International Journal of Development and Economic Sustainability
Vol.11, No.3, pp.55-69, 2023
Print ISSN: 2053-2199 (Print),
Online ISSN: 2053-2202(Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development -UK

East Asia and Latin America on the Crossroads of Development: The key factors that attributed to different developmental outcomes

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doi: https://doi.org/10.37745/ijdes.13/vol11n35569 Published May 13, 2023

Citation: Bakiris K.C. and Mylonakis J. (2023) East Asia and Latin America on the Crossroads of Development: The key factors that attributed to different developmental outcomes, *International Journal of Development and Economic Sustainability*, Vol.11, No.3, pp.55-69

ABSTRACT: *East Asia and Latin America are two regions of great similarities and trajectories. Struggling with poverty and underdevelopment, many analysts classified them as regions of developing states. Today, countries like Japan, Korea and Taiwan are among the fastest growing in the World while Brazil, Mexico and Argentina are still struggling with huge societal inequality, institutional corruption, and extreme poverty. The scope of this paper is to identify key factors that are attributed to different developmental outcomes between East Asia and Latin America. This will be accomplished through a comparative analysis of state policies, sectoral growth and relationship to external trade and market vulnerabilities, between three countries from each region, Argentina, Brazil and Mexico from Latin America and Japan, Korea, and Taiwan from East Asia. The paper argues that the model of developmentalism implemented in Latin America never aimed to achieve societal equality or technological growth and was tormented by political instability, elite-controlled systems, and protectionism that had no relativity with global trade. On the contrary, East Asia identified its internal market weaknesses and was committed to generating macroeconomic stability, creating an ideal atmosphere for private investment and political stability.*

KEYWORDS: developmental theory, development, global south, Asian tigers

INTRODUCTION

Although East Asia (EA) and Latin America (LA) seem worlds apart today, these two regions have faced similar challenges in the past despite their different outcomes (Jenkins, 1991). Once being part of the 'Global South', well undeveloped and fragmented from their colonialist past (Christiansen & Scarlett, 2013), EA and LA countries were in the core of Chalmers Johnson's concept of 'developmental state' that was characterised by state autonomy and interventionism partnered with a strict commitment to achieve economic growth as the only way to survive in a saturated globalised financial market (Johnson, 1982 & 1999). In the period between 1960-

1985, EA and LA countries embraced a model of protectionism, sharing authoritarian or semi-authoritarian regimes and applying developmentalism through different patterns of industrialisation (Jenkins, 1991). The reason behind the different results that have been achieved in each region has been widely debated and disputed by scholars, with opinions ranging from the inward or outward-looking trade policies to regime legitimacy, to a combination of domestic policies and global turmoil (Hsu, 2012; Chu, 2016; Wade, 2018; Lee & Ku, 2007; Onis, 1991).

East Asia, Japan, Korea and Taiwan are ideal case studies complying with the theory of developmentalism that achieved the 'Asian miracle' through industrialisation; while Latin America, Brazil, Argentina and Mexico are the standing countries that followed developmentalism and were led to different outcomes (Bagchi, 2004). Different theories and paths of development will be examined by outlining the nature of development pursued in each region towards determining the model of development applied.

Through a comparative analysis of state policies, sectoral growth, and relationship to external trade and market vulnerabilities, the paper argues that East Asia's developmental model and policy interventions were more effective than those of Latin America in achieving societal equality and technological growth.

METHODOLOGY

This paper engages in a comparative analysis of EA and LA developmental states to determine the key factors that led to their divergent outcomes today. The study analyses data from six different countries, three from each region, to examine state developmentalism implementation, by looking at four specific developmental criteria, like intervention and industrial policies, trade unions and land reforms, as well as the external factors that influenced these policies. The countries chosen for analysis are Japan, Korea and Taiwan in East Asia, and Argentina, Brazil, and Mexico in Latin America. Through this comparative approach, the paper aims to identify the factors that enabled East Asia to achieve economic success and societal equality while Latin America continues to struggle with inequality and poverty.

