

APPLES & ORANGES:
HOW GHANA'S POLITICAL ECONOMY
TRULY COMPARES WITH SOUTH KOREA, AND BRAZIL

By

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A Thesis Submitted in Partial Fulfillment of
the Requirements for the Degree of Master of Arts in Political Science
to the office of Graduate and Extended Studies of
East Stroudsburg University of Pennsylvania

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ABSTRACT

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Abstract

This paper calls for a reexamination of the standard literature why Korea successfully used foreign aid while its peers continue to be aid dependent. My focus is on Ghana, Brazil, and South Korea, - the most representative examples of countries which used foreign assistance, had similar per capita gross domestic product (GDP) in the early 1960s, but which end up differently sixty years later. Salutory scholarship to South Korea's leapfrog industrialization and democracy between 1962-1980 is mainstream. Much of these unfairly presume my focus countries had identical aid flows to industrialize. This qualitative paper reappraises the key building blocks of Korea's successful development transition to clarify Ghana's growth collapse and Brazil's delayed ascent. The paper considers the weighty broader implications of America's Cold War policy objectives in addressing the replicability of the Korean "miracle" to other countries.

DEDICATION

To my wife Ruby Bortey, my daughter Marie-Chantal Tornyenu, and my son Jeremy-Ajanou Tornyenu. You bid the sun to delay its descent until I prevail. To Vincent Twum, the constant nudger.

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CHAPTER 1

INTRODUCTION

This paper focuses on Ghana and her peers, Brazil and South Korea. All three countries are examined although it focuses on South Korea (hereafter, Korea) which, in a single generation, experienced an exponentially high growth and democracy ahead its 1960s GDP peers, Ghana, and Brazil. These three countries, are the most representative examples of countries that had similar GDP in the 1960s but whose divergent paths now put them in different economic brackets. According to Jiyoung Kim, Korea's GDP was comparable to some poorer countries of Asia and Africa in the 1960s.¹ Korea's ascendance as a 'breakout nation' began with a growth spurt in the 80s and 90s that led to an astonishing \$1.410 trillion GDP in 2014, and lands it in the high-income bracket.² Brazil is regarded upper middle-income country with \$2.346 billion G.D.P while Ghana's

¹ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2F5Rr5b> Google Scholar

² Sharma, Ruchir. *Breakout nations: In pursuit of the next economic miracles*. WW Norton & Company, 2012. <https://bit.ly/3j6inAA> Google Scholar

G.D.P. is \$38.62 million and is ranked lower middle income.³ Korea, which declared independence on August 15, 1948, is the premier development success story of the last half century. Korea went from aid recipient to donor. It hosted the G20 summit, the ‘unofficial steering committee of the world economy’ in November 2010. The broad facts of the Korean case are now relatively well known, though the contextual facts mediating its spectacular developmental transition, and how it truly compares with other poor countries like Ghana, are still unfolding. Given the infrequency of successful developmental economy on the African continent, understanding how a sure star like Ghana plummeted is important.

This paper focuses on the 1960-1980 period because it the most often cited period during which Korea experienced its transformational growth. Second, because it was the period during which the sharp divergence of the economies of my focus countries began to distinguish them. Third, the period coincides with the Cold War during which the uneven nature of America’s involvement in each country became particularly evident.

Foreign aid regime, America’s overarching Cold War foreign policy objectives, and state leadership have been dealt with individually in the comparative political economies of my focus countries. However, their interplay brings new perspectives that make a compelling case for a reexamination of how the countries truly compare. Korea’s

³ Sharma, Ruchir. Breakout Nations: In Search of the Next Economic Miracles. WW Norton & Company, 2012

<https://bit.ly/3j6inAA> Google Scholar

successful developmental experience, dubbed a ‘miracle’ by some writers, has become a prescribed economic model to countries aspiring to industrialize. The portability of the Korean experience to other countries and the difference it could make in changing Ghana’s fortunes or its influence on Brazil’s development policy choices during the period is consequential.

The competition among nations to be economically self-sustaining, is often a fierce engagement that is tilted in the favor of nations which specialized in products or services that is of advantage to the economies of scale.⁴ The power that trade specialization and dominance confer makes it an inherently ‘contentious and prominent international issue.’⁵ Trade disputes and their occasional escalation into military conflicts challenge the conventional wisdom that bilateral trade promotes peace, and leaders are rational.⁶ Powerful nations use trade to exact concessions or acquiescence from weak ones. Immanuel Wallerstein’s three-tier hierarchy World Systems Theory, has at its core the advanced capitalist economies which run roughshod over weaker nations at the

⁴Hazlitt, Henry Foreign Investment vs. Foreign Aid

<https://bit.ly/3d0U84z> Google

⁵ Topik, Steven C. Trade and gunboats: the United States and Brazil in the age of empire. Stanford University Press, 1996.

<https://bit.ly/3iPZzW1> Google Scholar

⁶ Martin, Philippe, Thierry Mayer, and Mathias Thoenig. "Make trade not war?." The Review of Economic Studies 75.3 (2008): 865-900.

<https://bit.ly/30nfBzR> Google Scholar

periphery.⁷ The story of my focus countries is their scramble to escape the poverty trap of the periphery for the core. The success of their integration into the capitalist world system depends on factors including the forces of history, statecraft, and chance.

Korea is the benchmark among its cohorts due to its preeminent economic success. A key distinction among my cohorts is also how they are distinguished geographically and also by their policy choices to get ahead. For instance, Brazil preoccupied itself with inter-American commerce while Korea oriented outward to a global market. This thesis uses comparative historical analysis to better understand the reasons my focus countries started similarly but end up differently six decades on. It is my hope that understanding the facts behind Korea's economic success would prevent countries like Ghana from the pursuit of doomed policies at the expense of viable ones.

Korea's success story, Brazil's half-fledged take-off, and Ghana's diminished capacity has become a common subject of research in development economics. Generally credited with Korea's success is its superior economic policy, efficient utilization of foreign aid, and the role of the state. Beyond macroeconomic mismanagement as well as badly implemented development strategy, the facts of the Ghana, and Brazilian cases are far less understood, yet carry enormous interest for development economists.⁸ By

⁷ Cohn, Theodore H. *Global political economy*. Routledge, 2015.

<https://bit.ly/2Gr6aYS> Google Scholar

⁸ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2PzLbV2> Google Scholar

focusing on the development of Korea's political economy, I have sought to return to the fundamentals of Ghana's failure to achieve development and modernization – but with one very important difference: whereas political economy theorists focus on Korea's success as a template for other countries trying to industrialize, I use it to better understand what went wrong with Ghana. Most scholarship comparing Korea's rapid economic development with its peers often generalizes foreign assistance, a key factor in capital accumulation, or, foreign debt. New literature reveals a better understanding of how my focus countries actually measure up, and whether their comparison with Korea is even fair. The scholarly attention Korea's superior development receives perpetuates flawed mainstream conclusions about Ghana's failure. For policy makers as well as development strategists, it is informative to analyze not only what Korea did well, but also the factors that potentially held back Ghana, and Brazil. The need for the reexamination of the standard literature of Korea's fast integration into the world's economy would help debunk the generally held belief that sub-Saharan Africa is doomed and incapable of rising even when granted all the funding that fueled Korea's rise. Using historical records, my thesis reveals that Ghana could have achieved a parallel developmental transition to Korea's if it too were to benefit from the identical circumstances that transformed Korea. Moreover, the true underlying factors of Korea's rise are glossed over or obfuscated. The more obvious means by which Korea achieved its "great leap forward" are often minimized in the literature devoted to its rise. As Korea is the yardstick by which successful developmental transition is measured, my new

perspective would be to use the building blocks of its success to elucidate Ghana's comparative mediocrity. It takes one to better understand the other.

METHODOLOGY

This paper is qualitative in character and resorts to quantitative charts for illustrative purposes. I used existing literature to find out why Korea used aid to achieve rapid economic development and democracy from 1962-1980 ahead of Ghana and Brazil. I focus on the colonial legacies of the countries, as well as aid flows to them. If there is any, analyzing existing literature in each decade during, and, following Korea's rise, will expose a discernible pattern of the minimization of aid distinction among the focus countries. A qualitative comparison is compatible with the more nuanced, deeply penetrating examination of the economic trajectory of the countries for a better understanding.

Great leaders transform nations. Some have motivation to follow clear visions to economic greatness. At other times, great leaders are made because of the choices they make during unusual historical events. Great national leadership identifies and harnesses resources to get ahead. Once lumped together as "Third world" countries, Korea roared out of the bracket following great, consistent strides it made towards industrialization beginning from early 1960s. Similarly, Brazil is regarded by political economists as one of the rising new economies, the so-called, NIEs. A plethora of comparative literature exists about how Korea used foreign aid successfully while Ghana and Brazil did not. The true picture is different.

Ghana, Brazil and Korea are illustrative examples of successes and failures of policies geared towards developmental transformation. The three countries have come to symbolize the story of nations who started similarly but follow different developmental paths. Korea achieved economic transformation going from a desolate agricultural economy in the 1960s, to an industrial powerhouse. Korea is the world's 12th largest GDP. Sixty years later, Ghana remains at the lower rungs of middle-income countries. Ghana, Brazil and Korea have used foreign assistance on state-owned enterprises, however, the relationship of the state with their SOEs varied in each country. My focus countries have different experiences with international capital flows, with different impacts on their development.

As the first country in sub-Saharan Africa to wrestle independence from a reluctant colonial power, a lot was riding on how Ghana's ambitious bid for self-rule bodes for its people, and other countries agitating for same. Of course, decolonization has its limits in solving the problems of African states. The continued muddling of the contextual facts mediating Ghana's economic and technological retardation, stigmatizes sub-Saharan African countries as unabashedly anti-reform, anti-progressive, anti-liberal, hence the need for substantive clarity. To be sure, there are a number of missteps in Ghana's march to modernity. A call for the reexamination of the premises of Ghana's lack of progress is as an attempt to clear the fog shrouding Korea's historical fast-track industrialization. It is time to reexamine the facts behind Korea's rise and reassess Ghana's arrested development. The story of Korea using American foreign assistance to

industrialize adapting Japan's industrial influences is by now a familiar story. Francis Fukuyama believes, "Korea's adaptation of transplanted Western capitalism with elements of Japanese industry organization in such a way as to be scarcely recognizable"⁹ is an ode to the triumph of liberal democratic capitalism. A simplistic explanation of the Korean 'miracle' presuppose the inevitability of Korea's rise but not Ghana, due to the latter's so-called 'African address,' a patronizing term of sub-Saharan Africa's docility.

Theories are plentiful about how influences of history and culture shaped my focus countries. Moreover, fresh perspectives emerging in the academic community are helping to better clarify the subtle factors behind the economic success of some countries in overcoming adversities, and the futility of others in trying.

⁹ Fukuyama, Francis. *Have we reached the end of history?*. RAND CORP SANTA MONICA CA, 1989.
<https://bit.ly/3fUPm8w> Google Scholar

CHAPTER 2

COLONIAL LEGACIES: GHANA, KOREA, AND BRAZIL GREAT BRITAIN AND THE UNITED STATES

Few events reshaped the world like the 18th century industrial revolution which Britain ignited, and the emergent United States of America's rearrangement of the global power structure following World War II. The former enabled Britain's Victorian boast that theirs is the 'empire over which the sun never sets' and whose bounds nature has not yet ascertained.¹⁰ It is established that, at its peak in the 1890s, imperial United Kingdom was the most powerful country on earth. It controlled roughly a quarter of the population, territories and resources on the globe, and the Royal Navy 'dominated nearly all oceans.'¹¹ With about one-fortieth the land size of the United States, historians are astonished by Britain's global footprint. Sources of revenue for imperial Britain were vast and varied. Its ships were involved in the Atlantic slave trade, and profits from slavery netted it trillions of dollars. According to some, this endeavor stains Britain's luster as the

¹⁰ Newsinger, John. *The blood never dried: a people's history of the British Empire*. Bookmarks, 2013.

<https://bit.ly/33DBc7S> Google Scholar

¹¹ Ferguson, Niall. *Empire: How Britain Made the Modern World*. Penguin UK, 2012.

<https://bit.ly/2CdNpX4> Google Scholar

most significant contributor to the making of the modern world. The resources Britain marshalled from colonization following the abolition of the slave trade, enriched it yet more. At the end of WW II America successfully supplanted Britain as the preeminent global superpower. For my focus countries, the seismic shifts produced by the two countries impacted their destinies.

How the Cold War helped or hurt Korea, Brazil, or Ghana is a central theme in my thesis. I examined the role geopolitical significance plays as a contributing factor in Korea's economic rise, Brazil's aspiration, and Ghana's paralysis. Why did America find it compelling to help create a prosperous liberal democracy on the Korean peninsula, but not Ghana? To what extent does Brazil's size, population and geographic location influence its industrializing aspirations? How has the unique historical relations between each of these countries and the West enabled or hurt their economic progress? How has the ideological leanings of leaders of developing countries aided or impeded their access to Western technology, funding, or even sabotage? Could Brazil, and Ghana replicate Korea's greatness absent the overwhelming support Korea enjoyed from the United States.

