MODERNIZATION in the context of this paper means the transformation of an underdeveloped society into one sharing common basic characteristics with the developed nations of Western Europe and the Americas. It involves basic changes in a number of social institutions. The development of economic, political and educational institutions are at the roots of this transformation, and are the principal concern of this presentation.

The description of the characteristics of an underdeveloped society has been undertaken numerous times. Depending upon the disciplinary orientation of the author items of description taken from economics, political science and sociology have been emphasized. Rarely have these writers recognized and identified the one unifying common denominator of most modern underdeveloped areas in its relationship to the society and to the process of modernization: the concentration of land ownership. This more than any other factor is responsible for the concentration of power, economic and political, in the hands of a small landowning or land based elite. Such a system of social organization produces in turn conditions which seriously retard modernization.

Economically, the concentration of land ownership results in an extremely low average productivity among the members of the population as a whole, even though productivity in given areas of economic activity may be fairly high, and even though productivity as measured by units of land, for example, may be high. Since the agriculture engaged in is labor intensive and of a low technical order and labor abundant and cheap, investment by landowners in agricultural producers’ goods and other forms of capital investment is limited, for it often offers no apparent economic gain. Average productivity is low, average incomes are low, the capacity to save is low, and capital scarce. The elite sees little reason for investing their savings in agriculture, and national markets are not favorable for large scale industrial or manufacturing enterprises, due to low per capita incomes. Consequently, the elite invests these savings abroad thus contributing to the development of nations other than their own. Agricultural wages are spent in their entirety frequently before they have been earned. This restricts commercial activities and also contributes to a low investment incentive. Land ownership per se becomes a highly valued means to legitimize wealth and status earned in commerce or industry. The economic exploitation of land frequently is a secondary consideration, at best.

On the sociological side of this coin, a society organized in this manner awards a low status and prestige ranking to any occupation involving manual work or commercial activity of a lower order. Thus, entrepreneurship tends to be stifled. Furthermore, the low social valuation of manual labor in turn results in a reluctance to invest in industrial apprenticeship and other training programs which might serve to create an efficient industrial labor force. Achievement of high social status is difficult, since most important statuses are in one way or another ascribed or the roles to which they correspond restricted by members of the elite to fulfillment by persons of their own social class.

Specialization and the division of labor as compared with developed societies is embryonic, as are other forms of social differentiation, especially those associated with some of the principal social institutions, notably educational, governmental and, of course, economic.

Major economic decisions become concentrated in the hands of a self-seeking elite, which if it ever had them, has lost any sentiments of an aristocratic noblesse oblige. This elite defines its own best interests as residing either in the status quo, or at best in a high degree of control over social change. Their actions instead of stimulating change tend to intensify existing social inequalities thus producing tensions which pave the way for the adoption of drastic measures for achieving modernization. Sometimes, in recognition of these tensions they will overtly pay them lip service by advocating measures of social or economic reform while covertly acting so as to impede those same reforms; or again, use the demagogic appeal which these issues inevitably have in order to attain particularistic ends. The importance of governmental initiative in the stimulation just described is made especially relevant to economic development by Adelman’s analysis. She states:

\[\ldots\] governmental agencies must play an active role in planning and initiating economic development. First of all, the government is a vital institution for the introduction of purposive socio-cultural and technical change. Second, investment in social capital will not generally be undertaken by private investors. Third, a government has the power to establish a tax and fiscal system that can divert resources into those sectors of the economy that are most capable of systematic exploitation of increasing returns and technological innovations \[\ldots\] from a purely economic point of view, then, it would appear that vigorous governmental leadership and direction are necessary for the successful modernization of the economic and social life of a nation.
It should be obvious that since economic institutions are an integral and vital part of the overall social system, economic and social change are intimately interrelated and that social change must perforce accompany economic change. Smelser in his review of the non-economic variables mentioned by economic theorists concludes that

... in the Keynesian system as in many other bodies of economic thought ... the strictly economic aspects of the system (income, price, consumption, investment) are intricately tied to political variables (taxation policy, defense policy, welfare policy, and so on).\(^6\)

Such generalized ideal-typical descriptions as the above while providing a broad basis for the understanding of under-development, usually do not imply significant empirically verifiable hypotheses. A narrowing of the scope of inquiry can, however, by centering at sociocultural milieu and then collecting significant data on the basis of which theory may be modified and made to have a closer fit with reality. Such a factor would appear to be entrepreneurship, a concept that has significance for both economics and sociology. The entrepreneur occupies a position similar to that of the waist of an hour glass being at the point of convergence of economic and social phenomena. The roles and functions, economic and social of the entrepreneur could well constitute an important area of investigation for economic sociology.

