



## BRAZIL, CHINA AND SOUTH KOREA: STRUCTURAL TRANSFORMATIONS AND CATCHING-UP IN THE XX AND XXI CENTURIES

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### Abstract

This research has the purpose to understand the determinants that constitute the process of "catching-up" of China and South Korea, which extends from the second half of the 20th century to the 21st century, and then, compare to the reasons why Brazilian economy passed through a process of "catching up" but, in sequence, passed through a "falling behind", at the end of the 20th century to the beginning of the 21st century.

### Key words:

*Economic Development, "Catching-up", Comparative Analysis*

### Introduction

The objective of this research is to study, through bibliographic review and data analysis, the examples of economic development, called "catching-up" – process of adjustment of per capita income levels between developed and developing countries – of China and of South Korea in the period that extends from the second half of the 20th century to the 21st century. In order to create a theoretical framework to compare with the process of "catching up" and "falling behind" – the process of increasing the differences in per capita income between developed and developing countries – of the Brazilian economy, between the second half of the 20th century and the 21st century.

By means of the theoretical revision on the Chinese and South Korean economic development cases, certain hypotheses were visualized like determinants, such as the conduct of exchange, commercial and industrial policies. The research evaluated the importance of the Industrial Policy and sought to analyze different interpretations and his basic functions.

### Results and Discussion

The historical importance of the Industrial Policy in the economic development process of the countries were analyzed through two authors. The thinker Friedrich List interpreted international trade as protective of the more industrially developed countries, in opposition to the classic thinker Adam Smith. For List, therefore, a policy of economic development should have as its central point the formulation of industrial policies, since these would have the capacity to transform the productive structures of a country.

The thinker Ha-Joon Chang formulates his interpretation based on List's ideas. For Chang, the Currently Developed Countries, at the beginning of their industrialization processes, used practices such as tariff protection, export subsidies and protection of the nascent industry, currently annulled by them to the Developing Countries, a practice called "kicking the ladder".

China and South Korea in their respective "catching-up" processes formulated and conducted industrial policies that have shaped themselves as determinants. In the South Korean case, the economic development strategy goes through some periods, beginning with the reforms adopted at the post-war transition. In the 1960s, it developed the low-complexity non-durable goods industry, such as

textiles; in the 1970s, the heavy industry sectors, such as the chemical and metal-mechanic; and in the 1980s, the high-tech.

In the Chinese case, the government formulated plans that directed to the national industry. The Five-Year and Ten-Year plans listed key sectors of investment in the industry: metal-mechanics, chemicals, and electronics.

The Brazilian economy between 1955 and 1980 was able to carry out a process of "catching up" through external resources, in the form of Foreign Direct Investment, and the installation of multinational industries in chemical and metal-mechanical complexes, sectors characteristic of the 4th Technological Revolution. However, in the post-1980 period, the movement of the Brazilian economy is different from that adopted by the central countries, as there is stagnation in the participation of dynamic industrial sectors and specialization in the production of commodities, forming a process of "falling behind".

### Conclusions

The centrality of the Industrial Policy is a common factor in the three "catching-up" processes studied, however, there are qualitative differences in the patterns adopted by the countries. The standard adopted by Brazil consisted of the structural transformation through Industrialization by Import Substitution – in which there is a reconfiguration in imports, from final products to means of production (capital goods and inputs) –, with the production focused mainly on the market domestic and with predominance of external capital in the most dynamic industrial complexes. The main limitation of this pattern lies in the difficulty of developing an internal technological dynamic.

The pattern adopted by the two Asian countries presented production dynamics focused on external demand, with a strong public investment in infrastructure and a predominance of state capital in the domestic productive structure. In this, the main limitation would lie in dependence on external dynamism.

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