

A COMPARATIVE PERSPECTIVE ON INCOME EQUITY AND SUSTAINABLE DEVELOPMENT IN ASEAN AND EU

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Abstract

Equity and sustainability have become key factors of consideration in the development effort of the 21st century. The importance of addressing poverty was recognised in the Millennium Development Goals (MDGs) and this was carried forward into the formulation of the Sustainable Development Goals (SDGs) as well, tying the concept of equity into the sustainable development agenda. This article looks at how have these two concepts been addressed in the Association of Southeast Asian Nations (ASEAN) and European Union (EU) through thematic content analysis. The analysis assesses the major similarities and differences between ASEAN and EU in terms of their concerns and approach to equitable and sustainable development. This comparative assessment provides the finding to discuss the prospects and challenges available to ASEAN and the EU in the following section. This includes reshaping the dynamic of the relationship between ASEAN and EU to one of mutual learning, improving monitoring and accountability, increasing engagement of all stakeholders, and managing trade-offs. Finally, this article considers how these factors concern Malaysia at the local level.

Keywords: sustainable development, ASEAN, EU, equitable development, Malaysia

Introduction

Equity and sustainability have become key factors of consideration in the 21st century when we discuss the idea of economic development. In a world that is

becoming increasingly crowded the international community needs to pay more attention to the limitation of resources, the increasing gap between the rich and the poor, and the polarisation of society. Consequently, countries and international organisations have begun to pay more attention to the issues of development, not only in striving to ensure that national economic development is carried out in a more equitable and sustainable manner.

In 2015 the United Nations released the 2030 Agenda for Sustainable Development which included a long list of 17 Sustainable Development Goals (SDGs) and 169 targets meant “to free the human race from the tyranny of poverty and want” as well as to “heal and secure” the planet (United Nations, 2015a). The evolution of the SDGs from the previous Millennium Development Goals (MDGs) was meant to help facilitate a more comprehensive and inclusive set of development goals which the MDGs did not account for. The MDGs have had their share of criticism and support. As pointed out by Ban Ki-Moon, the Secretary-General of the United Nations, the MDGs were “the most successful anti-poverty movement in history” (United Nations, 2015b). The same report the United Nations released in 2015 summarises the accomplishments that were achieved based on the eight goals of the MDGs.

This included a significant decline in poverty with the proportion of the global population living on less than USD1.25 dropping to 14%. Primary school enrolment has also increased and in 2015 was at 91%. The developing regions have also increased gender parity in girls’ enrolment in primary, secondary and tertiary education. Child mortality for children under five declined by more than half between 1990 and 2015. During the same period, maternal mortality was also lowered by 40%. Progress has also been made on the goal to reduce HIV, malaria and other diseases such as 40% less in new HIV infection between 2000 and 2013. Countries around the world have increased in environmentally conscious practices and access to drinking water as well as sanitation has improved for many of the poor in the world. Finally, the call for a global partnership for development has brought about a 66% increase in official development assistance from 2000 to 2014 (United Nation 2014).

Despite these achievements, the MDGs have been criticised as an effort that lacked the participation of developing countries and lacked consideration for similarly important development requirements (Fehling, Nelson, & Venkatapuram, 2013, pp. 1109-1122). As Sakiko Fukuda-Parr (2016) pointed out, the MDGs were focused on shaping a “new rationale for aid” as the end of the Cold War has significantly lessened the disbursement of aid motivated by political alignments and security concerns (Fukuda-Parr, 2016, pp. 43-52). With the introduction of the SDGs, the international community aimed to foster a global

development objective that wasn't only inclusive but was also more comprehensive in assessing the broader development needs. However, the idea of sustainable development is not new and the concept of 'sustainable development' has, over the years, seen an evolution not only in its theoretical understanding but in practical implementation as well.

In 1987, the report written produced by The World Commission on Environment and Development, also known as the 'Brundtland Commission' defined sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED [World Commission on Environment and Development], 1987). The report was the first effort to broaden the concept of sustainable development beyond the common scope of environmental sustainability. According to the report sustainable development has two basic criteria, 1) the fulfilment of needs and prioritising those in poverty, and 2) the consciousness of limitations on the exploitation of resources. We can then argue that, for the most part, the SDGs can be grouped into either or both criteria, as shown in the table (Table 1) below.

