IPE scholarship about Southeast Asia
Theories of development and state–market–society relations
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Introduction
Southeast Asia is one of the most puzzling regions in the world for students of international political economy (IPE) because of its sheer diversity and heterogeneity. The region is composed of eleven countries with different histories, languages, social and cultural characteristics, racial and ethnic composition, economic development, and political regimes—namely: Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. With the exception of East Timor, the ten member states belong to the Association of Southeast Asian Nations (ASEAN) regional bloc. Thus, doing an intensive comparative approach is indispensable to understand the region as a whole and achieve a deeper understanding of the dynamics of societies. While being sensitive to the peculiar characteristics of each society in Southeast Asia, research on IPE needs to capture developments they share and locate these in specific ways global processes have unfolded not only at the traditional geographical scales defined by regions and nation-states, but also at the levels of local grassroots communities, family households, and the human person.

This chapter highlights key contributions to the study of Southeast Asia within the field of IPE. Its flow of discussion shows that, since the 1950s, IPE scholarship on and about Southeast Asia has developed and evolved into three main theoretical themes:

1 development theory;
2 state theory; and
3 theories of state–market–society relations.

The first and second themes regarded societies in the region as “new independent nations” during the post-colonial period, or as part of the “Third World” during the Cold War. While theories of development have identified factors and provided explanations on the mechanisms that cause poverty and instability in the former colonies, theories of the state have described the characteristics of state institutions (notably, their governance processes and capacities) in the developing world. The third theme offers interpretations of the nature of social embeddedness of state–market relations in the context of capitalist globalization, especially under conditions of its “neoliberal” phase which started to intensify in the early 1990s.

Though not exhaustive, the literatures—and the theories associated with them—that are reviewed in this chapter are considered classic, state-of-the-art, or seminal works in their respective areas of inquiry. Their contents are understood within specific contexts. And the critiques on them point to issues that may contribute to efforts at improving on, if not formulating an alternative to, existing analytical frameworks for the study of Southeast Asian political economy.

**Development theory**

Earlier literatures on the political economy of Southeast Asia dealt with the classic debates in Third World development theories—which provided explanations of the structure of under-development in peripheral countries of the Global South due to their dependent relationship with core capitalist centers in the Global North, offered policy prescriptions for developing economies to catch up with industrialization processes, and proposed strategies to overcome the general conditions of mal-development. In these debates, the plight of Southeast Asia was understood through modernization theory, dependency school or world-systems theory.
Modernization theory and the doctrine for political development

The original versions of modernization theory described post-colonial countries in Southeast Asia as traditional societies, which are “pre-state, pre-rational and pre-industrial” and whose backwardness was a result of varying cultural, psychological, and socio-economic factors (Higgott and Robison 1985a: 17–18). They prescribed a process of “Westernization” to modernize primitive and backward societies. By this it meant that Asian states and economies should institute similar political and economic model of “the West” (i.e., democracy and capitalism), including the emulation of the development strategies pursued by advanced capitalist countries when they were still developing (i.e., industrialization).

The most recognized proponents of modernization theory today were part of an interdisciplinary group of scholars that emerged around the early 1950s from the Harvard University’s Department of Social Relations, the US Social Science Research Council (SSRC), and the Massachusetts Institute of Technology’s Center for International Studies – notably, the sociologists Talcott Parsons, Edward Shils, and James Coleman; the economists Paul Rosenstein-Rodan and Walt W. Rostow; the communication scientist Daniel Lerner; the anthropologist Clifford Geertz; and the political scientists Gabriel Almond and Ithiel Pool. In the mid-1950s, the Ford Foundation supported the SSRC to create a Committee on Research in Comparative Politics whose main objective was to generate theories of modernization to guide public policy and create stable institutions in transition societies. Well-known scholars of Southeast Asia were appointed as key members of this committee: George Kahin, Guy Pauker, and Lucien Pye. The initiative led to a series of publication in the 1960s called Studies in Political Development (for a comprehensive account of US government’s interests in Southeast Asian politics research program, see Latham 2000; Kahin 2003; Klinger 2016).

Seminal articles on Southeast Asian politics by the doctrinaires of modernization and democratization pointed to the particular condition of the Third World undergoing a process of decolonization in a broad global context.
They problematized the cultural traditions and the socio-political features of a village society where governmental activity was limited to traditional autocratic rulers or the elite few practitioners, and where public participation in decision-making of issues above—yet with direct impact on—the village level was also restricted (Kahin, Pauker and Pye 1955). Southeast Asian societies like Malaya, Indonesia, and the Philippines were characterized by “non-Western” political process and value systems. Whereas politics in non-Western countries was based on communal and personal interests, politics in the West was organized around interest groups, political parties, class interests, and policy objectives. Thus, the political process in Southeast Asia was viewed as irrational, expedient, communalistic and personalistic (Pye 1967). This description of Third World social structure had found resonance in a number of political studies on Southeast Asia during the 1960s that used the once predominant “patron–client model,” in which social relations were based on personal exchange of loyalties and favors and political competition was perceived as non-ideological and non-programmatic (e.g., Lande 1965; Riggs 1966; Scott 1972).

With the publication of Samuel Huntington’s (1968) *Political Order in Changing Societies*, the objective of the modernization project moved from the process of democratization to social stabilization. At the heart of this was the emphasis on the “reason of the state” to realize societal order and protect its political authority, rather than to embody the will of the people. This agenda to “revise” modernization theory was due to the “crises of development” and new concern for public policy (Huntington 1971; Higgott 1983; Cammack 1997). The ideology about the necessity of social order as precondition for political modernization and economic development seemed to have provided the intellectual rationale for the authoritarian regimes that emerged in Southeast Asia during the 1970s and the 1980s—specifically, the “New Society” of Ferdinand Marcos in the Philippines (Agpalo 1992) and the “New Order” of Suharto in Indonesia (Vatikiotis 1998). The modernization paradigm on the relationship between political development and economic growth was also
influential in Malaysian studies on politics and social change from the 1960s to the 1980s (Nair 2005).

On the economic sphere, a variety of interpretations had been offered between the late 1980s and mid-1990s to explain the process of capitalist modernization in Southeast Asian economies. A notable study by Yoshihara Kunio (1988) described the “ersatz capitalism” in Thailand, Malaysia, the Philippines, Indonesia, and Singapore since the 1960s. Kunio argued that the social and political environment in these economies made their respective “indigenous capital” conducive to rent-seeking activities, where connections to government officials and resources generate business advantages. The region’s industrialization, in particular, had been “ersatz” in the sense that its indigenous capitalists were technologically dependent on Japanese and other foreign companies (cf. McVey 1992). Kunio then suggested modernizing Southeast Asia’s capitalism through progress in science and technology, efficient government intervention in the economy, and a liberal policy toward foreign direct investments.