The great significance of the entrepreneur for economic processes has, indeed, long been recognized by economists. Schumpeter, among others, described the role of the entrepreneur and its economic significance. To him, the entrepreneur was above all an innovator, and in innovation lay the significance and uniqueness of his economic function.\(^7\) Entrepreneurial innovation is regarded as an important concomitant to economic development. But entrepreneurship of this kind can only flourish in a favorable sociocultural environment. Credit institutions, for instance, must be willing to provide the innovator with “claims upon the factors of production.” It might be added that the innovation must be adopted for the success of the enterprise to be assured. It is the cultural environment which determines the existence of social and personality types who, in a sense, by accepting the innovation will afford to be a non-conformist. Not being fully integrated with the society in which he operates many of the traditional social sanctions have little meaning for him, and he thus experiences a social immunity which allows him greater freedom to deviate. To Adelman, Schumpeter’s view suggests a vicious circle.

... the incidence and characteristics of entrepreneurial activity were determined by the socio-cultural environment of the economy. But the rate of change of the institutional and socio-cultural environment is itself a function of the rate of innovation. Therefore, in a society in which the socio-cultural milieu is not conducive to entrepreneurship, the traditional pattern and values will persist. The stagnation of the socio-cultural framework will in turn react adversely upon the entrepreneurial potential.\(^8\)

Thus, once more the institutional or socio-cultural factors are identified as important to the process of economic development. Hoselitz argues that the rise of entrepreneurs in the Western World and the economic exploitation of innovation was greatly enhanced by the legitimation of interest and the social sanctioning of the profit motive. He further states that shortages of entrepreneurs along with shortages of capital and skilled workers are “basic bottlenecks” in modernization.\(^9\)

Social deviance has been identified as being one of the characteristics of entrepreneurial innovation. The entrepreneur behaves in ways that represent a departure from established norms.\(^10\) This being the case the question arises as to which features of the society encourage or discourage this type of behavior and as to what kind of individual is likely to engage in it.

In reply to the first question, it would appear that societies in which power is relatively diffuse rather than concentrated, in which there is considerable differentiation in social institutions rather than uniform generalized traditional patterns, in which the economic basis of the elite is diversified rather than common to all of its members, in which the means of social mobility are widely available rather than narrowly restricted, and so on, offer the broadest opportunities for entrepreneurial deviance to find a favorable climate for the changes which it inevitably implies. The difficulty with this analysis as with many others which attempt to state the conditions necessary for development is that it is, essentially, a description of the social structure of a modernized society and provides no clues to how this fortunate state of affairs was reached.\(^11\)

The group of persons most likely to deviate in an economic sense and provide entrepreneurial leadership consists of what Park termed marginal man, although the concept as applied here has a broader meaning than that given it by Park. The essence of social marginality, as applied to an economic situation, lies in the divergence between the socialization process of the individual or group in question and that of the members of the society as a whole, particularly with reference to the social values associated with the economic functions of the society, such as land ownership, manual labor, attitudes toward credit, and so forth. The socialization process is one which tends to develop and breed conformity to the existing social norms. The net impact of socialization is to reinforce existing institutional arrangements. Marginal individuals, however, have experienced a different set of influences during their years of socialization and acquire norms and attitudes that to an extent at least deviate from established patterns. Not having an emotional, social or psychological commitment to the existing order of things, they can more easily perceive alternative behaviors and act on the basis of this perception with relative impunity, unless, of course, the social system in which they operate brings strong negative sanctions to bear against them. The marginal man can afford to be a non-conformist. Not being fully integrated with the society in which he operates many of the traditional sanctions have little meaning for him, and he thus experiences a social immunity which allows him greater freedom to deviate.

