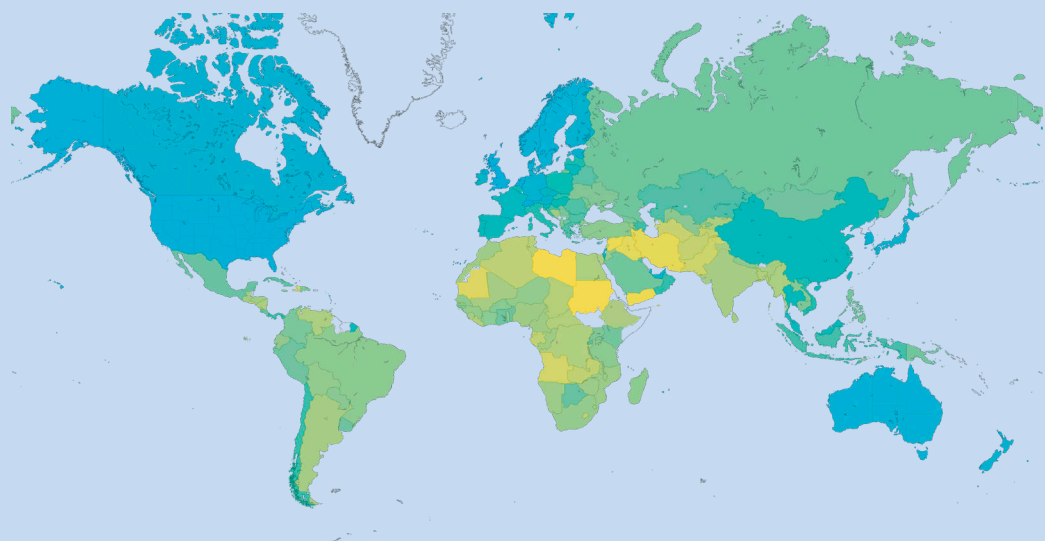


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# ELITE QUALITY REPORT 2021

Southeast Asia regional analysis: Diversity and change in Malaysia, Thailand, Vietnam, and Indonesia

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## Southeast Asia Regional Analysis: Diversity and change in Malaysia, Thailand, Vietnam, and Indonesia

Southeast Asia is one of the most diverse regions in the world, comprising mostly of emerging economies at various stages of development. In the 21<sup>st</sup> century, Southeast Asian nations have experienced profound change as they have adapted to globalization. As the EQx2021 shows, these efforts have had varied results, with key Southeast Asian nations occupying radically different positions in the Index. The cases of Malaysia, Thailand, Vietnam, and Indonesia are discussed here.

Since achieving independence in 1957, Malaysia has experienced rapid industrialization, with successive state plans to shape its developmental trajectory. Reflecting its emergence as one of the first moderately successful Southeast Asian economies, Malaysia ranks # 25 in the EQx Index. Its high quality elites score higher for Political Value (iii, rank # 25), Economic Value (iv, rank # 27) and Economic Power (ii, rank # 20) than for Political Power (i, rank # 46). The highest scores obtained by the country come from dimensions that reflect strong worker protection, such as the *Unionization rate* (UNI, ii.4, rank # 6) and *Collective bargaining coverage* (CBC, ii.4, rank # 4), and contributions to political and economic value, such as the *Corporate tax rate* (DCT, iii.8, rank # 1), *Open for business* (OFB, iv.10, rank # 9), and *Inflation* (DOI, iv.11, rank # 1). Nevertheless, continuing social inequality and inter-ethnic tension are revealed by its low scores for the *Women's Power Index* (WPI, i.1, rank # 128), *Religion – Social Hostilities Index* (SHI, i.3, rank # 136), and the *Human Rights Index* (HRI, ii.4, rank # 101).

In the postwar decades up until the 1997 Asian financial crisis, Thailand experienced significant economic growth, attributed to its export-oriented industrialization. After the crisis, economic restructuring was strongly supported by the state and local capital, and despite the political instabilities of the 2000s, Thailand now ranks # 30 in the EQx2021. Thailand's quality elites score higher on Economic Value (iv, rank # 12) than Political Power (i, rank # 80) and Economic Power (ii, rank # 38). Thailand also scores well on *Collective bargaining coverage* (CBC, ii.4, rank # 6) and *Open for business* (OFB, iv.10, rank # 6), in addition to boasting a high score in the *Health Efficiency Index* (HEI, iv.10, rank # 7). The lower scores come for dimensions of the Index related to social inequality: *Women's Power Index* (WPI, i.1, rank # 119), *Religion – Social Hostilities Index* (SHI, i.3, rank # 122), and

*Human rights index* (HRI, ii.4, rank # 119). In the areas of Political Value and Economic Value, respectively, Thailand also scores poorly for *Top 10% share of pre-tax national income* (INE, iii.8, rank # 129) and *FDI net inflows as % of GDP* (FDI, iv.10, rank # 106).

Vietnam only began its transition to a market economy in the 1980s but has experienced dramatic economic growth since then, reflected its overall ranking of # 36 in the EQx. Since the 1980s, profound economic and political restructuring has resulted in a greater openness to foreign investment, enabling Vietnam to rapidly catch up with its Southeast Asian neighbors. Vietnam's quality elite business models have contributed to its high rating for Economic Value (iv, rank # 24) despite scoring lower on Political Power (i, rank # 79) and Economic Power (ii, rank # 79). While Vietnam scores close to average for most of the EQx2021 indicators, it scores particularly well for its low *Unemployment rate* (UEM, iv.12, rank # 10) and *Labor force participation* (LFP, iv.12, rank # 13) and, rather remarkably, for *Women self-made billionaires* (WSB, ii.4, rank # 1) where it leads the world. However, Vietnam scores poorly for *Social mobility* (MOB, i.1, rank # 114), the *Human Rights Index* (HRI, ii.4, rank # 116), and the *Environmental Performance Index* (EPI, iii.8, rank # 117).

Indonesia has seen a series of broad modernizing reforms since 1965 to promote foreign investment, aided by its large internal market (it has the world's fourth largest population) and domestic conglomerates. The impact of the 1997 Asian financial crisis was arguably felt most severely by Indonesia and its recovery since then has been uneven amidst further economic and political challenges. As a result, Indonesia ranks lower than its Southeast Asian neighbors at # 44 in the EQx index. Although the quality of its elites receive a low score for Political Power (i, rank # 83), their contributions to Indonesia's Political Value (iii, rank # 51) and Economic Value (iv, rank # 42) are more encouraging. Among the more specific indicators, Indonesia scores highly on *Governmental support to entrepreneurship* (GSE, ii.6, rank # 8) and *Corporate tax rate* (DCT, iii.8, rank # 5). However, Indonesia also ranks poorly for key economic and social indicators such as the *Women's Power Index* (WPI, i.1, rank # 113) and *Religion – Social Hostilities Index* (SHI, i.3, rank # 138). On a more positive note it does very well on *Homicide rate* (HOM, iii.8, rank # 4) and *Death rates from substance use disorders* (SUB, iii.8, rank # 3).

These snapshots of the situation in leading Southeast Asian countries reflect the challenges that they face as governments seek to balance the need for rapid economic growth with inclusive Value Creation for society as a whole. While elites in these countries have generally been of good quality with business models that have refrained from excessive rent-seeking and Value Extraction, problems still remain in the areas of women’s empowerment, human rights, social inequality, and inter-ethnic conflict.

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**Visual4.5:** EQx2021 State of Elites Framework: The positions of Malaysia, Thailand, Vietnam and Indonesia based on EQx Sub-Indices Power and Value

