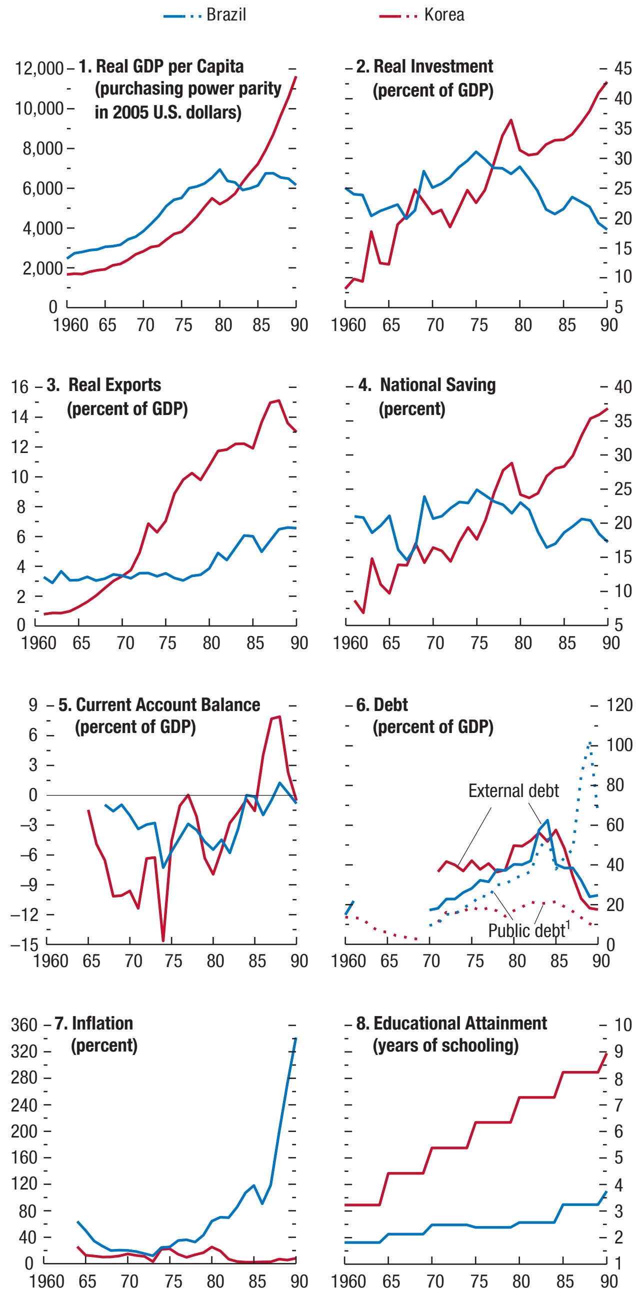
Figure 4.12. Brazil's and Korea's Growth Experiences during 1960–90

These two experiences emphasize the importance of mobilizing sustainable finance for an investment-driven growth strategy. Although both economies focused on industrialization, Brazil increasingly relied on external debt to finance its saving-investment gap, and the situation was exacerbated by growing public debt. Korea started out with a much worse current account position than Brazil, but strengthened its external balances with greater fiscal discipline, higher domestic saving rates, and strong export growth.



Sources: Abbas and others (2010); Barro and Lee (2010); IMF, World Economic Outlook database (October 2012); Lane and Milesi-Ferretti (2007) updated to 2011; Penn World Table 7.1; World Bank, World Development Indicators database (2012); and IMF staff calculations.
Note: Indicators are defined in Appendix 4.1.
[1]Public debt data for Brazil are missing from 1962 to 1969, and for Korea for 1970.