Table 1: Sustainable Development Goals and Its Focus

Sustainable Development Goals	Fulfilling need and prioritising the poor	Limit on the exploitation of resources
Goal 1. End poverty in all its forms everywhere	Yes	
Goal 2. End hunger, achieve food security and improve nutrition, and promote sustainable agriculture	Yes	Yes
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Yes	
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Yes	
Goal 5. Achieve gender equality and empower all women and girls	Yes	
Goal 6. Ensure availability and sustainable management of water and sanitation for all	Yes	Yes
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Yes	Yes

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Yes	Yes
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		Yes
Goal 10. Reduce inequality within and among countries	Yes	
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable		Yes
Goal 12. Ensure sustainable consumption and production patterns		Yes
Goal 13. Take urgent action to combat climate change and its impacts		Yes
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development		Yes
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		Yes
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		Yes
Goal 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development		Yes

Source: United Nations (2015a), compiled by the authors.

The decrease in global poverty, as pointed out earlier, has been one of the cornerstones for the MDGs purported success. As seen in the list of 17 goals, the importance of addressing poverty has been carried forward into the SDGs as well, tying the concept of equity into the sustainable development agenda. The 2030 Agenda states clearly at the beginning of the document that “eradicating poverty

in all its forms and dimensions, including extreme poverty” is an “indispensable requirement for sustainable development” (United Nations, 2015a). It is important to ask how these two concepts have been addressed globally. There is plenty of research on local or national case studies dealing with these issues. However, efforts to achieve equity and sustainability need to reach beyond national borders.

This paper, therefore, provides a significant contribution by looking at how two different regional organisations, the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) have addressed equity and sustainability. These two regional organisations were selected as they present the two most comprehensive regional organisations in the world with active membership participation and regional agency. Arguably ASEAN does not, nor does it aspire to, reach the level of integration that the EU has. However, its continued evolution and relative agency as a regional organisation provide the closest comparative that other regional organisations lack.

This article applies a comparative case study approach to tease out the efforts of the two organisations based on the data collected. Data was collected from EU and ASEAN reports and websites as primary resources to assess the major similarities and differences between ASEAN and EU. These include reports from the European Commission, Euro Stats, ASEAN official website, ASEANstats, Asia Development Bank and the World Bank. A thematic content review is deemed most appropriate to best provide a comparative assessment of policy priorities for both regional organisations where activities and/or policies might converge or diverge. Based on information from these primary resources, secondary resources from academic articles and news writeups are also utilised to supplement the explanation of these similarities and differences. This comparative assessment of ASEAN’s and EU’s efforts would allow analysis for benchmarking the activities for the paper to discuss the prospects and challenges available to ASEAN and the EU in the following section. It will then follow with a distillation of how these aspects can apply to the local context in Malaysia.

Similarities and Differences

Poverty and Human Development Level

Both ASEAN and the EU have invested considerable attention to the issues of equity and sustainability. The economic development experiences of EU member nations and ASEAN nations have been very different however there are some common strands that can be analysed when discussing the issue of poverty reduction. This includes poverty disparity 1) between and within member nations of the region and 2) rural and urban areas. Although ASEAN as a region has

experienced impressive economic growth rates in the past couple of decades, inequality remains an issue between or within member nations. Countries like Singapore, Malaysia and Thailand have achieved far higher levels of development. The poverty levels in these countries are also (mostly by their local estimates) far lower than other members of ASEAN.

