1 Introduction

Improving social protection, especially for the poor and vulnerable, is one of the most important challenges facing Southeast Asian countries. Yet while Southeast Asian governments have introduced some important reforms during the past two and a half decades, they have invested relatively little in social protection by regional and international standards. At the same time, to the extent that they have invested in social protection, they have privileged segments of society such as civil servants, military officials and formal sector employees over the poor and vulnerable, and investments in education and to a lesser extent health over social security (see Section 1.1 for a more detailed discussion) (Cook and Pincus 2014; Sumarto 2020; United Nations Economic and Social Commission for Asia and the Pacific [UNESCAP] 2018a). In some cases, the effectiveness of social protection schemes in combatting poverty and vulnerability has also been undermined by corruption, skewing benefits towards the non-poor and reducing the quality and effectiveness of public services (Kim and Yoo 2015; Rosser 2012). As we will see in detail below, these patterns have continued despite the desperate circumstances created by the Covid-19 pandemic.

Why have Southeast Asian countries failed to develop stronger social protection systems? In particular, why have they failed to move beyond systems that privilege military and bureaucratic officials and, to a lesser extent, private sector workers to develop systems that provide adequate protection to the poor and vulnerable? Why have they simultaneously adopted important reforms in recent decades? What have been the main drivers of and obstacles to change, and how are they likely to shape the future evolution of social protection in the region?

This Element seeks to answer these questions through an analysis of the political dynamics shaping social protection in Southeast Asia. We argue that the region's failure to develop stronger social protection systems has reflected the political dominance within the region of predatory and, to a lesser extent, technocratic elements, and the relative weakness of progressive elements. This structure of power – or political settlement – has served to reinforce conservative tendencies embedded in social welfare models developed in the immediate post-colonial period, when politically important groups such as military and bureaucratic officials were given priority. It has also served to imbue social protection systems with attributes such as productivism – that is, prioritisation of economic growth over social policy goals (Holliday 2000) – and predation – that is, rent-seeking behaviour that can undermine the pro-poor intentions of social protection initiatives (Rosser and van Diermen 2018).

From the mid-1980s, democratisation led to the emergence of political entrepreneurs seeking to mobilise mass electoral support and opened up new opportunities for progressive elements to participate in and influence policy-making. These changes marked the emergence of more inclusive political settlements, albeit ones in which predatory elements remained dominant. Combined with the effects of the Asian Economic Crisis (AEC) of 1997–8, this generated new pressure on governments within the region to strengthen their social protection systems. Many responses shifted policy in a more progressive direction – that is, one informed by notions of human rights, equity and social justice – though they have been insufficient to produce a far-reaching restructuring of social protection. Rather, we have seen a layering effect, whereby innovations have built upon pre-existing policy and institutional arrangements without fundamentally altering these arrangements. While this sort of layering is not unusual in public policy (Streeck and Thelen 2005), it highlights the extent to which Southeast Asian social protection systems continue to have strong conservative, productivist and predatory attributes. The pandemic from early 2020 saw governments introduce new measures to address its severe health and economic impacts. These have likely produced a deepening and broadening of social protection coverage within the region, but possibly only on a temporary basis. There is little evidence so far to suggest that the pandemic has triggered marked changes in political settlements, constraining the prospects for more substantial change.

In presenting this argument, we begin by reviewing the evolution of social protection systems in the region, focusing on Indonesia, the Philippines, Thailand and Malaysia. We then outline a framework for understanding the political dynamics of social protection policy and its implementation, and for identifying the actors and interests that have shaped events and the agendas they have pursued. Then follow sections on our four focus countries examining the nature of their political settlements, and detailing how these and associated processes of contestation have shaped policy and its implementation in specific case study areas. The final section summarises the argument and considers possible trajectories of change.[1] Before beginning this analysis, however, it is necessary to benchmark the current state of poverty and vulnerability in the region as well as the extent of past social protection investment, briefly define several key terms and explain why we have chosen the four countries above as our focus.

