threaten basic, long-established home industries. Decreased production and climbing unemployment are the sequel of the closing of the productivity gap by overseas competitors in some large and traditionally strong sectors.

Nonetheless, the Latin American and North American situations are far from being similar as far as greater involvement in international trade is concerned. For one thing, exports in the United States fall far short of having the crucial importance they hold in determining the level of income and employment in Latin America. Certainly, in this country the truly dynamic and strategic variable in the system is investment and not exports. As far as imports are concerned, they also play very dissimilar roles in the two areas. For Latin America, imports are of the essence to sustain its developmental effort as well as to satisfy high priority consumption needs. In the case of North America, with the exception of a very limited amount of strategic imports, purchases abroad can either be easily replaced by domestic counterparts or, else, consist of final consumer goods which serve to further increase the satisfaction derived from a very high level of real income. Also of great importance is the fact that the United States can cover its balance of trade deficits indefinitely by the simple expedient of settling them with its own currency. The fact that the legal tender of the nation happens to be an inter-
national means of payments is indeed no small advantage. However, it is undeniable that there are other dimensions to trade beyond the purely economic ones. The enormous and for the most part continuously sustained increase in international trade relations over the last three and a half decades has made for a level of global interdependence the world has not known before. Close international contacts, familiarity with the conditions and needs of each country, a cosmopolitan attitude which pervades relations among nations, and a generally more cooperative and understanding attitude among all parties to the international scene, have been the net outcome of these contemporary developments. It should be noted in this same context that strengthened trade relations between the United States and Latin America have led to the former directing at present 15.5 percent of its total exports to the latter area and receiving 13.1 percent of its imports from it.

As a consequence of the above, the whole world system is becoming more open. Perhaps the old dichotomy between closed and open economies, the former being a condition associated with a high level of national development and the latter being concomitant with underdevelopment, is no longer applicable in today's international economy. As levels of income keep on shifting upwards in developed countries and the commitment to end underdevelopment grows more urgent in less developed ones, international interdependence is going to continue its ascending trend. Affluent societies need raw materials, pri-
mary goods, fuel and specialized consumer goods from the rest of the world. The less well-off areas must import capital goods and technology from advanced societies in order to attain their goals.

Latin America is at the crossroads at this point. As a region, it represents the most prosperous segment of the Third World. Not only is its level of material well-being higher than that of other areas, but the general progress of society as measured by a host of economic and social indicators are cause for a well founded optimism regarding its long term prospects. Latin America's rate of economic growth has been very high for the past two decades. For the Sixties, the average annual pace of advance was 5.7 percent and, for the Seventies, it was approximately 5.9 percent. As the region's G.D.P. maintains its expansion, its involvement with the American economy is going to grow in a parallel fashion. Latin America's economy will increasingly require North America's cooperation in order to sustain the tempo of its developmental efforts. A larger inflow of growth oriented goods and technology must be accompanied by a greater outflow of Latin American goods to the United States market in order to provide for the financing of the process. That is, to use a familiar term of our own times: The Latin American development strategy must be export oriented. Thus, we can confidently predict a much greater degree of mutual economic reliance and interchange between the United States and Latin America for a long time to come. Latin commodities are going to become increasingly common in North American mar-
kets and they may conceivably even influence to some degree consumption patterns in this country. Probably, some so-called ethnic goods will gradually become marketed beyond the confines of ethnic markets and enclaves as they are made better known to the general public. That kind of a development would be perfectly in tune with the cosmopolitan consumption patterns of the American middle and upper classes. European commodities amply illustrate this assertion. However, none of the developments we have discussed in this subsection will bring about any substantive changes in American society or will make for its greater similarity with the societies of Latin America.
Footnotes


9 Refer to the literature cited on nn. 2 and 4 for an analysis of this issue.


12 Jorge and Moncarz, "Cubans in South Florida: The Political Economy of Exile and Immigration", Sections V, VI, VII; Jorge and Moncarz, International Factor Movement and Complementarity: Growth and Entrepreneurship Under Conditions of Cultural Variation, Sec. IX.


14 For an extensive bibliography on this subject refer
to the bibliography on Jorge and Moncarz, *International Factor Movement and Complementarity: Growth and Entrepreneurship Under Conditions of Cultural Variation*, Section II. Also, Jorge and Moncarz, "Cubans in South Florida: A Social Science Approach", Section II.

15 An early study which noted the reasons why the Cuban middle class would easily adapt to American society is that of Eleanor M. Rogg, *The Assimilation of Cuban Exiles* (New York: Aberdeen Press, 1974).

16 It is interesting to contrast the Cuban experience in the United States with that of other Spanish-Americans. For a fascinating account of the resilient cultural traits of Mexican emigrants to this country and their persistence over time, making for a tradition inspired culture orientation very different from that of mainstream society, see, Margaret Mead (ed.), *Cultural Patterns and Technical Change* (New York: New American Library, 1955), Sections II and III.


21 On this genre of thought, specially as it applied to Cuba, very interesting because of the nature of economy and the intellectual trends and policies favoring the liberalization of