Colonial experience leaves long-standing impacts on the people and the institution-building capacity of a country. In what follows, I examine the colonial legacies inherited by the three countries from their colonial histories. Like Ghana, both Brazil and Korea have colonial pasts.

Ghana

Ghana experienced a century-long colonialism by the British, an experience that had a tremendous impact on some governmental institutions in the country and the cohesion of the polity. The legacy of colonialism on the people of Ghana has endured long past the lowering of the Union Jack and the raising of the red, gold, and green flag on the eve of Ghana's independence. For good or bad, Britain's affairs in Ghana laid the foundations for the country's future political economy. Similarly, Korea and Brazil are shaped by the tenor of their experiences of subjugation under their respective colonial masters, Japan and Portugal.

Slaves were forcefully removed from West Africa as early as 1570s and brought to Brazil. For centuries, endless wars raged for the capture and selling of Africans for harrowing odysseys to North America, Europe, and the Caribbean. On a scale unmatched in history, the African continent was besieged and its energetic and productive youth hauled away to foreign lands. The slave trade disrupted the economies and productivity on the continent. Colonialism came on the heels of the inhuman trade in slaves when European powers scrambled to carve up and plunder Africa in the 19th century. According to Matthew Lange, 'colonization of foreign lands has been a cataclysmic series of events that dramatically transformed the lifestyles of peoples throughout the world.'¹² Whole native populations were annihilated while colonists went to live in far-

¹² Lange, Matthew. "British colonial state legacies and development trajectories: a statistical analysis of direct and indirect rule." *States and Development*. Palgrave Macmillan, New York, 2005. 117-139.

off places as cogs in a sprawling colonial machine. Chaotic transformations were unleashed over which the natives had no control. Colonial authorities imposed colonial rule on the continent and drew arbitrary boundaries that lumped disparate ethnicities together, but separated people with common ancestry in a typical ‘divide and conquer’ strategy. This vast disruption of peoples’ lives and cobbling multi-ethnicities together underscores the extreme power of the European imperialists in Africa and also the revolutionary changes that colonization began.’¹³ Global colonization by which Spain, Portugal, France, and Britain expanded their territorial influence, brought them enormous wealth and power, while the people it dominated, remained exploited and poor for extended periods of time.¹⁴

Some post-colonial intellectuals such as Frantz Fanon drew attention to the inherent destructive aspects of colonialism while others like Niall Ferguson and like-minded scholars, courted controversy by describing colonialism as a “period of trusteeship” whereby the technologies Europeans brought to the colonies offset the hardships wrought on the them.

<https://bit.ly/3gE1got> Google Scholar

¹³ Lange, Matthew. "British colonial state legacies and development trajectories: a statistical analysis of direct and indirect rule." *States and Development*. Palgrave Macmillan, New York, 2005. 117-139.

<https://bit.ly/3gE1got> Google Scholar

¹⁴ Yülek, Murat A. "The Old World Order: Trade Before the Empires on which the Sun Never Set." *How Nations Succeed: Manufacturing, Trade, Industrial Policy, and Economic Development*. Palgrave Macmillan, Singapore, 2018. 5-12.

<https://bit.ly/2G9nUsc> Google Scholar

The Asante empire emerged in the 17th century, and consolidated in the 18th century, with Kumasi as its capital. At its peak, Asante dominion over vassal states like the Bono and Akwapim, ensured the flow of tribute, most importantly gold, over which the Asante held supremacy. That was the closest Ghana came to having a centralized state. The lure of gold prospered West African kingdoms of antiquity, and enriched states along the established trans-Saharan trade routes that stretched to the Atlantic coast of West Africa. Gold, also drew Portuguese merchants to establish the first European settlement in the Gold Coast in 1491.¹⁵ Britain was a late entrant to the lucrative trade in gold and other resources in the Gulf of Guinea although before 1850, slaves were shipped in British vessels to destinations in the New World and elsewhere.¹⁶ Britain used treaties, coercion and warfare to emerge the dominant European power in the Gold Coast by early nineteenth century and ushered in Ghana's colonial period.¹⁷

During most of the nineteenth century, the Asante state engaged in territorial expansion and a push of trade from the Akan interior to the coast. This ambition collided with the states that surrounded it. The Asante's uncompromising quest for direct,

¹⁵ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2F5Rr5b> Google Scholar

¹⁶ Ferguson, Niall. *Empire: How Britain made the modern world*. Penguin UK, 2012.

<https://bit.ly/2CdNpX4> Google Scholar

¹⁷ Jiyoung Kim (2015) Aid and state transition in Ghana and South Korea, *Third World Quarterly*, 36:7, 1333-1348, DOI: [10.1080/01436597.2015.1038339](https://doi.org/10.1080/01436597.2015.1038339)

unimpeded trade with European merchants in the Gold Coast led to several armed confrontations with the southern states which benefited as middlemen from their levies on Asante goods. When they arrived, the British formed pacts with some of these states to protect them from the Asante. The Asante was intransigent to the pressures exerted on it by colonial Britain. Moreover, the Asante resented the growing intrusion of the British in the interior of Ghana which it regarded its territory. The Asante viewed any meddling in their quest for direct trade disagreeable and fought to protect their right to trade. The mutual animosity between the Asante and the British led to frequent clashes.¹⁸ In these clashes, the Asante “bore the brunt of British colonial army”¹⁹ assault until their indomitable spirit was broken. The Asante capital Kumasi was sacked during their defeat in the Yaa Asantewaa war of 1900. By then, the Asante overextended itself in reining in rebellious vassal states. Also, its ‘weak internal structure’, and challenge from the British colonial army hastened the collapse of the empire. The British had full reign to extend its rule into the interior of the Gold Coast having brought pockets of resistance under control.

Britain established the Gold Coast Colony in 1874, a colony associated with European commerce for over four hundred years. Like the line of European nations before it, Britain too was eager to get its hands on gold, the most important mineral long

¹⁸ Jiyoung Kim: <https://www.tandfonline.com/doi/full/10.1080/01436597.2015.1038339>

¹⁹ Quainoo, Samuel Ebow. *Transitions and consolidation of democracy in Africa*. Global Academic Publishing, 2008.

<https://bit.ly/346Hj50> Google Scholar

associated with ancient and contemporary Ghana.²⁰ Curiously, until the 1890s, gold extraction relied on crude traditional methods like panning. In 1890, the British Crown used the dubious “Foreign Jurisdiction Act” to seize lands, upturn treaties, and allocate grants to themselves in the Gold Coast. In 1897, Britain acquired the Ashanti Goldfields Corporation an extensive holdings in excess of 160 square kilometers for the commercial prospecting of gold. Although relatively small, the Gold Coast was a profitable colony for the British. Earned receipts from cocoa, bauxite, diamonds, gold, and other products make it so. Cacao pods brought to the country in 1878 became the ‘king’ crop and thereafter contributed to colonial Gold Coast economic boom. Railway lines sprang up conservatively connecting mining and farming areas to the ports.

The goal of the British was the exploitation of mineral resources in the colonies and expansion of markets for Western produced goods. Britain’s adopted methods towards Ghanaians during the colonial period were repressive and blatantly discriminatory. The mining concession Britain operated relied on expatriate labor to the exclusion of Ghanaians. This practice is perpetuated even in post-independent Ghana where plum jobs remain the exclusive preserve of expatriates. The British attempt to introduce Western education system in the Gold Coast was a feeble and a far cry from their own type of good schools and representative government in Britain. Even the core

²⁰ Berry, LaVerle Bennette, ed. Ghana: A country study. Vol. 550. No. 153. US Government Printing Office, 1995.

<https://bit.ly/2XGLH8d> Google Scholar

curriculum of the educational system Britain introduced in the colonies was mainly “the creation of a group of educated Africans ... ‘rooted in their own culture’²¹ in order to support its own colonial exploitative interests. In both education policies and interactions in British, and French colonial territories, Britain promoted “adjustive” policies with little emphasis on the kind of diffusion that undergirds France’s “assimilation” policy of “creating a Black Frenchman.” This comparison by no means signify a picking of sides. Britain and France and their two systems of absolute subjugation of Africans are two faces of the same coin.

The British devised indirect rule in ‘grudging recognition of the sovereignty of the traditional Chiefs’ only after relentless assaults to “strangle this institution” and strip the political powers of Chiefs failed.²² The so-called British ‘native’ administration is a token of traditional authority, and relied on Ghanaian chiefs for its execution. Indirect rule therefore is the “colonial policy of using the African elite, specifically the elders and chiefs” as the main agents of local colonial administration.²³ The influence traditional leaders had over their subjects made the practice a success although it denied the colony

²¹ Clignet, Remi P., and Philip J. Foster. "French and British colonial education in Africa." *Comparative Education Review* 8.2 (1964): 191-198. <https://bit.ly/31SWa1R> Google Scholar

²² Samuel Ebow Quainoo: *Transitions and Consolidation of Democracy in Africa*, State University of New York Press, Albany, New York, 2008, p.74

²³ Akurang-Parry, Kwabena O. "'Disrespect and Contempt for Our Natural Rulers': The African Intelligentsia and the Effects of British Indirect Rule on Indigenous Rulers in the Gold Coast c. 1912–1920." *The International Journal of Regional and Local Studies* 2.1 (2006): 43-65. <https://bit.ly/2DvcRIk> Google Scholar

the homogeneity it needs to forge a cohesive nation out of its diverse peoples. British tolerance of the coexistence of traditional chieftaincy alongside colonial bureaucratic authority, proved fateful as it seeded conflicting loyalty Ghanaians developed towards the new state. Consequently, harbored feuds and lingering resentments among tribes predating the colonial period, crept into post-independent Ghanaian politics.

In events preceding WW II, the British colonial government seized upon seismic tremors that rocked Accra on June 22 1939 to whip up war anxiety propaganda in colonial Gold Coast. The quake left sixteen dead and “sizable damage to residential, business and government properties.”²⁴ In the absence of immediate explanation for the sudden devastation, local press echoed British colonial government propaganda that German ambitions for war to reclaim lost territories in Africa was imminent. The Gold Coast Regiment prepared for war believing the Gold Coast would be drawn into the ‘rumbling European war.’ Up to 70,000 soldiers and support staff from the Gold Coast served under the British in WW II.²⁵

There is consensus among historians that African nationalism increased in the aftermath of World War II.²⁶ Returning Gold Coast soldiers joined the agitation for

²⁴ Holbrook, Wendell P. "British Propaganda and the Mobilization of the Gold Coast War Effort, 1939-1945." *Journal of African History* (1985): 347-361.

<https://bit.ly/2XVQ3Zk> Google Scholar

²⁵ Killingray, David. "Military and labour recruitment in the Gold Coast during the Second World War." *Journal of African History* (1982): 83-95.

<https://bit.ly/2HUPOst> Google Scholar

²⁶ Money, Jacob Louis. "The Impact of WW II on African Nationalism and Decolonization." (2018).

political independence when veterans were fired upon during a peaceful march to present a petition to the colonial administration to honor its pledge. The murders immediately raised the tenor of the fight for self-rule. It outraged the populace and mobilized them to make “Full Self-government Now” the future rallying call of Kwame Nkrumah’s CPP movement. Ghanaians won the fight for self-rule after a century enduring beatings, arrests, and imprisonments. Nkrumah and his party went from “irresponsible and unruly veranda boys”²⁷ to lead the successful struggle for the emancipation of the Gold Coast. The transition to self-rule was peaceful considering it was birthed from violence.’²⁸ The parliamentary democracy Nkrumah’s CPP established at independence, was overthrown in 1966, followed by alternating military and civilian governments. Ghana’s post-colonial trade balance, strong at independence in 1957, became negative since 1980s. Its transition in the late 1960s-1980’s was more from one military junta to the other; not developmental.

Brazil

Europeans reached what would be modern day Brazil in April 1500, and stumbled on a linguistically and culturally homogeneous Amerindians living on the coast and the basin of the Parana and Paraguay Rivers. The Amerindians consist of the Tupi-Guarani

<https://bit.ly/3mDIYsk> Google Scholar

²⁷ Nkrumah, Kwame. "Movement for colonial freedom." *Phylon (1940-1956)* 16.4 (1955): 397-409.

<https://bit.ly/2FjhKVv>

²⁸ Apter, David Ernest. *Ghana in transition*. Princeton University Press, 2015.