It is perhaps for these reasons that the capitalistic entrepreneur has, typically, been an immigrant. Jews have played this role throughout much of their history, as did Greeks in medieval Europe and do the Portuguese and East Indians in the Caribbean, Italian, Syrians, Germans and Lebanese in Southern Brazil and so forth. Entrepreneurial talent is also provided, of course, by native members of each society. If the hypothesis stated above is true, however, these persons must also have been socialized in ways which with regard to economic relationships at least are significantly different from the general socialization process.

The bibliography in this area of scholarly inquiry is bloated with words and starved for data. I have thus attempted to keep this statement of a general theoretical scheme to a minimum.
and will now try to relate it specifically to Latin America, and utilize such data as are available.

In his doctoral dissertation on the industrial elite of São Paulo, Warren Dean has provided the data which permit the following generalizations:12 The transfer and perpetuation of the organizational structure of the fazenda, characterized by a familistic system of management and financing, to the industrial sector, placed upper limits on the productivity of industrial enterprises; and, innovations in managerial and production techniques were, almost without exception, introduced by immigrants who also took the lead at an early stage of industrialization.

Thus, textile milling one of the first and most rapidly expanding manufactures, was carried on in 1900 in 13 mills. Nine of these were owned by planters, in effect feudal industrialists, and four by immigrants. Between 1900 and 1917, 21 new mills were established, five by planters and 16 by immigrants, so that of a total of 34 mills in existence then, 27 were immigrant-owned.18

Planters, virtually the only native born members of the society with sufficient resources for industrial investment, were slow to perceive investment opportunities and when such investments were made, increases in productivity were stifled by the application to the industrial enterprise of attitudes and values transferred from a rural setting. These attitudes revolved around two prime factors: the role of the worker and management policy.

The worker occupied much the same economic position in the factory as did the agricultural laborer on the land. Wages were kept at a bare minimum and investments in social benefits and training which might increase his productivity were practically non-existent. Wage payments as a percentage of sales were only 11.6 per cent in 1920 and 13.4 per cent in 1950.14 Incentive systems of any sort apparently were never considered. The factory like the fazenda was viewed as the personal property of its owner rather than a profit-making enterprise and the workers regarded with distrust and disdain, as antagonists rather than as a factor of production. The highly personal nature of this ownership also meant that control and management of the factory, as of the land, had to remain in the hands of family members. Thus, management by outside professionals and the delegation of decision making was resisted as was the public sale of stock in order to finance expansion.

As long as the family managed the company, its efficiency and growth depended on the quantity and quality of the male offspring. If there were no sons, or not enough sons, the only remedy was marriage of the daughters to competent outsiders . . . the succession of ownership of some firms depended on the unpredictable circumstances of a daughter’s choice of mate . . . potential expansion was less than it might have been for there were never enough competent relatives to perform all the necessary tasks of middle management.16

Productivity could only be adversely affected. The 1920, 1940 and 1950 censuses record virtually no increase in productivity per worker in São Paulo between 1920 and 1940, but a rapid increase between 1940 and 1950 and an average number of workers per establishment of 21 in the latter year. The real wage of urban workers failed to increase during the period in question.16 The economies of scale therefore tend to be lost as the factory grows in size due to increasingly ineffective management, so that firms hiring 500 workers or more produced 103,000 cruzeiros per worker, while those employing less than 3 workers yielded 146,000 cruzeiros per worker.17 The Paulista entrepreneur still shies away from innovation and still keeps a deep foot-hold in the land. The great industrial expansion of São Paulo since 1950 has been almost entirely due to the investment of foreign capital.18

The bulk of immigrants to São Paulo came from a social environment in which familism was firmly rooted. They could perceive new investment opportunities readily and protected by their social immunity did not hesitate to engage in new manufacturing and commercial activities even though the immediate rewards in terms of status might be negative. With respect to their perception of structural and organizational modes of factory management, however, they were not marginal and adopted the familistic pattern described above as did the Paulista planter. Only one family owned Paulista industrial group, of immigrant origin, resorted to professional managers.