For example, based on the ASEAN Statistical Leaflet for 2021, as of 2019, only 5.6% of Malaysians, 6.2% of Thais and 9.4% of Indonesians live below the national poverty line while 16.7% of the Philippines' population, 13.5% of Cambodians and 24.8% of the Myanmar population live below their respective national poverty line (ASEAN, 2021). As a whole, ASEAN continues to experience decreasing rates of poverty in the region due to positive economic growth. Extreme poverty (measured by the World Bank's USD1.90 a day) in the region fell from 17% in 2005 to 7% in 2013 although an estimated 4.7 million people have fallen back below the threshold due to the Covid-19 pandemic (ADB, 2022; UNDP, 2017). The differences in terms of Human Development Indicators also show the sharp divide between ASEAN member countries as noted in the ranking of ASEAN countries for 2020 (Table 2). Even the difference between Singapore and Brunei, ranked at high human development, can be considered substantial as the countries ranked 11 and 47 respectively.

Table 2: HDI Ranking of ASEAN Member Countries

Country	HDI Ranking
Singapore	11
Brunei	47
Malaysia	62
Thailand	79
The Philippines	107
Indonesia	107
Vietnam	117
Laos	137
Myanmar	147
Cambodia	144

Source: UNDP (2020).

Socio-economic disparity within countries has also been a cause for concern among individual ASEAN members. Although some countries like Singapore have Oxfam reports the daily earnings of Vietnam's richest is as much as what the poorest makes in ten years (Oxfam, 2017, p. 2). Indonesia and Laos have also seen the share of income by the rich continue to grow by some 15% over

the last twenty years while the poorest declined by 15% (Oxfam, 2017, p. 31). According to Forbes writer Luke Kelly “Indonesia’s four richest men have more wealth than 100 million of the country’s poorest people” (Kelly, 2018). Despite these concerns, ASEAN member countries have made great strides to address poverty and inequality.

Like ASEAN, the disparity in the EU has also gained attention with a study from Friedrich-Ebert-Stiftung (FES) observing that there is an ‘alarming’ increase in inequality between the rich and the poor (Dauderstädt & Keltek, 2017). The 2017 OECD report “Understanding the Socio-Economic Divide in Europe”, states that this divide intensified particularly after the recent global financial crisis (OECD, 2017). Similar to ASEAN, the disparity issue covers both the differences between and within member states. Although living standards in EU members are, on average, much higher than in ASEAN member nations, similar to ASEAN the disparity amongst EU members is also a challenge for the organisation. For example, in the EU the average per capita income of its richest member state can be up to ten times higher than that of its poorest members (Dauderstädt & Keltek, 2017). According to the 2022 OECD data, the unemployment level in Greece is 12% but only 3.7% in Iceland as of April 2022 (OECD, 2022).

EU also monitors the issue of poverty within its member states. It categorises three different forms of destitution which are 1) monetary poverty, 2) severe material deprivation, or 3) very low work household intensity (European Commission, 2018a). The European Commission reports that in 2016, 17.3% of the EU population are affected by monetary poverty, 7.5% by severe material deprivation, while 10.5% of the population aged 0 to 59 are affected by very low work intensity. However, EU member countries score very well in terms of human development compared to ASEAN countries. All EU member countries are ranked as having very high human development levels as noted in Table 3.

Table 3: HDI Ranking of EU Member Countries

Country	HDI Ranking
Ireland	2
Germany	6
Sweden	7
Netherlands	8
Denmark	10
Finland	11
Belgium	14
Austria	18
Slovenia	22

Luxembourg	23
Spain	25
France	26
Czech Republic	27
Malta	28
Italy	29
Estonia	29
Greece	32
Cyprus	33
Lithuania	34
Poland	35
Latvia	37
Portugal	38
Slovakia	39
Hungary	40
Croatia	43
Romania	49
Bulgaria	56

Source: UNDP (2020).

Urban and rural disparity

Another major concern in disparity and sustainability also involves the changing spatial distribution of human settlement as urbanisation continues at a rapid pace. Sustainability and equality become a major concern for rural communities which could stem from unequal access to and unsustainable use of resources, higher vulnerability to disasters and risk, unequal social relationship structure especially for women, as well as political marginalisation (IFAD, 2018). There also needs to be a keen awareness that rural-urban disparity affects different groups differently.