Findings underline a false basis of state mechanisms in Argentina, Brazil, and Mexico, where political elites carried on a system of ethnic and racial division, inherited by the colonialist powers. The constant change of governments and authoritarian regimes did not help to establish political stability and long-term planning. The uneven capital influx monopolised by certain classes in society, on domains mainly consisted of commodities and agricultural products, left the economies of LA states vulnerable to global crises and imbalances of world trade, exposing a lack of investment in technology and industrialisation.

In East Asia, despite the lack of complete transparency and democracy among governmental circles, often openly autocratic, the political leaders adopted a more visionary approach toward enabling equal access to development to different classes of society. By giving incentives and facilitating investments from urban and rural classes, a more equitable society was created, giving space to research and development, which led to acquiring the necessary expertise for technology and industrialisation. Finally, research points out to the presence of neighbouring communist states in East Asia as a stimulating factor for Japan, Korea, and Taiwan to establish enduring partnerships and cooperation with the US and other capitalist powers, increasing their export capacities.

STATE INTERVENTION AND INDUSTRIAL POLICIES

East Asia (Japan, Korea, and Taiwan)

Japan, Korea, and Taiwan all shared fragmented economies and very limited industrialisation before the 1960s. Japan faced huge unemployment rates and poverty after the defeat in Second World War (Takada, 1999), Korea had a GDP per capita of less than 200$ (Pham, 2015) and Taiwan also had a small, mainly rural economy (Liu, 1969). With the second wave of globalisation posing a threat to underdeveloped economies (Baldwin & Martin, 1999), those EA countries started drafting plans for industrialisation and development that would be achieved through consistent planning and reforms. The main objectives of these countries were to develop new technological capabilities, promote their exports and construct a sustainable, domestic industry of intermediate goods, that was absent before (Stiglitz, 1996).

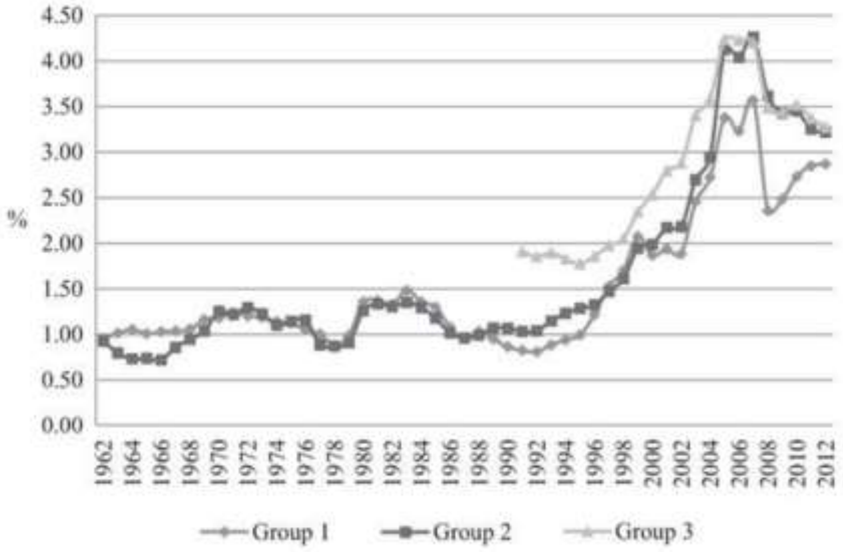
The industrial policies followed in Japan, South Korea, and Taiwan shared four main characteristics that led them to success. They were carefully planned to aim at promotion rather than strict regulation of the market, they were flexible and adjustable to the different sizes of firms and industries, highly selective, and very coherent (Jenkins, 1991). This would help their economies become more independent of global turmoil and competition.

