

The Tension Between State Capacity and the Order of Democratisation: A Comparative Study of Political Transition in East Asia and Latin America

Zhanrui Liu

Wuhan University, Wuhan, China
3329923007@qq.com

Abstract: This study focuses on East Asia and Latin America, conducting an in-depth analysis of the intrinsic relationship between state capacity, the sequence of democratisation, and economic development. The findings reveal that East Asian countries have achieved rapid economic growth through strong state intervention capabilities, scientific economic planning, and targeted industrial policies. In contrast, Latin American countries have been plagued by political instability, institutional fragility, and challenges in social governance, resulting in weak state capacity and fluctuating economic development. In terms of democratisation, East Asian countries adopted a 'development first, democracy later' model, successfully laying the economic foundation for democratic transition. In contrast, Latin American countries' early democratic experiments were hindered by institutional deficiencies, and later democratisation efforts brought new economic challenges. There exists a complex tension between state capacity and the sequence of democratisation. East Asian countries achieved a smooth transition through coordination mechanisms, while Latin American countries fell into a vicious cycle of political and economic instability.

Keywords: state capacity, order of democratisation, political transformation, economic development

1. Introduction

In the context of globalisation, the relationship between political transition and economic development has attracted considerable attention. State capacity and the sequence of democratisation, as core elements of political transition, profoundly influence the paths of regional economic development. East Asia and Latin America have exhibited significant differences in their political transitions, leading to divergent economic development outcomes. Since the mid-20th century, East Asian economies such as South Korea and Singapore have achieved rapid economic growth under strong government leadership, gradually established democratic systems, and successfully completed industrial upgrading [1]. In contrast, Latin American countries have experienced a tortuous democratisation process, with military and elected governments alternating in power. From the 1930s to the 1980s, they pursued an import substitution industrialisation strategy, but their excessive reliance on external resources led to a lack of competitiveness and a debt crisis. Subsequent neoliberal reforms brought economic recovery but exacerbated income inequality, and democratisation failed to effectively promote sustainable development[2]. This paper conducts a comparative analysis to

explore three core questions: How do state capacity and the sequence of democratisation interact to influence political transformation? What distinct patterns emerge in East Asia and Latin America? How do these patterns impact economic development in the two regions? The research not only deepens our understanding of political-economic development theory but also offers policy insights for developing countries.

2. The role of national capacity in economic development in East Asia and Latin America

2.1. Capacity and economic development in East Asian countries

In the case of Korea, for example, active government intervention in the economy through industrial policy has played a key role in promoting high economic growth. The importance of state intervention and economic planning is also evident in the history of Korea's development: in the early 1960s, the Korean government initiated an "export-led" development strategy, focusing on labour-intensive industries, which contributed to rapid economic growth; in 1973, the government announced a policy of reindustrialisation, with steel, non-ferrous metals, electronics, chemicals, general machinery and shipbuilding as key areas of development. Electronics, chemical industry, general machinery and shipbuilding industries as the key areas of development, although this policy in the short term so that the Korean economy is facing some challenges, but in the long term, it for South Korea to achieve the industrial structure of the manufacturing industry from the labour-intensive, simple technology industries to the capital-intensive industries with cutting-edge technology to change the foundation. Since then, South Korea has made continuous efforts in high-tech industries such as semiconductors and automobiles, with companies such as Samsung and Hyundai occupying an important position in the global market, and South Korea has succeeded in becoming one of the developed countries.

Strong investment in infrastructure and public services in East Asian countries has provided solid support for economic development. Japan has attached great importance to infrastructure development in the post-war period, investing massively in transport, energy and other areas. In the area of transport, Japan has built a well-developed railway and road network, and the opening of the Shinkansen has greatly improved the efficiency of the transport of people and materials and promoted interregional economic ties and synergistic industrial development. In the field of energy, Japan has actively developed various forms of energy, such as nuclear power and thermal power, to ensure the demand for energy for economic development. At the same time, Japan has also invested heavily in public services such as education and healthcare, and has established a high-quality education system and a comprehensive healthcare security system. High-quality education has cultivated a large number of high-quality talents for Japan, providing intellectual support for scientific and technological innovation and industrial upgrading; a sound medical security system has improved the health of the nation and enhanced the stability and productivity of the labour force.

2.2. Capacity and economic development in Latin American countries

In the process of political development, Latin American countries have long faced political turmoil and institutional instability, which have seriously weakened national capacity and had many negative impacts on economic development. Many Latin American countries have frequent changes in political systems, and it is difficult for governments to formulate and implement long-term stable economic policies. In Argentina, there have been many regime changes over the past few decades, and different political factions tend to implement very different economic policies when they come to power, which leads to a lack of coherence and stability in economic development, and this kind of political instability has caused investors to lack confidence in the Argentinean market and to shy away from long-term investment, which in turn hinders economic development.