In the academic and policy communities, the developing countries in Southeast Asia had been analyzed in relation with their more advanced neighboring economies in Northeast Asia—specifically Japan, South Korea, Hong Kong, and Taiwan. The theory of the “flying geese” pattern of development elicited debates about a region-wide modernization process led by Japan and the prospects for Southeast Asian countries to catch up with techno-economic and socio-cultural modernity (Cumings 1984; Korhonen 1994; UNCTAD 1993; Hart-Landsberg and Burkett 1998). First proposed by the Japanese economist Kaname Akamatsu in the 1930s, it became more accessible to the English-speaking world since the 1960s and later on adopted to explain general development trajectories and specific industrialization processes of Asian countries during the 1980s–1990s. Akamatsu (1962) argued that “economic growth in the Asian area was brought about by the eastward advance of Western European capitalism” (p. 3). Following the theory’s stages of industrial development (i.e., from importation to production and
exportation), the suggestion is that individual countries in Southeast Asia should start with importing the needed machineries and raw materials from technologically advanced countries to build their domestic productive capacities in order to produce competitive manufactured goods for both their home and international markets. Gradually, as lesser developed countries repeatedly and increasingly upgrade their production techniques and skilled labor, technological diffusion would take place across economies in the region. Eventually, the leading Japanese industrial structure is replicated by the follower countries. The formerly underdeveloped countries of Southeast Asia would then be capable of producing sophisticated products, which could even be exported to the mother country Japan and the Western industrialized countries.

Within Southeast Asian studies, there are two main criticisms that have emerged against the ideas of political and economic modernization. The first is the critique that views these modernizing ideas as resembling of the colonial ideology of “orientalism,” which distorts the existence of many realities in the historical evolution of diverse societies in “the East” and which normatively attempts to create an “ideal other” patterned after the image of so-called “advanced” social system of the West (Said 1978). Along this critical theme, the classic study of Syed Hussein Alatas (1977) unpacked the ideological mystification of the colonialist ideological project that propagated “the myth of the lazy native,” which presented Malays, Indonesians, and Filipinos as indolent, dull, primitive, and treacherous so as to justify their colonization. The second set of critical literature has offered expositions of the vested interests behind the discourse on modernization and the doctrine of political development, specifically the agenda to impose the hegemonic policy of the West on the region of Southeast Asia. For example, the research of Walden Bello, David Kinley, and Elaine Elinson (1982) exposed leaked World Bank documents and dissected its former president Robert McNamara’s Vietnam War policy and the “relief for the poor” campaign—which all showed the
primary agenda to protect and promote the material and ideological interests of the US.

**Dependency school**

Literature reviews on Southeast Asian political economy often pit modernization theory against dependency theory (e.g., Rodan, Hewison and Robison 2006a; Rasiah and Schmidt 2010a). However, there is a tendency in this way of presentation to gloss over the diversity in the “school of dependency” and its origins from the traditions of Marxism and Latin American structuralism, both of which predate the introduction of modernization theory (Palma 1978; Higgott 1981). Some of the classic reviews on the evolving discourses on dependency analysis include Gabriel Palma’s (1978) work that situates dependency as an aspect of Marxist theory on “capitalist development in backward nations” in the context of global imperialism, and Joseph Love’s (1980) account of the structuralist influences on dependency which developed out of the works of Raúl Prebisch and the UN Economic Commission for Latin America in the late 1940s that led to the formulation of the “theory of unequal exchange” in center–periphery relations.

The dependency school came out within the debates on theories of capitalism and imperialism, particularly about the relationship between core and peripheral countries in the world capitalist system, as well as the development of capitalism in pre-capitalist societies. Broadly speaking, these debates had evolved into three phases (Palma 1978). The first phase was from the argument of Marx and Engels (1848) that capitalism is a “historically progressive system” which can “draw all, even the most barbarian, nations into civilization” because of its capability to improve a country’s means of production. This is possible despite or because of the mechanisms of “primitive accumulation” such as colonialism and free trade (Marx 1859 [1973]). The second phase came from theorists of the “classics of imperialism”—namely, Rudolf Hilferding, Rosa Luxemburg, Nikolai Bukharin, and Vladimir Lenin—that understood the structural constraints of backward economies to become
modern industrial nations due to the renewed imperatives for dominance of advanced countries at the “monopolistic” stage of global capitalist development. Their analyses inquired into the economic possibilities of late industrialization and the political prospects of bourgeois revolutions in post-colonial nations.

It was in the third phase of the debate that the dependency school emerged as an attempt to theorize “underdevelopment” in the context of Latin America’s position in the world economy. Paul Baran’s (1957 [1962]) *The Political Economy of Growth* put forward the thesis that: “What is decisive is that the economic development in underdeveloped countries is profoundly inimical to the dominant interests in the advanced capitalist countries” (pp. 11–12). Central to the strategy of core countries is to form an alliance among pre-capitalistic domestic elites in poor, but resource-rich, countries. This is to perpetuate foreign capital’s expropriation activities to extract surplus from the natural and human resources of the peripheral countries. In effect, the core countries get richer, while the periphery remains economically stagnant. The only way out of this process and relations of dependency is found in the realm of the political. Against this background, Andre Gunder Frank (1967) argued for the necessity of a socialist revolution as the only alternative to break away from the “metropolis-satellite” chain, which is the kind of relations that made the capitalist economies of Latin American countries as they got incorporated into the world economy. Frank’s concept of the “development of underdevelopment” basically means that the cause of wealth of the center and the poverty of the periphery was the exploitative relations between them. In particular, the development of the center depends on the underdevelopment of the periphery.

There are differences among the dependentistas; thus it is important not to oversimplify their respective analytical nuances. Since Baran and Frank laid the theory’s general concept of the development of underdevelopment, dependency analyses were revised in more sophisticated fashion by various critical scholars both theoretically and empirically. Yet, dependentistas share a
number of notable ideas: (a) the level of analysis in the international division of labor in the world capitalist economy is between states in the core and states in the periphery; (b) the development of the core capitalist states is dependent on the underdevelopment of the peripheral Third World states; (c) the overarching cause of underdevelopment in the peripheral states is the structure of the geopolitical economy that is external, rather than internal, to them; and (d) the only political solution left to peripheral countries is to be self-reliant by delinking from the system of capitalist imperialism in the world economy so as to unshackle the metropolis–satellite chain and put an end to the vicious center–periphery dependent relationship.

