

The Trajectory and Trend of International Political Economy in Southeast Asia

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Abstract

International political economy debates in Southeast Asia have expanded in the last decades from the perspectives of development theories in conjunction with the structure of states relations to the links between state-market-society. The article explores the studies of Southeast Asia's political economy that has stimulated the debate over the past years and its future trends. It intends to analyse the trajectory of the issues and topics identified utilizing structured research of studies in scientific databases and derive discussion on its future topics by looking at the links between state-market-society. The existing topics related to issues of the political economy of Southeast Asia are grouped into themes related to development financing from traditional and emerging donors, State-Owned Enterprises, and regional integration. In addition, it captures the topics based on the trend that are proposed and emerged within the policy discussion and academic forums. The initiated issues are climate change and environment, the importance of sub-regional in ASEAN integration, and digitalisation and technological advancement.

Keywords: ASEAN, Southeast Asia, International Political Economy, trends, and trajectory

Introduction

Over the past 55 years, the political-economic debates of Southeast Asian countries or ASEAN have stimulated discussion on its relevance to regional cooperation within the changing architecture of global cooperation. In recent years, ASEAN as a regional institution has extended its position by expanding the discourse of equal and central position to its external partners and within the relations among member states. ASEAN has faced several facets of international conditions since its establishment with the background of the cold war to the aftermath of the 1997 Asian financial crisis, the global war on terror, and the rise of China in the region (Elias & Rethel, 2016; Juego, 2020), as well as to the current situation of global pandemic (Mursitama, Karim, & Arnakim, 2021). Domestic politics of its member states also evolved and varied from a militaristic government with a non-democratic authoritarian regime to the post-populism government. The regional and domestic political contexts have shaped the relations established among countries, including in understanding the economic context attached to the political situations. These historical experiences cannot be separated from the discussion on the political economy evolution of Southeast Asia as a region, and within the countries, which is also intertwined with the social-political-cultural contestation that happens in the societies (Al-Fadhat, 2020).

International political economy debates in ASEAN have expanded from the perspectives of development theories in conjunction with the structure of state relations that broaden into the links between state-market-society theories (Juego, 2020). This evolution cannot be separated from the interaction between domestic actors, transnational stakeholders, regional markets, and policy elites (Elias & Rethel, 2016). The debates capture the idealization of relations, institutions, and perspectives that derives from how Southeast Asian countries constituted the states, including government's roles and interests within the political and economic goals (Al-Fadhat, 2020; Jones & Hameiri, 2020). The region's historical paths bring an understanding of how regionalism among member states and with other countries is shaped, including how it is embedded in the policy that developed within the regional institution. However, regional relations cannot only be explored from the perspectives of institutions, or government approaches solely but also from the context that shaped the cooperation and relations among countries (Jones & Hameiri, 2020). Therefore, it raises the question on how the ASEAN's integrated documents, such as the Master Plan of ASEAN 2025, the Initiative for ASEAN Integration, or the Outlook on the Indo-Pacific functions in regional cooperation. Some might argue that these documents not only utilize as policy directions that derive the relationship among the Southeast Asian States but also justify the need to expand the state's economic and market capitalism goals in the regions.

The article intends to question how the studies of international political economy expanded in Southeast Asia? What are the trajectory and trends that derive the discussion especially regarding the state-market-society relations in ASEAN. The article aims to capture the trajectory of the research related to international political economy (IPE) in ASEAN specifically looking at the state-market-society relations that were established and expanded. It also intends to present the high and low of the debates related to IPE in ASEAN, including

on the potential future trends that extend the discussion on political economic notions in Southeast Asia. The discussion develops into several thematic issues that link directly and intertwined with the political economic framework in Southeast Asia. The sub-topics are related to the issues of financing for development and its development cooperation context, region integration in politics and economic, and state-owned enterprises, as well as proposing debates on the role of sub-regional government in deriving the idea of regionalism, climate and environmental challenges, and industrialization and technology. These topics are selected to explore the contestation of state-market-society that goes beyond the context of institutionalization of ASEAN. These issues are being contested from the specific narratives and context that appear within the dynamic relations that appear over the years among Southeast Asia countries as well as with other external state and non-state actors involved in the region.

Methodology

The article is developed based on the content analysis or scoping review on relevant literature related to political economy in ASEAN over the period since the establishment of ASEAN in 1967 until now, by identifying the occurring trends and narratives. The proposed methods applied in this article are through: (1) structured search of scientific databases (web of science, google scholar, and scopus), using search terms related to the topics from peer review journal articles and edited books; and (2) by conducting literature review on the selected topics. Annex 1 elaborates in detail the information gathered including data sets available that link with the research related to the political economy of Southeast Asia or ASEAN.

The structured search has gathered and analyzed around 509 articles relevant to international political economy issues in Southeast Asia and ASEAN from 1990-2022. It utilized the keywords of “Political Economy” and “ASEAN” and “Southeast Asia” in our search strategy. Further, ASEAN and Southeast Asia are being used interchangeably in this article as well. The search discovered a steep increase in knowledge production of IPE in ASEAN starting from 2002. On average, there are around twenty articles published regarding topics on the international political economy of ASEAN. It has also been found that Western and developed countries are still the most significant contributors to knowledge production for IPE in ASEAN. The United States is still the most productive country in producing knowledge related to IPE in Southeast Asia, with a total of 126 articles, followed by Australia with 111 articles, the UK with 86 articles, and Singapore in 4th with 67 articles. Indonesia, the largest country in Southeast Asia, placed only in tenth place with 30 articles published on the International Political Economy of ASEAN.

