

Latin American novel: a mirror of economical failure and a model for business innovation in the region

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Once upon a time, an eminent professor of economics, and friend of mine, recommended me to read more economics in order to better understand human nature and society. “Just like many economists –he added, rather optimistically— do read literature”. He used Vargas Llosa as an example of a sensitive self-taught classic economist. And his counter example was, if I recall it right, Amyrta Senn. This is a wise advice, I said to myself. Only to immediately realize it was a little unfair for a layman: usually economics is written in a jargon impenetrable for outsiders; whereas fiction is supposedly open for everybody.

That frustrating paradox suggested to me a different answer to my friend’s exhortation. Isn’t it true –I asked myself— that great literary fiction is an unorthodox but deep, economic and political portrait of society? Moreover, isn’t it true that contemporary novel, right from its beginning, from Jane Austen to Balzac, contains economic life as an essential, non detachable part of human adventure, giving interesting information about the real mixture of emotion and reason that lurks behind even the most basic of the economic decisions? In other words: to match my friend’s hopes, couldn’t it be possible to take my familiar short cut and look for economics while reading literature?

Following this inkling I have decided to take this opportunity to talk to this distinguished community of economically trained minds from this unusual point of view: reading some relevant texts of Latin American literature as a mirror of economical failure

and –at the same time— a model for business innovation in our countries economies and politics.

I propose you to follow me across the vast continent of our fictions, in an imaginary journey from north to south visiting a handful of imaginary cities which are, among many other things, economic and political frescoes and allegories of Latin America.

Comala

Let us begin in Mexico. There we have the ancient city of Comala, created by Juan Rulfo and presided by the ghostly rancour of his patriarch, Pedro Páramo. When the narrator arrives to the once prosperous and rich land of his father, in Jalisco, he finds instead a ghost town, peopled by specters. They are not exactly dead –this is crucial. They are somewhere in between the earth of their secure past and the hell of their doubts about what to do with their freedom in the future. They are in limbo.

Their limbo is of a telling nature. They feel nowhere because they have been abandoned by the driven force of patriarchal authority. Because Pedro Páramo is mad, after loosing the single human being he loved in this earth, he has decided to take revenge on this world and he ceases to work: “Me cruzaré de brazos y Comala se morirá de hambre”. (“I will cross my arms and Comala will starve to death”).

In the same way he made the fortune of that region, single handedly, ruthlessly, he has decided now to let it die of hunger and desperation. Comala inhabitants are resentful and fearful of don Pedro Páramo, of course. But when he decides to ruin the land, they find themselves unable to reorganize their lives without his power, and

personal charisma. Comala, without its leader, is nothing but a rambling flock of specters. (And in this respect of course, I am pointing at the core subject of this forum.)

Why cannot they go out of their limbo? Why cannot they reinvent themselves, take their future in their hands and prosper without the imposed entrepreneurship of their caudillo?

I think this novel –in its symbolic, powerful style— offers a possible clue by showing that the inhabitants of Comala are not trained in individual freedom, or in personal enterprise, but in tribal submission to a leader without whom they would perish. This dependency on authority, for the best and the worse, to prosper and to decay, suggests much –in my opinion— about Latin American backwardness.

Proper management in Latin America mixes fatally with the old tradition of downwards commands and hierarchical administration –on the part of the leaders— and submission and lack of initiative –on the part of the inferior ranks--. Due to this people being from ancient times used to expect order coming from the power, they are not able to create power by themselves in order to establish their own political and economic order.

To the skeptic ones of the currency of literary metaphors, I would like to remind them of some figures: the last Latinobarometro survey shows that more than half of the people in Latin America prefer order (i.e. authoritarian regimes or even an “iron fist”) over freedom. Also a majority thinks that the state or the authorities should provide all the solutions, and it’s not up to themselves. Finally, an adamant 55% of them are willing to give up democracy if that solves the economical problems of their countries. However, in theory more than 53% of the people supports democracy.

This says a lot about the high volatility of basic civic attachments and the state of confusion and contradiction in Latin America. This means LIMBO, as well: contradiction about the essential value of freedom in political and economical life.