The dependency school has contributed a great deal to studies on the global political economy of development by, among other things, opening up a compelling problematique about the dynamics of under-development and mal-development in the Third World. As Palma (1978) noted in his comprehensive review of the school: “the most successful analyses are those which resist the temptation to build a formal theory, and focus on ‘concrete situations of dependency’; in general terms … the contribution of dependency has been … more a critique of development strategies in general than an attempt to make practical contributions to them” (p. 882). In the Southeast Asian region, the dependency approach, though most popular during the 1970s–1980s, continues to hold sway over the language and concepts of several critical political economists and scholar-activists (Hewison 2001; see, e.g., Bello 2002).

Interestingly, the major criticisms hurled on dependency theory are based on empirical case studies that show the relative success stories of some Asian economies since the 1970s. Critics of dependency argue that it puts much emphasis on external forces (i.e., colonialism) at the expense of domestic political, economic, and cultural factors that constitute social change. As a response to critiques, proponents of the dependency school had introduced a series of theoretical improvisations. One is the “unequal exchange” thesis that provides a certain degree of agency to analyze the internal mechanisms within the ambit of the national state in its relations with the global economy (Amin
1976). And the other is the “world-systems theory,” which accounts for the existence of the “semi-periphery” between core and peripheral countries to explain the possibility of economic development under conditions of US imperialism as shown in the successful experience of a few Asian countries like Japan, South Korea, Taiwan, Hong Kong, and Singapore (Wallerstein 1979). Moreover, these critiques have been used as the basis of prescriptions for peripheral states in Latin America to emulate national industrialization projects in the Asia Pacific (e.g., Evans 1987; Abbot 2003). Peter Evans (1987), for instance, proposed the extension of dependency’s thinking on the role of the state to forge a “triple alliance” behind dependent capitalist development in which transnational and local private capital (as the essential actors in Latin America) are in partnership with a relatively autonomous state (as the dominant partner in East Asia).

The dependency debates triggered a revival of interests through the 1980s, when the related issue of imperialism was particularly examined with reference to the interaction of local social forces with the international structure. For example, Bill Warren (1980) argued for the crucial role of domestic factors in peripheral industrialization, and James Petras (1980) pointed out the emergence of “neo-fascism” in the Third World in which a common external factor of global imperialist capital accumulation operates alongside internal processes. During this period, the dependency theory was criticized for its flaws as an analytical tool to understand the dynamics in the Third World, especially the Asia Pacific. In empirical and theoretical terms, the dependency approach has been critiqued for its inadequacy to comprehend the process of “late development” in parts of East and Southeast Asia where states played a strategic role in industrialization projects by creating a development coalition with domestic and international market forces—either to pursue their respective national economic interests (Amsden 1989), or to respond more to the needs of global, rather than national, capital (Robinson 1985).

The development experience of the Asia Pacific induced a major rethinking of the relationship between global capitalism and the Third World.
Notably, the so-called “Murdoch School” then led by Richard Higgott and Richard Robison from the Asia Research Centre, Murdoch University in Perth, Australia proposed an alternative approach—the “post-dependency radical theory”—which can be regarded as the first major academic and theoretical attempt at understanding capitalist development in Southeast Asia in terms of the complex relationship between the structure of capital and the dominant class. This alternative theory offers a framework that explains capitalist transformations in specific countries by utilizing the concept of the “international division of labour.” Its foci are on production rather than exchange, on accumulation rather than unequal exchange, and on specific dynamic of capital–state relations and decision-making in all nations rather than on the static relationship of exploitation between central and peripheral countries (Higgott and Robison 1985a).

Contemporary studies on the political economy of Southeast Asia, especially those influenced by the Murdoch School, have criticized dependency theory for what they interpret as its static approach, resulting in its inability to explain processes of social change and to take into account the specific dynamics in different national situations within the region (e.g., Rodan, Hewison and Robison 2006a; Rasiah and Schmidt 2010a). These criticisms have been made along theoretical, methodological, empirical, and analytical terms. Theoretically, the dependency approach is seen as inadequate in explaining the mutations in the system of global, regional, and national capital accumulation since the 1970s and how this has impacted on capitalist development across Southeast Asia. Methodologically, its emphases on market determination in exchange relations (instead of class relations in the mode of production) and on dominance/dependence dichotomy (rather than on the dialectics of conflicts and change) are perceived as a perspective that is based on an unhistorical and undialectical understanding of structural transformation, class relations, state character, and capital accumulation processes. Empirically, it is often viewed for being unable to anticipate the remarkable economic success stories in parts of Asia and appreciate the economic
mechanisms underpinning their industrialization processes since the 1960s. And analytically, it is regarded as incapable of accounting for the changing configuration of new class relationships in Southeast Asia, the changing role of governments, and the increasing complexity of state–society linkages—particularly the emergence of national bourgeoisies in the region who confront as well as coalesce with states and foreign capital.

**State theory**

In the 1980s, controversies on Southeast Asian political economy shifted from a focus on predominantly external determinants of development (modernization versus dependency theories) to a consideration on the problem of the internal processes of the state. Marxist and Weberian contributions—especially Higgott and Robison (1985b) and Evans (1989), respectively—have become particularly influential in characterizing capitalist states in the region. Relative development and underdevelopment in specific countries embody distinct state forms that have been characterized as “corporatist,” “predatory,” or “developmental.”

The changing forms of state power in Southeast Asia in the 1980s and the 1990s was a consequence of, as well as a response to, the changes brought about by the global crisis of the 1970s that ushered in the neoliberal phase of capitalist development. During these transitional decades, the Marxist political economy perspective of the Murdoch School observed the increasing attraction of developing countries for “corporatism” as a state form in which attempts at market-oriented principles were accommodated to elite interests in regime security, order and stability (Higgott and Robison 1985a; Robison, Hewison and Higgott 1987; Hewison, Robison and Rodan 1993). Here, following the definition of Ray Pahl and Jack Winkler, corporatism is understood as “an economic system in which the state predominantly directs and controls privately owned business towards four goals: unity, order, nationalism and success” (Pahl and Winkler 1976: 7; for a critical review of the material and social bases of corporatism, see Jessop 1990: 110–143). Since means of
production is privately owned but publicly controlled in a corporatist state form (Jessop 1990), there is “a tendency to overcontrol at the political level and undercontrol at the economic level” (Higgott and Robison 1985a: 43). This structural contradiction in corporatism among private actors and public institutions, and between the political and the economic, in the context of Southeast Asian capitalist societies had been manifested in the corporatism projects and experiments in Indonesia, Malaysia, the Philippines, Thailand, and Singapore—namely, the Singapore model of “tripartism” developed by Lee Kuan Yew since the mid-1960s (Rodan 1989), the “New Order” under Suharto during 1966–1998 (MacIntyre 1991), the “New Economic Policy” (NEP) initiated under the government of Tun Abdul Razak in the 1970s which were carried on in the “Privatization Programmes” and “Malaysia Incorporated” of Mahathir since the 1980s (Jomo 1995), the “New Society” of Ferdinand Marcos from the 1970s to mid-1980s (Stauffer 1985); and the “CEO state” of Thaksin Shinawatra in the early 2000s (Pasuk and Baker 2004).