State-led industrialisation in Taiwan began first, in the 1950s, emphasising the sectoral promotion of productivity at the expense of domestic competition. With strong state autonomy as an immediate consequence of the authoritarian Chiang Kai-shek regime that lasted until 1971, Taiwan managed to develop its own steel, automobile, and shipping industry, boosted by state-confined import substitution (Vartiainen, 1999).

The period of 1958-1962 was dominated by the so-called liberalising reforms. Imports tariffs were reduced, and foreign exchange was made available for many imports. A devalued unitary rate came to replace the old exchange rate system that gave more incentives to merchants and traders. Fiscal incentives for domestic and foreign investors were introduced as well. Investors were granted tax exemption for the first five years of their business activities. The private sectors that demanded considerable investment due to their lack of previous infrastructure were promoted by government initiatives and subsequently prioritised for investment opportunities. State intervention was harmonised with the liberalising reforms and that meant it was only to protect business development and provide the necessary conditions for growth. (Wade, 1988).

In Japan, developmentalism had the newly established a Japanese Ministry of International Trade and Industry (MITI) as its flagship. MITI officials oversaw the protection of the domestic Japanese industry, developing strategic market coordination and adjusting Japan’s economic structure in response to global challenges. Under the administration of Ishibashi Tanzan, the average income of the Japanese was raised based on a business expansion that was calling for more domestic customers to support it (Johnson, 1982). Japanese business firms were recruiting former state officials and allowed constant state supervision of the private market along with the public sector (Johnson, 1995). Through this continuous supervision and monitoring, the Japanese state managed to discipline big business. As a result, the dominant Japanese firms were not owned by multinational funds and control of the market was domestic (Gereffi & Fonda, 1992; Delios & Beamish, 1999).

Table 1. Foreign ownership percentages evolution of Japanese firms



Source: Yoshikawa & Shim, 2017

Mechanisms were in place for eminent recessions that would bring excess capacity in a capital-intensive industry. Competition would be restricted to avoid having prices excessively dropped and causing damage to the firms. The labour market in Japan was enjoying the lifetime employment pattern of the country which meant cooperative behaviour between business managers and employees. Also, the country's pension system demanded big annual contributions from the workers to be entitled to a generous pension in return. This gave an equity stake to the labour class and encouraged trusty relationships with the firm owners and managers. There was no minimum wage, instead, the years of work and the subsequent experience one gained working for an enterprise meant a gradually higher wage. Finally, the government established 'Productivity Councils' that dealt with potential inequalities existing within firms and set a maximum managerial salary to no more than ten times the wage of the lowest-paid worker (Stiglitz, 1996). In all, the Japanese wage and business structure created a healthy and egalitarian domestic economy, bringing together all actors in a scheme of meritocracy and corporative ethos.

Korea's path to development also included state protectionism. The Korean Ministry of Finance administered foreign exchange control and foreign supply and demand. The Office of Customs

Vol.11, No.3, pp.55-69, 2023

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Publication of the European Centre for Research Training and Development -UK

Administration of Korea was responsible for the regulation and collection of tariffs, which were liberalised and case-adjusted depending on the size and nature of each firm. Industry-development plans were put forward and controlled by the Ministry of Commerce which also established investment schemes, project and firm designation, trader licensing and quantitative controls (Jones & Sakong, 1980). The banking system was centralised and functioned according to government planning, but this did not pose any limits to market liberalisation. On the contrary, it adjusted the banks to the developmental plan of the state (Etzkowitz & Brisolla, 1999). Korea applied import-substitution in the first years of economic growth and starting in 1973, shifted to even more selective, secondary import-substitution industrialisation that gave way to fields of technology and capital, ranging from steel, heavy machinery, shipbuilding, petrochemicals, computers, and automobiles (Gereffi & Fonda, 1992).