Macondo

Further south in an imprecise but very distinctive place hidden in the tropical rainforests of south America, you find Macondo, where people live One hundred years of solitude. From this lurid, baroque novel I would like to remind you only of a few traits.

The founder of Macondo, José Arcadio Buendía, is not only a conquistador, explorer and pioneer. He is also a businessman. Although one of a peculiar Latin American type. He is fascinated with inventions, with every new piece of technological advance that the gypsies bring to the remote city he has founded. However he believes firmly that he can use them not for the humble, practical, purposes they were invented for, but to achieve rapid, instantaneous, wealth and fame. That is the case of the magnet that he decides to use to look for gold, finding only a rotten armor with a skeleton inside. José Arcadio becomes disillusioned for a short time. But soon he falls in love with the old dream of alchemy: the philosopher's stone. And in this enterprise he sacrifices all the money that his wife Ursula has saved for domestic improvements.

Jose Arcadio's dream isn't that of gold for gold's sake. In the end his goal is a fast and magic, single solution to all his troubles.

This ancient fantasy entails a sort of pervasive economical utopia in Latin America, which is: dreaming of finding the gold of a sudden, quick, encompassing *single*

solution instead of casting the iron of a gradual, piecemeal, complex, but workable program.

In regard to those short time expectations, the last Latinobarometro survey shows that the average Latin American citizen thinks he or she should reach the satisfaction of his/hers economic dreams, in around six years! It is not then strange, that many governments of different sign have collapsed well before that short-term period has ended.

Santa María

If you travel further south through this imaginary geography, eventually you will find Santa María, in the north banks of the Rio de la Plata. The powerful imagination of Juan Carlos Onetti created there one of the more enduring images of Latin American failure.

In Onetti's literary saga the main character, Larsen, is a pimp, who arrives to Santa María called by the liberal Dr. Barthe in order to open a brothel. Santa María is a city that has grown and Barthe thinks it's time to have all the comforts, advantages, and freedoms of a modern city. The brothel will be a modern institution, being at the same time a successful business. Barthe's political project is to liberate the youngsters from archaic sexual repressions, avoiding unwanted pregnancies and controlling illegal prostitution by legalization. In short: a liberal utopia. Economically, the market is there: nobody would deny the virile impetus of Santa María's youth.

Larsen is the manager of this project. He is an expert, a technocrat of lust. He has dedicated a life and a vocation to it. Santa María's modern brothel will be his

masterwork. Then everything fails. Santa María is after all not so modern as the local elite thinks. Old prejudice and conservatism reveal their force. Larsen is expelled from the city and the brothel is closed down. The dream of this modern corporation of lust fades into oblivion. The metaphor is clear: free enterprise can change everything, except the private realm of prejudice and tradition.

Five years later –in the second part of the saga--, Larsen comes back, fatter, older, disillusioned. Santa María is no longer the promising city it once was. One can imagine that the failed brothel –the failed project of a free market economy— was only one extreme example of many enterprises undermined by pervasive prejudice and bigotry. Accordingly, Larsen, who still keeps a rag of the ambition of the resourceful lad he was, conceives a very different idea. He decides to become the manager of the bankrupt shipyard, which was the main industry in that part of the river but is now deserted.

Eventually, he is appointed in that capacity by the frail and mad tycoon Jeremias Petrus. His official duty is to put the factory again on business. But Larsen really knows there is no hope and that the one and only profit he could obtain of that mountain of metal debris, will be selling it piece by piece; selling the whole abandoned factory, undercover, defrauding the creditors. Once a month, Larsen pays himself his salary as a manager, cashing the remains of the broken machinery, by its sheer weight.

It seems difficult to me to conceive a more powerful image of the failure of Latin American industrialization. But even worse, the whole saga reads as a parody of the cultural limits of free enterprise in Latin America.

Again, all the above it is far from being “a tale full of noise and fury”. After a decade of market oriented experiments, the last Latinobarometro survey shows in 2004

that in the whole region, only 19% of the population support actual free market policies (down from 24% in 2002). Even in Chile, the star of neo liberal fans, only 36% of local people support the system. Although in general more than a half of them think capitalism and democracy are indispensable for development, in practical terms, the privatization of public services --the milestone of these policies-- receives a clear repulse of more than 70% of the people.