People who work in the agricultural sector can be affected by competition with large corporations, limited productivity from smallholdings and a shrinking population willing to work in the sector. Those who do not work in agriculture (non-cultivators as termed by the International Monetary Fund) can also tend to be the most vulnerable as they have no land resource to fall back on. As mentioned earlier, women also tend to be disproportionately affected by poverty and disparity. Therefore, for development to be sustainable and equitable, rural-urban disparity needs to be addressed as rural poverty tends to spill over into urban poverty from increased rural to urban migration (Khan, 2001).

This concern is not exclusive to the EU and ASEAN but is a global issue requiring substantive action at the national and international level. As a whole, the urban-rural disparity remains a larger concern for ASEAN as fast-paced urbanisation is closely linked with the economic development of its member countries. The urban population of Southeast Asia has increased from 15.4% in 1950 to about 48.9% by 2019 but levels of urbanisation also differ amongst member countries with a higher urban rate for the more developed ASEAN members (ASEAN Statistical Leaflet, 2019). Almost 20% of the economy-wide inequality in Indonesia and the Philippines can be attributed to the urban-rural disparity (Kanbur & Zhuang, 2014).

Residents of rural communities in EU member countries also face a slightly higher risk than the average of living in poverty or social exclusion than those living in urban areas (25.5% compared with 23.6%) in 2016 (European Commission, 2018a). Although the population of the EU is also concentrated in urban areas EU is also seeing a shift in demographics as migration to rural areas has also increased in recent years. According to Eurostats:

During the five-year period from 2010 to 2015, there was a gradual increase in the number of people living in rural areas across the EU-28, their relative share of the total number of inhabitants rising by 1.7% age points; the increase in the share of the population living in towns and suburbs was even greater (rising by 4.7 points), while the share of people living in cities declined at a relatively rapid pace; these patterns possibly reflect Europeans leaving inner city areas in search of more (affordable) space, in suburbia, towns, or the countryside (Eurostats, 2018).

Commitment to Sustainability

Both ASEAN and the EU have formal commitments as well as efforts to achieve sustainable and equitable development. The Initiative for ASEAN Integration (IAI) was launched in 2000 and Work Plan III released in 2016 also furthers the IAI efforts at bridging the gap between ASEAN members. The initiative is aimed at assisting Cambodia, Laos, Myanmar and Vietnam (collectively known as the CLMV countries) “to meet ASEAN-wide targets and commitments towards realising the goals of the ASEAN Community” (ASEAN, 2016). Work Plan III targets five strategic areas which are

1. Food and agriculture
2. Trade facilitation
3. Micro, small and medium enterprises (MSMEs)

4. Education
5. Health and well being

For ASEAN member nations, eradication of poverty is a priority not only in the national development agendas but also at the regional level. Within ASEAN these include several designated ministerial meetings such as the ASEAN Ministers Meeting on Rural Development and Poverty Eradication (AMRDPE) and the ASEAN Ministerial Meeting on Social Welfare and Development (AMMSWD) which meets regularly to discuss updates and plan out mechanism frameworks for member countries. These meetings are also supplemented with meetings at the Senior Officials level as well as government and non-governmental bodies consortium.

One such example of a mechanism framework is the ASEAN Framework Action Plan on Rural Development and Poverty Eradication 2016-2020 which ASEAN introduced as part of its regional cooperative effort to address poverty. Another example is the ASEAN Infrastructure Fund (AIF) incorporated in 2012 which brings together the ASEAN member countries and the Asian Development Bank to solve the infrastructure bottleneck that has contributed to development gaps amongst ASEAN members. Consideration for sustainable practices and socially inclusive practices are also requirements for projects funded by the AIF.

The Economic and Social Commission for Asia and the Pacific (ESCAP) report in 2017 outlined the complementary parallels between the ASEAN's Vision 2025 and the 2030 Agenda for development (ESCAP, 2017). The report identified five priority areas in order to guide the organisation's effort to meaningfully incorporate the SDGs. The five priority areas are 1) Poverty eradication, 2) Infrastructure and connectivity, 3) sustainable management of natural resources, 4) sustainable consumption and production, and 5) resilience. The report also detailed the indicators for measurements and proposed initiatives for action. ASEAN has since then carried out several initiatives in line with the recommendation of the report.