Weberian statist–institutionalist approaches also emerged as a theoretical and analytical response to the rise of neoliberalism, which was seen as a political project concerned with institutional changes on a scale not seen since the immediate aftermath of the postwar (Campbell and Pedersen 2001). It was the seminal work of Peter Evans (1989) entitled “Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State” which influenced mainstream characterization of Southeast Asian states from the 1990s on. Evans (1989) examined the connection of different state performance to different state structure. In particular, he contrasted two polar types of states—the “kleptopatrimonial state” of Zaire and the “developmental states” of East Asia—and also analyzed the internal and external dynamics of the “intermediate state” of Brazil. He provided a taxonomy between “predatory states” and “developmental states.” Predatory states like Zaire “may extract such large amounts of otherwise investable surplus and provide so little in the way of ‘collective goods’ in return that they do indeed impede economic
transformation” (ibid.: 562). On the other hand, developmental states such as Japan are “able to foster long-term entrepreneurial perspectives among private elites by increasing incentives to engage in transformative investments and lowering the risks involved in such investments. They may not be immune to ‘rent seeking’ or to using some of the social surplus for the ends of incumbents and their friends rather than those of the citizenry as a whole, but on balance, the consequences of their actions promote rather than impede transformation” (ibid.: 563). A distinctive feature of developmental states is their “embedded autonomy,” understood as the state’s capacity to combine two apparently contradictory features: “a Weberian bureaucratic insulation with intense immersion in the surrounding social structure” (ibid.: 574).

Evans (1995) elaborated on the concept of embedded autonomy as a critique of neo-utilitarian “state versus market” dichotomy in economics (Buchanan, Tollison and Tullock 1980) and as a revision of the “state versus society” contribution to political science (Migdal 1988) by characterizing differences in state structure and state–society relations. Predatory states are characterized by a dearth of the ideal–typical Weberian bureaucracy and as such incumbent government officials are individualistic whose ties to the society are personalistic. On the other hand, developmental states have a Weberian rational and meritocratic bureaucracy, which is autonomous (from particular vested interests of private elites due to their strong sense of corporate coherence), yet embedded (in concrete set of social ties through negotiations of collective goals and action). The virtues of embeddedness and autonomy, joined together, are peculiar and indispensable to developmental states (Evans 1995).

Arguably, Weberian-inspired statist–institutionalist studies have been more influential than the Marxist approach of the Murdoch School among researchers of Southeast Asia’s political economy. To a large extent, this is due to the former’s concepts that evoke normative connotation and utility for policy-making. Chalmers Johnson (1982) was the first to observe the idiosyncrasies of the developmental state in his study of Japan—characterized
by an autonomous bureaucracy, state planned and coordinated public–private cooperation, and substantial investment in education for the training of labor. This was then adopted or modified in several conceptualizations like “governed markets” (Wade 1990) and “governed interdependence” (Weiss and Hobson 1995). Yet, it was the taxonomy and typology provided by Evans (1989, 1995) on state performance and structure that have significantly defined a number of conceptual frameworks on Southeast Asian studies since the 1990s. For example, several scholars have characterized the Philippines as a “predatory state” (Rivera 1994), Malaysia as an “intermediate state” (Abrami and Doner 2008), and Singapore as a “developmental state” (Huff 1995).

In the same vein in state theory, the dynamics in Southeast Asia have contributed to researches that examine the relationship between regime type and economic performance. The variations of regimes within the region—ranging from democratic to authoritarian systems—have been an intriguing phenomenon in the study of political economy. Some assume the conduciveness of democracy for economic growth because of the institutional guarantee for individual property rights, free market competition, and protection against arbitrary authoritarianism. Others posit that authoritarian regimes can offer strong institutions which provide a certain degree of predictability for the business operations of capitalists. However, empirical studies of single-country cases in Southeast Asia suggest that there is an indeterminate relationship between type of regime and rate of growth (e.g., Przeworski, Alvarez, Cheibub and Limongi 2000), and that, in examining economic outcomes, the more appropriate foci of analysis are the relationships between elites, domestic coalitions and institutions, rather than the mere descriptive features of particular regimes (e.g., Bertrand 1998).

One of the main criticisms against traditional Weberian statist–institutionalism is its typological approach. As a result, when applied to studying Southeast Asia’s political economy, it either excludes or trivializes the very important questions of history and politics in theorizing processes of capitalist transformation and societal change in the region. For instance,
numerous scholarships on the evolution of late industrialization in East Asia like the most cited case of South Korea (e.g., Chibber 1999) have taken too lightly the essential role of the history of colonialism under Japanese rule and the authoritarian politics behind the economic development strategy instituted in the early 1960s in creating a “capitalist” developmental state through the establishment of a repressive labor regime (Pirie 2008).

Furthermore, the state–institutionalist debates on “models of capitalism” in developed and developing countries are criticized for paying little attention to social change and the conflicts or class struggle it entails. The critique stems from their inadequate theory of states in capitalist societies. First, by treating the state as a single entity, they fail to recognize different forms of state, which are constituted within their respective complex historical social relations and are also embedded in broader political–economic systems with particular social formations (Jessop 2008). Second, by falling into the state–capital instrumentalist trap, they downplay the reality of conflicts in social change where states do not always act in the interest of capital, as well as the issues of class struggle where there are links between the processes of exploitation, accumulation and legitimation in capitalism (Cammack 2007; Juego 2015a).

**Theories of state–market–society relations**

In essence, studies on the political economy of contemporary Southeast Asia are attempts at explaining the nature of capitalist development in the region. Their concern is to provide theoretical and empirical explanation on the dynamics and processes involved in the relationship between market, state, and society against the background of globalizing capitalism (Robison, Hewison and Higgott 1987; Rodan, Hewison and Robison 1997, 2001a, 2006a; Rasiah and Schmidt 2010b). Three competing approaches have defined the terms of debate in this research area, namely: (a) neoclassical economics; (b) Weberian historical institutionalism; and (c) Marxist social conflict theory.