Disturbing as such a reading is, there is more in the Santa María saga. When Larsen abandons his original vocation as a pimp to run the broken shipyard, this is equivalent to changing from being an idealistic entrepreneur to become a cynical profiteer. The ironic metaphor is transparent: Larsen discovers what many before and after him discovered in Latin American cyclical crises: that when a whole economy shakes and shambles, only corruption pays the bills. Corrupt agents contribute to an economy failure and vice versa: a failed economy corrupts its agents.

According to Transparency International, without Chile's high score, the average for Latin America and the Caribbean would have been in 2002 3.2 (making it the most corrupt region in the world).

Latin American novel as a case of successful business innovation

After this bleak panorama of Latin America through a handful of its literary recent classics, I would say some of you could be tempted to ask: is there hope at all in Latin American fiction?

Well, yes, it would be my answer. As usual with the Arts the mere practice of them constitutes a proof of vitality that you can extrapolate to an entire society. Literature

and the arts are telling you that no matter how blocked the concrete and real paths to political and economical achievements are, the imagination, and therefore, the creativity and capacity for innovation is alive.

I wouldn't like to leave this in a muggy wishful thinking. All the more, if I have the example at hand. The same Latin American novels that I mentioned before are an interesting case of successful innovation. An exportable good made by smart adaptations of foreign techniques to local realities.

Juan Rulfo, García Márquez, Juan Carlos Onetti, among others, were all attentive readers of foreign novels, mainly French, British and American. This in itself means nothing new in our cosmopolitan tradition. What introduces a difference with previous generations of Latin American writers is the fact that they not only *adopted* the foreign influences and techniques but they also *adapted* them to their necessities.

A crude description of the process would be something like this. We had the raw material of a dramatic reality both geographical and human. Previous attempts to export literary treatments of that material, beyond our language, had failed. Then we imported the techniques read in Joyce, Faulkner, Woolf, et al, and modified them by a careful combination with ancient local narrative traditions. Finally, we re-exported those reengineered techniques applied to the old local subjects, in a package that seemed both completely original and, at the same time, oddly familiar to its buyers in the international publishing market. Thus the boom of the Latin American narrative was born.

And it has been, until now, one of the few cases of highly sophisticated, value added inventions created in and exported from our region.

The clue –if you force me to give one— was simple and it is implicit in the novels I have just sketched for you. Latin American writers behaved in exactly the *opposite* way than the anti heroes they had created. Authors defied the old authorities in their field, they listened to the community for their tales, they were open to make innovations, but at the same time, they understood that innovation means nothing if it's not exerted upon a tradition. Above all, they avoided corruption by keeping their faith in the liberating power of imagination.

The disintegration of central narrative authority in Latin American novel is an equivalent of the scarce decentralization in administration. Multiple points of view, relativism of dogma and counterbalance of testimonies in their tales, are equivalent to democratization in the decision making process, from the political arena to the working place. I have no time for more examples.

Only to say that I've always guessed that the Chilean limited but interesting economical success could be closer to those previous ideas than it may seem. A series of fortunate adaptations made the Chilean model both orthodox and very innovative. This involves the sort of flexible intuition proper of the arts and literature. I am not suggesting that economists who imported the model –and those who adapt it to Chilean reality- read novels instead of treatises. All I am asserting now is that intuition and imagination belong to the core of good economics as a science, as well.

As a novelist I find no obstacle in firmly subscribing Karl Popper's Logic of scientific discovery, when he says: "every discovery contains "an irrational element", or "a creative intuition". I wish to anticipate that good economists will subscribe it, as well.

I am about to end and, I'm afraid, I've not matched my friend's hopes. I reckon. I have not read more economics like the eminent professor recommend to me. Instead, I read fictive economics in our literature. But, unusual and foreign to your trade as this may seem, I dare to believe that you could find in these literary metaphors something useful for your debate in this Forum.

Thank you.

Madrid, June, 2005.