The same thing happened regarding citations, Western and developed countries still dominate citations in the ASEAN IPE issue. It shows that Western and developed countries continuously remain the centers of knowledge production, where the knowledge created significantly influences the direction of the studies of political economy in Southeast Asia.

Countries such as the United States, Australia, England, and Singapore produce works with a high number of citations than other countries. Uniquely, although Thailand is not among the top 10 countries that produce IPE works in ASEAN, they still ranked sixth in terms of the number of citations. Likewise, Sweden and France, although in terms of quantity, are not included in the 10 countries that produce IPE articles of Southeast Asia, but they are the seventh and eighth largest countries in terms of the number of citations. This once again shows that Indonesia, despite having more publications, still needs to have influential works in the global debates on the political economy of Southeast Asia.

Looking specifically at the issues being discussed in the academic databases based on the structure search on political economy of Southeast Asia, figure 1 presents the topics that appeared and reappeared from 2000 to 2020. Concerning the earlier issues in the structure search, specific topics related to economic integration, economic development, globalization, and development states emerged in the early 2000s. From around 2006 to 2016, issues related to development, governance, democracy, institutions, trade, regionalism, and development also appeared and were reinstated within the study of political economy in Southeast Asia as a region as well as within individual member countries, such as Philippine, Vietnam, and Singapore. After 2016, issues related to foreign direct investment, regional integration, ASEAN, and the Belt Road Initiative (BRI) dominated the discussion and the study of the political economy of Southeast Asia up until now. As the progress and trajectory from the early 2000s to now can be seen in the figure below, it also showcases the evolution of the issues that cannot be separated from the geopolitical and geoeconomic conditions that happened in the region within this period. Therefore, with this background, the exploration of issues of political economy of Southeast Asia is contextualized with the result of the structured search framed within the conceptual and theoretical approaches for further exploration. However, the article has limitations, which include not covering all issues related to political economy of Southeast Asia. Instead, selected topics regrouped within broader issues to consider their relevance within current debates, and research interests that expand among researchers, scholars, policymakers, and practitioners are explored.

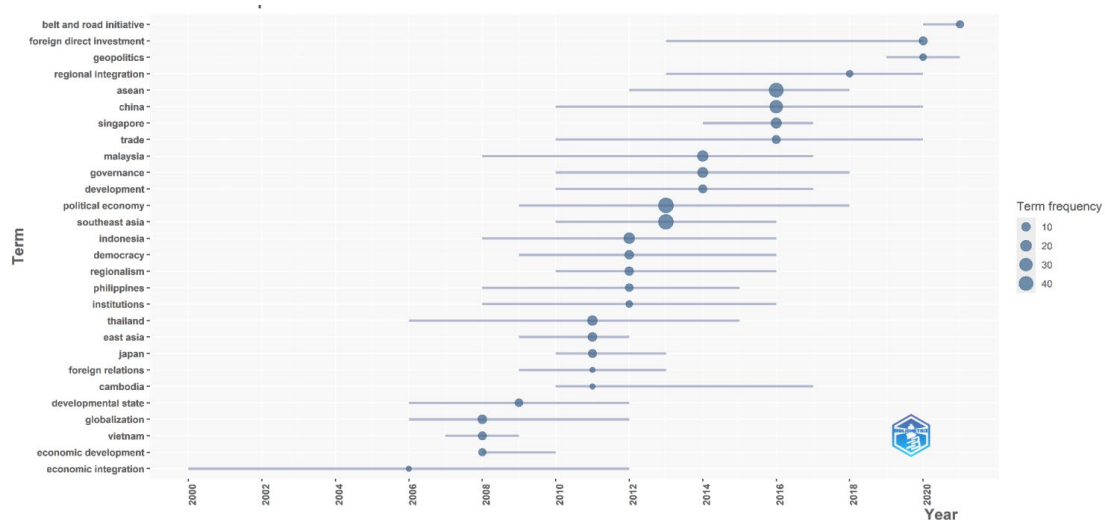


Figure 1 Trajectory of Southeast Asia's Political Economy Topics from 2000 - 2020

The Ongoing Topics of Southeast Asia's Political Economy

Looking at the topics being discussed in the context of the political economy of Southeast Asia or ASEAN, it can be seen that there are several issues that continuously and consistently appeared within the academic discussion. As identified in the structure search of scientific databases, issues such as development, regionalism, and trade continued to emerge, but differ in the numbers of publications. In the past ten years, there was a shift in the issues being discussed, especially with the rise of China's roles in the region through their expansion in political-economic cooperation in Southeast Asia. There is also a discussion regarding the regional and global dynamics in trade especially in regard to the tension between deepening regionally driven free trade through FTA or enhancing global trade through WTO (Karim, 2021). Therefore, in this part, the identification of these trajectory and current issues in the political economy of Southeast Asia is being explored within specific grouping. Further, this section identifies and explores three topics which are development financing, state-owned enterprises, as well as ASEAN integration process.

