

Examine the impact of Colonialism and/or Globalisation on a Developing Country you have studied and how it has adjusted to the Global Economy

(30m)

Brazil was colonised by the Portuguese in the 1500's. The colonisers developed settlements along the fertile east coast (Santos, Rio De Janeiro, Salvador) where timber (Brazil wood), sugar and gold were exported to Europe in an unprocessed state. Secondary economic activity was not encouraged (an economic practice called *Mercantilism*). Slaves were imported from Africa to work on the large plantations (Fazendas) until 1888. As a consequence of the slave trade, Brazil is a multi-racial society. Brazil gained its independence in 1822. However, a neo-colonial trade had developed (ie. Brazil, was still economically dependent on Portugal as a market for its raw materials). Sixty years following independence Brazil began exporting rubber. However, the rubber industry fell into sharp decline when South East Asian nations began exporting rubber. Up until the late 1950s Brazil was still heavily dependent on primary exports, especially coffee. Coffee accounted for almost 70% of the country's exports. Dependence on a single crop was not ideal due to fluctuating world prices.

During the 1950s the government introduced a policy of import substitution. Brazil was determined to produce the goods which it imported in its past under Protectionist policies. Import Substitution Industrialization (I.S.I.) was a major economic policy for this self sufficiency. Trade restrictions such as tariffs, quotas and embargoes were introduced on goods coming from abroad. Brazil had developed into a closed economy. Therefore the 1960s and 1970s became known as the Brazilian Miracle. However, the world oil crisis of the 1970s, following US support for Israel during the Yom Kippur war and OPEC increasing Oil prices in retaliation, forced Brazil to export goods to earn revenue to pay its energy bills. Multinational companies such as Ford, Shell and Volkswagen were encouraged to set up production plants in the country. Alongside this the country was governed by military rule between 1964 and 1985. The military leaders were neither economists nor politicians. They attempted to develop secondary economic activities by borrowing huge amounts of money, plunging the country into debt. When military rule ended in 1985 the IMF was called upon to solve the country's debt problem through opening Brazil up to Globalisation. The IMF introduced Structural Adjustment Programmes or SAPs. The SAPs encouraged export led growth to repay the massive debt. Emphasis was placed on growing cash crops such as soya at the expense of basic food crops. As a consequence, millions starved. Government investment in health and education was reduced to make more funds available to pay off the debts. The poor suffered as a consequence.

In 1991 Mercosur, or the Southern Common Market, was created. It comprised of Brazil, Argentina, Uruguay and Paraguay. It encouraged free trade between the member states, encouraging Globalisation. The country has undergone a massive transformation. It is no longer dependent on primary exports such as coffee. It is now a major producer of industrial products such as aircraft, cars and chemicals. It has made a great transition from being a primary economic economy to one of the world's leading exporters of industrial products. However, the benefits of industrialisation have not been evenly spread. Only 88% of the population are literate. Almost 9 % of the workforce are unemployed.