Latin America (Argentina, Brazil, and Mexico)

Latin America had a different starting point from East Asia. Before World War 2, LA countries were liberal economies that used to export up to 90% of their production, rich in natural resources, enjoying a steady economic growth of 2,5% per year until the 1950s. However, the lack of technological infrastructure, the rise of population, and high global competition that brought interdependence, led LA countries to pursue reforms. Thus, Argentina, Mexico, and Brazil all became developmental states (Hofman, 2000).

Table 2. GDP Per Capita ins USD of the selected LA and EA countries in the year 1960

LATIN AMERICA	**1960 ($)**
Argentina	4462
Mexico	2836
Brazil	1784
EAST ASIA	
Japan	2954
Korea	904
Taiwan	1256

Source: Penn World Table, 1960

The main policies of LA developmentalism were a distortion of the domestic terms of trade in favour of manufacturing, an overvalued exchange rate, negative or low real rates of interest, and protectionism (Lewis, 2005). The state-led import substitution was above all priorities in Argentina, Brazil, and Mexico which did not apply selective-only interventionism like their EA counterparts. The benefits of import substitution were touching upon only a small percentage of the overall population. Also, the divide caused by state policies had a racial or ethnic character.

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Unlike ethnically homogenous EA countries, LA states had a very diverse demographic and big numbers of European migrants arriving. The import-substitution model failed to generate jobs covering the excessive demand from an ever-increasing urban population (Kay, 2002). Societal inequalities skyrocketed, with underprivileged citizens and a 'shadow economy' growing in parallel. No appropriate pension system was brought up by the governments in Brazil, Argentina, or Mexico (Petras & Veltmeyer, 2007). This, along with no social insurance or other welfare provisions made the people feel disconnected from firm executives and businessmen and mistrusted the establishment. Social injustice unfolded in the cities, and poverty and informal employment pointed to the limitations of the state (Kingstone, 2018).

Argentina's frequent coups d'état, Brazil's military dictatorship, and Mexico's 'Dirty War' between the military and leftist guerrilla groups did not allow the regimes to escape the urban biases of political coalitions. Dictatorships preferred to maintain the 'status-quo' (Haggard & Kaufman, 2008). With a suffocating economy and high division in society, LA governments invited multinational corporations to promote investment in capital-intensive sectors. Protectionism introduced the use of high tariffs on imported goods. In 1960, the average nominal rate of protection for durable consumer goods in Brazil reached 328% and 266% in Argentina. Industrial raw materials were also protected leading to a nominal rate of 106% in Brazil while in the European Economic Community (EEC) that percentage was only 1%. In effect, there was a prohibition on imports. The Brazilian government stood for the highest amount of protectionism and aimed at developing a domestic technology industry reserving the market for domestic producers.

At the same time, restrictions on foreign participation in mineral extraction or bidding in state contracts were applied. Most enterprises became state-owned. Public administration needed to fill the market gaps due to the absence of private domestic investors. With no sufficient private capital to invest in telecommunications or electricity and the populist approach of the regimes not letting them liberalise the market for foreign investors, the state would step in and nationalise these industries (Kingstone, 2018).

Table 3. GDP Growth, Volatility of Growth and Consumer Price Index in LA and EA countries

GDP Growth, Volatility of Growth, and Consumer Price Index: Latin America, East Asia, and Eastern Europe