Development Cooperation and Financing: From North to South

Since the 1950s, Southeast Asian countries have been engaged with various actors internally in the region, with other Southern countries, as well as with its partners outside the regions including western or traditional donors' countries and agencies, especially concerning financing for its development program and activities. As many Southeast Asian countries are considered as low- and middle-income countries, its relations with the western donors' countries and institutions (often identified as northern or traditional aid providers) have emerged early on, even before the establishment of ASEAN. Leaders of the Southeast Asian countries were used to the support from Northern aid providers in financing their development program, compared to the cooperation with other southern provider countries (Bae, 2022). Therefore, looking at the roles of the IMF, World Bank, Asia Development Bank, European Union, and other traditional funding agencies, including Japan, Germany, and the US, it can be identified that their involvement in the development process in the region were significant (Carroll, 2020). On the other hand, ASEAN member countries have for many years also expanded their cooperation with its neighbouring countries including China and India as well as among Southeast Asian countries specially to finance their development programs, including through modalities of aid, loan, or investment program. China, for example, has engaged with many Southeast Asia countries as their development partners especially since 1991 by improving their cooperation as dialogue partners and official negotiation partners including in perceiving specific identity discourse within the established cooperation (Bi, 2021; Gloria, 2021).

The Asian Financial Crisis (AFC) in 1998-1997 revealed the fragility of the political economic conditions of many Southeast Asian countries, including its heavy crony capitalism in the political system and inadequate economic policy oversight (Carroll, 2020). In this crisis background, some countries extended their cooperation with international development organizations to help deal with the effect of the AFC through bailout programs and finance

their development program. For example, Indonesian and Thai Governments requested a bailout program from the IMF and World Bank to recover from the impact of the financial crisis with specific reform mandated. However, the Malaysian government applied different approaches to the economic recovery program and refused the IMF reforms model (Carroll, 2020). The neoliberal strategy injected by the 'Washington Consensus' that attached these Multinational Development Bank program applications in the region, has integrated the extension of market liberalization combined, which only benefited the authoritarian political regimes (Kilby, 2017; Rosser, 2020; Williamson, 1993). Further, the roles of these traditional donors in ASEAN also applied specific approaches to its program that focus on the social sectors, good governance, capacity building, and strengthening the roles of civil society (Rosser, 2020).

Learning from the crisis, ASEAN as its regional organization, has established several initiatives to build a more integrated, market-driven, and economic development region that is still being questioned on its efficiency (Elias & Rethel, 2016). As part of the commitment within ASEAN, to build and develop stronger connectivity among its member states, several development programs continued to be expanded, including ASEAN Integration (IAI) IV and Master Plan of ASEAN Connectivity (MPAC) 2025. However, the challenges remain significant despite several commitments that have been made. The development cooperation model remains segmented and symbolic rather than building more integrated cooperation. For example, the Indo-Pacific outlook stated the importance of South-South Cooperation (SSC) within the region as the model of cooperation that needed to be expanded. This initiative is firmly based on building stronger connectivity between regions, especially Asia and Africa (Prakash, 2018), but how the SSC can be effectively utilized in development cooperation within this framework remains debatable.

As SSC has been derived by the region's neo-liberal development system, the development cooperation model facilitated the similar construct of cooperation as previously shaped by traditional donors (Engel, 2019). Several programs have been developed by their aid agencies, including TICA (Thailand International Cooperation Agency) of Thailand and Singapore Minister of Foreign Affairs with a similar location of intervention, including focus on CLMV (Cambodia, Laos, Myanmar, and Vietnam) countries utilizing the model of technical cooperation. Looking further at the roles of Southeast Asian countries as the provider of development support, they play significant roles as the provider countries. However, there are unconscious competing nuances among Southeast Asian countries' development cooperation agencies including among major Southeast Asian countries (such as Indonesia, Thailand, and Singapore) working and focusing on the similar model of cooperation and targeted countries (Engel, 2019). This regional development cooperation is stimulated by geopolitical motivations including through aid giving process, as it specifically focuses on its neighboring countries for creating stability and security (Engel, 2019; Mawdsley, 2012) rather than by economic integration motives moreover within the regional cooperation framework (Bae, 2022).

Over the past decade, development cooperation with China expanded beyond the message of South-South Cooperation. It often challenged the position of traditional donors,

especially with the establishment of Belt and Road Initiative (BRI) and Asian Infrastructure Investment Bank (AIIB). These programs have provided significant development support, especially relevant infrastructure programs to ASEAN countries (Soong, 2016; Rosser, 2020). For example, BRI has been the investment and development cooperation model through joint contribution, cooperation, and sharing process that focuses on infrastructure and capacity production (Bi, 2021). However, this has also extended the new interdependency of Southeast Asian countries to China that intertwines with the capitalism model of governments that engage from both ends. The strategy and accumulation of funds injected into the BRI programs across Southeast Asia countries have underlined China's model of an aid program that derives the region into leaning toward China's model of cooperation and weakening the US effect in the region (Einzenberger & Schaffar, 2018). Therefore, the contestation between the traditional donors and emerging donors in Southeast Asia's development cooperation signified power relations that intensify the ideological and strategic hegemony position, moving from free market to state capitalism setting of political economy in the region.

State Owned Enterprises (SOE) in ASEAN

Overall, the discussion regarding SOE (State Owned Enterprises) in ASEAN needs to be structured using a comparative analysis framework. Currently, scholars have narrowly discussed SOE in the ASEAN context using a specific case study of SOE such as, among others, in Indonesia (Choiruzzad, 2019; Kim, 2018; Kim, 2019; Kim, 2021; Kim & Sumner, 2021), Malaysia (Lee, et al., 2022; Menon & Ng, 2017; Shawtari et al., 2017; Whah, 2020; Zhang, 2021), and Singapore (Chen, 2016; Huat, 2016; Sikorski, 1989; Yeung, 1999). The discussion of SOE in ASEAN is also predominantly situated within the role of external actors, especially China's SOE, toward the investment and development concerning its political and economic rising in the region (Frost, 2004; Matthews & Motta, 2015; Zhang et al., 2018; Zhang, 2021). A comprehensive understanding on the behavior and roles of SOE in ASEAN is needed since scholars have been highlighting the dominant role of the state in the region, a quality that makes ASEAN (or East Asian countries in general) unique compared to the experience of other regions (Beeson, 2014; Ravenhill, 2010). Comparative studies are needed to enhance the understanding of the complete picture regarding the role and behavior of state in political and economic development in the region (Beeson, 2014), whether within the framework of the developmental state of Northeast Asia or clientelist type of Southeast Asian Countries (Ravenhill, 2010).

