Proceedings of ICMRED 2026 Symposium: Financial Innovation, Risk Governance, and the Dynamics of Global Capital Flows
DOI: 10.54254/2754-1169/2026.BL32351

Performance Legitimacy and Economic Autonomy: Comparative Analysis of Four Southeast Asian Countries

Xuanrui Hu

Lanzhou University, Lanzhou, China
hxuanrui9@gmail.com

Abstract. Amidst the intensifying US-China geoeconomic competition, Southeast Asian states face mounting external pressures that threaten their economic autonomy. This study investigates whether performance legitimacy can sustain a nation's economic autonomy under such conditions. Moving beyond treatments of Southeast Asia as a homogenous bloc, this paper develops a two-dimensional analytical framework by integrating Performance Legitimacy theory with the Inclusive Developmental State theory. This framework deconstructs performance legitimacy into two core dimensions: the source of performance and the transformation of performance. Based on these dimensions, a 2x2 typology is constructed, yielding four ideal types: Endogenous-Inclusive, Endogenous-Unbalanced, Dependent-Welfare, and Dependent-Fragile. Using empirical data from 2000 to 2023, the study conducts a comparative analysis of four ASEAN founding members: Singapore, Malaysia, Thailand, and the Philippines. The findings reveal that performance legitimacy's impact on economic autonomy is conditional. Only the Endogenous-Inclusive type, characterized by domestically driven growth and equitable welfare distribution, successfully maintains the highest level of economic autonomy through dual material and political buffers. Endogenous-Unbalanced and Dependent-Welfare achieve only moderate autonomy, while the Dependent-Fragile type exhibits the lowest autonomy due to the absence of both buffers. This research contributes theoretically by unpacking the black box of performance legitimacy and offers a nuanced comparative framework to explain the divergent strategic behaviours of Southeast Asian states in response to major-power competition.

Keywords: Performance Legitimacy, Economic Autonomy, Southeast Asia, Inclusive Developmental State, US-China Geoeconomic Competition

1. Introduction

Against the backdrop of intensifying geoeconomic competition between China and the United States, Southeast Asia faces unprecedented external pressure. During the presidency of Donald Trump, the United States advanced Indo-Pacific–related policies and sought to reshape the regional economic order through instruments such as tariffs and supply chain restructuring, thereby exerting both institutional and economic pressure on ASEAN countries [1]. Existing studies often treat Southeast Asia as a relatively homogeneous entity and rarely conduct systematic cross-national comparisons, resulting in limited explanatory power regarding why different countries adopt

DOI: 10.54254/2754-1169/2026.BL32351

divergent response strategies. Performance legitimacy refers to the legitimacy a regime derives from delivering economic growth, improving social welfare, and demonstrating governance capacity. Unlike procedural legitimacy, it relies more heavily on observable policy outcomes. Because the sources and transformation mechanisms of performance legitimacy vary across countries, their strategic responses to external pressure also differ. For instance, Singapore, benefiting from a relatively high level of performance legitimacy and institutionalized governance capacity, has maintained a comparatively stable hedging strategy. In contrast, the Philippines has been more prone to policy oscillation and strategic concessions when external pressures intensify. This heterogeneity raises a core question: can performance legitimacy sustain a state's economic autonomy? This article seeks to unpack the black box of performance legitimacy by focusing on four founding members of ASEAN: Singapore, Malaysia, Thailand, and the Philippines. By integrating performance legitimacy theory with inclusive developmental state theory, the study constructs a two-dimensional analytical framework centred on sources of performance and performance transformation. It identifies four ideal types: endogenous-inclusive, endogenous-imbalanced, dependent-welfarist, and dependent-fragile. Drawing on data from 2000 to 2023, the article empirically measures the sources and transformation of performance legitimacy in the four countries and further examines their economic autonomy in the context of the China–U.S. trade war. Through cross-national comparison and typological analysis, the study aims to answer the following question: through what mechanisms does performance legitimacy sustain economic autonomy in Southeast Asian states?