[1] A note on sources: we have at times relied on desk-top research of media reports and government policy announcements, especially in our analysis of COVID-related policies. Rather than clutter the text with huge numbers of references to media reports, we have provided citations only where we directly quote from a media source or cite a specific item of information. Key media consulted include *Jakarta Post*, *Manila Standard*, *Bangkok Post*, antaranews.com, cnbc.com, channelnesasia.com, nationthailand.com, csis.org, irrawaddy.com, thaibsworld.com, malaysiakini.com, aseanbriefing.com, reuters.com, unicef.org, cnnphilippines.com and philstar.com.

1.1 Benchmarking Indicators

While rapid economic growth over several decades has led to markedly lower levels of poverty in the region, it has not eradicated poverty (Table 1). At the same time, millions of people remain 'near poor', with incomes leaving them vulnerable to falling back into poverty in the event of an economic crisis, natural disaster, or other shocks (Table 2). Many Southeast Asians also lack access to basic goods and services such as education and healthcare, clean energy, clean water, sanitation, nutritious food and secure livelihoods (UNESCAP 2018b: 24–43). In some Southeast Asian countries, these problems have been accompanied by rising inequality, producing tensions that threaten to undermine political and social stability and economic growth (Asian Development Bank [ADB] 2012). There has thus been a compelling need for Southeast Asian governments to introduce social protection programmes that provide households and individuals with support to avoid deprivation and social exclusion.

Yet social protection investment in Southeast Asia has been both low and skewed in favour of particular groups. This is evident in the ADB's Social Protection Indicator (SPI), which measures spending in the three categories of social protection: social insurance schemes to save for future needs, social assistance such as cash transfers and social pensions, and labour market programmes. Spending as a percentage of GDP per capita for each intended beneficiary for 2015 in each of these three categories is shown in Table 3, with aggregate spending providing the SPI. Asian countries overall recorded an average SPI of 4.0 per cent, with higher scores in the subregions of Central and West Asia (5.6) and East Asia (6.4). For the nine Southeast Asian countries included in the ADB's analysis the average SPI was much lower, at 2.6 per cent. While Malaysia, Singapore and Vietnam were well above this Southeast Asian average, and the Philippines was on the average, all other countries were well below average, including Indonesia and Thailand. Disaggregating these SPI scores into the separate categories shows the clear priority that has been given to social insurance (which often benefits civil servants and the military) over social assistance (which often targets the poor and vulnerable), and that there is negligible spending on labour market programmes. For example, almost all of Malaysia's high-level spending was on social insurance, much of it pensions for its civil service, with much smaller amounts for social assistance and nothing for labour market programmes.

Usefully, the ADB's SPI data also distinguishes between expenditure directed to the poor and the non-poor. While 19.2 per cent of total social protection spending was directed to the poor in Southeast Asia on average in 2015, in Malaysia the figure was only 6.8 per cent (of a larger total) while in the

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Table 1 Poverty in Southeast Asia between the 1990s and today by ava
percentage of population living below US$1.90 per day (2011 PPP) and below nat

	US$1.90			
	1990s	2000s	Most recent	1990s
Cambodia	na	na	na	na
Lao PDR	31.1 *(1992)*	25.7 *(2007)*	10.0 *(2018)*	na
Myanmar	na	na	1.4 *(2017)*	na
Vietnam	52.3 *(1992)*	19.0 *(2006)*	1.8 *(2018)*	na
Timor Leste	38.5 *(2001)*	37.4 *(2007)*	22.0 *(2014)*	36.3 *(2001)*
Singapore	na	na	na	na
Brunei	na	na	na	na
Indonesia	54.9 *(1990)*	24.0 *(2006)*	2.2 *(2021)*	na
Malaysia	1.8 *(1995)*	na	0.0 *(2015)*	na
Philippines	13.7 *(2000)*	10.7 *(2009)*	2.7 *(2018)*	na
Thailand	9.2 *(1990)*	1.0 *(2006)*	0.0 *(2020)*	na

Notes:

1. Until 2019, Malaysia's National Poverty Line was regarded as very low, obscuring its poverty. From 2019
   income for the NPL more than doubled; hence the apparent rise in poverty between 2015 and 2019.
2. No figures are available for Singapore and Brunei in this dataset.