	GDP growth 1960–80	GDP growth 1981–90	GDP growth 1991–2000	SD growth 1960–80	SD growth 1981–90	SD growth 1991–2000	CPI 1960–80	CPI 1981–90	CPI 1991–2000
Argentina	3.5	−1.4	5.6	4.8	5.3	5.8	81.6	787.0	21.4
Brazil	7.3	1.6	2.2	3.6	4.7	3.0		613.8	549.2
Chile	3.6	3.9	3.7	5.1	6.3	3.8	101.0	20.4	9.5
Colombia	5.4	3.6	2.9	1.6	1.7	3.1	16.4	23.7	20.2
Costa Rica	5.9	2.5	3.0	2.8	4.5	2.8	6.7	27.2	16.0
Mexico	6.7	1.9	3.7	2.4	4.0	3.6	9.8	69.1	18.7
Peru	4.5	−0.5	4.3	2.7	8.3	5.2	20.7	1223.6	60.1
Uruguay	2.2	0.2	3.8	2.8	6.2	3.6	55.9	62.5	38.1
Venezuela	3.9	0.9	4.7	3.6	4.9	4.9	4.8	24.9	45.0
Latin America Average	4.8	1.4	3.8	3.3	5.1	3.8	37.1	316.9	86.5
Korea	7.9	8.7	6.3	3.8	2.0	5.0	15.3	6.4	5.1
Malaysia	7.2	6.0	7.2	2.5	3.5	5.3	3.5	3.2	3.6
Philippines	5.4	1.8	3.1	1.4	5.0	2.6	10.3	13.7	8.6
Singapore	9.4	7.4	7.7	4.2	4.0	3.6	3.9	2.3	1.7
Taiwan	9.7	8.0	6.4	3.2	3.3	1.0	7.7	3.1	2.6
Thailand	7.5	7.9	4.6	2.3	3.3	6.2	6.1	4.4	4.5
East Asia Average	7.9	6.6	5.9	2.9	3.5	3.9	7.4	5.5	4.4

Source: Kaufman, 2008

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However, massive state intervention without the existence of an industrial or labour class that could sustain it meant that the regimes could not implement coherent and consistent policies (Gereffi & Wyman, 1990). Officials preferred to abide the inflation than to raise taxes, give credit subsidies than to reduce public sector employment, grant wage increases than to liberalise imports, and so on. An expanded public command increased public debt in Brazil, Argentina, and Mexico as governments were pressured to resume responsibility (Fishlow,1989).

TRADE UNIONS

East Asia (Japan, Korea, and Taiwan)

The newly formed industrial class in the EA developmental states only had small political influence. EA regimes allowed only limited power to trade unions and labour movements during the developmental years. Only 5% of workers in Korea were unionised with the percentage hardly reaching 12% in Taiwan (Fleckenstein & Lee, 2018a; 2018b). Consequently, strikes were an extremely rare phenomenon to witness in the period of economic success for EA countries. State protectionism also had an impact on that aspect since control and repression of trade unions and movements were constant. In Taiwan, strikes and collective bargaining were officially prohibited by martial law, while South Korea's Park Chung-Hee military regime banned strikes and deregistered all existing unions, arresting unionised workers (Jenkins, 1991).

Japan is an exemption to that rule and the reasons are ironically linked to state intervention. The earlier mentioned high cooperation between labour force and heads of the industry due to the business structure of the Japanese state and firms helped trade unions foster bloodlessly. However, in 90% of the cases, unions were completely in-line with the wishes of the management, and union strikes were in decline year after year since the end of WW2 (Benson, 1997).

Latin America (Argentina, Brazil, and Mexico)

Latin America had a long history of trade unions and labour movements that originated in the 19th century as a mean to claim rights against the repressive colonial rule (Falcon, 1984). However, most trade unions in Latin America were ran by oligarchical clique during developmentalism.

In Brazil, the power of the labour movement was relatively weak but responsible for many strikes that took place in Brazil and resulted in political disturbance. In 1953 Sao Paulo, the 'strike of the 300.000' led to the downfall of the Vargas regime the following year. Strikes were a daily phenomenon in a politically fragile country, ultimately leading to the military overtake in 1964 (Roxborough, 1981). The labour movement was synonymous to the Peron administration in Argentina, where populism and trade unions constituted the norm of the political dialogue. However, brinkmanship and interests promoted by the elites of the trade unions which were in-line with state authorities led to fragmentations in the movement and

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massive strikes that created political instability and paralysis in the development of the country. Strikes by workers in the meat, textile, print, sugar, and oil industries and the bank and railway sectors were constant (Atzeni & Gighliani, 2009).