Echoing this narrative, the section attempts to highlight at least one agenda that can be discussed in a comparative manner, particularly related to the roles of SOE in ASEAN. Specifically, it concerns the issues of free trade agreement (i.e., regional trade governance) and its impact on the region. Even though hegemonic competition in the region is uncertain and complex (Beeson, 2009), this issue is becoming more relevant than ever, especially with the growing hegemonic rivalry between China and US in the regions. Not only does this "new cold war" represents the balance of power in the world today (Kaplan, 2019), but Asian regionalism, which includes multiple regional powers like China, Japan, and ASEAN, is more active than before in advancing their multilateral strategy within the regional framework

(Oba, 2019). Despite criticism of overlapping bilateral agreement due to the absence of trade governance in the region, which has been known as the “noodle bowl” syndrome (Baldwin, 2008), the advancement of multilateral institutions in Asia (including ASEAN) brings a new wave of regionalism that encourage nations to adopt an “institutional hedging” strategy (Oba, 2019) to maintain their political and economic interest in the region. It means that further development of trade agreements achieved in the region provides significant impact on many aspects of power and trade-related issues including the state-owned enterprises (Chen et al., 2018).

RCEP (Regional Comprehensive Economic Partnership) agreement, for example, which has been implemented since early 2022, is the first East Asian mega Free Trade Agreement (FTA) (Shimizu, 2021) that covers “30% of the world’s population, contributes US\$ 25,8 trillion about 30% of global GDP, and account for US\$ 12,7 trillion, over a quarter of global trade in goods and services” (RCEP, 2022). There have been discourses among scholars on how ASEAN can keep its value of ASEAN Centrality¹ toward the mega-regional FTA like RCEP or even in the Indo-pacific context. Some scholars are pessimistic about the value of ASEAN Centrality, such as on several issues, including the issue of the global value chain in the Indo-pacific (Fujita, 2021), trade and connectivity (Mueller, 2019), leadership in moderating great-power relationships in East Asia (Jones, 2010) especially in regards to the rise of China (Jones & Jenne, 2016), as well as in the issue of security amid the competition of great powers like China and US (Kraft, 2017). Nevertheless, another research shows an optimistic view toward the role of ASEAN Centrality in the region. ASEAN is considered well in leading the RCEP negotiations process (which was finally signed in November 2020 and actively enforced this year) during the rise of protectionism and the US-China trade frictions, as well as in responding to the COVID-19 pandemic (Shimizu, 2021; Karim & Susanto, 2021).

These empirical and academic discourses signal the rising need to expand our research agenda regarding the position of SOE in ASEAN. The concept of ASEAN Centrality here should not be limited to its relationship of achieving ASEAN Connectivity 2025 or RCEP but also on how it can be utilized to understand the role of state in the framework of state capitalism. It is also necessary to stimulate the debates by exploring the impact of infrastructure-centered foreign policy, such as China’s Belt and Road Initiative (BRI) that has been spread across Eurasia, by looking at how ASEAN states ruling elites maintain their power, especially leaning closer to Beijing (Cheng-Chwee, 2018). Maintaining the value of centrality or its strategy of institutional hedge is essential not only for the ASEAN states itself but “also good for all other powers and players” (Cheng-Chwee, 2018). Therefore, the discourse can explore how SOEs are being affected and influencing the debates of political economy in the region further.

¹ ASEAN centrality can be understood as a value that views ASEAN as a node in a network, which enables ASEAN to influence regional processes while hedging its interest among powerful nations (Caballero-Anthony, 2014).

Regional Institutions: Between Politic and Market integration

The establishment of the ASEAN as a regional institution in 1967 has expanded into a unique set of mechanisms and network systems that connect its member countries with other actors and institutions across Asia-Pacific (Acharya, 1997; Jones & Hameiri, 2020). As it also evolved into a regional system of cooperation over time, ASEAN has derived cooperation and relations among its members into political and economic spheres. ASEAN members considered the ASEAN Way as the code of conduct of the cooperation, including the non-interferences and consensus decision-making process as the principles (Acharya, 1997; Yukawa, 2018). As a multilateral agency, ASEAN also shaped the model of institutionalization of cooperation engaged with the structure of relations constructed by their relations with other actors outside its members. Further, regional economic integration can be considered to have a stimulating effect to global economic cooperation and growth (Pasierbiak, 2018). However, the debates on the institution's effectiveness to stimulate and strengthen regional integration were significant over the years.