The EU has formally enshrined an approach to and commitment to equitable and sustainable development. Although poverty is less severe for EU member countries, there are still challenges such as the recent 2008 economic challenge, and the changing demographics in terms of a shrinking and ageing population. At the regional level, the EU provides support for its member countries in order to enhance social protection and inclusion. EU provides its member countries with access to social investment packages which include the following:

1. The Employment Package, a policy package launched in 2012 and looks at supporting EU member countries by analysing potential areas of growth and effective creation of jobs (European Commission, 2012a).
2. the White Paper on Pensions, presenting a strategy for adequate, sustainable and safe pensions by “creating the conditions for a high level of labour force participation of women and men throughout their lives and enhancing the opportunities to build up safe complementary retirement savings” (European Commission, 2012b),
3. the Youth Employment Package, which deals specifically with the situation of young people up to the age of 25 and proposes measures to ensure that the youth “receive a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed” (European Commission 2012c).

The Common Agricultural Fund (CAP) has also long served as a tool to ensure the rural agricultural sector of EU member countries remains competitive and ensure a “fair standard of living” for the farmers, as well as help maintain EU rural communities (European Commission, 2017). One of the contemporary mechanisms under the CAP includes the European Agricultural Fund for Rural Development (EAFRD) 2014-2020 which contributes to rural development programs in EU member countries. The priority areas of these rural development programs include specific measures for sustainable and equitable development and are monitored by the EU.

EU has also shown a commitment to sustainable development since the beginning of the 21st Century. The EU Sustainable Development Strategy 2001 states, “in the long term, economic growth, social cohesion, and environmental protection must go hand in hand” (European Commission, 2001). The EU also monitored the progress made on the commitments through a comprehensive set of indicators which the EU reviewed in 2007 and 2009 (European Commission, 2016). The European 2020 Strategy has also mainstreamed sustainable development into the EU’s agenda. With the advent of the SDGs in 2016, the European Commission released the “European Action for Sustainability” (European Commission, 2016) which integrates the SDGs into the European Commission’s ten priority areas.

Impact of Local Politics and Security Concerns

Undoubtedly the circumstances that lent to the establishment of ASEAN and EU are context-bound therefore the different political and security environment of ASEAN and EU also impacts the development practices of both regional

organisations. Amitav Acharya argued that the establishment of ASEAN was in response to contemporaneous political security demands (Acharya, 2001, p. 48). The leaders of the smaller Southeast Asian countries during the Cold War established ASEAN in response to external security and political pressure in order to resist taking sides with either of the two major hegemonies in that period of time, the USA and the USSR. Therefore, ASEAN's principle of non-intervention became the cornerstone for the regional organisation.

The formation of ASEAN was geared towards 1) addressing external pressure on the collection of smaller Southeast Asian nations 2) ensuring a peaceful and conflict-free Southeast Asia. The establishment of the ASEAN Charter in 2007 was a major step in instituting ASEAN as a rules-based organisation and was furthered with the ASEAN Community Vision 2025. Although ASEAN launched the three pillars of the ASEAN Community (Economic, Political-Security and Socio-Cultural Community), its practices remain strongly embedded with its tradition of non-interference and consensus-based decision making. This meant that for the most part, commitment to sustainable development remained firmly a prerogative of individual member states. Unlike the EU's regular monitoring and review of its sustainable development commitments, ASEAN's lacks similar regulatory tools, preferring to rely on the members' own initiative and actions.

Unlike ASEAN which was initiated as a security initiative, the EU began as an economic community which evolved into a comprehensive political entity. However, the establishment of the European Economic Community was also meant to enhance security in the region as economic interdependence and cooperation would lessen the chance of conflict (European Union, 2018). However, recent political shifts such as the United Kingdom's decision to exit the (Brexit) in 2017 reflect the larger change in the political environment in the EU. Research has shown that the UK itself is significantly more vulnerable than the EU to trade-related risks due to Brexit (Chen et al., 2018). However, it is also likely that Brexit will result in some economic challenges to EU member countries with the change in labour and economic opportunities that were previously available with UK's inclusion and contribution as an EU member. These would include, amongst others, trade, agriculture, and fishery areas (Barigazzi, 2018).