2. Literature review

With regard to the question of whether performance legitimacy enhances a state's economic autonomy, existing studies have not formed a direct outcome. However, across the literature on regime legitimacy, developmental state theory, and geoeconomic pressure, three implicit positions can be identified: the enhancement thesis, the weakening thesis, and the conditional thesis. The enhancement thesis argues that high levels of performance legitimacy provide regimes with stable domestic support, thereby increasing their policy autonomy under external pressure. The underlying assumption is that when governments gain public support through sustained economic growth, they acquire greater bargaining power and risk tolerance, and thus are less compelled to choose sides in response to short-term external shocks [2]. Studies on Singapore and Vietnam suggest that under conditions of high growth and relatively institutionalized governance, some states are able to maintain a certain degree of hedging space amid China–U.S. competition. This line of research emphasizes that performance legitimacy can be translated into external resilience [3]. In contrast, the weakening thesis adopts a more sceptical stance. Scholars in this camp argue that performance legitimacy is inherently fragile in a context of deep globalization and the weaponization of interdependence. Their core assumption is that when economic growth depends heavily on foreign investment, export orientation, or a narrow industrial structure, the sources of performance legitimacy become externally embedded. Once confronted with shocks such as trade wars or supply chain restructuring, the foundations of legitimacy may quickly erode [4]. Empirical studies on Southeast Asia show that in countries with deeply entrenched outward-oriented dependency structures, external economic pressure is more easily transmitted to the domestic political level, thereby constraining policy flexibility. In this view, performance legitimacy does not necessarily strengthen autonomy; rather, dependency structures may amplify vulnerability [5]. A conditional thesis contends that the impact of performance legitimacy on economic autonomy is context-dependent. Theoretically, its effect is mediated by domestic political structures and social value configurations [6]. On the one hand, in authoritarian or hybrid regimes in Southeast Asia,

DOI: 10.54254/2754-1169/2026.BL32351

performance legitimacy may enhance autonomy during periods of high economic growth; however, its effect can be weakened when democratization pressures or nationalist mobilization intensify [7]. For example, amid escalating China–U.S. competition, the Vietnamese Communist Party adjusts its foreign policy according to the interaction between performance considerations and domestic nationalist sentiment [8]. On the other hand, the influence of performance legitimacy also depends on the interaction between domestic citizens and external actors. While Southeast Asian states may view Chinese investment as an opportunity for economic development, policy choices may nevertheless be constrained by domestic public perceptions of China [9]. Although these three strands of research provide important insights, several limitations remain. Firstly, at the level of variables, most studies treat performance as a background condition or auxiliary factor rather than as an independent core explanatory variable. There has been little systematic unpacking of the sources of performance and the mechanisms through which performance is transformed into political support. Secondly, regarding research design, existing scholarship either treats Southeast Asia as a homogeneous whole or focuses on single-country case studies, lacking a structured comparative framework within the region. As a result, in discussions of China–U.S. competition, Southeast Asia is often generalized as a hedging region, overlooking cross-national differences in development models, distributive structures, and degrees of external embeddedness. According to that, this article treats performance legitimacy as an independent variable and introduces a two-dimensional framework of performance sources–performance transformation to conduct a comparative analysis of ASEAN states. It seeks to systematically address whether, and under what conditions, performance legitimacy can sustain national economic autonomy.

3. Core concept and theoretical foundations

3.1. Performance legitimacy

There is no unified definition of performance legitimacy in the existing literature. However, the concept can be traced back to David Beetham, who in The Legitimation of Power proposed a three-dimensional structure of legitimacy—rule-based legitimacy, normative justifiability, and performance outcomes—thereby laying the theoretical foundation for conceptualizing performance as an independent dimension of legitimacy [10]. Accordingly, this article defines performance legitimacy as the capacity of a government to obtain citizen support and justify its rule by delivering observable governance outcomes, such as economic growth, social stability, public service provision, and administrative efficiency [11]. It is most commonly found in contexts where democratic procedures or procedural legitimacy are weak, such as in authoritarian regimes in Southeast Asia, Central Asia, and Latin America. In such settings, performance outcomes become the primary basis upon which citizens accept political authority and grant legitimacy to the regime.

3.2. Economic autonomy

In international political economy, economic autonomy is generally defined as a state's capacity to make independent decisions regarding its economic future, which means that states can manage their resources, production, trade, and policies without excessive influence or coercive compromise imposed by external forces such as major powers or international constraints [12]. Thus, economic autonomy does not imply complete self-sufficiency; rather, it refers to the preservation of policy space, particularly the ability to maintain strategic continuity when confronted with geoeconomic competition.