Part of the expansion of the ASEAN Way concept and its contribution to the establishment of APEC or Asia-Pacific Economic Cooperation was one of the catalysts to support the idea of consensus building through its economic cooperation with its regional counterparts (Acharya, 1997). APEC was considered the consultative mechanism to build alliances and minimize the region's potential trade and economic tension strain (Acharya, 1997; Ergenç, 2020). However, the role of APEC was questioned in sustaining economic cooperation in the region, especially when the Asian Financial Crisis 1997-1998 occurred, with the aftermath that the idea to extend the effectiveness of economic cooperation in Southeast Asia was more needed. Therefore, two main initiatives were developed to improve the region's financial and economic cooperation. The first was the advancement of relevant regional policies and regulations, including accelerating financial surveillance and improving economic and market integration through Chiang Mai Initiative (CMI) and the Chiang Mai Initiative Multilateralization (CMIM). The second was establishing new regional groups such as ASEAN+3 (APT) grouping with China, Japan, and South Korea and improving the existing ASEAN free trade areas (AFTA), and later ASEAN Economic Community (AEC) in 2007 as part of the ASEAN community pillar (Ermeýdan, 2020; Jones & Hameiri, 2020; Permatasari, 2020).

In extending economic, trade, and finance cooperation in the region, the modalities and approaches utilized by ASEAN also cannot be separated from how the dynamic of cooperation, established ideas, policy direction, and its implementation linked to the transformation of state and market in the region. In 2015, the 'ASEAN Community' was launched with the expectation of managing cooperation in Southeast Asia, with the establishment of 'ASEAN 2025' as a blueprint and action plan to regulate and be adopted by member countries (Jones & Hameiri, 2020). With the Master Plan on ASEAN connectivity 2025, the intention to expand the ASEAN economic community (AEC) into comprehensive market integration among Southeast Asian countries still faces many challenges. For example, the domestic power relations of member countries on the implementation of AEC intertwined with the interests of corporations and the state, including in the way competition among

business is shaped, protectionist regulation applied to protect local enterprises, and skill workers movement regulated (Jones & Hameiri, 2020). These challenges questioned whether the model of ASEAN integration will ever be effective with the existing model of institutional and regulations that often must clash with the power of domestic governance, mechanism, and market system.

Several other initiatives are being established from these debates on the effectiveness of ASEAN as an institution that led the integration process. One of the most recent ones is the ASEAN Outlook on the Indo-Pacific in 2019. This initiative emphasizes the concept previously identified by Japan's Prime Minister Shinzo Abe and reiterated by the US government in identifying the future trajectory of the Asia-Pacific region by involving other neighboring countries such as India (Anwar, 2020; Choiruzzad, 2020). Indo-Pacific conveys conceptual understanding as it refers to the shifting geopolitical and geoeconomics center of Asia to the Indian and Pacific oceans that maintain international trade and transportation to support economic growth in the region (Anwar, 2020). The reappearing of the concept was also influenced by the expansion of China in the region. The need to balance the roles of China and other external actors in the region has intensified the discussion and debate on the model of integration that can be functional in the context of ASEAN, especially on ASEAN centrality (Choiruzzad, 2020). ASEAN member countries also varied in response to the establishment of this initiative. For example, Singapore questioned the initiative's scope, demanding it to be an ASEAN-led mechanism. At the same time, Indonesia took more positive notes to extend this initiative within its middle-power roles in ASEAN (Anwar, 2020).

Looking further at the dynamic of ASEAN member countries in regional cooperation through building mechanisms for ASEAN Integration, it must be addressed that the conceptual ideas, policy direction, and implementation often clash with the domestic political interest and markets. Jones (2019), for example, suggests extending ASEAN market integration through developing comprehensive value chain system that can attract more countries investing in the region. The construction of the integration model also cannot be separated by how its economic and political regulations are established, not only by the dynamic within the region and with its members' state interest, but also with the other external actors and major powers involved in the region. Therefore, the regional integration of ASEAN will continue to be relevant as part of the debate within the political economy studies of the region.

The Future Trajectory of Political Economy of Southeast Asia

Having discussed the current issues of political economy research on Southeast Asia, it is also essential to reflect the future trends in its academic debates. Other issues are often neglected in the discussion, but it has a strong relevance with the political economy perspective, especially concerning the link between the state, market, and society. These issues are also being discussed widely within the international policy forum, such as Foreign Policy Forum. Therefore, three additional topics are proposed to be the ensuing discussion of the international political economy of Southeast Asia, which are climate change and environment,

the roles of sub-national actors in ASEAN integration, and the digitalisation process and technology.

Climate Change and Environment

While at the beginning of its establishment, ASEAN focused mainly on addressing political and security issues in the region, since the late 1970s, environmental issues—particularly those that have transboundary implications—have increasingly become a common concern in ASEAN. It includes issues of protecting forests and biodiversity, air pollution, water and soil contamination, declining marine, and fishery resources, transitioning to cleaner and renewable energy, and climate change (Aggarwal & Chow, 2010; Elliott & Caballero-Anthony, 2013). Among others, two broad or major themes have gained more attention from policymakers, scientists, and practitioners: 1) air pollution from the transboundary haze, and 2) Southeast Asian efforts to mitigate climate change, particularly in the energy and Agriculture, Forestry and Other Land Use (AFOLU) sectors.

Transboundary air pollution due to fire and haze originating from peat and forest fires has arguably been one of the most conspicuous environmental issues in ASEAN in the last decades (Aggarwal & Chow, 2010; Mayer, 2006). It has been part of regional affairs negotiated in ASEAN because of the extent and impact of the pollution crosses into neighboring countries' airspace, especially Indonesia, Malaysia, and Singapore. At its worst, lesser effects of the haze have also been reported in Brunei and Southern parts of Thailand and the Philippines (Mayer, 2006). The phenomena cannot be separated from the globalization of the agribusiness sector in the region, particularly in the palm oil sector (Varkkey, 2020). The increasing global and domestic demands for oil palm as “flex crops” (i.e., crops that have multiple uses) have made some countries in Southeast Asia, notably Indonesia and Malaysia, prefer palm oil as their priority crop (Cramb & McCarthy, 2016). Scientists and NGO reports associate the fire and haze phenomena with the expansion of palm oil plantations, particularly in Indonesia and Malaysia (Pye, 2019, Marlier et al., 2015).