The frequent changes in the economic policies of Latin American countries and their lack of stability and continuity are one of the major reasons for the ups and downs of their economic development. During different political periods, Latin American countries often adjusted their economic policies rapidly according to the political philosophy and international economic situation at that time. In the 1980s, many Latin American countries implemented neo-liberal economic reforms, which led to the large-scale privatisation of state-owned enterprises, the reduction of government intervention in the economy, and the opening up of markets. However, although these reforms may have brought about some economic growth in the short term, they also triggered a series of problems, such as further widening of the gap between the rich and the poor, rising unemployment, and instability in the financial market, etc. By the late 1990s, faced with the economic situation, many Latin American countries had to adjust their economic policies quickly. By the late 1990s, in the face of the economic crisis and social pressure, some countries started to adjust their policies again, strengthen government intervention in the economy and revisit the achievements of the neo-liberal reforms. Frequent policy changes make it difficult for enterprises to formulate long-term development strategies and increase market uncertainty.

3. Impact of the sequence of democratisation on the economies of East Asia and Latin America

3.1. Sequence of democratisation and economic development in East Asia

Japan as typical representatives of the East Asian region, have adopted the model of development before democracy, and this model has played a key role in their economic development process. After the Second World War, Japan was devastated and its economy was on the verge of collapse. Under such circumstances, the Japanese government focused its main efforts on economic recovery and development. With the support of the United States, Japan formulated a series of economic policies in line with its national conditions, giving priority to the development of basic industries and manufacturing. From the 1950s to the 1970s, Japan achieved rapid economic growth and became the second largest economy in the world. Having made remarkable achievements in economic development, Japan gradually promoted the process of democratisation, improved its political system and strengthened the building of democracy and the rule of law. This mode of development before democracy enabled Japan to concentrate its resources and strength in the early stage of economic development, avoiding the dispersion of resources caused by political disputes and creating favourable conditions for the rapid rise of the economy.

Democratic consolidation has provided an important institutional guarantee for the sustainable economic development of East Asian countries. Taking Korea as an example, after the transition to democratisation, Korea has established a more transparent and fair political system, strengthened the protection of citizens' rights, and improved the scientific and democratic nature of government decision-making. The improvement of the democratic system has promoted the fairness of market competition and stimulated the innovation vitality of enterprises. Under the democratic system, Korea's science and technology industry has developed rapidly, and the government has increased the investment in science and technology research and development, encouraged enterprises to carry out technological innovation, and enterprises such as Samsung, LG and other enterprises have made world-renowned achievements in semiconductors, electronic communications and other fields, which has promoted the transformation of Korea's economy to high-end manufacturing and knowledge-based economy.

3.2. Sequence of democratisation and economic development in Latin America

In the early democratisation process in Latin America, although democratic systems were established, the problem of political instability was prominent, which caused serious obstacles to economic development. After the wars of independence, many countries in Latin America established coalition regimes of large landowners and bourgeoisie, the political manifestation of which was "caudillism", that is, a system of military dictatorship [3]. Under this system, the political situation was often in turmoil, and the "caudillos" of various regions constantly fought bloody wars in order to compete for state power, and there were frequent changes of power. In 19th-century Argentina, there were constant conflicts between the "caudillos" of different political factions, resulting in the country's In the 19th century Argentina, there were constant conflicts between the "caudillos" of different political factions, which led to long-term political instability in the country and made it difficult for the government to formulate and implement coherent economic policies, seriously affecting economic development [4].

In the late 1970s, Latin American countries began the process of replacing military regimes with civilian governments and restoring representative democracy. This late democratisation process improved the structure of the economy to a certain extent and promoted economic development, but it also had many limitations. During the democratisation process, Latin American countries began to implement a series of economic reforms, such as marketisation, privatisation and open-door policies [5]. To a certain extent, these policies have stimulated market dynamics, attracted foreign investment and promoted economic growth. However, the economic effects of late democratisation also had clear limitations. On the one hand, while the economic reforms brought about economic growth in the short term, they also led to a further widening of the gap between the rich and the poor. In the process of privatisation, a large amount of state-owned assets were controlled by a few interest groups, while the general public did not benefit from it, and social conflicts intensified. On the other hand, in the process of economic development, Latin American countries have a high degree of dependence on the international market, and their economic stability is relatively poor. In the 1990s, financial crises erupted in Mexico, Argentina and other countries, dealing a heavy blow to the economies of Latin American countries, causing economic growth to stagnate and forcing many countries to re-examine their economic development models and policy choices in the process of democratisation.