The first two opposing approaches provide different explanations of the remarkable economic performance of East and Southeast Asian countries since
the postwar and even during the global crisis of the 1970s. On the one hand, the
free market camp of neoclassical economists argues that the success was due to
market-driven liberalized production and finance (e.g., Bowie and Unger
1997). On the other hand, the developmental state camp of the historical
institutionalists argues that the region’s high growth record with equity was due
to state’s planning and active intervention in the sphere of economic
development through policies of industrial protection and regulation (e.g.,
Wade 1990). An alternative to this state-versus-market debate is the social
conflict theory of the Murdoch School, which critiques mainstream approaches
that essentialize or abstract the state and the market. Social conflict theory
delineates the power structures in the origin and reproduction of state
institutions and markets, alongside the intrinsic conflicts in the process of
societal change (e.g., Rodan, Hewison and Robison 2006a).

**Neoclassical economics and neoliberalism**

Neoclassical economics has its ideological roots from the classical political
economy of Adam Smith and David Ricardo, both of whom believed in the so-
called “invisible hand” of market forces that maintains the equilibrium of the
economy. Its philosophy is associated with the libertarian tradition, which
underpins the ethos of methodological individualism (i.e., the perspective that
the decisions and actions of individual human beings shape social phenomena)
and the doctrine of market fundamentalism (i.e., the idea that the free market is
efficient, whereas the state is inefficient, in allocating scarce resources). It is an
approach that explains how individuals and firms should behave in order to
maximize utility and profits, respectively. Its concerns revolve around the
operations of the market economy at the micro and macro levels – including
issues of allocative efficiency (i.e., the measurement of utility in the
distribution of resources), behavior and choices of economic agents (i.e., the
decision-making of individuals as rational actors), the determinants of supply
and demand (i.e., the production and consumption of goods and services), and
price formation (i.e., reflected by the cost of production and the law of supply and demand).

For neoclassical economists, the capitalist market economy is the best possible system. It is where “the market” takes precedence over other social variables; as such, it is the means and ends of socio-economic and human development. The market is regarded as a realm of individual freedom, choice and progress; a society is no more than a tapestry of individuals; and the state is best kept limited to a minimal function (Friedman and Friedman 1979). Hence, the market, the state, and the society are separate entities which must mind their respective businesses so as to achieve harmony within the economy and between individuals. Neoclassical economics argues that the internal mechanisms of the free market under laissez-faire capitalism, where states abstain from interfering in the workings of the economy, shall generate economic growth that will trickle-down for the benefit of the society as a whole. It got into the mainstream as the theoretical foundation of “neoliberalism,” which is the ideology and set of economic policies promoted by international financial institutions (IFIs) such as the International Monetary Fund (IMF), the World Bank and other multilateral development banks. Neoclassical economists and policy advisers blamed the state as the culprit for underdevelopment and put their faith in the market as prime development agent. Within this framework, an efficient economy requires a state whose role is limited and restricted to the protection of individual rights and the enforcement of private property rights.

The 1970s recession and its attendant global crises paved the way to the epoch of neoliberalism, marked by a paradigm shift from state-managed to market-oriented development policy and from import-substitution to export-oriented industrialization strategies. This general change in the focus and priorities in governance and economic policy-making was adopted in distinct forms in specific Southeast Asian economies (Hart-Landsberg and Burkett 1998). The IFIs, particularly the IMF and the World Bank, subjected the Philippines and Indonesia to neoliberal policy discipline in the 1990s through a
comprehensive set of structural adjustment programs of privatization, liberalization, deregulation, and fiscal austerity as conditionalities upon the enormous sovereign debts that their governments incurred during the Marcos and Suharto regimes in the 1970s–1980s (Bello 2004; Hadiz and Robison 2005). Thailand also entered into the IMF–World Bank structural adjustment programs since the early 1980s to address problems of inflation, current account deficit and external debt (Robinson, Byeon, Teja and Tseng 1991). In the case of Malaysia, which was one of the recipients of the massive inflow of Japanese direct investment into Southeast Asia as a result of the Plaza Accord of 1985, the government of Mahathir “voluntarily” introduced neoliberal economic policies, notably privatization and selective liberalization, without direct imposition from the IFIs, while pursuing its national industrialization plans (Juego 2018a).

Policy recommendations of neoclassical economists for state governance and regulation in Southeast Asia, particularly for an enabling legal environment, are oriented toward correcting market imperfections and thus ensuring efficient functioning of markets (cf. Ito and Krueger 2004). A key objective is to depoliticize the economy, in which the market is emancipated from the presumed inefficiencies of the state, specifically from the rent-seeking, corrupt, or predatory tendencies of self-interested politicians and government functionaries. In this socio-economic system and institutional set-up where the market would be dis-embedded from the society, the business operations and other appropriation activities by the private sector are provided considerable immunity from democratic accountability and public responsibility.

There are diverse schools within neoclassical economic theory; yet a common analytical theme in their practical conclusions and normative prescriptions is their abstract assumptions on the concept of “the market,” which is viewed independent of social context and questions of political power. Here then lies a fundamental blind spot of this mainstream theory of neoclassical economics in analyzing capitalist development in Southeast Asia.
First, its fetishism for the market systematically excludes other relevant social and non-market factors in the system of capitalism. Second, its programmatic separation of the economic from the political fails to recognize the social and power relations embedded, as well as constituted, in the formation and operations of the market. And third, its focus on market abstractions inadvertently neglects the concrete competing interests among political and economic agents—hence, the conflictual nature within the structure of capitalism.

Weberian historical institutionalism, Keynesian economics, and the developmental state

Historical institutionalism has evolved from the traditions of Weberian historical sociology in the study of the modern state. Since the 1980s, there has been growing attention to sociological theorization of the state as a response to the claims of mainstream neoclassical economics about the discursive ascendancy of the market during the era of neoliberal capitalism. This historical sociology perspective attempts to provide a “state–institutionalist” theory of change. It does so by describing and explaining the origins, powers, and changing configurations of specific states, and by examining the internal and external dimensions of state power (Hobden and Hobson 2002).

Weberian historical sociology offers an alternative theoretical framework to hard core realist conception of the state in international relations (e.g., Gilpin 1984), and a critique of the “bringing the state back in” and the “strong society, weak state” theses in political science (Migdal 1988). This is done in two major ways: (i) by pointing out state agential power in the international system, instead of reifying the international structure at the expense of state-agency; and (ii) by stressing on the state as embedded in domestic social relations as well as international relations (Evans 1995; Weiss 1998). The latter suggests that the depth of state’s embeddedness within society determines its strength and capacity for effective governance. Hence, state–society relations is not a zero-sum game because strong social forces do not
merely constrain domestic state power, but may also enable and enhance the governing capacity of the state. In locating the “social sources” of state power, Weberian historical sociology brings both the state and the society (and international society) back in the analysis of capitalist development (Hobson 2000).