One of the questions raised by students of international politics has been why ASEAN—as a platform for regional environmental governance—has not effectively addressed the fire and haze problems. This issue has been discussed at the ASEAN level since the late 1980s, which resulted in several policies, action plans, and a legally binding agreement to mitigate the haze (e.g., the 2002 ASEAN Agreement on Transboundary Haze Pollution), but the haze episodes have been—in varying intensities—a recurring problem annually until present times (Varkkey, 2020).

Some scholars blame the model of ASEAN cooperation—the “ASEAN way” --as the culprit of this ineffectiveness. For example, Aggarwal & Chow (2010) and Tan (2005) argue that the inability of ASEAN to address the issue can be rooted in its long-held norm of non-interference in the internal affairs of other states, respect for sovereignty, informality, and consensual decision-making. Other scholars are not satisfied with this explanation. Varkkey (2020), for example, argues that the ineffectiveness of ASEAN haze mitigation efforts is due

to the prevalence of local and cross-border patron-client networks, particularly between the government officials and well-connected businessmen in the oil palm plantation sector in Indonesia, Malaysia, and Singapore. The three most affected countries by the haze were also the major players and heavily invested in the region's palm oil sector. The combination of national interests and the existence of a patron-client culture of doing business, which was common in all three countries, resulted in regional outcomes where business elites in the sector enjoyed the privilege and protection from the government of these countries. The tendency to give in to corporate interests is a significant obstacle to more effective regional environmental governance in ASEAN (Varkkey et al., 2021).

The second most important theme is related to Southeast Asian efforts to mitigate climate change. Southeast Asia is one of the world's most vulnerable regions to climate change (ASEAN, 2021). Four Southeast Asian countries—Myanmar, the Philippines, Vietnam, and Thailand—were among the 10 most affected countries in the world in 1999 - 2018 (Eckstein et al., 2020). It is projected that climate change will continue to have a major impact on the prosperity and well-being of Southeast Asians in the future. To address the issue, ASEAN member states joined the rest of the world under the Paris Agreement and committed to reducing their GHG emissions to limit the temperature rise at 1.5oC. However, despite the high vulnerability of the region to climate change, the NDCs of ASEAN member states under the Paris Agreement is relatively modest, and considering the current policies (i.e., in its business as usual (BAU)), it is predicted that the major ASEAN members states would not be able to meet their NDC targets (Overland et al., 2021).

Particularly in the energy sector, scholars have pointed out some climate and energy paradoxes (Overland et al., 2021). While ASEAN has set a target for renewable energy sources to account for 23% by 2025 and some ASEAN member states are making progress in using renewable energy, the current national energy frameworks are still centered on fossil fuel-based energy production, particularly coal. In contrast to the trajectory in other parts of the world (e.g., Europe), coal consumption for electricity production in Southeast Asia has been growing in recent years. It is predicted that coal will overtake natural gas as the primary power source of ASEAN by 2030 (IEA, 2019). This coal's persistence in the energy sector cannot be separated from the broader political-economic processes and structure at local, national, and regional levels. In Indonesia, for example, coal-based orientation in the energy sector cannot be separated from the strong political influence and lobby of coal business elites and perception by policymakers. It is identified that coal is the country's cheapest energy source to increase electrification levels in thousands of villages that do not yet have access to electricity while at the same time helping absorb domestic coal supply after the decrease of coal demand at the international market (e.g., China) (Fünfgeld, 2019). Similarly, in the Philippines, the persistence of coal as the main source of energy generation is caused by the combination of the focus on energy security and the strong influence of 'oligarchs' in the power sector that still favor coal due to its associated profits. It is strengthened by the continuous support from associated banks and influential policymakers to support coal-based investments and the reluctance of many conglomerates to invest in renewables despite the fact that the costs of renewable technologies have been declining (Manych & Jakob, 2021).

Further, in the AFOLU sector, researchers, policymakers, and practitioners have put a lot of attention to Reducing Emissions from Deforestation and Forest Degradation (REDD+) programs as part of climate mitigation strategies in ASEAN, which aims to address the root causes of deforestation, contribute to a more broadly sustainable forest management, and enhance forest carbon stocks (ASEAN, 2021). The basic idea of REDD+ is to use market mechanisms or economic incentives to compel state, non-state, and local actors to reduce carbon emissions and conserve carbon stocks by avoiding deforestation and forest degradation (Milne et al., 2019; Gellert, 2020). Southeast Asian countries are of central interest in the implementation of REDD+ efforts as it contains one of the largest tropical forests in the world after the Amazon and Congo Basin. With the increasing recognition that forests function as carbon sinks, REDD+ has been central to global climate governance and gives countries like Indonesia, Malaysia, Cambodia, Laos, and Vietnam leverage in climate negotiations. However, studies evaluating the implementation of REDD+ in these countries have shown sobering outcomes (Milne et al., 2019; Gellert, 2020). These studies have shown that REDD+ has struggled to influence broader political and economic processes that drive deforestation at the local level. REDD+ implementations have also driven social and political tension and conflicts (Patel et al., 2013; Milne et al., 2019; Gellert, 2020). The broader political economy of resource extraction, agricultural production, and land allocation has a crucial effect and is paramount in determining REDD+ outcomes (Luttrell et al., 2014, Milne et al., 2019).