<https://bit.ly/2DOqi5K> Google Scholar

and the Tapuia, the former, a variant of the Indians who spoke a different language. Tales of cannibalistic rites were rampant among the Tupi who were famous for their ferocious resistance against subjugation. The Portuguese's interest in the land led to a colony at Sao Vicente in 1532. The sheer size of Brazil presented a challenge to the colonial authority whose push into the hinterland necessitated expense and time. Like the rest of Latin America, Brazil became an exporter of 'highly important foodstuffs or minerals for European commerce'.²⁹ In spite of this designation, not much was collected in revenue from Brazil. In fact, tribute from the colony throughout the 16th century amounted to a negligible 2.5 percent of the crown's income compared to 26 percent from trade with India. Black slaves were imported mainly from West African beginning in the 1570s to replace Indian slaves, due to cost and the intensity of the 'compulsory labor' demands of the European-run sugar economy. Indian slaves got by with little and deeply resented the 'notion of constant work.' Moreover, the Africans slaves had experience working with iron implements and cattle raising.³⁰

The state and the Catholic church were the two institutions responsible for Brazil's colonization. Their roles overlap but the state fundamentally guaranteed Portuguese sovereignty over the colony, while the state religion, Catholicism, took on the manifest responsibility of molding people's behavior. Catholicism emphasized obedience

²⁹ Boris, Fausto, and Sergio Fausto. "A concise history of Brazil." (1997).

<https://bit.ly/2F2Kodo> Google Scholar

³⁰ Boris, Fausto, and Sergio Fausto. "A concise history of Brazil." (1997).

<https://bit.ly/2F2Kodo> Google Scholar

to the state, living a sinless life through this 'vale of tears.' The church was a constant presence throughout important events in people's lives. The church baptized and gave the sacraments, blessed marriages, and in death, buried them. This 'cradle-to-grave' presence in parishioners' lives made the church a significant institution leading to its being courted as a partner of the colonial crown in Portugal.

Moreover, even Brazilian Catholicism was based on the notion of 'purity of blood' which pitted Old Christians (more Catholic) against New Christians (less Catholic). The so-called New Christians were discriminated against, routinely arrested, and often victims of the Inquisition. Thankfully, the Inquisition was not as widespread in Brazil as in the Spanish American colonies. So, although the Portuguese colonists chanced upon a homogenous people, the splinter of the populace presented unique challenges. Brazilian colonial society is divided into masters and slaves, with wealthy rural landowners and merchants perched on the privileged apex of the social pyramid. The society was further divided into broad categories of 'nobility, clergy, and folk'. Manual labor is socially scorned and regarded as 'something just for blacks', a prejudice against blacks that persists to this day. Throughout its colonial history, Brazil's colonial administration bureaucracy worked to dilute the royal power of the absolutist crown king in Lisbon resulting in tension between the two institutions.³¹

³¹ Boris, Fausto, and Sergio Fausto. "A concise history of Brazil." (1997).
<https://bit.ly/2F2Kodo> Google Scholar

Brazil declared independence from Portugal on September 7, 1822 amid Don Pedro's shouts of "Independence or death!"³² Most Brazilians were 'unaware' of who governed them at the time, its independence was without the 'convulsive legacy of revolution suffered' by Spanish colonies in the hemisphere. It ended the period of Portuguese crown control over Brazil and ushered in a monarchy under the reign of Don Pedro as emperor. Following Brazil's independence, Pedro I sent emissaries to America. Two years later in 1824, Brazil was formally recognized by the United States, followed by Portugal.

A new constitution centralized the government and divided the country into provinces governed by 'presidents'. Traditional agricultural products like coffee and timber fluctuate in growth and income with coffee dipping and soaring the most mainly because global demand and supply often lacked balance. Brazil's transition to a republic in 1889 had big implications for the country. The agricultural barons used their newly found influence as key players in the national economy to negotiate policy space that affect their sector.³³ They became more vocal and used their visibility to wrestle

³² Worcester, Donald E. "Independence or Death! British Sailors and Brazilian Independence, 1822–1825: Vale, Brian: London and New York: IB Tauris, 219 pp., Publication Date: 1996." *History: Reviews of New Books* 25.3 (1997): 115-115.

<https://bit.ly/2XFJrhx> Google Scholar

³³ Dinius, Oliver. "Francisco Vidal Luna and Herbert S. Klein, *The Economic and Social History of Brazil since 1889* (New York and Cambridge: Cambridge University Press, 2014), pp. xvi+ 439, \$90.00, \$32.99 pb;£ 55.00,£ 19.99 pb." *Journal of Latin American Studies* 48.1 (2016): 182-183.

<https://bit.ly/3a3oLoI> Google Scholar

favorable terms to shield their sector from undue attention. Slavery was outlawed in 1850 which greatly reduced the constant injection of fresh slave populations into Brazil, exerting a stress on the country's existing labor force. European immigration intensified following the emancipation of slaves and transition to free labor. Mass European immigration helped introduce the modern state in Brazil with improvements in treated water, garbage disposal, and in public education which improved literacy. Moreover, democratic gains lagged as regional oligarchs denied voting to illiterates. This purposeful isolation of the majority peasantry was done to further entrench the barons' predominance in political decision making.

Brazil has fought on the side of the United States in both world wars. During WW II, it contributed troops – the Brazilian Expeditionary Force - in the fight against fascism in Europe, a move that accords with the United States foreign policy objectives. For Brazil, participation in World War II was out of Germany's relentless sinking of Brazil's merchant ships.³⁴ This practical act of protecting its merchant fleet led to security alliance with the United States. Despite 200 years of shared history as trading partners, relations between Brazil and the United States is characterized by ebb and flow of tension but never war. Political engagement between the two countries is shallow as best as political leaders often 'seem to talk past, rather than to, each other.'³⁵ From 1591 to 1808,

³⁴ Ellis; Evan: "The Strategic importance of Brazil,"

<https://bit.ly/3gCudBi> Google

³⁵ Smith, Joseph. Brazil and the United States: Convergence and divergence. University of Georgia Press, 2010.

the paranoid crown in Portugal closed off colonial Brazil ports to foreign ships, which could partially explain why Brazil and the United States have diplomatic archives of the other but little by way of actual interaction. America regards Brazil as peripheral to its foreign policy interests. Brazil resents being indiscriminately lumped together with many of its smaller Latin American neighbors.³⁶ As a regional power, Brazil frowns on America's adventurism and hemispheric ambitions in its backyard.³⁷ America's quest for sphere of influence in Latin America clashed with Brazil, the region's predominant power. In the ensuing uneasy relation, trade and friendship take a backseat to the rivalry between them.

Brazil's history as a huge political entity engaged in a long struggle to occupy, control, and develop vast interior spaces, is not different from the origins of the United States. Its land borders measure in the thousands of kilometers and stretch across three time zones, (four, if one includes Brazil's offshore islands). Brazil's extensive use of slave labor have traditions of African and Asian influences much like America. Native values and practices persist although European traditions dominate native cultures and claims to land rights. Brazil dominated world production of coffee, however, its interior

<https://bit.ly/2EZW2Wh> Google Scholar

³⁶ Smith, Joseph. Brazil and the United States: Convergence and divergence. University of Georgia Press, 2010.

<https://bit.ly/2EZW2Wh> Google Scholar

³⁷ Ellis; Evan: "The Strategic importance of Brazil," <https://theglobalamericans.org/2017/10/strategic-importance-brazil/>

where the coffee is grown is traversed by mule trains. Only when Brazil started manufacturing automobiles in the 1950s were its first major roads into the interior developed.

According to Evan Ellis, in size of territory, population and economy, Brazil accounts for approximately half of South America's total. Its military is larger than the 'rest of the Armed Forces on the continent combined,' and many of its neighbors are furnished by Brazil's domestic arms industry. Furthermore, Brazil's claim to the same 'exceptionalism' with which America regards itself, accounts for nothing in America's concept of 'partners' in the hemisphere. America did not blink at the \$46.8 billion Chinese investment 'across 87 projects' in Brazil. Neither did the extensive military cooperation with China elicit a wink from America.³⁸

Brazil's modernization was strengthened with strides in its industrialization, and agriculture. Thanks to Brazil's strong anti-communist stance, and the successful space it negotiated with the US by its geopolitical importance during the Cold War. Like Korea, America supported the Brazilian government and helped modernize its university system especially its agricultural research program through international credit agencies such as the IRBD and IDB. Analysts say such cooperation give Brazilian products a competitive edge over American agricultural exports.³⁹

³⁸ Ellis; Evan: "The Strategic importance of Brazil," <https://theglobalamericans.org/2017/10/strategic-importance-brazil>

³⁹ Herbert S. Klein & Francisco Vidal Luna: "Brazilian Politics During the Cold War"
<https://bit.ly/3gHcJUJ> Google

Brazil acknowledges America's status as the most powerful actor in the world with an unchallenged military primacy in global affairs. Aware that voiced strong anti-American sentiments in foreign policy forums could draw Washington's ire, Brazil has kept from inflammatory rhetoric in its relationship with the US. Although Brazil aligned with the United States during the major world wars, it stayed away from the Korean War in the 1950s, Vietnam War in the 1960s, the US Central American policy of the 1980s, and the Persian Gulf War in the 1990s. This has upset successive US administrations. Brazilians are frustrated why bonds of friendship between their two governments do not translate into national favors from the richer America. This leads to faulty expectations in their relations. From such unfulfilled expectations come lingering disappointments. However, America recognized Brazil's blood sacrifices during the World War II which went beyond force contribution in the campaign in Italy. It included naval base sharing on Brazilian soil in the event of a massive attack on American homeland during the war.

Of immediate benefit of the war time cooperation with America was the building of the heavily subsidized South America's first steel mill at Volta Redonda in the state of Rio de Janeiro completed in 1946. America calculated the symbolism of the gesture would keep Brazil out of the German camp during the war. The steel mill was an exclusive privilege to Brazil as it was denied to its neighbor and rival, Argentina. This gift of American technology is considered an essential element in the industrialization of Brazil.

Brazil's 70,000 strong army veterans returning from WWII with bleak job prospects, 'very alarmed' the Vargas government which feared the army "would likely overthrow the civilian government."⁴⁰ America shared Brazil's fears that safety of the Panama Canal could be jeopardized when a pro-fascist government takes hold in Brazil with Italians and Germans pouring veterans into the country at war's end. Uruguay and Argentina also had large German and Italian populations that could endanger security of the hemisphere.

Monica Hirst writes about a new phase of America and Brazil relationship at the end of World War II. Hirst breaks down Brazil's litany of 'unmet expectations' from America by the decades. It begins with 1950's lack of special acknowledgement for having fought against the Axis powers and was frustrated when not granted more support for its economic development policies in the aftermaths of World War II; in the mid-1960s, when it did not receive economic compensation for having contained 'domestic communist forces'; and in the mid-1970s, for not being upgraded to 'key country' status in US foreign policy. In the mid-1980s Brazil, together with other Latin American countries, regretted the lack of US help in dealing with the debt crisis and, in the mid-1990s, the lack of American support in a period of global financial turmoil.⁴¹

⁴⁰ McCann, Frank D. *Brazil and the United States During World War II and Its Aftermath: Negotiating Alliance and Balancing Giants*. Springer, 2018.

<https://bit.ly/2DzA1NN> Google Scholar

⁴¹ Hirst, Mônica. *The United States and Brazil: a long road of unmet expectations*. Routledge, 2005.

<https://bit.ly/2DzerZD> Google Scholar

The way Brazil and the United States perceive constitutional rule account for some of their differences. The United States acts to ‘defend and promote constitutional government,’ and values civilian supremacy over the military; the same cannot be said of Brazil. America’s impersonal bureaucracy functions in ways that Brazil’s does not. Laws are openly bent to favor civilian and military elite in Brazil. Brazil’s strong domestic economy has in the past generated few emigrants to the United States. However, Brazilians are now building a steady presence sustained through networks of family-unification provisions of US legislation. Over the years, Brazilian presence in America has fueled an increasing appetite in the production and consumption of their culture – including music, book publishing, and television programming. At home, Brazil is not immune from the pressure of American environmental groups on how the Brazilian Amazon is managed and exploited. Environmental activists want to see the Amazon a relatively serene island insulated from rapid deforestation for timber products and for the development of living spaces and industries.

Korea

The disastrous civil war that accounted for the modern-day North-South split aside, Korea’s homogenous ethnicity has a long history dating back millennia (500,000 yrs.).⁴² Koreans migrated from China to occupy the Korean Peninsula and established the

⁴² “Country Profile: South Korea” May 2005

<https://bit.ly/30DxhI4> Google

city of Pyongyang.⁴³ Japan's geopolitical perch at the confluence of American, Russian, and Chinese interests during the nineteenth century presented it with a quandary as Western countries began flexing their imperial muscle. Stronger European states overrun neighboring weaker ones, then pounced on non-Western nations in distant lands and dominated them. As in the natural world of the strong dominating the weak, Social Darwinism was the norm. Japan calculated correctly that it would have to act swiftly to keep from being subjugated themselves aware they were surrounded by hostile states. Japan realized there was no stopping European momentum on their colonization spree in Asia. Rather than wait and fall like other "lesser breeds," the Meiji leadership in Japan embraced the European, 'dog-eat-dog' adventurism and looked overseas for conquests of its own.