Mexico's trade unions had been totally subservient to the state (Roxborough, 1981). Violence, fraud and vote buying were often practised by trade union leaders, aligned with the Mexican government, against the labour force. Uneven and unequal labour interest representation is indicating the fact that after the restoration of democracy in Mexico, in the 1980s, the labour movement became a prominent supporter of authoritarianism and was anti-reformist (Levitsky & Mainwaring, 2006).

LAND REFORMS

East Asia (Japan, Korea, and Taiwan)

A series of land reforms proved to be a determinant for an egalitarian distribution of landownership and greater equality in East Asia. Japanese colonialism left no room for 'landed aristocracy' in any of the three EA states examined in the paper. In Taiwan, 90% of the rural population were either full or part owners of their cultivating land. The percentage of land ownership among the farmers in Korea was 70% and another 20% exercised part-ownership (Jenkins, 1991). An equally big majority in Japan, close to 70% owned their land (Kawagoe, 1999). Land reforms were very important for industrialisation.

In these countries, agriculture was a strong source of profit accumulation for the industry, and the state was central to the whole process. Lands were handled by the interventionist state that imposed agricultural modernisation from the bottom, achieving a capital increase for landowners who were thus among the strongest financial contributors to the process industrialisation. Land reforms included land-to-the-tiller programmes that made land cultivators eventual owners of the land they worked on.

Political stability and legitimisation of the semi-authoritarian regime in Japan and the authoritarian regimes in Taiwan and Korea were sealed by successful land reforms that limited class differences and united the society under a common goal of economic growth. The rural sector soon contributed to the labour force in the newly industrialised business sector and fast development took place. Additionally, agriculture was responsible for supplying cheap food and raw materials to the urban areas (Kay, 2002).

Latin America (Argentina, Brazil, and Mexico)

In Latin America, land reforms were not prioritised by the state bureaucracies as they were not considered necessary for the industrialisation process. LA countries had greater urban areas than their EA counterparts yet only an estimated 32% of the total LA population was urban in 1960. Urbanisation was pursued in Argentina, leading to the creation of a huge metropolitan area in Buenos Aires, where 33,8% of the whole population of the country lived in the city

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(Durand & Pelaez, 1965). The scars of the Spanish colonial system included remnants of the slave system and the existence of 'land aristocracy' in rural LA areas, where most of the farmers lived in poverty with no social provision or coverage (Alexander, 1962).

Reforms put forward by LA governments were seen to widen the internal market for the developing industry (Kay, 2002). Mexico's land reforms of Miguel Aleman promoted large-scale capitalist agriculture and extended the power and immunity that landlords enjoyed. The limited pieces of land that were distributed under the agrarian reform by Aleman and the following Mexican administrations were marginal and infertile. The governments in Argentina and Brazil applied some reforms affecting rural development too, aiming at stimulating production through public investment. The states introduced new varieties of high-yield seeds, fertilisers, together with the use of agricultural machinery. However, the only system that benefited from such reforms was the pre-existing, colonial 'hacienda' system that was based on privileged landlord ownership and control of rural areas (Galindo, 2019).

TRADE AND EXTERNAL FACTORS

East Asia (Japan, Korea, and Taiwan)

Japan, Korea, and Taiwan adopted a strategy of export-oriented industrialisation. Export orientation was led by domestic private firms, which managed to reduce the countries' dependence on foreign capital (Gereffi & Fonda, 1992). Transportation systems and port facilities were built or developed excessively by the Japanese, Korean and Taiwanese authorities in the 1960s to sustain their plans of increased exporting capacity. Governments went on to provide subsidies for favoured businesses to expand further and develop their trade and export routes (Stiglitz, 1996).