Although comparable studies of other industrial elites in Latin America are not available, the supposition that immigration has been an important if not crucial factor in development elsewhere in Latin America is reinforced by the data in Figure 1. Energy consumption per capita, in many ways the best single indicator not only of economic development but of modernization as a whole, is related, for those Latin American countries for which data are available, to the percentage of the foreign born in the population. If immigrant innovators have a bearing on development, then a positive correlation should exist between their relative numbers and energy consumption per capita.

Because it takes time for the impact of innovators to make itself felt and because the relative magnitude of immigration is important, the percentage of the foreign born in the age group with the highest percentage of the foreign born was used as well as the percentage of the foreign born in stated age groups. Only Venezuela is excluded because of the highly distorted energy consumption figure resulting from the enormous investment in petroleum. For the remaining nations the correlation between the percentage of the foreign born in the age group with the highest percentage of the foreign born was used as well as the percentage of the foreign born in stated age groups. Only Venezuela is excluded because of the highly distorted energy consumption figure resulting from the enormous investment in petroleum. For the remaining nations the correlation between the percentage of the foreign born in the age group with the highest percentage of the foreign born and energy consumption is striking, the coefficient being .69. Even more striking is the manner in which the coefficient of correlation itself varies when energy consumption is correlated with the percentage of the foreign born in the population aged 15 to 24, 25 to 34, 35 to 44, 45 to 54, 55 to 64, and 65 and over. Following the progression it is respectively, .37, .40, .63, a high of .71 at age 45-54, then .70 for ages 55-64, and .66 for ages 65 and over. If the theoretical statement that marginality is the crucial factor in innovation is valid, then the correlation should be improved by subtracting from the foreign born
Energy Consumption (Kilograms per capita) 1955

Figure 1.—The Relationship between Energy Consumption and Immigration

those born in cultures having close similarities to the one in which they live. Elimination of the Spanish born in the case of Cuba and of the Central Americans in the case of Panama, for instance.

On the other hand, at least one study supports the thesis that intranational social marginality may also have an influence on development, although probably not as great, because of the lower education and technical levels of this category of marginal man. Thus Siegel found in comparing migrants from the northeast in a small town in São Paulo with local residents of similar economic and educational levels that

In no case did the migrants from the north begin in Cootown with more resources than did resident caipiras. In fact, the latter in several instances did own property which they might have converted into capital resources. Nevertheless, within the space of a few years better than half of the northern emigrants had saved enough money to purchase a small shop or a little land (or both) which they continued to augment, harvest, plant with more trees, etc.

My own unsystematized observation of this phenomenon suggests that there are significant social differences between the innovator and non-innovator that belong to the same culture.

Perhaps the lower social visibility of the national marginal men has tended to cause their role in relation to economic development to be neglected, particularly when individually their contributions are small. This area also offers rich promise for research. Indeed, Kindleberger has suggested that the limiting factor in capital formation is not savings but projects and entrepreneurs to go with them.

Although there seems to be little disagreement with the proposition that some social systems are more permissive of innovation than others, and numerous theoretical constructs created to explain these differences here again little documentation exists. With regard to the Indigenous Andean populations an analysis is provided by Marvin Harris which is illustrative of how centuries of an oppressive system of exploitation of labor has created conditions under which innovation is punished rather than rewarded. One member of a remote Indian village finally succumbed to the persuasion of a foreign specialist to cross Merino sheep with his own scrawny stock. The promised results were obtained. The sheep produced by the cross were, as the expert had promised, twice as large and twice as wooly as the native stock. However, no sooner had those superior animals matured than some mestizos from a nearby town drove a truck up onto his field at night and stole the sheep. Having no recourse against a dominant and oppressive majority, the innovator was left with no sheep at all for his pains. The extent to which innovation is thus dealt with not only in rural but in urban areas in Latin America is unknown but possibly great.