Subnational Actors and ASEAN Integration

With the growing demand to make ASEAN closer to the people, the debates to enhance the role of subnational actors in enhancing integration between ASEAN member countries have become more significant than ever. It is due to the deepening of intra-trade cooperation among ASEAN members as the achievement of ASEAN Economic Community 2025 is still at the level of 22-25% (ASEAN, 2018; Jones & Hameiri, 2020). Further, based on data from ASEAN Statistics in 2020, from 2011 to 2020, the urban population ranged from 40-44%, where the rest of the population is still in rural areas with most of the land areas dominated by agriculture (ASEAN, 2020). Apart from the higher percentage of the population in non-urban areas, the sub-national area is close to and able to apprehend the needs and aspirations of its people (Cheema & Rondinelli, 2007; Duchacek, 2019; Kuswanto, Hoen, & Holzhacker, 2016; Tavares, 2016). Therefore, governments in sub-national societies are important actors that can play significant roles in ASEAN integration. The discussion, then, intends to construct debates that link the roles of cities or subnational level actors in the context of Para diplomacy and political economy in Southeast Asia. It is necessary to stimulate comprehensive policy and approaches to improve the ASEAN integration process beyond the state-level approaches. Therefore, it can be identified that three themes related to the roles and importance of subnational actors in enhancing ASEAN integration processes are being discussed.

In this globalized era, cities have become sites for the global capital grow and contestation (Tavares, 2016; Wu, 2020). Thus, the roles of sub-national governments and the institutions at the sub-national level have become an important narrative in international

cooperation. With most of the global economic output generated at the level of cities, the question raised on how the sub-national government and institutions of Southeast Asia countries can engage in the internationalization process that enables them to negotiate and position themselves at the global level (Wu, 2020). This question can be answered by engaging in political and economic approaches to transborder relations that can contribute to and challenge regionalism and integration in the region. However, it must be addressed that the issues of capacity, scope, and directive tools also need to be identified to capture local government's relevance in the regionalism process. To incorporate decentralized international cooperation in the policy process (Tavares, 2016), the power relations and structures that shaped the relations local, national, and regional governance, not to mention the non-state actors involved in the process, such as private sectors and civil society groups need to be addressed (Wu, 2020).

The concept of social capital of sub-national actors cannot be separated from the historical, political, economic, and social conditions of the region, as the concept is based on the bottom-up method as successfully implemented by the European Union in applying regional integration (Panara, 2015; Prado, 2007). It is a necessary and pressing intention to build ASEAN integration by creating social capital of sub-national actors with the resources to build an integrated ASEAN community, especially from the lowest level (Affandi & Mursitama, 2018). However, the challenges remain significant, including defining the scale and framework of work that can be identified within the sub-regional cooperation (Karim, 2019). Issues such as economic development of small medium enterprises, land degradation, and transborder conflict often emerged and evolved at the subnational level that links with network build and mechanisms attached to the issues. Therefore, Tavares (2016) identifies four phenomena that can emerge within this context, whether the network establishment derives into the ceremonial approach, theme-related relations, global, and sovereignty Para diplomacy. These phenomena constituted the local government's position, roles, and scope of activities, including extending the model of cooperation and approaches that resulted from the relations.

Concerning contribution to the debate on regionalism and regional integration, the intra-regional economic and social cooperation aspects of ASEAN, especially its relation among member countries, need to be strengthened (Balassa, 1969; EL-Agraa, 1989; Krapohl, 2017). It leads to the third issue to identify the debates, which are engagement motivations. As historically can be identified, sub-national actors have been engaged with external actors to support their policies, program, and other related activities. Several motivations to extend their cooperation are: 1) to capture the economic and political opportunities; 2) to promote the decentralization process by providing a more hands-on approach to governance and prevail isolationism; 3) to provide welfare to citizens, including diaspora; 4) to extend interests of the local leaders or stakeholders including engagement with opportunities and personal gain, and promoting local culture and geographic positions (Tavares, 2016). These motivations remain debatable but should also be captured in future discussions on the sub-regional engagement in regional integration, especially in ASEAN contexts. Furthermore, the study of sub-regional actors shall derive the idea, concept, model, and motivations that can stimulate debates on its contribution to regional integration in ASEAN.

Technology and Digitalisation

The discussion on technology and digitalization in ASEAN started off as early as the 1990s when the shift of the traditional economy from resource-based to manufacturing emerged. Over the years, Southeast Asia countries have derived their industry and technological advancement as part of their main force for ASEAN economic integration despite the obvious challenges for member countries to expand their development potential (Wai, 1995). In more recent years, these topics cannot be separated from globalization and advancement of information technology, industry 4.0, digitalization of finance, and consumption of digital technology and products (Rabe & Kostka, 2022). Indeed, Karim, Irawan, & Mursitama (2021) have shown the importance of the domestic origin of banking integration in ASEAN. However, ASEAN financial integration continues in the traditional banking integration. Furthermore, globalization of digital technology and COVID-19 also derive the development of the issues, in this case in ASEAN, as it also extends with the background of China's Digital Silk Road and policy approach of the states in shaping the industrialization and digitalization process (Banna & Alam, 2021; Bernards & Campbell-Verduyn, 2019; Rabe & Kostka, 2022). Therefore, the relations among stakeholders have stimulated future debates related to the industrialization and technology evolution in ASEAN, especially on the digital economic transformation, especially on the issues of financial technology (Fintech), and the fourth industrial revolution post-manufacturing industries.