The amalgamation of state-centered (e.g., Johnson 1982; Amsden 1989) and society-centered (e.g., Doner 1992) historical institutionalisms constitute the statist–institutionalist approach to the study of IPE. This new institutionalist perspective was reinvigorated in the 1980s as the rise of neoliberalism induced tremendous institutional changes, not least in relation to market deregulation, the decentralization of governance, and a significantly reduced state intervention into economic affairs (Campbell and Pedersen 2001). Its object of inquiry was the intricacies of institutions in determining political and economic performance of states and societies. It was an alternative theory to that of the mainstream neo-utilitarian paradigm in the 1970s, which associated Third World states with rent-seeking and cronyism (e.g., Krueger 1974).

While the classic Weberian institutionalist school has evolved into different strands over the years under the rubric “new institutionalisms” in the study of European and North American political economy (Campbell and Pedersen 2001), the most controversial case studies of institutionalist analysis were the newly industrialized countries or the so-called “developmental states” in Northeast Asia, whose analytical framework was later on applied to the examination of the relationship between state structure and economic performance in Southeast Asian countries (Woo-Cumings 1999). The concept of the developmental state has been referred to as “the distinctive East Asian contribution to international political economy” (Bello 2009). It is anchored to the policies and principles of Keynesian economics which, *inter alia*, proposes a proactive role of the state in national development planning, strategic investments for industrialization, policy coordination, and crisis management of the market economy. The developmental state is often typified as possessing at least three main features: (i) an insulated and autonomous set of government
agencies with a strong capacity to implement economic policies and programs; (ii) an activist industrial policy to build export-oriented industries that are globally competitive; and (iii) a governance principle that emphasizes the indispensable function of the state in securing socio-economic development goals (Weiss and Hobson 1995; Chibber 1999).

Taking a cue from Johnson’s (1982) study of the peculiarity of the Japanese development experience, a number of scholars on the political economy of Southeast Asia have presented the developmental state as an alternative development framework to neoliberal capitalism (e.g., Beeson 2006). Yet, it must be recalled that the developmental states of Japan and South Korea were a capitalist and authoritarian project (Johnson 1987). In fact, Asia has long been a showcase for “repressive-development regimes” (Feith 1981). In Japanese economic history, an absolutist state combined with a capitalist economy from 1889 to 1947 (Taira 1983). In South Korea, an oppressive and exploitative political and labor regime especially under General Park Chung-hee, trained by the Japanese Imperial Army, was central to industrialization strategy during the 1960s–1970s (Cumings 1984; Deyo 1987; Haggard, Kang and Moon 1997). As Johnson (1982) had indicated, it is more appropriate to conceive of a capitalist developmental state that blends capitalism with authoritarianism (see Box 29.1).

Box 29.1 The capitalist developmental state

Often missed out in typological accounts of the developmental state are the significance of colonial history and social relations within which the accumulation process in capitalism is embedded. If history and social relations were to be considered, then several important characteristics of the regime of accumulation under conditions and governance of the capitalist developmental state could be identified:
Government–business partnership, state–capital relations, and politics–business interaction are recurring themes in the political economy of Southeast Asia (McVey 1992; Hewison, Robison and Rodan 1993; Gomez 2002). The influential report of the World Bank (1993) on *The East Asian Miracle*, in particular, greatly framed the development narrative among policymakers, academics, and journalists about government–business relationship, not least in the aftermath of the 1997–1998 Asian currency and financial crisis (Stiglitz and Yusuf 2001; Jomo 2003). The authors of the report noted the ASEAN countries of Singapore, Malaysia, Thailand, and Indonesia as part of the “high-performing Asian economies” (HPAEs) together with Japan, South Korea, Taiwan, and Hong Kong. Between 1960 and 1990, these HPAEs had attained
“rapid growth with equity” as shown in their unusually high rates of private investments, efficient allocation, and rising endowments for the education of human capital, and superior productivity performance through technological catch-up. While the authors acknowledged that these impressive results were made possible through a range of market-oriented and state-led policies deployed by specific HPAE over time, they recommended selective government policy interventions only for purposes of correcting market failures, addressing coordination problems, and achieving the economic fundamentals of macroeconomic stability, rapid export growth, and high savings. Furthermore, the authors criticized the “developmental state models” of some economists and political scientists which “overlook the central role of government-private sector cooperation” (World Bank 1993: 13). They posited that: “While leaders of the HPAEs have tended to be authoritarian or paternalistic, they have also been willing to grant a voice and genuine authority to a technocratic elite and key leaders of the private sector. Unlike authoritarian leaders in many other economies, leaders in the HPAEs realized that economic development was impossible without cooperation” (ibid.; cf. Juego 2018b).

In answer to the flaws of the original formulation of the developmental state, historical institutionalists have developed far less statist conceptualization of East and Southeast Asian political economy – notably, the concept of “governed interdependence” which emphasizes the importance of establishing institutional structures in rethinking government-business relationship “where both strong state and strong industry go hand-in-hand” (Weiss 1995: 592), and the concept of “inclusionary institutionalism” in which there is “less domination and more cooperation between state and business and within the business world itself” as necessary precondition for building complex institutional capacity (Doner 1991: 819). Historical institutionalism is concerned with the problem of how variations in political and other social institutions shape the capacities of actors for action, policy-making, and institution-building (Campbell and Pedersen 2001). It argues that change and institutional evolution are “path-dependent”—in other words, historical and
past experiences have enduring impact on the understanding of the origins and development processes of particular institutions. Pre-existing arrangements influence options and preferences, and outcomes may be contingent and full of unintended consequences (Thelen 1999). Moreover, social norms and cultural identities, alongside political conflicts and unequal power relations, can all be mechanisms of institutional change (Abrami and Doner 2008). These theoretical improvements, therefore, draw attention beyond the state and the market so as to include non-state and non-market institutions as salient variables in explaining the political economy of development.

However, despite the advances made in its theoretical framework and even though Southeast Asianists have increasingly demonstrated its utility both in practical policy advice and in academic explanation of economic change, historical institutionalism has been criticized for its weaknesses and limitations in at least three important analytical issues in studying capitalist development. First, the priority given to institutions as “intermediate” variables between state and society tends to discount an appreciation of the “organic” relationship between social, economic and political power relations, processes and actors within the larger system of capitalism (Katznelson 1998). Second, there is little analysis of the class composition and dynamics in institutions—particularly on the question how social forces and whose class interests are articulated, resisted, negotiated, or mediated within institutions (Hawes and Liu 1993). And third, there is a normative preference for order and stability in governance by proposing the insulation of institutions from vested interests; hence, there is the tendency to miss out the analytical point that conflicts constitute, as well as induce, processes of institutional and social change (Peters 1999; Rodan, Hewison and Robison 2006a).