Another result of the agrarian structure, which sharply polarized the city and the countryside and created an abyss of differences between the two in Latin America is the negative or neutral valuation placed on rural life and the rural environment. It is city life and urban environment which is glorified, which is sought after while small town and rural areas are rejected. Certain professionals like physicians in Mexico and school teachers in Brazil, for instance, must accept assignments to rural areas upon graduation, since this compulsion is almost the only way to provide such services to them. They then proceed, in many cases, to spend a substantial portion of their careers striving for promotion and transfer to ever larger population centers. This fundamental attitude toward rural life, including agriculture, is reflected in the variety of ways in which agriculture and rural areas are neglected: the lack of agricultural extension services; the paucity of agricultural credit particularly for small producers; the neglect of rural education, and the withered state of technical agricultural education at the University level, all in the face of the major role of agriculture in the economy. Industrialization and city based enterprises generally are regarded as holding the key to the economic and social well being of the country. It is assumed that agriculture will somehow take care of itself, and is not in need of stimulation, incentives, and support as is industry. These attitudes pose a serious barrier to modernization if we are to support the thesis that industrial and agricultural development must be balanced.

Certainl
y the development of educational institutions and the widespread availability of educational opportunity is uncontestably a concurrent if not a pre-condition of modernization. Quantitative evidence is available in support of this proposition. High correlations have been found between literacy and per capita income and between literacy and the proportion of gainfully occupied males in non agricultural occupations.

The access to education in Latin America, therefore, is highly pertinent to the process of modernization. In particular, secondary education is a sine qua non for the preparation of persons to perform the many technical, white collar and skilled tasks upon which the process of modernization depends. It is, therefore, highly significant that among the 13 Latin American countries for which data were available in 1950, in only one had more than 5 per cent of the population over 15 years of age completed as much as ten years of schooling. The comparable figure for the United States is 48.0 per cent.

Furthermore, in many countries, notably Argentina, Brazil, Colombia, Chile, El Salvador, Nicaragua and Venezuela secondary education is a major bottleneck in accessibility to education. In the countries listed 40 per cent or more of secondary school enrollment is in private schools, which can only be frequented by the sons and daughters of members of the more affluent social classes. Technical and vocational education is largely neglected. Specialized training for vocational education for instance, is available in only two countries. Secondary school curricula tend to be class oriented in a traditional sense, emphasizing the humanities and incorporating a deficient preparation for the demands of modernization. This same observation is largely applicable to the universities which in addition are unable to provide the basic research services required by modernization. Thus, while on the one hand secondary and higher education is unaccessible to the great bulk of the population, on the other it tends to perpetuate traditional patterns of thought, behavior, and occupational choice.

Let us now turn to a brief consideration of some political factors. During colonial days, particularly in Spanish Latin America the legitimacy of the King was unquestioned and his authority in theory supreme. The independence move-
ment did not provide an heir to this power, either in the form of a person, an institution, an ideology or a document such as a constitution, in whom legitimacy could be vested. This lack of a clearly defined legitimacy meant that authority, not depending on such investiture, could be sought after by any one or any group with the power to do so. Hence, what Anderson, in his excellent essay read before this audience on a previous occasion, calls power contenders. Because the contenders for power may be many and diverse the chief executive has a real need to concentrate power in his hands and in those of his followers to the extent possible under the rules of the system; and to attempt to legitimize this power by the most effective means available. The most recent demonstration of this principle was the promulgation of the Institutional Act by the revolutionary government of Brazil, and the protestations of loyalty to democratic principles contained in the dozens of official speeches made since April 1964. However, since elections are only one way of demonstrating power capabilities, as Anderson has so ably argued, authority is fragile and centralization essential to its retention, as the numerous regional uprisings in Latin America have frequently demonstrated.

The requirement of centralization is in turn responsible for the lack of local autonomy, the debility of local government and the system of interrelated relationships of subordination and superordination which characterizes the political and permeates the social structure. The basic relationships between patron and peon tends to be repeated between the local and state governments, the state and national governments, and at many intermediate points. Taxes are collected by the large units of government and doled out to local government.

"... in Brazil, Colombia and other Latin American countries the community cannot make use of the power to tax in order to secure the funds it needs in order to organize and carry on many of its legitimate and essential functions. Especially in the modern world any local activities in the fields of education, protection of life and property, health, the construction and maintenance of bridges and roads, and so forth, are practically doomed to failure, because purely voluntary forms of cooperation have proved entirely inadequate for such purposes; and if the funds for all of these must come from distant state or national capitals, the bales of administrative red tape, the conflicts and machinations within the bureaucracy, and, frequently, the leaky nature of the financial pipelines that lead from the capital to the rural communities, almost inevitably preclude the successful organization and functioning of most of the basic institutions at the local level.