4. Tension analysis of state capacity and the sequence of democratisation

4.1. Manifestations of tension and responses in East Asia

In the process of promoting rapid economic development, 'developmental governments' in East Asia often concentrate a great deal of power and emphasise strong government intervention and guidance in the economy. This model played an important role in the early stages of economic development, but during the transition to democracy, it came into conflict with the principles of power decentralisation and democratic decision-making advocated by democratic systems. In terms of power distribution, power is highly concentrated in the core decision-making layer of the government under developmental governments, with the government having absolute dominance in economic policy-making and resource allocation. However, as democratic transition progresses, the public demands greater political participation and power sharing, challenging this highly centralised power structure. Citizens seek to influence government decisions through democratic elections and political participation, aiming to alter the previous situation where the government unilaterally dominated decision-making. This has led to conflicts between developmental governments and democratic transition in terms of power distribution. In terms of decision-making mechanisms, the decision-making process of development-oriented governments is often relatively closed, primarily

based on the government's assessment and planning of economic development goals, lacking broad social participation and consideration of public opinion. In contrast, decision-making mechanisms after democratic transition emphasise openness, transparency, and broad participation, requiring the government to fully consider the interests of all parties during the decision-making process and reach consensus through democratic consultation. These differences in decision-making mechanisms make it difficult for development-oriented governments to adapt quickly to new decision-making requirements during democratic transition.

Gradual reform is a coordination mechanism commonly used by East Asian countries. Take South Korea as an example. During its transition to democracy, South Korea did not adopt radical measures to completely overturn its existing political and economic system. Instead, it gradually promoted political reform, expanded political participation, and improved its democratic institutions. In the economic sphere, it did not completely abandon government intervention in the economy, but gradually introduced market mechanisms while maintaining a certain degree of industrial policy guidance to enhance the role of the market.

4.2. Manifestations and consequences of Latin American tensions

In the democratisation process in Latin America, there is a strong causal relationship between political instability and economic decline. Political instability is a prominent problem in the democratisation process in Latin America, and is rooted in the imperfections of the political system and the immaturity of the political culture. Although many Latin American countries have established democratic systems in the process of democratisation, these systems often lack effective checks and balances on power and a stable political order, which leads to frequent changes in political power and makes it difficult for governments to formulate and implement long-term stable policies. Frequent regime changes have resulted in a lack of coherence and stability in the Government's economic policies. When different political factions come to power, they tend to pursue different economic policies to satisfy their own political interests and the needs of their support groups. Such frequent policy changes make it difficult for firms and investors to form stable expectations and increase the risk and uncertainty of economic activity.

5. Conclusion

East Asia and Latin America show significant differences in terms of state capacity and the sequence of democratisation. East Asia achieved economic take-off through strong government-led industrial policies and infrastructure investment, adopting a 'development first, democracy later' model that laid the foundation for democratic transition. Latin America, on the other hand, saw its governance capacity weakened by political turmoil, and early attempts at democracy lacked institutional safeguards, leading to economic stagnation. Later democratisation promoted reform but exacerbated income inequality. The core differences between the two regions lie in the following: East Asia coordinated the development of state capacity with the democratisation process through incremental reforms, creating a virtuous cycle; Latin America, however, fell into a vicious cycle of political instability and economic decline, with regime changes leading to policy discontinuity. This comparison highlights the critical constraining role of state capacity building on the sequence of democratisation, as well as the importance of political-economic coordination mechanisms for the success of transition.

References

- [1] Iman Dawood. (2025). *Exclusion-politicization: Salafism, democracy, and counterpublic politics in the UK. Democratization*, 32 (3), 684-705.

- [2] Bhawna Pokharna & Sarika Dubey. (2025). *Editorial: Peace, democracy and liberal international order. Frontiers in Political Science*, 7, 1559444-1559444.
- [3] Zhan Shengchen & Xie Yue. (2025). *Foundation of the Political Resilience in China: A Perspective of State Capacity. Journal of Contemporary China*, 34 (152), 295-311.
- [4] Radek Buben & Karel Kouba. (2024). *Democracy and Institutional Change in Times of Crises in Latin America. Journal of Politics in Latin America*, 16 (1), 90-109.
- [5] Chitadze, N., & Cheishvili, N. (2019). *Political and Economic Consequences of the U.S. Policy in Latin America. Journal in Humanities*, 7(1), 13–25.