Source: World Bank, World Development Indicators, accessed 12 August 2022.

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Table 2 Percentage and number of people in near poverty, by most recent
living below US$3.20 and US $5.50 per day (2011 PPP)

	A % @ $3.20	*B % @ $5.50*	***C* total population (relevant year)**	**Pop. @ $3.20 (*AxC*)**
Cambodia	na	na	16,250,000	na
Lao PDR	37.4	70.4	7,062,000	2,612,940
Myanmar	15.0	54.3	53,383,000	8,007,450
Vietnam	6.6	22.4	95,546,000	6,306,036
Timor Leste	65.9	91.8	1,219,000	803,321
Singapore	na	na	5,639,000	na
Brunei	na	na	429,000	na
Indonesia	22	53	276,362,000	60,799,640
Malaysia	0.3	2.9	30,271,000	90,813
Philippines	17.0	46.9	106,651,000	18,130,670
Thailand	0.3	6.4	69,800,000	209,400

Source: World Bank, World Development Indicators, accessed 12 August 2022. No data are available for Si

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Philippines it was 13.6 per cent. Indonesia and Thailand, though they had low total spending, spent proportionately more of it on the poor at 33.3 and 30.7 per cent respectively (ADB 2019: 89). These figures tell a story both of the slow development of social protection systems, and differences in the priorities of policy.

A similar pattern of Southeast Asian under-investment in social protection can be seen in International Labour Organization (ILO) data on public health and social protection expenditure as a share of GDP. Northern, Southern and Western European countries spent on average 18.7 per cent of GDP on social protection plus another 7.5 per cent on public health (a total of 26.2 per cent) in 2020 (or latest year available). These are obviously more mature welfare systems, but more recent entrants such as China and South Korea had total spending of over 10 per cent of GDP. By comparison, spending in ten countries in Southeast Asia averaged only 3.7 per cent: Vietnam (7.0), Malaysia (6.1) and Thailand (5.9) spent above average on both social protection and public health, while the Philippines (4.0) and Singapore (3.2) were close to the average. They were then followed by significant under-investors: Indonesia (2.7), Brunei (2.5), Cambodia (2.2), Lao PDR (1.6) and Myanmar (1.5) (ILO 2021: 278, 283–4). While these figures identify differences within the region, the overall pattern is of lagging development in social policy, resulting in highly uneven social protection coverage across occupational and income groups. According to UNESCAP and the ILO (2021: 15), only 33 per cent of the population in Southeast Asia benefits from at least one area of social protection.

1.2 Key Terms

We define *social protection*, following the United Nations Development Programme (UNDP 2016: 15–6), as: ‘a set of nationally owned policies and instruments that provide income support and facilitate access to goods and services by all households and individuals at least at minimally accepted levels, to protect them from deprivation and social exclusion, particularly during periods of insufficient income, incapacity or inability to work’.

Social protection measures include (1) *social insurance*, meaning contributory ‘public and private schemes providing insurance which protects income from life-course and work-related contingencies’; (2) *social assistance*, meaning non-contributory ‘public programs and policies addressing poverty and vulnerability’ such as cash transfer schemes, scholarship schemes for poor children and social pensions; (3) *labour market programmes* that aim to facilitate training and employment; and (4) *other measures that seek to enhance access to basic services* such as policies of free basic education (FBE) and free health care (Barrientos 2013: 24; UNDP 2016: 15–6). In our analysis, we distinguish between these *types* of social protection, as well as the *sectors* to which social protection schemes or programmes relate, with a particular focus on education, health and income support (financial assistance provided to the elderly, disabled, unemployed and other, usually disadvantaged, groups). Finally, we use *depth* of social protection to refer to the relative size of benefits, and *breadth* to refer to the proportion of the population covered by social protection programmes.