Prospects and Challenges

Partnering for Development

Both ASEAN and the EU have made an explicit commitment to work towards achieving the SDGs. For ASEAN, there is a more explicit focus on poverty

reduction and equity as the ASEAN member countries continue to prioritise economic development although sustainable development has increasingly become more prominent in the policy formation. More importantly, ASEAN and EU have also reflected the need for more effective partnering in order to best implement efforts to achieve the SDGs. This is in line with goal 17 which is to “Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development” (United Nations, 2015a). The SDGs call for partnership in financing, technology sharing, capacity building, trade, and addressing systemic issues which include: 1) policy and institutional coherence; 2) multi-stakeholder partnerships; and 3) data, monitoring and accountability (United Nations, 2015a).

Therefore, it is significant to note that ASEAN and the EU have mutually recognised each other as important partners in the cause. The Inaugural High-Level ASEAN-EU Dialogue on Sustainable Development: Towards Achieving the Sustainable Development Goals was held in Bangkok in November 2017. The Dialogue identifies areas as:

Important cross-cutting development catalysts towards the achievement of multiple SDGs, namely: promoting gender equality and particularly the empowerment of women and girls as a key driver of change; promoting green growth and circular economy, including environmentally sustainable and climate resilient cities, sustainable consumption and production and addressing the challenges of climate change (European Commission, 2017).

ASEAN has also reached out to other partners in assisting with the SDGs. As one of its largest investors and trade partner, China has also played a major role in assisting ASEAN in its effort to realise the SDGs. A large part of Chinese investment in ASEAN countries is directed through the Belt and Road Initiative (BRI) which is meant to improve ASEAN-wide infrastructure development. Another effort includes the China-ASEAN Investment Cooperation Fund which provides investments in infrastructure and the development of energy and natural resources in ASEAN countries (UNDP, 2017). Although cooperation and investment from China can be controversial domestically in ASEAN countries, there is no denying the importance of ASEAN’s partnership with China.

Accountability and Monitoring

Without a doubt, what has always been the biggest challenge in achieving sustainable development has been the issue of accountability. As a human race,

we constantly face the ‘tragedy of the commons’ where common resources are exploited and not protected. The world has never been short on idealistic plans and policies – the paramount task that we have yet been able to achieve is the ability to ensure and enforce effective action. This seems to be a bigger concern for ASEAN as the most commonly cited problem for ASEAN is the slowness, or lack of, action despite the many policy agendas and agreements. Effective monitoring is important not only to ensure that programs are carried out but also that mistakes and problems are minimised. It is also important that the best practices are operationalised for future projects.

The impact of policies, therefore, should be measured by a transparent and comprehensive collection of data just as much as these development goals need to be integrated into national development agendas (Glennie, 2015). For the EU, Eurostat has long played this vital role in collecting and publishing data. The agency, which was established in 1953, has played an increasingly broader role not only in collecting and comparing data provided by national statistical agencies but also to help harmonise and generate a common methodology for EU member countries (Eurostats, 2018, n.d.).

In ASEAN, the ASEAN Statistics Division, the technical arm of the ASEAN Community of Statistical System (ACSS), plays a similar role (ASEANstats, 2017). ASEAN Statistics Division also has several working groups with one specific working group to monitor the members’ achievement on the SDGs: the Working Group on the Sustainable Development Goals Indicators (WGSDGI) (ASEANstats, 2017). The EU-ASEAN Statistical Capacity Building Project (COMPASS) (EU-ASEAN COMPASS, n.d.) initiated in 2014-2018 to help monitor the economic integration of ASEAN sets a good precedent for the type of effort that can, and should, be extended to increase the capacity of monitoring other development programs.

Coordinating state and non-state actors

Achieving sustainable and equitable development is a mammoth undertaking that requires the government and all possible stakeholders in both public and private realms to participate. Although the state may spearhead policies and action, these can be inadequate when viewed in light of the numerous SDGs. More importantly, one of the criticism levied on the MDGs was that these were goals created with a ‘top-down’ perspective (Fukuda-Parr, 2016). Not only were the MDGs formulated without consultation of other development stakeholders and developing countries, but action for the MDGs were also donor country and state-driven.