The transformation of the digital economy in Southeast Asia has affected the conceptualization, engagement, and institutional mechanism of ASEAN's member states in deriving and managing the issues further. Looking at the growing technological changes that need to be accelerated, including fintech, cryptocurrency, artificial intelligence, and big data, the political economic approach to understand this digital evolution and its implication to the actors involved are still limited (Bernards & Campbell-Verduyn, 2019). ASEAN has developed strategic frameworks and initiatives to guide its digital integration journey, which include the ASEAN Digital Integration Framework and its Action Plan (DIFAP) and the Bandar Seri Begawan Roadmap: An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration. Digital transformation is becoming a catalyst for economic development in ASEAN with the presence of e-commerce, online media, digital financial services, and online ride-hailing activities. ASEAN already has important features that will make digitalization much easier, such as having a 670 million market full of a young and tech-savvy population (MTI, 2022). Currently, ASEAN has 400 million internet users, and its regional mobile penetration is the third largest in the world, and the growth of ASEAN's internet economy is expected to be worth more than US\$300BN by 2025 (Google, Temasek, & Bain, 2020; MTI, 2022).

Looking at the scale and progress of digitalization in Southeast Asia, it remains significant to capture how the actors, technology, and policy are intertwined in the process. It can be identified that actors involved in the digital economy in Southeast Asia have also been expanded. Previously, they were dominated by states, multinational enterprises, and external actors such as China now have derived actors at the subnational level, such as small-medium

enterprises that utilize digital technology to buy and sell their products (Karim et al., 2022). Financial technology (fintech) in Southeast Asia has evolved in a way that created a specific structure of relations among actors involved that influenced how policy and implementation are applied. However, the implication and debates about technology disruption, especially those that affected the political economic activities in the region, have often been missing in the analysis. The debates need to capture how external and internal factors influence the production and financial mechanism of the technology, including how technology accumulated by the process of political economic relations between the country and the region (Bernards & Campbell-Verduyn, 2019).

Furthermore, this digital transformation also cannot be separated from how the industrial revolution 4.0 (IR4) impacted the way Southeast Asia countries take advantage of Foreign Direct Investment (FDI) (Ambashi, 2020). The concept of fourth industrial revolution (4IR) has given birth to the idea of transformation by focusing on new technologies, which have had tremendous effects on industries and societies since its introduction in 2016 (Ambashi, 2020). However, the 4IR has also posed challenges, such as deep disruption to jobs, especially in manufacturing and services-based jobs (Enzmann & Moesli, 2022). It must be addressed that institutional setting, capacity, access or network system, and infrastructure are necessary to make the region's digitalization process work. ASEAN countries' readiness to mitigate these digital technology changes and adaptation might differ from one country to another (Ambashi, 2020). Therefore, the debates on the process, changes, and effect of the technological disruption and digitalization in Southeast Asia are necessary to understand the dualism that often appears such as bridging the policy and implementation, understanding the subnational and regional conditions, bridging the political and economic interest, and understanding the external and internal stakeholders involved (Bernards & Campbell-Verduyn, 2019).

Conclusions

The research intends to explore and analyze the progress and alternative direction of the political economy in Southeast Asia. The study of it has been constructed from various phases of historical experiences and relations that emerged and evolved from its relations between member states and with other countries outside the regions. The discussion also cannot be separated from how the regions interact between states and its government, the market and its enterprises, and the society at large, and how the established power relations shape the dynamic cooperation among countries involved in the ASEAN further. Several issues are constantly being discussed within the study of political economy based on the structure of academic research databases. The topics that appeared and reappeared from 1990 to 2020 are constructed within three issues of development financing, namely: 1) traditional donors' countries or from other Asia and Southeast Asia countries including emerging donors; 2) the roles of State-Owned Enterprises (SOE) in enhancing the state capitalism, and 3) economic integration of ASEAN. These issues have shaped the debates including how it linked with the events and situations that emerged in Southeast Asia over the time.

Looking further into the evolution of the political economy discussion, it has been identified that several related topics and issues have been less discussed in academic papers based on the structure search that has been conducted. Therefore, the article has proposed three additional issues that engage closely with the policy and context of political economy in Southeast Asia. These issues include climate change and the environment, sub-regional position in ASEAN integration, technology, and digitalization. These issues give alternative perspectives to the discussion of political economy, as they also engage and interlink with the roles of the state, market, and society. The research is expected to stimulate further discussion on the political economy of Southeast Asia. Further, more topics can be identified and provided as it is also expected that the discussion can provide significant nuances to extend the debates on the political economy beyond the usual discussion in the context of Southeast Asia as a dynamic region that is continuously evolving.

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Annex

Annex 1: Methodology and Datasets

The methodology used in the paper refers to the structured research of scientific databases on the topics or themes related to political economy in Southeast Asia or ASEAN. The dataset identified as the results of this structure of search are on the number of citation used, the universities that the writers come including the location of the universities, the number knowledge products on the topics including number of articles and book produces, words that associated with the study of political economy of Southeast Asia or ASEAN, and the fluctuation of themes over the period of specific time from 1990 to 2020, as well as the graph of topic that become the trend from 2000 to 2020 that being utilised as the trigger points of discussion for this paper.

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