Import substitution did not limit EA countries from providing incentives for exports. Taiwan's generated capital from imports and exports started from 32% of the total GDP in 1961, reached 77% in 1972, and skyrocketed to 106% of the GDP by 1981. This made Taiwan the 20th biggest trading country in the world, at the time. The government accelerated capital accumulation in certain lines of activity to shift exports toward a 'second generation' of high-technology engineering products. (Wade, 1988). EA countries were relying on exports for the survival of their economy. The initial boom in exports of manufactured goods was dependent on importation since local values were limited. Many of the intermediate goods were commodities, for which these countries did not have large volumes of production. As a result, protecting the internal market would not be sufficient without export growth.

Korea subsidised exporters of capital-intensive goods until they could become internationally competitive while also taking away special treatment provisions and lax taxation for enterprises that did not develop their export networks (Etzkowitz & Brisolla, 1999). Japan equally focused on export orientation while cultivating endogenous technological development. While protecting its vulnerable domestic market, Japan invested in importing technology and best practices from the West, to prepare its industries ahead of exporting it (Geneffi & Fonda, 1992).

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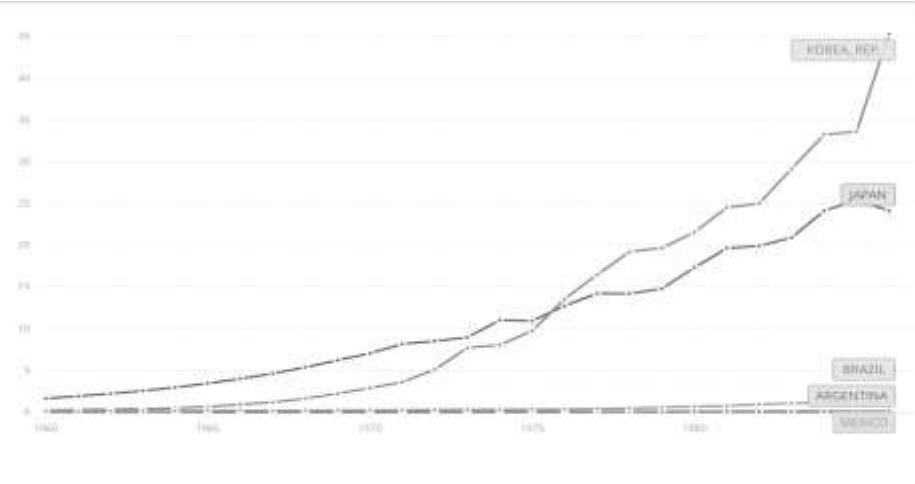
Table 4. Value of Exports of Goods and Services (Constant LCU) 1960-1986



Source: World Bank

As far as the external factors are concerned, they were ideal for EA countries to achieve economic growth and development. The US was the main provider of cheap technology that Newly Industrialised Economies (NIES) needed to build their markets (Johnson, 1982). After the end of World War II and through the Cold War, EA developmental states became the biggest allies and partners of the West. The US government did not challenge EA authoritarianism but went on to support it with financial and military aid, especially Korea's and Taiwan's, which were considered strongholds of capitalism against the neighbouring communist regimes. That factor gave geopolitical significance to these emerging developmental states (Kay, 2002).

Table 5. Inflation in LA and EA countries

	1960-70	1970-80	1980-91	1960-91
Latin America				
Argentina	21.7	130.8	416.9	197.1
Brazil	46.1	36.7	327.6	143.0
Chile	33.2	185.6	20.5	77.9
Colombia	11.9	22.0	25.0	19.8
Mexico	3.6	19.3	66.5	31.0
Uruguay	51.1	62.3	64.4	59.4
Venezuela	1.3	12.1	21.2	11.8
Costa Rica	1.9	15.2	22.9	13.6
East Asia				
Japan	4.9	7.5	1.5	4.5
Korea	17.4	19.8	5.6	14.0
Singapore	1.1	5.1	1.9	2.7
Hong Kong	2.4	8.2	7.5	6.1
Malaysia	-0.3	7.5	1.7	2.9
Thailand	1.8	9.9	3.7	5.1
Indonesia	20.5	8.5	9.6	