In 1876, Japan went to Choson, (Korea) on a diplomatic mission signing an Unequal Treaty with terms favorable to itself. The favorable wind it wanted to complete its takeover of Korea came in the form of a peasant rebellion in 1894. Tokyo pounced. It sent in its army and navy, goading the Chinese which sent in its Yellow Sea fleet. China was roundly defeated in what became the Sino-Japanese War of 1894-95,⁴⁴ and ushered in a period of Japanese empire building. Moreover, it was Japan's victory over Russia in the Russo-Japanese War (1904-1905), the first Asian country to defeat a European power

⁴³ "Country Profile: South Korea" May 2005

<https://bit.ly/30DxhI4> Google

⁴⁴ Miller, John H. Modern East Asia: an introductory history. ME Sharpe Incorporated, 2008.

in modern times, that gave it ‘Great Power’ status. That paved the way for total control over Korea, which Japan declared a protectorate in 1905. Meiji celebrated Japan’s membership in the Western imperialist club believing that becoming imperialist themselves helped escape the Asian stigma of cultural inferiority.

When Europeans arrived in the East, they replaced the Asian form of socio-political relationship based on paternalistic authority. They imposed ‘legalistic concept’ of interstate relationship. The European concept of equality among a community of sovereign states was alien to the Asian suzerainty with which Japanese were familiar. The Asian pecking order rested on the warrior code of ‘overlordship of superiors over inferiors.’⁴⁵ That concept explains why conflicts between equally-matched adversaries perpetuated until the scale of power shifted in favor of one side. Japan’s domination of Korea at the turn of the twentieth century, reversed to the shared Asian concepts of benevolence, paternalistic leadership and of dependency. Koreans identified with Japanese suzerainty; the way Japanese lived in lofty imperial style and did not flinch from the use of brute force in the imposition of their will on Koreans. However, Japanese also resorted to trade and cultural exchange, secret diplomacy and alliances, of compromise and even collaboration when opposition mounted against their domination.

In Korea, the Japanese colonial power oversaw a people with common ancestry. The Japanese presence in Korea as statesmen, administrators, businessmen, ended almost

⁴⁵ Miller, John H. *Modern East Asia: an introductory history*. ME Sharpe Incorporated, 2008.

three centuries of national isolation. Japanese are conflicted in their relation with their colonies: they regard themselves superior with nothing in common with their fellow Asians but curiously pushed assimilation in China and Korea in order to make them become ‘Japanese of sorts.’⁴⁶

Japan’s empire builders assumed the ‘civilizing mission’ and ‘cultural assimilation’ rationale of some Europeans. They set aside all pretenses of kinship and lived posh lifestyles in exclusive enclaves shielded from the ‘inferior’ Koreans. The total assimilation policies Japan pushed during its thirty-six years of Korean occupation had the ambitious objective of “Naisen ittai” ‘(literally, Japan-Korea, one body).’⁴⁷ Japan forbade use of Korean language, and encouraged Koreans to be ‘loyal imperial subjects,’ who recognize the divinity of Japan’s emperor. Furthermore, Japanese colonial authorities proscribed Korean newspapers and made it illegal to form political groups.

The cornerstone of Korean growth is the perfusion of culture and technology that resulted from Japanese occupation. Japan located some manufacturing plants and corollary industries in Korea and granted access to Koreans who acquired critical technical skills in the process. Although many Koreans were hired at entry level positions, determined ones worked their way to comfortable perches at senior levels. This participation in Japan’s expansive bureaucracy and technical environment, offered

⁴⁶ Yahuda, Michael: *The International Politics of the Asia-Pacific*, 3rd ed, p. 160

⁴⁷ Caprio, Mark E. *Japanese assimilation policies in colonial Korea, 1910-1945*. University of Washington Press, 2011.

<https://bit.ly/31q61fa> Google Scholar

Koreans the chance to taste and participate in modernity. Many authors agree Korea's modern economic growth owes much to the era of Japanese imperialism,⁴⁸ during which GDP reportedly grew at a faster pace. President Park Chung-Hee's state-directed development was a legacy of the Japanese colonial period. Japan's heavy investment in education, infrastructure and health, contributed to Korea's 'industrial take-off' barely two decades later.⁴⁹ The British were standoffish in their contact with the Gold Coast expending most of their resource in mineral extraction, and the push of selling European made goods. Their interest to modernize Ghana was feeble at best, whereas Japan was immersed in Korea to the extent that the Korean capital of Seoul became a 'little Tokyo in Seoul.'⁵⁰ This integration of Koreans contrasts with the British whose discriminatory policies, segregated the mines and largely kept out Ghanaians except for token low positions.

Japan abdicated its hold on Korea at the end of World War II. The United States emerged the most powerful and visible presence in post-war South Korea. Although America's effort in the reconstruction of Korean economy was to ensure political

⁴⁸ Nicolas Grinberg: "From Miracle to Crisis and Back: The Political Economy of South Korean Long-Term Development" 25 March 2014

<https://bit.ly/30EhyIM> Google

⁴⁹ Hassink, Robert. "South Korea's economic miracle and crisis: Explanations and regional consequences." *European Planning Studies* 7.2 (1999): 127-143.

<https://bit.ly/31oWogA> Google Scholar

⁵⁰ Kim, Jiyoun. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2F5Rr5b> Google Scholar

stability, it had overarching geopolitical interests and the desire to promote American values on the Korean Peninsula. However, skepticism about an ‘industrialized South Korea’ made American foreign policy advisors stress a traditional, agrarian economy for Korea, and actually ‘impeded its industrialization’ efforts.⁵¹ Nonetheless, Korean acumen to industrialize prevailed, resulting in rapid technology-driven economic growth, suggesting a nation can come back strong from a debilitating war.⁵² Korea became America’s anchor in a line of defense that stretches around the globe to where Communist, and Western democratic forces face-off in Germany and Eastern Europe. Korea’s geostrategic importance to America got development grants flowing from Washington. The grants, coupled with Korea’s willingness to fight for development, made their country a “telling front-line illustration of the superiority of the free way of life.”⁵³ America supported Korea’s Syngma Rhee amid allegations of being considered corrupt by some. America’s armistice agreement in 1953 led to an appeasement with ‘promises of aid and by a treaty-based guarantee of military security from the United

⁵¹ Lie, John. "Aid Dependence and The Structure Of Corruption: The Case of Post-Korean War South Korea." *International journal of sociology and social policy* (1997).

<https://bit.ly/33K2tHz> Google Scholar

⁵² Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2F5Rr5b> Google Scholar

⁵³ John Lie: Aid Dependence and the Structure of Corruption: The Case of Post-Korean War South Korea; <https://bit.ly/3gCZ3tJ> Google Scholar

States'.⁵⁴ As with the Truman, and Eisenhower administrations before him, Kennedy signaled America's renewed commitment to prevail against the hemisphere's growing threat of Chinese-led communist guerilla insurgencies with his, 'pay any price, bear any burden ...in the defense of liberty' inaugural speech.⁵⁵ Unlike Korea, Ghana lacked the geostrategic position that would have made it a country of value to America's foreign policy goals. Although America committed to 'help those resisting subjugation by minorities,' Ghana's fight against British colonialism was largely ignored by America.

Korea's industrialization has been chalked to strong central government leadership of the state in steering the economy in trade, technology and development. An elite bureaucracy staffed by great managerial talent with oversight powers to discipline large firms, was instrumental in the government's strong command over the efficient allocation of resources to the private (chebols) and public sectors.

⁵⁴ Yahuda, Michael. *The International Politics of the Asia Pacific*. Routledge, 2011.

<https://bit.ly/34jwxbD> Google Scholar

⁵⁵ Yahuda, Michael: *The International Politics of Asia-Pacific*: 3rd ed, p. 99

CHAPTER 3

FOREIGN ASSISTANCE

Ghana, Korea and Brazil have all been recipients of foreign aid. Foreign aid has evolved over time to become an essential conduit of foreign policy. The size, composition, and purpose of foreign aid, make it the subject of legislative debate of donor countries. Its flexibility as ‘both carrot and stick’ has been the focus of economic analysts and generated volumes of literature. According to Clair Apodaca, aid can be withheld to wreak economic hardship on an adversarial regime, or conversely extended as incentive for compliance.⁵⁶ Policy experts agree that politics is at the center of the successful use of foreign aid for development. Because most foreign aid essentially goes through government channels, both ends of the foreign aid regime - donor and recipient - is often tainted by contrasting aspirations.⁵⁷ This makes the state’s role in foreign aid the focus of

⁵⁶ Apodaca, Clair. "Foreign aid as foreign policy tool." *Oxford research encyclopedia of politics*. 2017.

<https://bit.ly/3d6thEp> Google Scholar

⁵⁷ Lawson, Marian L., and Emily M. Morgenstern. "Foreign aid: An introduction to US programs and policy." *Congressional Research Service (R40213)* (2019).

<https://bit.ly/3gCZ3tJ> Google Scholar

development policy analysts. Foreign aid is evaluated on the success or failure of the state effectiveness in aid utilization and is a crucial criterion of developmental policy. At the center of this is the 'effective state.' Comparative case studies of aid success in Ghana, and Korea, and, Korea and Brazil, credit Korea's frugal fiscal policies 'and often the capacity and commitment of the state in devising and enforcing these policies' to help the state achieve growth.⁵⁸

Ghana

Ghana's relationship with foreign assistance is better understood through a brief history of the country's post-independence political economy development. The agitation for political self-determination among several African colonies intensified after World War II when the colonial powers proved too weak to slow their momentum or chose to grant them. Britain was a diminished power in the aftermath of WWII, but defiant in the face of America's enthusiasm to quickly dismantle the old colonial system over which regressive traditional powers like France, and Britain, presided. Churchill's declaration that "Britain would not cede any of its territories without war"⁵⁹ was a well understood growl heard by an emergent America to curb its exuberance scuttling the moribund colonial system. America feared the consequent hardship and possible collapse of the economies of colonial powers and stayed its hand. America's ambivalence was a mixed

⁵⁸ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348. <https://bit.ly/2F5Rr5b> Google Scholar

⁵⁹ Yahuda, Michael. *The International Politics of the Asia Pacific*. Routledge, 2011. <https://bit.ly/3g5TWRr> Google Scholar

message to Africans pushing for independence. Many historians believed that many African countries exist because colonial powers voluntarily granted them independence. At the vanguard of Ghana's drive for political autonomy were some former graduates of the colonial school system, like Kwame Nkrumah. Furthermore, American sentiment after WW II signaled the end of 'old-world' colonialism.

In the Gold Coast, Kwame Nkrumah's Convention People's Party (CPP) won over the UGCC making him Ghana's first prime minister when Britain granted independence on March 6, 1957. Three years later in 1960, a new constitution declared Ghana a republic and Nkrumah was elected president. In due time, he was proclaimed president for life. He used constitutional and party powers to skillfully combine different registers of power and legitimacy to detain his opponents often without trial. Opinion on his rule differed remarkably between his ardent supporters who believe in his agenda and policies, and those who regard his human rights abuses excessive.

The coherence of Nkrumah's plan lies in how he accelerated the groundwork for Ghana's transformation as he embarked on public projects like the Akosombo Dam and the Volta Aluminum Company. He expanded healthcare and school enrolment, built roads, and brought development to the overlooked Northern Territories. He began the basic step with specific sectors with intent of scaling upon this initial foundation, and initiated import-substitution. He improved upon the atomic energy project in Kwabena,⁶⁰ and brought a drydock and shipbuilding infrastructure to the industrial city

⁶⁰ Ghana Atomic Energy Commission. "Ghana Atomic Energy Commission: at a glance. 3." (1998).

of Tema. He envisioned a Ghana with reliable fast trains and good roads, an advanced healthcare system with nuclear components as basis for industrialization. Despite the gains from investments in select industries, the returns on Nkrumah's import-substitution industrialization were negligible as Ghana's strong currency made exports too expensive.⁶¹ The bolts and nuts of Nkrumah's stated industrialization plan relied on his capacity to exercise eminent domain, suppress labor cost, and roll out excellent infrastructure. With these in place, secondary sector products labeled, "Made in Ghana," was a ripe, low-hanging fruit. However, things did not pan out. Rather than remain focused on prioritizing Ghana's development transition and pulling the country ahead, Nkrumah habitually strayed off course, hitching Ghana's developmental vision with the total political emancipation of the rest of Africa. Under him, Ghana championed African international relations during the decolonization period, a costly distraction. An influential advocate of pan-Africanism and founding member of the Organization of African Unity, Nkrumah's message to the Fifth Pan-Africanist movement conference he attended in Manchester, UK in 1945 was the call for all Africa to unite against colonial economic exploitation by the West. Of most appeal to him and the movement was a federal United States of Africa that would supplant colonialism with African socialism. He look to synthesize "traditional aspects with modern thinking" to be achieved by non-

<https://bit.ly/3isRfec> Google Scholar

⁶¹ "Ghana: A Country Study" 11/1994

<https://bit.ly/2XGLH8d> Google

violent means, if possible.⁶² The movement believed the Western exploitation of Africa may morph but continue nonetheless. In Nkrumah's view, even the United States, with no prior colonial ties to Africa, was poised in, 'an advantageous position to exploit independent Africa unless preventive efforts were taken.'⁶³ Nkrumah's investment in Pan-Africanism competed with Ghana's limited resources for his envisioned public-sector projects. His emphasis on economic independence made him suspicious of the conditionalities of international financial institutions (IFIs). This led to a stagnation of the economy under him. Soon, facts on the ground had little in common with his stated ambitions to industrialize and propel Ghana into modernity. Nkrumah's government borrowed to finance important imports when foreign currency reserves dried up. Unlike Korea which instituted strong oversights over state spending, Ghana's lack of oversight of how foreign assistance was utilized for development, led to paternalism and widespread corruption. By mid-1960s, continued borrowing for debt financing drowned Ghana in further debt, and rising inflation eroded the standard of living for Ghanaians. His opponents believed Nkrumah was wasting state resources on external programs. To crack down on nationwide dissent, Nkrumah centralized power and declared Ghana a one-party state. In these early days of Ghana's attempt to industrialize, order is what mattered to Nkrumah, not fairness. His ambitions led to centralized power to the

⁶² Nkrumah, Kwame. "Kwame Nkrumah." *Education* 4 (1959): 1.