**Marxist social conflict theory and the Murdoch School**

While the so-called “Cornell School” and the “Singapore School” of Southeast Asian Studies have contributed to the issue areas in history, politics, culture, anthropology, geopolitics, and security across countries in the region (Siegel
and Kahin 2003; McCargo 2006), the Murdoch School can be said to have pioneered the social conflict approach to the political economy of Southeast Asia. Marxist critical political economy has been the analytical lodestar of the Murdoch School’s research program to explain Southeast Asian political and economic development through an examination of state–capital interrelations against the background of the international capitalist economy. Since the mid-1980s, the Murdoch School—especially represented by the works of Richard Robison, Richard Higgott, Garry Rodan, Kevin Hewison, and Kanishka Jayasuriya—have published six major co-edited books on the political economy of Southeast Asia. The analyses in these book anthologies are consistently informed by social conflict theory using class analysis in a historical perspective, and most of the article contributions in them discuss specific country case studies (see Box 29.2).

**Box 29.2 Social conflict theory**

The process of historical change is a central theme in social conflict theory. The Murdoch School introduced this theoretical framework in the 1980s, initially as an alternative to what they considered as static and ideological postwar orthodoxies—specifically, growth theory, political order theory, political development theory, modernization theory, and dependency theory (Higgott and Robison 1985a). Then at the turn of the twenty-first century, in the context of post-1997 Asian financial crisis, social conflict theory has been presented as a critique of neoclassical economics’ reification of the market and the Weberian-inspired historical institutionalism’s understanding of reform and change as a simple problem of institutions and capacity building (Rodan, Hewison and Robison 1997, 2001a, 2006a).
The Murdoch School particularly introduced and utilized “social conflict theory” in the context of post-1997 crisis Southeast Asia (Rodan, Hewison and Robison 2001a, 2006a). The theory attempts to provide crucial linkages between the processes of crisis, state restructuring, and social change. It was proposed as an alternative reading to established theories from neo-classical economics and Weberian/Keynesian-inspired institutionalist approaches that have provided their respective analyses of the causes and effects of the 1997 crisis.

Essential assumptions and claims of the social conflict approach include:

a) the proposition that social conflicts drive institutional change;

b) the understanding of the class-based nature of institutions and their function as mechanisms for the allocation of power;

c) the fundamental point that crisis reshapes class relations; and

d) the analytical objective to unpack power relations and the shape of political-economic regimes.

The first book in the series was published in 1985—*Southeast Asia: Essays in the Political Economy of Structural Change*—which was a pioneering attempt at theorizing capitalist development in Southeast Asia (Higgott and Robison 1985b). It proposed a “post-dependency radical theory” as a critique of mainstream theories in development studies and political science, placing internal dynamics of specific countries in the region within changes in the broader international division of labor. Beyond dependency
theory, Higgott and Robison (1985a) proposed a focus on the logic of state-capital relations in the systems of production and accumulation to understand capitalist transformation at both the domestic and international scales. This is an alternative to dependency theory’s seemingly mechanical processes of circulation and unequal exchange between the core and periphery.

The second book published was *Southeast Asia in the 1980s: The Politics of Economic Crisis*, which analyzed processes of structural change as elicited from the interaction between international political economy and domestic political-economic interests in policy-making (Robison, Hewison and Higgott 1987). Its focus was on the politics of crisis-induced economic transformation from import-substitution industrialization projects that dominated development policy in the 1950s–1960s to export-oriented industrialization from the 1970s on. In terms of theory, this anthology critiqued neoclassical economics’ free market-centric interpretation of structural change and questioned dependency theory’s limitations. It proposed an alternative reading of economic crisis, and highlighted conflicts over policy, by examining the interaction between the spheres of production and circulation at both the international and local levels. Within this framework, the politics of the economic crises of the 1970s and the 1980s was observed to have involved “at one level, disruptions to existing patterns of domestic capital accumulation and fiscal systems engendered by changes in international terms of trade. At another level they involve intense political and social conflict between forces representing class, political and ideological interests for whom changes in economic strategies and policies hold fundamental consequences” (Robison, Higgott and Hewison 1987: 15). This observation, which was validated in the empirical cases of several country studies in the volume, exhibited some of the key theoretical underpinnings of the social conflict approach. Specifically, the arguments and research findings suggested the inextricable link between social, economic and political factors, and the inherent conflicts in policy formulation (i.e., international versus national capital, manufacturers versus mineral exporters or bankers, and state capital versus private capital).
The third was *Southeast Asia in the 1990s: Authoritarianism, Democracy and Capitalism* that focused on the political aspect of the region’s political economy. Amid the rapid changes in social, economic, and political dynamics brought about by the end of the Cold War and the wave of democratization from Eastern Europe and Latin America to Southeast Asia, the country case studies in this anthology particularly examined the different impacts of capitalist development on varying political regimes of democracy and authoritarianism within the region (Hewison, Robison and Rodan 1993). Based on a critique of “modernization theory, dependency theory, and post-dependency empiricism,” as well as the voluntarist interpretations of the transitions literature, it offered a “social structural explanation” of the historical development of state power and social formations in the process of social change (Robison, Hewison and Rodan 1993: 11–12). Following the concept introduced by Ralph Miliband (1965, 1983) on the “partnership” between the state and dominant class, it explains state–society–regime relationships “in terms of all three dynamics—instrumental, structural and state-centred—according to the specific historical factors that prevail” (Robison, Hewison and Rodan 1993: 31). This state–class partnership, however, also entails tensions. While states may work for the short-term interests of a fraction of capital, they operate under certain structural constraints when it comes to the goal of protecting the long-term and general interest of the capitalist system.

These two latter publications have sketched out key theses of social conflict theory on the process of political and economic change: (i) that economic, political and social factors are inseparable; (ii) that policy formation and economic strategies encompass specific vested interests; (iii) that “not only is determination of policy a consequence of the balance of power and the outcome of conflict between competing elements within, and between, capital and labour and the state, but also that it is a consequence of these conflicts at both a national and an international level as well” (Robison, Higgott and Hewison 1987: 12); and (d) that political outcomes “reflect the balance of
social forces and the nature of political struggle” (Robison, Hewison and and Rodan 1993: 29).

Succeeding publications of the Murdoch School from the mid-1990s have been a series of editions of The Political Economy of Southeast Asia, each of which addresses a specific theme in a particular historical juncture in Southeast Asian development experience. Its first edition was published just before the 1997 Asian financial crisis when observers had the penchant for explaining “Asian economic miracles” and comparing Asian models of development stimulated by a remarkable economic boom and industrial transformation in the region during the last quarter of the twentieth century. Contributors to this issue with six country case studies (Indonesia, the Philippines, Thailand, Malaysia, Singapore, and Vietnam) and three thematic chapters (on labor, regional economic integration, and sub-regional growth zones) have derived their respective analyses from various elements of “new institutionalist,” “pluralist,” and “Marxist-derived political economy” approaches—all of which are outside the mainstream neoclassical economics framework. These approaches, especially Marxist political economy, that dissect the social and political dimensions of economic development can be considered the intellectual antecedents to the social conflict approach to Southeast Asian studies (Rodan, Hewison and Robison 1997).