Action is taken on a request not so much because of its worth or validity as because of the political, personal or social relationship that exists between the individuals involved. Local government, especially, is highly dependent upon the state and national governments. All initiative at a local level requires approval from a higher level, for which a return in the form of support is expected. The system tends to be self perpetuating and stifling to initiative and innovation at the local level. The significance of this situation for modernization is underscored by Nicholls:

Thus, one of the needs of most underdeveloped countries is a policy of encouragement of greater local autonomy and local responsibility, and the creation of conditions under which local community leadership can be discovered and become effective... the will to progress must come to be shared by the great masses of the people, who themselves become active participants under strengthened local leadership and local responsibility.

The centralization of authority at high governmental levels as well as the negative valuation and neglect of rural life and agriculture mentioned earlier is reflected in the heavy investments made in major urban centers and industry, in showcase projects such as parks and architectural monuments (of which Brasilia is the prime example); and the so called urban primacy or the wide gap which so often separates the population size of the largest city and the second largest in a given country.

GRASPING the stick from the other end and again borrowing from Anderson's analysis, the political system serves to tame reformist movements. Many power contenders represent interests with a traditional orientation to have historically occupied an important position in the power structure: the church, the military, landed estates, major commercial interests.

New contenders are admitted to the political system when they fulfill two conditions in the eyes of existing power contenders. First they must demonstrate possession of a power capability sufficient to pose a threat to existing power contenders. Second, they must be perceived by other contenders as willing to abide by the rules of the game, to permit existing contenders to continue to exist and operate in the political system.

While reform movements may become significant power contenders if they demonstrate sufficient power capability, usually as measured by election returns, and be admitted to the inner circle, in order to remain there it becomes necessary for their leaders to modify the means and usually ends advocated previously, thus frustrating their efforts at modernization.

This high degree of autonomy of the central government in this system is reinforced by the lack of accountability to a broadly based electorate. To the extent that accountability is limited to the representatives of a few groups that effectively contend for power and is not owed to an electorate which has the power to periodically legitimize authority through the electoral process, the rate of change is retarded and modernization postponed.

FINALLY, an important factor which affects modernization in many of its aspects is that of population growth. The problem presented by population growth has its roots in the value which we attribute to the control of mortality and the control of natality. The control of mortality is a moral imperative to which we are committed by the ethics of our civilization. The control of natality, on the other hand, is something that we may do, not something that we must do, and which had indeed been opposed by the major religious congregation of the western world.

These values, associated with two concepts of vital importance to modernization are reflected in a number of ways. Suffice it to say that in the entire world an estimated six million dollars is spent annually on research related to the control of natality. The National Institutes of Health alone spend $375 million annually on research related to the control of death. This disparity is further increased by a very large margin when public health expenditures are considered.

In Latin America the effects of these values are manifested in increasing rates of population increase that are among the highest in the world. With one exception, the rate of population growth increased in every Latin American nation between
the population of Latin America will result in its doubling every 25 years.

In underdeveloped areas, where the great majority of deaths are produced by infectious and contagious diseases, the control of mortality by sanitary and prophylactic measures is relatively simple and can produce dramatic reductions in the death rate over very short periods of time. Fertility is much less susceptible to control and continues at the same high level resulting in rates of growth that tend to increase as mortality decreases. The hypothesized reduction in fertility as a consequence of rapid urbanization has been slow in coming to Latin America.