DOI: 10.54254/2754-1169/2026.BL32351

3.3. Inclusive developmental state theory

The concept of the inclusive developmental state represents a revision and extension of classical East Asian developmental state theory. Its origins lie in the developmental state framework advanced by Chalmers Johnson, which emphasized the state's leading role in promoting industrialization. Core features of this model include an elite bureaucratic apparatus, state intervention in the economy, and the use of industrial policy [13]. Subsequently, Peter Evans introduced the concept of embedded autonomy, arguing that the state must form institutionalized cooperative networks with key social actors—particularly capitalists—in order to effectively promote development. In the twenty-first century, however, globalization, digital transformation, and increasing social pluralization have posed significant challenges to the traditional developmental state model. Building on Evans's framework, Giulio Regeni and Georgeta Vidican Auktor advanced the theory of the inclusive developmental state, emphasizing that contemporary states must address two core tasks [14]. The first is Structural Transformation. Structural transformation refers to the process by which a state upgrades its industrial structure—moving from low value-added primary production toward higher value-added manufacturing and services—and climbs to higher positions within global value chains. This process concerns not only economic growth but also a country's ability to secure policy space in global economic governance, meaning the capacity to formulate independent industrial policies and protect domestic industries under international rules and external pressures. Regeni and Auktor argue that in the twenty-first century, developing countries face dual pressures from globalization and regional integration. Without structural transformation, they risk being locked into the lower tiers of global value chains and losing economic autonomy. Moreover, states must manage the autonomy of primary commodity sectors carefully. For resource-rich countries, excessive dependence on primary commodity exports may lead to a resource curse, rendering them vulnerable to fluctuations in global commodity prices. Therefore, structural transformation also entails extending and diversifying primary commodity value chains. The second concept is embeddedness. This concept was first articulated by Evans, who emphasized that the state must build institutionalized networks with specific social forces—such as capital, enterprises, and industry associations—to obtain information and coordinate policy. In the twenty-first century, however, under conditions of globalization and social pluralization, the state confronts not only capitalists and industrial elites but also broader social actors, including the middle class, community organizations, and non-governmental organizations. Regeni and Auktor therefore expand embeddedness into a more inclusive form. The state must establish institutionalized linkages with diverse social groups, listen to their demands, and incorporate them into the policymaking process. This inclusive embeddedness enhances policy legitimacy, reduces social conflict, and improves implementation efficiency. It also provides the state with a broad-based social support, which can reduce the regime's incentive to compromise when facing external pressure.

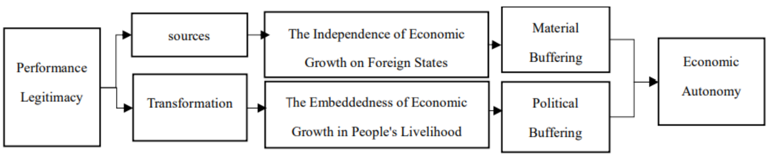
4. Explanatory mechanisms

4.1. Measurement and causal mechanisms

According to Figure 1, the sources of performance legitimacy lie in a state's material buffering capacity, which is constructed through its position in global value chains and the degree of external market diversification. Material buffering refers to a structural condition in which a country occupies upstream or strategically critical nodes in the global division of labour, controls irreplaceable technologies, capital, or intermediate goods, and maintains diversified external

DOI: 10.54254/2754-1169/2026.BL32351

markets. Under such conditions, dependence on any single country or market is significantly reduced. This structural advantage determines a state's bargaining power in international economic interactions. In other words, when confronted with major power pressure or the weaponization of interdependence, the costs of sanctions or economic decoupling are borne primarily by the coercing party, and external coercion cannot be easily transmitted to the target state's domestic economy [15]. Therefore, material buffering provides structural space for maintaining policy autonomy, allowing economic autonomy to be preserved under external pressure. The transformation of performance legitimacy concerns whether economic growth can be converted—through effective distributive mechanisms—into improvements in social welfare, thereby generating a political buffering capacity. Political buffering refers to the condition in which, when facing external economic sanctions or major power pressure, the public is more inclined to support the government's stance and direct dissatisfaction toward external actors rather than the domestic regime. Such political buffering prevents resonance between external shocks and internal social grievances, reducing the likelihood that governments will compromise externally due to domestic pressure. In this way, economic autonomy is further consolidated. More specifically, within the patronage-based political structures common in Southeast Asia, resource allocation is often concentrated in the hands of the state and elite groups. Governments distribute resources selectively to key support constituencies—such as the military, business elites, and local strongmen—who act as political brokers and channel economic gains to grassroots society through informal networks [16]. This distribution model, grounded in personal ties and political loyalty, can generate political buffering capacity if it effectively enhances social satisfaction. When patronage networks are leveraged to achieve broader social distribution, economic growth can become embedded in social welfare through public goods provision and inclusive benefits, thereby strengthening regime legitimacy [17].