<https://bit.ly/35q0SqX> Google Scholar

⁶³ "Ghana: A Country Study" 11/1994

<https://bit.ly/2XGLH8d> Google Scholar

exclusion of the opposition. Several opposition members disappeared, some only to re-emerge either chastened or on trial in so-called kangaroo courts with pre-determined judicial outcomes. Judging from Korea's experience, it is a fair price that must be paid to cultivate the healthy environment for less distraction and concentration while the country attempts an industrial lift-off. Deepening economic problems necessitated passing an austerity budget in 1961. Ghanaians opposed the state's policies as they implicitly assumed that government should behave as a benevolent social guardian. To further concentrate power, the state formed alliances with the elites and patrons. However, this did not prevent his overthrow in 1966.⁶⁴

The intervening years after Nkrumah's overthrow were dire for Ghana. Jiyoung Kim referred to the years 1966 to 1983 as, "the black years,"⁶⁵ a period in which Ghana's military churned out one military junta after another as if in musical chairs fashion, registering six military coups since its independence.⁶⁶ The country's chaotic political instability in the 1970s frightened an already ethnically diverse citizenry into their regional bubbles. The result is that, already an abstract construct, the nation-state had lost

⁶⁴ "Ghana: A Country Study" 11/1994

<https://bit.ly/2XGLH8d> Google

⁶⁵ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

<https://bit.ly/2F5Rr5b> Google Scholar

⁶⁶ "Congress: Ghana: A Country Study" 11/1994

<https://bit.ly/2XGLH8d> Google

its prominence to local, ethnic, and regional interests. Benefits and opportunities became politicized and apportioned along ethnic lines and meaningful political participation ceased. Moreover, the government's attempt to bring Ghanaians together is often viewed with suspicion especially if such feverish calls come in the runup to an election.

The National Liberation Council (NLC) which overthrew Nkrumah with "assurances of more democracy, more freedom,"⁶⁷ and more prosperity for the Ghanaian, soon learned that talk is cheap. To the admiration of Nkrumah's opponents, the NLC let out all political detainees and bid those in exile home. However, they soon learned that turning around an economy in free fall, is a much harder trick to pull off than using executive order to let out political detainees. The government turned to multilateral channel foreign creditors who offered yet more loans that deepened Ghana's economic woes. According to some economic analysts, "Foreign aid has become a powerful political actor in Ghana," a political tool of the ruling class that constantly feeds Ghana's patrimonialism.⁶⁸

Severe hardship from the ill management of Ghana's economy and the open plunder by the Busia government before, and the Acheampong government after, created a groundswell of support when Flt. Lt. Jerry John Rawlings burst on the scene with

^{67/69} See Kim, Jiyoung's. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348. He makes the case that Korea achieved industrialization and integration into the world market due to better utilization of foreign assistance that Ghana failed to use to its benefit. Kim's scholarship is one of myriads that generalize foreign assistance among countries it considers Korea's peers.

<https://bit.ly/2F5Rr5b> Google Scholar

⁶⁸

promises to rid the national leadership of corruption. This culminated in the execution by firing squad of three former heads of state. Rawlings announced caps on the prices of goods to curb inflation. He rolled his sleeves and joined volunteers in a nationwide cleaning exercise. He participated in a cocoa evacuation campaign from the hinterland to the ports thereby boosting exports. The hardship continued unabated thereby negating any meaningful reform under him. When he overthrew the Hilla Liman government in 1981, Rawlings' PNDC government brimmed with pro-Marxist rhetoric but had to set aside its anti-Western sentiments to solicit World Bank-backed Structural Adjustment Program (SAP) loan. Ghana's governments following Nkrumah's overthrow, just kept kicking the can down the road without committing to the steps to get out of debt and industrialize. Like other SAP recipients, the aid conditionality threw price control out the window and in came trade liberalization and an inflexible demand to balance the budget. Market-friendliness flooded Ghana's market with cheap imports against which local industries stood no chance. Export earnings remained low as the country still exported primary agricultural goods, which made imports of capital equipment impossible.

Despite abiding by the IMF and World Bank's austere dictates, assessment of the SAP's impact on the country's economy was ambiguous. Ghana became a member of the HIPC amid its ever rising foreign debt and mixed results of its economic reform. The upsides of HIPC membership are bilateral grants and debt relief.

The SAP prescribed divestiture of state assets over which Rawlings presided, was criticized for its opacity and flagrant favoritism. Korea similarly divested assets of

departing Japanese in the aftermath of World War II with businesses and individuals paying less than half the value of the assets.⁶⁹ However, the assets were rehabilitated and came online to help rebuild Korea's export sector whereas Ghana's did not significantly boost exports. Despite evidence supporting the state's pivotal role in Korea's success, the terms of Ghana's SAP structural adjustment loan to Ghana limited the state's role to the divestiture of state-owned assets. State-led outward-oriented economic strategy worked satisfactorily in Korea. Ghana's limited capital severely challenged its ambition to grow its economy. Korea's export-based industrialization relied on state-guided strategy to mobilize and allocate foreign aid funds to enhance national wealth. Although far from being exact, the point here is to draw attention to IMF's attempt to deemphasize the crucial role of the state despite evidence to the contrary.

⁶⁹ Kim, Kwan S. *The Korean miracle (1962-1980) revisited: myths and realities in strategy and development*. Helen Kellogg Institute for International Studies, University of Notre Dame, 1991.

<https://bit.ly/3gEBsbU> Google Scholar

CHAPTER 4

KOREA AND AMERICA

The Korean peninsula was a ruined, desolate landscape when the Korean War Armistice was signed in the summer of 1953. It was a construction site into which the United States deployed its massive economic, military and political power in an effort for bottom-up nation-building. Three million Koreans died, millions more displaced. The North suffered more devastation due to ‘American saturation bombing’.⁷⁰ When hopes of uniting the peninsula fizzled, America channeled its development grants through the Economic Cooperation Act (ECA) which Congress already passed in 1948. The United States led a coalition of a well-funded drive to rehabilitate South Korea under the aegis of the United Nations Korea Reconstruction Agency (UNKRA).⁷¹ A concurrent Sino-Soviet ‘international socialist alliance’ stood in solidarity with North Korea’s rehabilitation.

⁷⁰ Armstrong, Charles K. "Fraternal Socialism': The International Reconstruction of Korea, 1953-62." *COLD WAR HISTORY-LONDON-FRANK CASS- 5.2* (2005): 161.

<https://bit.ly/31tuUXs> Google Scholar

⁷¹ Armstrong, Charles K. "Fraternal Socialism': The International Reconstruction of Korea, 1953-62." *COLD WAR HISTORY-LONDON-FRANK CASS- 5.2* (2005): 161.

<https://bit.ly/31tuUXs> Google Scholar

Korea's push for self-reliance rested on building new electrical grid, steel mills, and chemical industries in the south to replace the pre-war ones located in the northern part of the peninsula. Power generation and fertilizer production took precedence to compensate for the North terminating power along the 38th Parallel. North Korea's invasion of the South exacerbated the ideological clash between the United States and the Soviet Union. It also underscored Korea's geopolitical importance which it used to its advantage to bargain for increased American aid. Korea's post-war reconstruction solidified the geopolitical boundaries of Asia-Pacific. America saw an opportunity to showcase the viability of the market-based international capitalist system versus the Soviet-style socialist economics on the Korean peninsula.

The preparatory work to make Korea ready for post-war reconstruction began with a thorough assessment and review of its constitution. Syngman Rhee initially resisted American coercive nudge to amend articles of the constitution from the existing socialist economy to a liberal market economy as a condition to secure American aid.⁷² The new "Post-Korean War Constitution" adopted in 1954, emphasized the power of organizational structure and puts competition above equality. The constitution had government involvement as well as combined elements of a planned economy, and a liberal market economy. In general, the new constitution embraced limited elements of a

⁷² Yahuda, Michael. *The International Politics of the Asia Pacific*. Routledge, 2011.

<https://bit.ly/35bCeJ6> Google Scholar

Soviet-style social market economic system but added state control with market orientation to make it uniquely Korean, the so-called “third way” or “third form”.⁷³

In a preview of the steps behind Korea’s future as an industrial giant, the government channeled some of the grant money to the private big firms. It then instituted the Economic Performance Agency as oversight in specific industries to bring about desired results. The state’s militaristic methods attended the post-war reconstruction drive. Strict compliance was enforced and any semblance of messy workers protests and organizing were brutally suppressed. This kept a lid on the cost of wages and rendered Korea’s labor force cheap, a critical factor in rapid development. Korea benefited considerably from the infusion of massive foreign assistance from America which nudged Japan to facilitate transfer of technology and expertise.

Even when working under the auspices of UNKRA during the post-Korean War reconstruction, the United States was the agency’s singularly biggest contributor. America contributed up to \$93 million in cash and kind of UNKRA’s \$140 million received in 1957. America contributed \$1.8 billion of the total \$2 billion to the Republic of Korea. America continued aid and relief funding through various channels when UNKRA exhausted all funds and was disbanded. Furthermore, America pledged \$200 million annually in post-conflict economic aid to Korea. This is outside of direct military

⁷³ Park, Myung Lim. "Constitution, National Agenda, and Presidential Leadership: Focusing on a Comparison between the Articles on Economy in the “National Founding Constitution” and the “Post-Korean War Constitution”." (2011).

<https://bit.ly/3kqCc6G> Google Scholar

assistance to Korea, and underscores America's financial influence and total obligation to the Korean cause.⁷⁴ Although America supplied much of the grant assistance for Korea's reconstruction, Korean's ambitions did not always follow American guidelines.

The Economic Cooperation Administration – the predecessor of the US Agency for International Development - took over aid issues from the Army. The focus of the ECA was to establish a sound educational system as the essential base of an economic growth in an independent and democratic state. Part of American foreign aid to Korea paid for overseas education and training for thousands of Koreans who returned to roles of policy formation experts, and technical leadership in industry to fill the void left by departed Japanese technocrats and teachers. Later in 1966, foreign aid paid for the establishment of the Korea Institute for Science and Technology, charged with the acquisition and adaptation of foreign technology for Korean use. The Korean Development Institute was established in 1971 and devoted to the rigorous analysis of developmental policies. These official capacity-building programs as well as technology rub-off from the US military, solidified Korea's expansion of industrialization and institutional base. This underscored the proof that Korea started better off than each of the focus countries in the 1950s-1960s. During the 1953-1962 decade that spans the conclusion of the Korean War and industrial take-off, Korea had in place relatively highly educated workers with literary and technical skills, internal security provided by

⁷⁴ Lyons, Gene M. "American Policy and the United Nation's Program for Korean Reconstruction." *International Organization* 12.2 (1958): 180-192. <https://bit.ly/2DFfIhA> Google Scholar

its authoritarian government, a modern sector of the economy, and, a highly dependable foreign patron, America, leading to rapid substantial capital accumulation. The absorption of foreign innovative technology results when a balanced ratio of human and physical capital is reached, making Korea positioned for aggressive economic growth. It is clear Ghana had nothing comparable.

The path to Korea's economic growth zigzagged around its initial industrialization, a political upheaval, a devastating civil war, and uninterrupted post-Korean War growth along a reasonably well-defined industrial path blazed by Japan. Ghana had nothing comparable.