Source: Birdsall & Jaspersen, 1997
World Tables 1982, 1987 and 1993

The US government had to tolerate EA peculiarities such as Japan's mercantilist trade and industry policies for the capitalist state system to survive in East Asia (Beeson, 2004). Japan posed as a paradigm for the smaller states, including Taiwan, to achieve prosperity under developmentalism (Luedde, 1988; Etzkowitz & Brisolla, 1999; Vartiainen, 1999).

Latin America (Argentina, Brazil, and Mexico)

LA countries followed a model of strict import substitution that left no room for an export-oriented market. By using quantitative controls to discourage the use of imported inputs and by overvaluing their exchange rates, export growth was substantially hindered (Wade, 1988). The striking proof is the LA average of exports being only 4% of the industrial output in 1973 (Etzkowitz & Brisolla, 1999).

A closer look unveils externalities behind Latin America's unachieved development. LA countries are rich in commodities and raw materials, such as coffee and sugar in the absence of a developed technological market. Hence, global crises that occurred were disastrous for Argentina, Brazil and Mexico (Kingstone, 2018).

The 1973 oil crisis created huge foreign exchange surpluses for oil-producing countries and borrowing became cheap. Argentina, Brazil and Mexico became indebted since their interventionism could not cope with the cost of substituting a minimal private sector. In the following years, raw material prices fell while the rates rose sharply and countries that were dependent on the production of such products went bankrupt. They asymmetrically opened to the international economy, as increases in debt were disproportionate to their attention to exports (Fishlow, 1990). LA countries did not have enough savings due to high public expenditure, a minimal private sector, and limited foreign capital, unlike East Asia. The 1980s were branded the 'lost decade' for Latin America, with the collapse of the developmental state model (Kay, 2002). LA countries found themselves in a profound economic and political crisis with the international financial sector closing its doors to them (Etzkowitz & Brisolla, 1999).

CONCLUSION

The examined four developmental criteria showed that neither of the two regions could fall strictly under a developmental state theory. Neither structuralist development (which prioritises state interventionism and strong import-substitution) nor the neoclassical approach of development (which prioritises a liberal, free market with no state intervention) were strictly met in our examined countries. The plurality of factors analysed proved that it is not up to the model of developmentalism to determine the different outcomes but up to a plethora of key factors together with the global market circumstances at periods. What the governments of East Asia did was to recognise the limitations of their markets by being committed to generating policies to bring macroeconomic stability, establish markets that did not previously exist to catch up with global challenges, and create an ideal atmosphere for private investment and political stability. They did not go against the rules of the globalised market, instead, they promoted it and used it to their advantage. EA's dependence on the US played an equally important role in the development and influx of new technologies, yet on a scale between externalities and domestic policies, the latter was fundamental for this turn of events.

Latin America on the contrary did not adjust to its challenges and fell short in resisting the global crisis. For reasons that were thoroughly examined, LA developmentalism never touched upon achieving real societal equality or technological growth, instead was left struggling between unsteady regime changes, political biases, and blind protectionism that had no relativity with global trade. The oil and debt crises surely had a major effect on Argentina, Brazil, and Mexico but as it was outlined, careful domestic planning could at least limit the catastrophic turnouts.

The steps each region followed during the era of developmentalism have accompanied their overall status until today. Japan, Taiwan, and Korea are now pioneering not only in their region but in the world. At the dawn of the new millennium, East Asia was liberalised further, and state interventionism has been brought down to no more than the rest of the developed world. On the contrary, Latin America is still struggling to overcome its past sins. The lost decade led Argentina, Mexico, and Brazil to follow different policies and they seem to be doing better. However, they are far behind their Asian counterparts.

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