These conditions produce a demographic structure that makes more difficult the achievement of the goals of modernization, so that increases in the gross national product for example are either cancelled or largely nullified by the increase in the number of inhabitants, as is true for Argentina, Ecuador, Honduras, Panama, Chile, Guatemala, Peru and possibly other of the Latin American republics as well. In almost every instance substantial gains in annual percentage increases in per capita national product could have been achieved with moderate reductions in the birth rate. For example; a nation with a birth rate of 45, a death rate of 15 and an annual increase in GNP of 4.0 per cent has an annual increase in per capita gross national product of 1.0 per cent. By reducing the birth rate by one third, to 30, still a high level, and holding the other figures constant, the annual increase in per capita GNP is raised to 2.5 per cent. In the first instance 140 years would be required to quadruple per capita income, in the second only 56. The rapid expansion in the number of inhabitants requires increasingly large investments in social overhead simply to maintain the status quo. In Brazil, for example primary schools increased in number from 72,120 in 1949 to 93,080 in 1959, or 29 per cent. The population, however, expanded by 37 per cent, thus more than cancelling the gains made.

Another effect of these demographic phenomena is to perpetuate a population in which a large proportion of the inhabitants are in the young ages and need to be housed, clothed and educated by a relatively small number of adults with limited resources. For Latin America as a whole 41.1 per cent of the population is under 15 years old and, with the possible exception of Cuba, the percentage of the population in this age group increased in each Latin American nation during the past ten years.

The effects of technology, urban growth and decreases in mortality are coming to Latin America very rapidly in a highly compressed period of time. The death rate, for instance, has dropped as much in many areas of Latin America in 15 years as in 150 years in Europe. The speed with which urbanization is taking place is unparalleled. While Western Europe and the United States could progress and change gradually as new technologies, new social demands, new pressures created by urban growth and population increases developed over a long period of time, Latin America must find much more immediate solutions if modernization is to become a reality.

This situation presents, furthermore, a serious threat to democratic institutions. These depend by their very nature on relatively slow evolutionary processes which permit ample discussion and the consideration of divergent opinions. On the other hand, to adopt sudden authoritarian measures which can be put into effect in the short run, may well require the demolition of the democratic institutions whose survival depends on rapid adaptations to social change and to the demands of modernization.

NOTES

1. There are, of course, exceptions to this generalization, notably certain areas of Africa where a pastoral economy prevails. Nevertheless, much of Africa, in which what agricultural colonization occurred, such as the Union of South Africa, Kenya, etc., is noted for the high degree of concentration of land ownership.


3. This general topic is discussed through the prism of Parson's pattern-variables in Bert F. Hoselitz, Sociological Aspects of Economic Growth (The Free Press, 1960), pp. 30-60, passim.

4. Ibid., p. 44.


10. Ibid., p. 25.


13. Ibid., Appendix 1.


15. Ibid., pp. 116-117. Comparable data were gathered by Albert Lauterbach in interviews in several Latin American countries: "In some cases a family-owned enterprise was found to employ high-level executives from outside the family, but more frequently family influence extended not only to ownership but to management. In other words, the managerial group in a given firm is likely to come entirely or in large part from the family, though some of the relatives concerned—especially the younger ones—may also have received executive training. The great majority of managers interviewed either considered this to be an appropriate arrangement under the conditions of the country, or had not thought of alternatives." "Government and Development: Managerial Attitudes in Latin America," Journal of Inter-American Studies, Vol. 7, No. 2 (April 1965), p. 203.

16. Dean, op. cit., p. 96. Real value added per worker in manufacturing was Cr. $5.240 in 1920; Cr. $5.470 in 1940; and Cr. $7.560 in 1950. Henry William Spiegel in The Brazilian Economy, Chronic Inflation and Sporadic Industrialization (Philadelphia: Blakiston, 1949), pp. 97-99, provides data supporting the contention that real wages did not increase between 1913 and 1945.

18. Baklanoff presents the following data for Brazil as a whole although per force they apply to São Paulo as well: "Foreign direct participation in Brazilian industry has been very important, its share increased from one-fourth in 1957 to one-third in 1960... Foreign enterprises at the beginning of 1960 controlled 69 per cent of the automobile industry; 62 per cent of the pharmaceutical industry; 57 per cent of the manufacture of auto parts; 38 per cent of machinery manufacture; 37 per cent of the chemical industry; 28 per cent of plastics production," etc. Eric N. Baklanoff, Foreign Investment and Industrialization in Brazil, Unpublished paper, pp. 15-16.


25. Ibid., p. 290. The figure for Brazil, the highest of the group, is 70 per cent.