Korea's successful utilization of foreign aid for sustainable economic development while Ghana did not is a recurrent theme in most scholarship comparing the two countries. However, the type of foreign aid each country received is much less generally emphasized. Unlike Korea whose foreign aid comprised largely of treaty-based development grants from the United States, Ghana received loans with high interest rates from multiple International Financial Institutions (IFIs). The high interests on the loans had Ghana on hook for decades, digging the country deeper into external debt. Furthermore, SAP prescribed trade liberalization policies had diluted the competitive spur of Ghana's local industries and placed them at a competitive disadvantage from cheap imports. Upstart Ghanaian businesses drowned in the deluge of international competitive pressure and standards.

CHAPTER 5

BILATERAL VS. MULTILATERAL CHANNEL AID

Foreign aid is hard to categorize. To a donor, the advantages of bilateral aid go beyond disbursement choice. When rich countries give bilateral aid directly to poor governments, there is usually an alignment of policy between it and the recipient. This bilateral channel is what America provided Korea. Korea's donors were mainly America and Japan, whereas Ghana had to contend with multitude donors. The problems that multi-channel donors present to a country versus having a couple of donors, are well documented. As is argued by Bernie Bishop, multilateral donors and their conditionality lead to policy cacophony and confusion. Differences within various IFIs policies and the state lead to stagnation of policy implementation due to confusion.⁷⁵ Furthermore, multi-channel donors routinely challenge state capacity, legitimacy and effectiveness. Aid from multiple donors often result in disconnected systems whereby projects are discontinued or fall into disarray when funding is interrupted. This was the case with Ghana in which few projects work well. The project size that Ghana's foreign assistance could fund are

⁷⁵ Bishop, Bernie. *Foreign direct investment in Korea: The role of the state*. Routledge, 2019.

<https://bit.ly/2C6IOpB> Google Scholar

often negligible. Although it has lately pursued nation-building in ‘insignificant’ states, America’s nation-building priorities seemed to follow conservative columnist Charles Krauthammer who believes nation-building be ‘limited to strategically important states that count.’⁷⁶ Ghana’s foreign assistance is small potatoes compared to Korea’s. Whereas treaty-backed aid guarantees from America assures policy stability, aid cutoff in aid-dependent country like Ghana causes anxiety in long term policy planning. Little foreign assistance here and there makes the assistance susceptible to disruptive effects such as inflation.

Also missing from the Korea success narrative is the contextual details about the specific characteristics of foreign assistance Korea received compared to Ghana. IMF structural adjustment loans to Ghana were partially responsible for the erosion of the standard of living for Ghanaians. As the fulcrum of Korea’s development, America provided Korea reliability and assurance to allow for long-term planning, while America’s help to Ghana and Brazil were episodic and random. It is known that aid from nonstate donors complicates coordination by recipient governments. It has been known that sizeable portions of aid go to foreign experts and advisers whose multiple POVs complicate recipient country’s policy.

Ghana’s external debt grew from US\$1067 million in 1977 to \$3287 million in 1987 and reached \$7510 million in 1999, with a corresponding IMF’s share of Ghana’s debt

⁷⁶ Ottaway, Marina. "Nation building." *Foreign Policy* (2002): 16-24.

<https://bit.ly/3ot83FV> Google Scholars

service a solid 37% in 1987, 29% in 1995 and 13.7% in 1999.⁷⁷ A country can hardly accumulate capital for development when a sizeable portion of its resource goes into debt servicing. Compounding interests on loans saddle Ghana with debt. This explains Ghana's failed use of foreign aid, as opposed to Korea's.

As shown in Table 1, Ghana's economy began to contract in 1970 and got worse from 1973 onwards. Its GNP growth registered a negative growth in 1973, and its GDP growth percent for the same period contracted to 2.88 from the previous 9.72 in 1970. Korea's remarkable growth during the period was because its investment in infrastructure and outward orientation of its economy has started to pay off. Table 1 as used by Jiyoung Kim failed to tie Korea's growth during the period to its prior massive investment which would not have been possible without its capital accumulation through grants from America. As argued elsewhere, thousands of Korean technocrats, trained with American grant money, returned in mid-1970s to contribute their share to the economy. Among others, it can be inferred from the table that the 1970s oil shocks sent Ghana's GDP and GNP reeling into negative growth while Korea absorbed it.

⁷⁷ Jiyoung Kim (2015) Aid and state transition in Ghana and South Korea, *Third World Quarterly*, 36:7, 1333-1348, DOI: [10.1080/01436597.2015.1038339](https://doi.org/10.1080/01436597.2015.1038339) Google Scholar
<https://bit.ly/2F5Rr5b> Google Scholar

Table 1:

Year	GDP (constant 2000 US\$ million)		GDP growth (annual %)		GDP per capita (constant 2000 US\$)		GDP per capita growth (%)	
	Ghana	South Korea	Ghana	South Korea	Ghana	South Korea	Ghana	South Korea
1961	1967.24	30,356.299	3.43	4.94	282.716	1180.010	0.22	2.28
1964	2185.555	36,643.076	2.21	7.56	287.167	1316.349	-0.63	4.87
1967	2186.366	46,089.969	3.08	6.10	268.254	1541.546	1.00	3.68
1970	2552.423	63,643.235	9.72	8.34	293.996	1993.648	7.23	6.06
1973	2694.293	80,627.951	2.88	12.03	285.543	2375.962	-0.04	9.82
1976	2432.027	101,238.555	-3.53	10.57	240.342	2824.027	-5.40	8.82
1979	2630.301	129,963.323	-2.51	6.78	246.644	3462.549	-4.37	5.18
1982	2373.570	145,875.768	-6.92	7.33	204.183	3709.398	-9.96	5.68
1985	2586.447	186,569.643	5.09	6.80	200.936	4572.113	1.75	5.76
1988	3011.867	253,698.106	5.63	10.64	214.965	6044.029	2.82	9.59
1991	3443.142	323,368.202	5.28	9.39	226.282	7473.611	2.36	8.38
1994	3873.943	394,387.464	3.30	8.54	234.006	8872.010	0.50	7.57
1997	4395.924	482,107.174	4.20	4.65	246.198	10,491.082	1.71	3.67
2000	4982.849	533,384.028	3.70	8.49	259.991	11,346.665	1.27	7.58
2003	5696.959	610,885.293	5.20	2.80	276.405	12,764.272	2.67	2.29
2006	6778.672	698,799.258	6.40	5.18	305.751	14,446.359	3.85	4.67
2009	8137.279	753,760.393	3.99	0.32	341.552	15,325.940	1.55	-0.16
2011	10,053.617	830,523.428	14.39	3.63	402.695	16,684.213	11.76	2.87

Source: Jiyoung Kim: assessed 6/8/2020⁷⁸ Google Scholar

⁷⁸ Kim, Jiyoung. "Aid and state transition in Ghana and South Korea." *Third World Quarterly* 36.7 (2015): 1333-1348.

State Leadership

Park's state leadership was critical to successful state transition in Korea. Park's government guided the state's industrialization policy. He generally relied on the big private businesses, the chaebol. Kwan S. Kim's analysis deconstructing Korea's post-Korean war ascent, posits three distinct phases: import substitution (1954-1960); outward orientation (1961-1979); and balance and stabilization (post-1980).⁷⁹ Park crucially built on the physical and human capital infrastructure development began under his predecessor, Syngman Rhee. Park controlled the phases of industrialization and used both public and private enterprises to achieve his transitional goals. He turned to state enterprises for the successful Pohang Iron Steel Company (POSCO). With the steel mill on line, Park initiated the Heavy Chemical Industries (HCI) strategy in his economic development plan. A few of the giant Korean private enterprises like Samsung, LG, and Hyundai, begin during this period due to heavy political and financial support and protection from foreign competition. When he took power, Park had an uneasy relationships with the chaebols whom he considered corrupt. However, the leaders of these private enterprises would later advise and work closely with him in planning Korea's industrialization push. Granted Park's leadership accomplishments in Korea, the regrettable 1966 removal of Nkrumah from government was a big blow to Ghana's

<https://bit.ly/2F5Rr5b> Google Scholar

⁷⁹ Kim, Kwan S. "The Korean Miracle (1962–80) Revisited: Myths and realities in strategies and development." *Asian industrialization and Africa*. Palgrave Macmillan, London, 1995. 87-143.

<https://bit.ly/31xGNeG> Google Scholar

aspiration to industrialize. Kwame Nkrumah's stab at modernity and development following Ghana's independence, was short lived. His attempt to simultaneously industrialize Ghana and be the face of Africa's liberation and unification without a wealthy Global power patron, proved an impossible task. Moreover, Nkrumah's commitment to continental unification under one government, guaranteed that the Akosombo hydro-electric dam, and the Tema aluminum smelter were the only significant projects America helped underwrite.⁸⁰

President Park Chung Hee was assassinated in 1979. By then however, he had crucially led Korea through the most crucial phase of Korea's development which was the successful outward orientation of the economy. By contrast, Nkrumah was toppled before he could usher in Ghana's modernity. At the time of his overthrow, Ghana was at pre-embryonic import substitution stage, which in development transition, is early.

Korea's Democracy

A commonly held view among comparative economists is that Korea simultaneously achieved both democracy and unprecedented economic growth between 1962 and 1981. However, we know economic reconstruction in Korea was not in lockstep with democracy building. In fact, Korea was governed by some of the 'harshest conservative autocrats in the world.' Moreover some scholars think delayed democracy

⁸⁰ Miescher, Stephan F. "'Nkrumah's Baby': the Akosombo Dam and the dream of development in Ghana, 1952–1966." *Water History* 6.4 (2014): 341-366.

<https://bit.ly/3ijfg7B> Google Scholar

might have contributed to Korea's rapid industrialization. Political commentator and scholar Fareed Zakaria has argued that Korea's decades-long evolution of autocracy through "liberalizing autocracy," strengthened the democracy it eventually had. According to Zakaria liberalizing autocracies were regimes that held back democracies *until* they grew the economy, liberalized religious "rites of worship" and travel. According to Zakaria by emphasizing political stability, and economic development over becoming "democratic right away," helped create the right environment for democracy to thrive in some post-WW II nation-states like Korea. Scholarships on Korea's political economy have demonstrated "clear connections between the country's rapid industrialization and the ability of its governments to intervene in the economy without popular input."⁸¹ Korea's growth flourished while its democratic institutions and press freedom lagged. In fact, America accepted the retardation of democracy as it prioritize economic stability over democracy. Francis Fukuyama sees political liberalism following economic liberalism at a slower pace albeit inevitable. In one instance of political intolerance, growing frustration with labor laws among Koreans led to demonstrations in May 1980 in the city of Kwangju. The violent suppression of the demonstration resulted in hundreds of civilian deaths. Whereas the Korean economy flourished, democratic institutions and a free press often did not.⁸² Korea's Fourth Republic 1972-1981 was a

⁸¹ Brazinsky, Gregg A. *Nation building in South Korea: Koreans, Americans, and the making of a democracy*. Univ of North Carolina Press, 2009.

<https://bit.ly/32umkbY> Google Scholar

⁸² South Korea: A Country Study. United States, Diane Publishing Company, 1997.

period of upheaval for the country. There was a coup in December 1979 following the coup in which Park was assassinated, and another one barely five months later in May 1980. According to Fukuyama, urbanized Korea, with its well-educated middle class, seems to be intolerably 'ruled by an anachronistic military regime'. On the other hand, although Ghana is lauded for its peaceful democratic elections even when incumbents lose by slim margins, incoming governments often see the mandate to govern as opportunity to award new contracts to party loyalists. This lack of continuity which is a bane for many developing countries unfortunately plagues Ghana as well. However, sustained bilateral aid could induce growth in Ghana. Furthermore usurious loans from IFIs and lack of direct foreign investment compounds the problems of Ghana aiming to climb out of debilitating debt.

Africa and the Cold War

WW II was an era of phenomenal expansion in human ingenuity and creativity but also destruction. Humans possessed the power to utterly destroy creation when it split the atom. The Cold War that came on the heels of WW II tested ideologies even more. To gain an upper hand if even sheer numbers, the United States entered into relationship of alliances with select countries it considers indispensable to its strategic security interests. America's East Asia push came from two events. One was Soviets breaking America's atomic weapon monopoly in August 1949, and the other was the North Korean surprise

attack on the South on 25 June 1950, Yahuda, 95.⁸³ In an instant, Korea became a country in a region whose stability America has suddenly considered supremely important. America's first reaction was to deploy its military, economic, and political power in Korea. Korea became the staging ground in America's fight to check Sino-Soviet expansion and power in East Asia. According to Timothy Savage, America's perception of Korea went from "a remote nation of little concern, to a perplexing problem of policy, and finally to the earliest testing ground of the Cold War."⁸⁴ In Washington, debates raged between its idealists and pragmatists about how to sow and nourish a seed of liberal democracy on the peninsula. Washington's ideologues weighed the stakes. As if to say, "the devil you know is better than the angel you don't know" Washington reached a compromise to support Rhee's dictatorship. The stakes were too high to do otherwise. From then on, America worked to win over governments in its ideological war but also undermined governments it perceives sympathetic to Communism and Socialism, using among others, threat of aid termination as deterrent.