1.3 Case Selection

Our analysis focuses on Indonesia, Thailand, Malaysia and the Philippines for two reasons. The first has to do with demographics. These countries account for roughly three-quarters of the population of Southeast Asia and an even larger proportion of those in the region either living in poverty or vulnerable to poverty (Table 2). They are thus more central to the challenge of improving social protection systems in Southeast Asia than countries with smaller populations such as Singapore, Brunei, Timor Leste, Cambodia and Lao PDR, especially those – such as Singapore and Brunei – that are relatively wealthy. The second reason is that these four countries share much in common politically, making it possible to draw out common themes across the cases. All four have pursued capitalist (rather than communist or socialist) models of development, undergone extensive industrialisation, had extended periods of authoritarian or semi-authoritarian rule, experienced periods of democratic reform and inherited or developed oligarchic power structures.

A desire to focus on countries with common political characteristics is the main reason we exclude Vietnam and Myanmar from the analysis, two other countries that have both large populations and large numbers of people living in, or vulnerable to, poverty. As former socialist states their starting points, trajectories and political dynamics are quite distinct from those of our focus countries, notwithstanding that they have both shifted to more market-based systems since the end of the Cold War, and Vietnam has developed substantial social protection systems. This is a further reason for excluding Cambodia, which has a similar history.

Singapore has received much more attention in the literature on Asian welfare systems than any other Southeast Asian country, so our decision to exclude it from the analysis here may seem unusual. Research on its social policy development has frequently grouped it with a putative 'East Asian' (or in some versions 'Confucian') model of welfare, alongside Taiwan, Hong Kong, South Korea and China (Peng and Wong 2010). While of interest, given its non-comparability with our four case study countries in sheer size, and given our focus on major challenges of development and poverty, we have elected to leave Singapore to one side.

It is worth noting that despite similarities our four focus countries differ in important respects. Despite being distinctly authoritarian with limited political freedoms, Malaysia has not experienced dictatorship, either in the overtly military form of Indonesia and Thailand, or in the form of support by the military (and martial law) as in the Philippines. Similarly, experiences of democratisation have differed: Indonesia, Thailand and the Philippines have undergone significant regime change from authoritarian to more democratic rule, then followed by some regression in Indonesia and the Philippines, while Thailand has reverted to military rule. In Malaysia, rather than a change of regime, democratic reform after the AEC took the form of a flowering of civil society and more energised and competitive opposition politics, leading to the electoral defeat of the long-dominant ruling coalition in 2018 with short-lived and unstable coalition governments since.

Finally, while our focus cases are all middle-income countries, Malaysia is, and has long been, a more developed capitalist economy. Its economic development path reduced poverty well before our other case studies embarked on the same task. Furthermore, as we detail below, Malaysia's starting point was markedly different because it inherited a relatively well-developed social protection system at independence. These similarities and differences matter for our analysis of the politics of social protection to the extent that our argument focuses on how oligarchic power structures, democratic reform and starting points have shaped social protection policy outcomes in the region.

2 The Evolution of Social Protection in Southeast Asia

In this section, we examine how social protection systems have developed in our four focus countries. We argue they have evolved through a layering effect and remain underdeveloped. Early initiatives provided pensions and health care for privileged groups through social insurance and introduced FBE. These initiatives were then overlaid with more inclusive systems of social insurance, expanded access to free health care and programmes of social assistance targeting the poor and vulnerable. Despite these changes, however, significant gaps in the breadth and depth of social protection remain, while some initiatives have experienced serious problems in implementation, including non-compliance, and misallocation due to poor administration, absence of key data and corruption. Our discussion is organised according to types of social protection and focuses initially on the period up to the Covid-19 pandemic. It then examines government responses to the pandemic and their implications for social protection arrangements. The Appendix provides a timeline of the evolution of each country's social protection system.