Recognising the complexity of development needs, the SDGs present a more holistic and flexible approach that addresses the broader concerns of today’s

world. Its formulation also included the participation of the United Nations' member states as well as other major groups and civil society (United Nations, 2014). However, the same inclusivity in goals means more complex and diverse goals. This also means that there needs to be a more dynamic approach to achieving these goals. The challenge lies in engaging the various stakeholders to work together "at the right time and place to solve complex poverty and sustainability problems" (Patterson, 2015). This is a challenge for both the EU and ASEAN as intricate layers of bureaucracy exist not only between the governance of the organisations and their member countries but also between state and non-state actors such as businesses, NGOs and private citizens.

Managing trade-offs

Not all countries can, and will, be able to prioritise all seventeen goals of the SDGs. However, this does not mean that countries should make no effort because the options are difficult. In order to make progress on the SDGs, countries will need to make trade-offs. As pointed out by James Patterson, "it is crucial to recognize that difficult choices will also need to be made that may involve winners and losers, at least in the short term" (Patterson, 2015). For example, some countries benefit from continued urbanisation in order to address income inequality (Kanbur & Zhuang, 2014, p. 302). Rapid industrialisation and urbanisation were crucial in the increase of income and living standards for the East Asian countries like Japan, South Korea and Taiwan.

However unchecked urbanisation can, if not always, result in unsustainable development practices. In the case of Malaysia, although the poverty level is low, rapid urbanisation in Malaysia can increase economic and social costs such as ballooning real estate value, pressure on employment and increases the vulnerability of marginal groups which include low-income families, the handicapped and the elderly (Chamhuri Siwar, Ferdoushi Ahmed, Ahmad Bashawir, & Md. Shahin Mia, 2016, pp. 154-160). Vietnam is also experiencing rapid urbanisation which contributes to increasing transport and land cost, congestion and distortion of the land market around the two main urban areas, Ho Chi Minh and Hanoi (World Bank, 2011).

Another example of trade-off would be the need to prioritise the long-term preservation of natural resources. The EU's consumption pattern needs to be scaled down drastically. It has been reported that "by 2050 a European lifestyle would require, under present production and consumption patterns, natural resources of at least two Planet Earth" (European Commission, 2016). At the end of the day equity and sustainability serves a larger purpose beyond a country's economic growth. Most certainly economic inequality and unsustainable

economic practices are likely to be just as, if not more, damaging to a country than the lack of economic growth. Rampant inequality, more than poverty and slow growth, contributes to rising dissatisfaction and conflict.

Malaysia: Challenges and Way Forward

Localisation of SDG

Malaysia's economic environment prior to the commencement of SDG in 2015 has been experiencing stagnation since the 1980s. A recent ESCAP report revealed a regression trend for SDG8 in the Southeast Asia region. This could be because countries in the region have been unable to localise the SDG into the national economic plan. Although SDG8 targets reducing the number of youths not in employment, education and training substantially by 2020, Malaysia recorded an increasing overall unemployment rate at 3.3% in December 2019 compared to 3.1% in 2015 (Nur Thuraya Sazali, 2019). Similarly, there has been an increase in youth unemployment with a rate of 42.1% in 2015, whereas, in 2019, they made up 58.24%, threefold the national unemployment rate (Ahmad Farhan, 2019). This signals a failure in the local labour market to absorb the oversupply of graduates from universities.

Labour oversupply needs to be addressed by making appropriate adjustments to the labour market. With Malaysia's aspiration of moving towards the Industrial Revolution 4.0 (IR4.0), the rolling out of the digital economy can be seen as an effort to create jobs as well as increase income diversification. Hence, this could help reduce the rate of youth unemployment and decrease income inequality when more youths are equipped with digital skills that meet labour demands. Malaysia could emulate the EU in upskilling the youths, which will contribute to an increase in earnings and reduced inequality. Nevertheless, precautionary measures need to be set in place to avoid widening the wage gap as marginalised populations often have limited access to digital technologies and opportunities.