The heightened ideological rivalry between the East-West played out beyond Asia-Pacific and Europe. The early decades of the period was Africa's liberation decade, and 1960 regarded particularly auspicious; their *annus mirabilis*. Although newly

⁸³ Yahuda, Michael: *The International Politics of the Asia Pacific*. Routledge, 2011

<https://bit.ly/3hX518s> Google Scholar

⁸⁴ Savage, Timothy L. "The American response to the Korean independence movement, 1910-1945." *Korean Studies* 20.1 (1996): 189-231.

<https://bit.ly/33RstPD> Google Scholar

liberated, many African countries lacked the freedom to resource shop in either bloc for the development of their economies. America viewed with suspicion, East-leaning African countries and resorted to covert and overt methods to signal its displeasure. America's well-resourced Central Intelligence Agency (C.I.A.) was implicated in the coup that toppled Ghana's Kwame Nkrumah owing to his avowed neutrality in the East-West ideological war.⁸⁵ America manipulated aid allocations and restrictions to prop up puppet regimes like Zaire's Mobutu, and removed progressive nationalists leaders like Ghana's Nkrumah from power.

In East Asia, America's war to check communist expansion provided the premise for it to stabilize Korea and rebuild its war-ravaged critical infrastructure and economy. Some say it was nation-building. Nation-building would be discussed later. Moreover, Korea's shining success, and North Korea's continued isolation had come to illustrate the communist-capitalist ideological dichotomy - the DPRK and ROK; the one impoverished, underdeveloped and with crumbling infrastructure, the other, a technological marvel, a symbolic triumph of liberal democratic ideals.

Ghana and Korea differed in several ways. A significant difference that most impacted the trajectory of their future political economies is the value placed on their respective geographies during the Cold War. As two countries in two different geographical regions, Korea reaped benefits from its unique position in East Asia as a

⁸⁵ Blum, William. *Killing hope: US military and CIA interventions since World War II*. Zed Books, 2003. <https://bit.ly/3a4RqcY> Google Scholar

bulwark where the lines are drawn in America's ideological war against the advance of communism and socialism. Today Korea experienced fast integration into the world economy going from aid recipient (ODA) to OECD donor, while international conferences and policies continue to address Ghana's poverty and indebtedness. Ghana would have been at par with its Asian counterparts if it too were to benefit from the geopolitical dividends Korea enjoyed from America. What is important in the Korea-Ghana dynamic is not that the latter chose to remain unaffected by the larger forces of developmental trend as if it were averse to progress. The central issue is that Ghana succumbed to the strong pull of liberal democracy only to be sabotaged by the very proponent of liberal democratic ideal, the United States. Like a moth to a flame was Ghana to the beacon of liberal democracy, only to be smote down by the powerful hand of America.

Brazil

In 2003, economic experts considered Brazil a limping dog among a pack of agile hounds following Brazil's inclusion in "BRIC" alongside Russia, India and China, as one of four "key growth engines of the global economy."⁸⁶ Skeptics point to a recent International Monetary Fund capital injection as substantive reason to doubt Brazil's viability. Only when the nation's sovereign debt was classified 'investment grade' did

⁸⁶ Moreira, Mauricio Mesquita. "Brazil's Trade Policy." *Brazil as an Economic Superpower?: Understanding Brazil's Changing Role in the Global Economy* (2009): 137.

<https://bit.ly/2DXjmUa> Google Scholar

analysts sigh. In land size and population, Brazil is ranked the world's fifth largest country.⁸⁷ Brazil's vast arable lands – most of it unexploited – together with its vast internal market makes it an “object of fascination and speculation” among international investors. The burgeoning ranks of the world's middle class projected to reach 1.8 billion by 2020, and a strong global demand would translate into a surge of revenue for Brazil's commodities and manufactures. It is expected that Brazil's impressive investments in the renewable energy industry could sustain it in post-Kyoto Protocol climate pressure to curb carbon emission. The state, is a formidable presence in Brazil; it owns 38 of Brazil's 100 largest firms. Moreover, Brazil's public sector, reputed to be the ‘largest outside the former Communist bloc’ is an albatross around its neck. Some analysts believe Brazil needs to trim its bloated bureaucracy to guarantee lean growth. Some fear Brazil's vast social safety-net - *Bolsa Familia* – (the health and nutrition assistance to Brazil's needy and underprivileged populations) would sink some of the country's economic gains. The program's rapid expansion (24 percent of the population benefits from it) and popularity among politicians and Brazil's poor, dooms any prospect of fat-trimming.⁸⁸ Moreover, although strong commodity prices tend to be fleeting, enthusiasm for Brazil's economy is never lacking as aircraft manufacturing, biofuels, and petrochemicals have individually

⁸⁷ Sandoval, Lindsay. "The effect of education on Brazil's economic development." *Global Majority E-Journal* 3.1 (2012): 4-19.

<https://bit.ly/2FsKXNX> Google Scholar

⁸⁸ Hall, Anthony. "Brazil's Bolsa Familia: A double-edged sword?." *Development and change* 39.5 (2008): 799-822.

<https://bit.ly/3iHMNsw> Google Scholar

experienced ‘prominent successes’. However, the state in Brazil lacks the kind of meticulous coordination the state of Korea exerted on industry sectors in its post-war development. However, sound macroeconomic investments and divesting into other sectors of the economy could ensure steady growth for Brazil. The country continues its integration into the global economy with sustained economic growth under stable democracy. New oil finds together with middle class growth in India and China combine to assure Brazil’s status among its peers in the world’s rising economic powers.

Brazil’s global economic powerhouse status notwithstanding, human development paradoxically lags. As the country’s economic gains rise, inequality becomes surprisingly more rampant which greatly affects the quality of Brazil’s human capital. According to Lindsay Sandoval, poor education is the culprit in the widespread income inequity that plagues the country. Brazil enjoys the unflattering reputation as the 12th most unequal society in the world.⁸⁹ Brazil is tone deaf to clarion calls to use improvements in education as proxy to tackle widespread systemic inequities. There is mounting evidence that low quality education begets low income, which in turn leads to low quality workforce. However, Brazilian leaders seem to lack a coherent plan to disrupt this self-perpetuating vicious cycle. Brazil suffers from one of the highest rates of grade repetition and dropout rates in the world. Like most aspects of Brazilian life, disparities in

⁸⁹ Sandoval, Lindsay. "The effect of education on Brazil’s economic development." *Global Majority E-Journal* 3.1 (2012): 4-19.

<https://bit.ly/2FsKXNX> Google Scholar

education quality are entrenched across urban and rural populations. Although Brazil spends identical percentage of its GDP on education as its Latin neighbors, gaping inefficiencies in its 'education system undermine this investment.' Many consider its education substandard. Brazil is sluggish in its embrace of policy tools and pedagogical regulatory reforms that can reverse its chronic teacher and student absenteeism. Brazil lacks teacher-tracking oversight although rampant teacher absenteeism is a known morale and reading efficiency killer. Little impact can be made without supervision and tracking of teachers' use of school time. Targeted reforms of its education system can result in significant increase in attendance, and mitigate dropout rates, waste, and systemic failures. Education reforms should emphasize quality over high enrolment figures. Brazil seems oblivious to the role quality education plays as a driver of economic growth and its effect on poverty alleviation. Pragmatic investments in education with strong oversight could bring the much needed modernization to Brazil's education system.

CHAPTER 6

ANALYSIS

Among my focus countries, Korea benefited most from the Cold War when its geographic location is considered supremely important to America's foreign policy objectives in Asia. Korea achieved geopolitical relevance as two rival superpowers stare down each other in palpable tension across the 38th parallel in their uneasy co-existence.⁹⁰ The Soviet Union presented expansionist threat to America and challenged America's promotion of liberal democracy and global capitalism during the Cold War.⁹¹ Korea's geographic value especially during the Cold War, has given rise to the 1980s growing body of international relations branch of study called 'critical geopolitics.'⁹² The privileging of Korea's geography compelled America to underwrite the 'financial

⁹⁰ Sungjoo, Han. "South Korea and the United States: the alliance survives." *Asian Survey* 20.11 (1980): 1075-1086.

<https://bit.ly/31skJIO> Google Scholar

⁹¹ Dodds, Klaus. "Cold war geopolitics." *A companion to political geography* (2003): 204.

<https://bit.ly/3a7se5E> Google Scholar

⁹² Dodds, Klaus. "Cold war geopolitics." *A companion to political geography* (2003): 204.

<https://bit.ly/3a7se5E> Google Scholar

requirements of Korea's subsistence and defense [which] accounted for up to 10% of Korea's GNP in that period.'⁹³ Comparatively, Ghana was hurt the most following Nkrumah's removal (decapitation) leading to the derailment of Ghana's attempt to industrialize. It is possible that Nkrumah's Marxist leanings and ideologically antagonistic rhetoric put him in America's crosshairs. To be sure the decade of African liberation, the sixties, was anxious time for America and the Soviet Union. Their war of ideological dominance worked against Africa's progressive leaders like Patrice Lumumba and Nkrumah. African leaders and their countries became proxies in the ideological war between the two superpowers. The Truman doctrine preceded Ghana's independence by a decade. And although the doctrine espoused to "support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures,"⁹⁴ America did little to aid Ghana's resistance of British subjugation. Was it because Britain pushed back on America's pressure, or was America's thinking at the time 'tempered by the need to shore up the weakened West European countries and their fragile democracies against the perceived communist and Soviet threat'?'⁹⁵

⁹³ Sungjoo, Han. "South Korea and the United States: the alliance survives." *Asian Survey* 20.11 (1980): 1075-1086.

<https://bit.ly/31skJlO> Google Scholar

⁹⁴ Yahuda, Michael. *The International Politics of the Asia Pacific*. Routledge, 2011.

<https://bit.ly/3hX518s> Google Scholar

⁹⁵ Yahuda, Michael. *The International Politics of the Asia Pacific*. Routledge, 2011.

<https://bit.ly/3hX518s> Google Scholar

This paper is about the political economic development among Ghana, Brazil, and Korea, three countries with similar but distinct histories. The paper's focus on Korea follows the forces that shape it. I attempt to examine the rest of the cohorts through these forces. These are colonialism and the Cold War. These incidentally impact all three. The evidence I presented support my thesis that America's special relationship with Korea was driven by its Cold War imperative to prevail against the threat of Communism, and to check its expansion anywhere. Colonialism impacts each of the focus countries on a similar scale to the Cold War. I have proven that geography is of supreme importance during the Cold War. The nature of America's uneven involvement in my focus countries impacts aid disbursement among them. Countries tilting East in deed or words, kindle America's resentment and wrath.

Ghana and Korea differed in the specific characteristics of the type of foreign assistance each received. Ghana had to contend with multi-channel aid with high interest rates and contesting agenda, while Korea received interest-free bilateral grants largely from the United States and Japan.

Portability of the Korean Model

Scholars have studied the success of the Korean 'miracle' because of its policy implications for stagnating African and Latin American countries. Some scholars see discernible patterns behind Korea, Taiwan, and other East Asian 'miracle' economies. According to Sherry Gray, scholars have three factors that explains the economic boom in Asia in general. Some see Weberian influence that align with the region's Confucian

cultural practices of strong work ethic, postponement of gratification, and thrift, as a factor. The second factor is the Cold War as a historical accident that induced the United States 'prosperity spending' via the military and economic spending in Korea. The third factor is the role of the state in imposing social conditions conducive to capital accumulation. Although some scholars have moved away from the cultural Confucian factor and the historical accident of the Cold War as strong factors, some components of these remain relevant. For instance, while the historical accident of the Cold War may not be duplicated or exportable, its massive spending component could be exported. I focus on this component because of the experiences of Ghana. Major, consistent spending over time in a country could make the great difference in most stable but poor economies. America's long term, open-ended commitment to ensure political stability and economic growth in Korea could be duplicated elsewhere in a country like Ghana. Not all 'breakout nations' have American foreign assistance. Lacking the magnitude and duration of American support, the kind that fueled Korea's ascent, Ghana could accumulate sufficient capital from its oil revenue and rents from its mineral sector to self-finance its transition. Oil wealth and foreign aid did not make Nigeria a developmental nation although it helped Indonesia escape the so-called 'resource curse' in the 1960s in stride with the 'Asian Tigers' in the mid-1990s. Although America provided the funding, the vision behind Korea's industrialization were all its own. To some experts, Korean agency was the most potent factor in the country's developmental transformation. Korea suffered assassination and coups that challenged its vision, but remained committed to its long-

term goal of achieving developmental growth. Many Koreans adapted quickly to the American influence having lived under Japanese colonialism that exposed them to 'authoritarian model of development' that endured to when 'American nation builders arrived.