It was in the second edition where the Murdoch School categorically stated “social conflict theory” as the most illuminating theoretical framework—distinct from neoclassical political economy and historical institutionalism—for understanding periods of economic boom in Southeast Asia especially since the mid-1980s, as well as the causes of the 1997 Asia crisis and its impact on social formation, economic restructuring and political dynamics in the region (see Box 29.3). In contrast to the first edition, which was primarily concerned with explaining capitalist successes in the region, the second edition asked broader questions on whether the capitalist crisis had put an end to Asian “illiberal” mode of capitalism and paved the way for the inexorable
convergence towards liberal politics and free markets (Rodan, Hewison and Robison 2001a, 2001b).

**Box 29.3 Interpretations of the 1997 Asian financial crisis**

Highly nuanced analyses have been provided to explain the nature and causes of the 1997 Asian financial crisis, yet these may possibly be categorized into two opposing schools of thought along the state-versus-market debate. The first and most influential came from the neoliberals, who provided the mainstream neoclassical economics account of the crisis. They basically believed in the efficiency of the market in creating stability in the economy and harmony in the society. The international financial institutions—such as the IMF, World Bank, and the Asian Development Bank—argued that the crisis resulted from market-distorting practices in Asian countries, notably: selective state intervention in economic affairs, illiberal non-market-based controls, and government failure to construct proper market-based regulatory systems.

The second were the so-called historical institutionalists and heterodox/post-Keynesian economists, who championed the developmental states. They argued that the crisis was a result of the compromised or weakened capacity of the state to govern markets due to externally promoted economic policies of liberalization and deregulation. They proposed that a strong state is essential, rather than antithetical, to integration in the global economy. They perceived of social change as a process involving complex questions of power, class interests, and the relationships between these societal structures and the international economy.
In the third edition, the same social conflict theory has been adopted in understanding the intricacies of power and contestation in the relationship between markets and politics in the international and domestic contexts. Southeast Asian countries found themselves structurally entangled in the rapidly changing global economic environment and geopolitical turn spurred by the aftermath of the 1997 crisis, the global war on terror, and the rise of China. Viewed at the system level, markets and market institutions are delineated as products of wider and deeper processes of social and political conflicts (Rodan, Hewison and Robison 2006a, 2006b).

Although these major books of the Murdoch School can be said to be single country-case studies and thus defeating the object of comparative study (Rasiah and Schmidt 2010a), the theoretical and analytical tools of social conflict theory that they have outlined over the years encourage a comparative political economy perspective (Hameiri and Jones 2014). The approach would be able to demonstrate the social relations and disposition of power in capitalism, specifically the embedded relationships between market, state, and society at national and international levels. At the same time, it can unpack social change as a dynamic and systemic process of contestation involving conflicting interests.

**Southeast Asia at the turn of the twenty-first century**

The discussions in this chapter suggest that the scholarship about Southeast Asia, informed by theories on development and capitalism, have been responsive to changes and crises in world historical moments since the 1950s: that is, from the post-colonial and Cold War periods, to the neoliberal phase of capitalist globalization. In the same way, the dynamics of countries and human conditions in Southeast Asia are to be analyzed in their particular contexts against the background of the evolving geopolitical economy during the first quarter of the twenty-first century—thus far, marked by the US-led war on terrorism after the 9/11 attacks, the 2008 North Atlantic economic crises, the rise of anti-democratic politics of populism, the climate emergency, and the re-
emergence of China as a powerful regional and global actor, among others (Carroll, Hameiri and Jones 2020). To this end, there emerge a few remarkable IPE research endeavors on the political economy of Southeast Asia.

One thematic study contributes to the characterization and explanation of distinctive types of political and economic regime in contemporary Southeast Asia. For example, the concept of “authoritarian neoliberalism” describes how a neoliberal market economy is embedded in an autocratic strong state, and explains why the relationship between political authoritarianism and economic capitalism are organic rather than accidental (Juego 2018a, 2018b). This is likewise exemplified in the logic of the ASEAN Economic Community agenda whereby the principle of state sovereignty (i.e., non-interference in domestic affairs) is linked to the idea of market sovereignty (i.e., non-intervention of the government in economy) (Juego 2014; cf. Jones 2012, 2016). Thus, diversity of national political regimes and socio-cultural orientations is observed, while economic convergence toward an open regional competitive capitalism is enforced. This means that neoliberal capitalism can be made to operate in a variety of political regimes, even in a non-democratic or authoritarian political framework (Juego 2015b).

Another emerging academic agenda introduces the concept of “deep marketization,” which is the phenomenon in twenty-first century capitalism where the politics of global competitiveness and the ethos of capitalism itself are universally embedded practically everywhere, from the policies of international organizations and states to daily lives of households, families, and the real individuals. With the development of the “world market” as the unit of analysis, this research aims to examine how the imperatives of “competitive capitalist social relations” are embodied in, or refracted into, countries across Southeast Asia and all spheres of social life (Cammack 2012; Carroll 2012; Carroll and Jarvis 2015). Its key objective is to investigate the extent to which the logic of marketization is accepted, adapted, or resisted as manifested in the policy choices of governments, the material conditions of workers, the
behavior of businesses and other economic agents, and the conduct of citizens and ordinary people.

The research theme on the marketization is also closely related to the growing interest in “Everyday IPE,” which has been recently adopted in the study of Southeast Asia as an alternative to elite-centric studies of capitalist relations, processes and institutions (Elias and Rethel 2016a). Part of the aim of this “Everyday Political Economy” approach is to contribute to efforts at bringing in non-elite and non-Western perspectives in the study of IPE (Hobson and Seabrooke 2007). Its central analytical concern in rethinking Southeast Asian political economy includes the examination of “how the developmental ambitions of elites intersect with local social relations of gender, race, class and even age, producing distinctive political-economic outcomes, and how capitalist processes of marketization intersect with everyday lived experiences on the ground” (Elias and Rethel 2016b: 6).

Indeed, through the years, the objects and subjects in the study of Southeast Asian political economy are becoming more comprehensive and inclusive, ranging from the analyses of world-systemic structure and inter-state relations to researches about state restructuring, social change, and the everyday activities of the human person. Yet, theories of development and state–market–society relations remain the overarching theme in understanding the political economy of capitalism in Southeast Asia.

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