2.1 Social Insurance

Early in the evolution of their social protection systems, all four of our focus countries introduced social insurance arrangements, in which employees and employers were mandated to contribute to saving for retirement, and other benefits such as sickness, disability and health insurance. Each country initially attended to the interests of state employees – civil servants and the armed forces. Thailand was the first, establishing a generous pension scheme in 1902 for civil servants, funded entirely by the state and requiring no contributions. Malaysia, by independence in 1957, had an equivalent pension also fully funded by the state. Strictly speaking, these pensions were not 'social insurance', as they did not require contributions by state employees. They promised generous defined benefit pensions, paid from general revenue. In 1996, the Thai government managed to trim this level of generosity by restructuring the system as it applied to new entrants, requiring a small contribution from their salaries, and limiting their entitlement to a defined contribution pension (Chuen 2019).[2]

The equivalent civil service pensions in the Philippines (from 1936) and Indonesia (from 1963), are more accurately described as 'social insurance', because they involve regular contributions by employees, in both cases with the state paying a defined benefit pension, along with other benefits. The Philippines Government Service Insurance System was based on 9 per cent of salary from employees, matched by 12 per cent from the government, part of which was for life insurance (World Bank 2018a). In Indonesia, the civil service pension collected employee contributions of only 8 per cent; the government did not make actual contributions, but simply guaranteed a defined benefit pension. The numbers benefitting from these pensions are small, ranging from about 3 per cent of the labour force in Thailand, to up to 11 per cent in Malaysia in recent years. But the costs are considerable, and represent a redistribution from general government revenue to the privileged. In 2018, Malaysia's civil service pensions consumed 10.8 per cent of the budget; in Indonesia, in 2013, the equivalent for civil service retirees was 4.5 per cent (Choong and Firouz 2020; Handra and Dita 2016).

2 'Defined benefit' systems provide a guarantee of the value of the pension, usually relative to salary, while 'defined contribution' systems only provide a pension based on the investment value of contributions made.

Parallel systems for the armed forces as state employees were separated out from these civil service schemes in 1939 in Thailand, 1971 in Indonesia and 1972 in Malaysia. Information about military pensions is sketchy, reflecting a reluctance on the part of state authorities to disclose details. It appears the Indonesian and Thai systems have the same arrangement as for civil servants with regard to contributions and benefits, but the Malaysian scheme requires contributions from armed forces personnel and pays only a defined contribution pension at the age of fifty. At the turn of the millennium, the Philippine military scheme was reportedly bankrupt with pensions being paid entirely from the Ministry of Defence's budget (Asher and Bali 2012; Pineda 2019).

Health benefits for civil servants, the military and their families have usually been included as part of these pension schemes, though in Indonesia civil servants' health insurance was established as a separate scheme in 1968.

There is a scarcity of research describing the politics leading to these first systems of social protection. Malaysia's early development of state pensions (and its Employees' Provident Fund and health systems discussed below), came out of its colonial past, particularly the period immediately before independence when Labour was in power in Britain. In Indonesia, the Philippines and Thailand, the early development of generous benefits for civil servants and the military reflected a common pattern in authoritarian regimes which needed to stabilise the support and loyalty of key groups; the same pattern has been noted in Korea and Taiwan (Peng and Wong 2010), and in post-colonial states in the Middle East and North Africa (Karshenas et al. 2014).

The model of social insurance was then widely used in the next stage of social protection systems for formal sector wage workers in private firms and state-owned enterprises. The recurring pattern was that states established compulsory social security schemes to which both employers and employees contributed, saving for pensions (or lump sum retirement payments) and providing other occupational benefits such as work injury insurance, and sometimes sickness benefits and health insurance. Malaysia's Employees' Provident Fund (EPF), established in 1949, was the earliest, while the Philippines' Social Security System followed in 1957, and was made mandatory in 1960. Thailand failed twice to establish a social security system (in 1939 and 1954) due to significant employer resistance; it was finally legislated in 1990. Indonesia was a laggard, developing its equivalent scheme, *Jamsostek*, in 1992.

In each case, enrolled workers' contributions from wages were matched by employers, though the rates of contribution varied. The Malaysian system started with low rates, but from the 1990s these were increased to 12 per cent (employer) and between 8 and 11 per cent (employees). In Thailand, the rates were 5 per cent for both, topped up by another 2.25 per cent by the state. In the Philippines, they