Governance Reform/ Multi-stakeholders Synergies

Another challenge the Malaysian government faces is the lack of resources to restructure the country's fiscal policy. This is not exclusively a challenge for Malaysia as some EU member states also have weak redistributive effects of taxes and benefits that further widen income inequality within their states. In contrast, high market income inequality in Ireland, Denmark and Hungary was reduced through effective utilisation of the tax and benefits system. In Malaysia, the issue of wealth tax was brought to attention before the General Election in May 2018.

The issue of whether wealth distribution as ‘punishment’ for the top 20% of the population is still an on-going debate in Malaysia. It is also important to note that the newly elected government does not have adequate capacity to shoulder the financial burden for restructuring purposes. Under Budget 2020, the government could not do much to increase its gross disposable income due to the restrictive forecast revenue of RM224 billion. In order to have an effective fiscal policy that could facilitate wealth distribution, burden sharing with multiple stakeholders should be put into practice.

Furthermore, corporate governance reform is necessary to restore investors’ trust in the market. The current reforms focus on enhancing integrity and accountability in public and private sectors. In fact, better management of resources could be achieved by reviewing public-private partnerships, especially in infrastructure development. Consequently, the damage of prior corruption cases can be minimised through a better legal and procurement system which will improve the transparency of the corporate governance system in Malaysia. With all these measures in action, the government will be able to create more jobs and attract foreign investment to accelerate economic growth.

Green Growth

As discussed earlier (refer p. 16), green growth is listed as one of the salient points in cross-cutting catalysts to achieve equitable and sustainable development. Revitalising the market to support green growth is not an easy feat even when business as usual will intensify environmental degradation. The creation of a green market shows the government’s commitment to managing resources by providing enabling environments such as 1) government green procurement, 2) green products and services, and 3) green buildings. Ideally, this will attract businesses to shift towards the green market when funds and opportunities are allocated. Unfortunately, the progress to shift to a green market has been slow since it was first commenced in 2016. The lack of investment particularly in research and development (R&D) activities continues to dampen the shift. Additionally, the Malaysian market is risk-averse, and businesses prefer profit-making certainties to the volatile-natured green market.

There also needs to be an investment climate concentrated on market subsidies and infrastructure development to bridge the rural-urban gap. Indeed, investing in rural areas is more effective in poverty reduction and can reduce spillover effects on urban areas compared to enforcing policies limiting rural-urban migration. Nonetheless, the equity gap between these geographical separations could be lessened gradually through engagement with higher education institutions. Knowledge creation and expertise in green technologies

will help build financial institutions' confidence to co-invest and venture in the green market. Accordingly, achieving equitability and sustainability will no longer remain an aspiration with the active engagement from businesses, the government, and the education sectors.

Conclusion

Although ASEAN and the EU differ significantly in their form and function, both organisations play an important role in supporting their member states in the issue of sustainable and equitable development. The experience of both regional organisations shows that while there is no doubt that both organisations have placed priority on both issues of sustainability and equity, there is still much that needs to be done. The disparity between and within member nations needs to be addressed as well as the growing rural-urban divide. Growth should be supplemented with policies to help those most likely to be left behind and social security also has to take into consideration circumstances that could create vulnerable groups such as the elderly. Like the rest of the world, both regions also need to tackle the issue of resource consumption, pollution, and environmental degradation.

In the future, it would be beneficial for both ASEAN and EU in order to continue partnering for development. It would also be important that the dynamic of the relationship between ASEAN and EU should not be one of a donor-recipient relationship but rather one of mutual learning. Ensuring progress on the SDGs, monitoring and accountability, engagement of all stakeholders and management of trade-offs would also continue to pose challenges to the individual member governments and to ASEAN and EU as regional organisations. It is also recommended that Malaysia as one of the founding members of ASEAN take a proactive role not only with other ASEAN members but also with the EU, be it bilaterally with other EU members or with the organisation itself. As the world continues to globalise, the role played by the two organisations would only continue to become more important.

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