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Modernization and Development: A Comparative Study of South Korea and Brazil

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**MODERNIZATION AND DEVELOPMENT:
A COMPARATIVE STUDY OF SOUTH KOREA AND BRAZIL**

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In this paper, I tried to identify some of the problems caused by American economic aid to and investment in the Third World, in a comparative study of Korea and Brazil.

I open the paper with a review of the literature on modernization theory, with a special emphasis on Walt Whitman Rostow's Stages of Economic Growth. I look specifically at the assumptions made by American theorists and policymakers alike about the Third World. In this way, I hope to correlate the economic theories postulated in the academic institutions with the policies adopted by American political and economic leaders. I pay particular attention to the theories of the 1960s, due to the interest in Third World development in that decade.

I then review the literature opposing modernization theory. I pay particular attention to dependency theory, originating in Latin America. Andre Gunder Frank's call for economic autonomy and Cheryl Payer's concept of the "Debt Trap" is of considerable importance. I also analyze the impact of Raul Prebisch's theory and the Economic Commission on Latin America (ELCA). I do this because of the influence such theories have on my work.

A study of South Korea as a success of modernization theory is the next phase of my work. I analyze Korea both historically and theoretically. I pay close attention to aid extended to Korea just prior, as well as following, the Korean War. I then turn my attention to the debt accumulated by Korea in the process of economic industrialization, as well as the policies adopted by subsequent governments to spur economic growth.

A study of Brazil's economy then follows, with special attention paid to its debt problem. I analyze the nation's historic incorporation into the global political economy, emphasizing the dependent nature of the incorporation. I then look at the process by which Brazil accumulated its debt, with particular emphasis on the policies which developed into the "Brazilian Miracle." I then analyze the debt's effects on current Brazilian attempts to modernize.

Finally, I offer some prescriptions for avoiding the debt trap. I pay tribute to the work of the British economist E.F. Schumacher for his work Small is Beautiful, and suggest that this is a proper manner in which to analyze political-economic affairs. I suggest that the policies adopted by both Brazil and South Korea are bold, and unforeseen shocks to the economy may leave the nations helplessly under the burden of debt. Finally, I stress the inappropriateness of a global economic theory, and the need for country studies as the proper means to analyze future economic development.