CHAPTER 7

FINDINGS AND CONCLUSIONS

The rise of the Korean state out of subjugation and a war not officially ended, to ‘arguably the premier development success story of the last half century,’⁹⁶ has been widely canvassed in political economy literature. There is no simple and straightforward explanation why Korea succeeded at industrialization between the sixties and eighties, although Korea’s success at weaning itself off the foreign assistance that it once received with its peers like Ghana, has continued to generate frequent comparisons between the two countries. My mission here is to find substantive explanation underlying Ghana’s failed transformation. The reasons advanced for Ghana’s abortive industrialization often wrongly assume that Ghana accomplished less with identical foreign assistance with which Korea blazed out of helpless poverty. This is not so. Favorable foreign aid spurred Korea’s rapid ascent. Though there are now hundreds of empirical papers comparing the

⁹⁶ Noland, Marcus. "Korea's growth performance: Past and future." *Asian Economic Policy Review* 7.1 (2012): 20-42.

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impact of foreign assistance on Korea and Ghana, relatively few focus on the different foreign aid each received. Even so, these are inundated by the crush of scholarship that echo the superficial.

There are inherent biases in the models used to compare Korea's successful aid utilization to Ghana and Brazil. Attribution problems and the disregard of contextual factors behind Korea's industrialization render these comparisons unfair. Korea, Ghana, and Brazil had different experiences with foreign aid. The comparisons are hard to defend when the recurring theme behind Korea's success remains its 'efficient foreign aid utilization while it peers did not.' Korea received substantial foreign aid to implement its development policy preferences. Japan laid the industrial foundation which Korea scaled during its post-war reconstruction. It had the funding which America generously provided. Korea's quandary became how to grow the country using the grants, not from worrying over where to get funds. The spigot of Washington's financial assistance to Korea ran fast and long leading to the rapid capital accumulation which is critical to its achievement of developmental transformation within three decades. On the other hand, Ghana had limited foreign assistance and took out short-term and high-interest rate loans in the 1970s and 1980s. Nkrumah's missteps delayed Ghana's development. For much of his presidency, it was doubtful what mattered more to Nkrumah. Was it his Africa emancipation quest or the fulfilling of his mandate to Ghana?⁹⁷ Ghana's inability to

⁹⁷ Onwumere, Obima. "Pan-Africanism: The impact of the Nkrumah years, 1945–1966." *Trans-Atlantic Migration: The Paradoxes of Exile* (2008): 229-41.

achieve equitable and sustainable economic growth during this period marked the origins of the divergence of the Ghana-Korea GDP gap which grew wider the more Korea consolidates its industrialization and Ghana retrogresses.

Japan's colonial assimilation policy introduced modernity and development to Korea which stands in sharp contrast to Ghana's colonial experiences under British subjugation. Japan's successful penetration into Korea is aided by their geographic proximity and cultural similarity. Britain focused on mineral extraction and agricultural export and limited its infrastructure investment to mining and farming areas, to the exclusion of the rest of the country. It is argued elsewhere that the schools the British established in colonial Ghana had at its core, the grooming of colonial administrative support, not transformation to modernity. Various economic models are used to illustrate Ghana, Korea and Brazil as contemporaneous with identical GDP in the 1960s. Evidence of the chronology of events, supports the contrary. By the 1945 division of the Korean Peninsula, Korea already had in place the building blocks for growth which included an educated population, property rights, and some modest land reform that boosted productivity.⁹⁸ Ghana was not even a country in 1945. Moreover, in the first four years of Ghana's independence, Nkrumah's government had little economic control over the

<https://bit.ly/35KWWS3> Google Scholar

⁹⁸ Noland, Marcus. "South Korea's experience with international capital flows." *Capital Controls and Capital Flows in Emerging Economies: Policies, Practices, and Consequences*. University of Chicago Press, 2007. 481-528.

<https://bit.ly/2XE9ky5> Google Scholar

country which retards the state capacity. According to John D. Esseks, at independence, most if not all African countries were challenged politically and economically, with the foreign control of significant sectors of their economy. This gives foreign private enterprises control over the countries' natural, physical-capital, manpower, and financial resources."⁹⁹ With limited state capacity, even the nationalization of enterprises Nkrumah attempted yielded nothing more than the token, 'internal marketing of cocoa and the foreign sales of timber logs.' This was a severe blow to an ambitious president prancing to quickly change the face of entrepreneurship in his young republic. Thus the CPP government's quest to get the upper hand in the control of the country's economy, amounted essentially to a 'strategy of competitive coexistence,' with the dominant foreign enterprises. The competition exposed the state's real capacity and bargaining power which was dismissive. Moreover, the lack of loans and other modes of credit to local businessmen only kept the competition firmly in the grip of the foreign enterprises to the frustration of a government eager to enable entrepreneurial self-sufficiency for its citizens. Around this same period, the inflow of American foreign assistance to the Korean state undergirded its negotiating power with the country's powerful conservative opposition whose alliance with colonial Japan underscores its intent on maintaining the status quo. Curiously, capital accumulation combined with the acumen of Korea's leadership to steel its resolve to defy Washington's insistence to stay agrarian. Thus even

⁹⁹ Esseks, John D. "Political independence and economic decolonization: the case of Ghana under Nkrumah." *Western Political Quarterly* 24.1 (1971): 59-64.

<https://bit.ly/3IKH0nF> Google Scholar

the big private enterprises - the Chebols, - were at the mercy of the state over its monopoly on funding. The state in Korea was central, powerful, and had the capacity to sidestep crippling bottlenecks to development that Nkrumah's state in Ghana lacked.¹⁰⁰ Korea's resource poorness led to more pragmatism and reliance on practical skills and technology. The prevailing literature often blurred the stark distinctions between loan and grant regimes in foreign aid, and fails to address the benefits of grants versus the vicious cycle of retrogression which loans perpetuate. Foreign aid financed most of Korea's rapid capital accumulation which at its peak in the late 1950s, accounted for more than half of its imports leading some experts to claim that Korea's poverty after the Korean war was exaggerated. Thanks to consistent grants from the United States, and financial controls, which enabled Korea to embark on straightforward paths for industrial upgrading based on imitating the prior trajectories of the more advanced economy of Japan. Ghana's capital inadequacy contributed to its failure to execute its development policies besides foreign debt servicing. Moreover, unlike Korea, Ghana lacked any prior technological base on which to build a modern, sustainable economy.

Cold War imperatives forced America's hand to underwrite Korea's security and internal stability as a bulwark against Sino-Soviet expansionism in the East. Ghana lacked any Global power ally singularly dedicated to its development. The same Cold War that was a boon to Korea was a bane to Ghana. Nkrumah's professed neutrality (he

¹⁰⁰ Noland, Marcus. "Korea's growth performance: Past and future." *Asian Economic Policy Review* 7.1 (2012): 20-42.

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was a founding member of the Non-Aligned Movement) in the East-West ideological war did not appease Western governments led by the United States of America. America saw through his cloak of neutrality and used his rabid nationalistic rhetoric as grounds to classify him (alongside Patrice Lumumba) rising radicals to be feared and silenced. Already a target of conspiratorial plots of assassination for his ‘tyranny’, Nkrumah had internal as well as external adversaries biding their time for his overthrow. Evidence of America’s implication is circumstantial. Much of this evidence came from former American ambassadors to Ghana who confess their implication decades after Nkrumah’s overthrow. He was targeted and help from overseas was provided for his removal from power, thereby derailing Ghana’s ambition to industrialize.

The stars seemed lined up for Korea’s rise. The Japanese technology rub-off during its colonial period combined with a future America’s major assistance to accelerate Korea’s historic ascent. Korea continues to build upon even after its independence. According to Gregg Brazinsky, thousands of Koreans gained invaluable experience in new modes of governance and production’ through modern heavy Japanese industries on the peninsula, military enlistment and ‘participation in the extensive colonial bureaucracy’.¹⁰¹ On the other hand, Britain left little technological influence on Ghana. Furthermore, Ghana lacked a consistent national development plan. Although it has consolidated its democracy, there are jarring discontinuities of development policies

¹⁰¹ Brazinsky, Gregg A. *Nation building in South Korea: Koreans, Americans, and the making of a democracy*. Univ of North Carolina Press, 2009.

<https://bit.ly/3nId1yf> Google Scholar

between Ghana's successive governments. Often at great expense to the country, incoming governments usually scrap viable development plans of the outgoing government for graft from new contracts. While elections are at the center of a democracy, in Ghana, an electoral success of one government is often a win for the dominant ethnic representation in that government. Individuals and groups in the government become the beneficiaries of spoils from elections at the expense of the general welfare of the society. Korea's homogeneity gives it one less problem to contend with in its development aspiration unlike Ghana whose fragmentation along ethnic lines paralyzes its decision making. The state in Ghana takes a backseat to the strong draw of ethnicity. Ethnicity constantly tested the cohesion of the country and appropriates the common good to itself. This makes Ghana unable to escape the trap of the widely applied terms of kleptocracy and clientelism that have become synonymous with some resource-rich African countries. Some scholarships highlight these structural and institutional factors as reasons behind Ghana's growth collapse. Ghana could duplicate Korea's success if it harnesses its resources much more sensibly. As a developing country, Ghana could attract private investment if it creates conditions where investments are secure and profits high.

CONCLUSION

In this thesis, I made extensive references to the Cold War and the legacy of colonialism because of their impact on my focus countries. Recent decades have seen growing scholarship of how resource-poor countries successfully used foreign aid to

build their economies while their resource-rich counterparts continue to be aid dependent. Korea is especially lauded for its dynamism in weaning itself off foreign assistance at historic brisk pace, while its cohorts Ghana and Brazil did not. How Korea got there is controversial due to attribution factors. Some writers generalize foreign aid or gloss over critical distinguishing components of the foreign aid regime from nation-building. I argue that nation-building in Korea accounted for the country's sixties-to-eighties transformational leap ahead of its cohorts. Nation-building and institution-building by America scarcely come up in much of the literature mediating Korea's rise. What appears most often is 'bilateral aid' that Korea and other nations received but which Korea comparatively 'utilized better than its peers'. In the aftermath of the Korean War, America made an open-ended commitment of money and power to see its nation-building exercise in Korea through to the end. Reconstruction in Korea included rebuilding institutions that make a modern state run effectively. Korea had a makeover of its judiciary, civil service, and a restructured government bureaucracy and the establishment of a central bank. America's post-conflict stabilization and reconstruction in Korea, gave it an auspicious start, thereby erasing its so-called resource 'poorness.' Is that nation-building? I draw my answer from the way Korea turned out. Korea substantiates the utility of nation-building, with its developmental transition going from aid recipient to donor in record time. Therefore it is nation-building when a Global power makes an open-ended commitment to see the transformation through. It is nation-building when America hitched Korea's success to its own success. It is nation-building when the

United States fears it would “suffer a tremendous loss of prestige if it abandoned its commitment there.”¹⁰² All of this was understandable granted the United States is the face of liberal capitalism and was the occupying presence at the time of North Korea’s invasion of the South. How much bilateral aid is considered nation-building grade? Following the Korean War, America carried out both reconstruction and development which meets Francis Fukuyama’s definition of nation-building. Fukuyama defines *reconstruction* as the repair of a society’s war destruction to its pre-conflict state, and *development* as, ‘the creation of new institutions and the promotion of sustained economic growth, events that transform the society open-endedly into something that it has not been previously.’¹⁰³ The enormous cost of the model makes it prohibitive. The major commitments of money and armies of personnel it requires to properly execute makes it an unlikely model to prescribe to other places. America’s global leadership has lots of contradictions: it is a dominant agent in Korea’s industrialization while a reluctant participant in Ghana and Brazil; a tremendous Cold War nation-builder in Korea, but a saboteur of Ghana’s development. This makes using Korea’s development as a benchmark for comparisons with countries like Ghana, disingenuous. America’s extensive Cold War engagement in Korea assured innovative success and precluded failure. Again this is understandable granted Korea’s critical geography. However,

¹⁰² Brazinsky, Gregg A. *Nation building in South Korea: Koreans, Americans, and the making of a democracy*. Univ of North Carolina Press, 2009.

¹⁰³ Fukuyama, Francis, ed. *Nation-building: beyond Afghanistan and Iraq*. JHU Press, 2006.

<https://bit.ly/3dt5v5E> Google Scholar

political economy writers enthusiastically continue to tout Korea's success story, not by comparing it to countries that similarly benefited from major bilateral aid flows like Israel, but with countries like Ghana whose interest-laden foreign assistance continue to sink the country in accrued debt. Brazil is classified an NIE which makes Ghana, the least economically successful among its cohorts. America's asymmetrical engagement with my focus countries results in the nature of uneven access to aid flow them. Moreover, it is hard to defend a comparison between a country like Korea, which benefitted from bottom-up nation-building, with a country like Ghana that thrives on chump change from IFIs. This is the crux of my thesis: comparing apples to oranges.

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