Firgue 1. The causal mechanism of performance legitimacy and economic autonomy

4.2. A typology of performance legitimacy

Based on the two dimensions—sources of performance and transformation of performance legitimacy—a 2×2 typological matrix can be constructed, yielding four ideal types: endogenous-inclusive, endogenous-imbalanced, dependent-welfarist, and dependent-fragile. These types help explain variation in economic autonomy and regime resilience among Southeast Asian states under global economic pressure. Through this matrix, we can observe how different combinations of material buffering and political buffering shape state responses to external coercion, thereby revealing the dynamic process through which performance legitimacy operates.

4.2.1. Endogenous-inclusive type

The endogenous-inclusive type represents the most stable form of performance legitimacy. Economic growth is primarily domestically driven, rooted in high-value-added industries such as technological innovation, industrial upgrading, and indigenous capital accumulation, rather than heavy reliance on external markets or foreign investment. This source of growth ensures upstream positioning in global value chains and provides strong structural bargaining power. For example, a

DOI: 10.54254/2754-1169/2026.BL32351

state may reduce dependence on a single trading partner through independent technological innovation and diversified export strategies. At the same time, performance transformation is highly effective: economic growth is converted into broad-based social welfare through institutionalized and inclusive distributive systems, including universal education, healthcare, infrastructure, and employment opportunities. This process relies on inclusive embeddedness, whereby the state maintains institutionalized dialogue with diverse social groups—such as labor unions, the middle class, and community organizations—to ensure fairness and transparency in resource allocation. From the viewpoint of the mechanism, this type provides dual buffering. Material buffering stems from strong endogenous growth capacity, allowing the economy to remain stable even when confronted with sanctions or decoupling pressures. Political buffering arises from high social satisfaction, transforming public support into collective resistance to external pressure and enhancing the regime's bargaining leverage. However, this model is not risk-free: without sustained innovation and upgrading, it may regress toward the endogenous-imbalanced type.

4.2.2. Endogenous-imbalanced type

The endogenous-imbalanced type is characterized by domestically driven growth but deficient transformation mechanisms that produce unequal welfare distribution. While growth is supported by industrial upgrading and technological control—thus providing material buffering—performance transformation relies heavily on patronage networks. Resources flow primarily to political elites, family conglomerates, or ruling coalitions, exacerbating social inequality. Although economic growth may be robust, it fails to generate inclusive welfare benefits, producing relative deprivation and dissatisfaction among lower- and middle-income groups. Embeddedness in this context is narrow and elite-centred: the state collaborates mainly with capitalists and local power brokers, neglecting broader social constituencies. From the perspective of mechanism, in the short term, material buffering may shield the regime from external shocks—for example, control over key resources may deter effective sanctions. However, long-term risks are significant. Weak welfare transformation undermines political buffering, increasing the likelihood that internal grievances will resonate with external pressure, forcing the regime to resort to repression or policy concessions to maintain stability. Even where partial structural transformation reduces external dependence, growth distributed through elite patronage networks may generate ethnic tensions or social protest.

4.2.3. Dependent-welfarist type

The dependent-welfarist type is marked by high external dependence—on foreign markets, foreign direct investment, or primary commodity exports—combined with effective welfare transformation. Although such countries are more vulnerable to external shocks and may be locked into lower tiers of global value chains, strong transformation mechanisms convert externally generated growth into broad-based social welfare. Through inclusive embeddedness, governments transform foreign capital–driven growth into public services and welfare provision, such as education subsidies, healthcare systems, and infrastructure investment. Even within authoritarian contexts, institutionalized welfare distribution may be emphasized to sustain public support. Mechanistically, this type relies on political buffering to compensate for weaker material buffering. When external pressure intensifies, high social satisfaction can translate into public loyalty, reducing the risk of domestic instability and enabling diplomatic flexibility. However, if external dependence deepens and welfare transformation weakens, the state may slide toward the dependent-fragile type. In the

DOI: 10.54254/2754-1169/2026.BL32351

context of the China–U.S. trade war, such countries may face supply chain disruptions, yet strong political buffering enables flexible policy adjustment and regime stability.

4.2.4. Dependent-fragile type

According to Table 1, the dependent-fragile type represents the weakest form of performance legitimacy, lacking both material and political buffering. Economic growth depends heavily on external factors, such as primary commodity exports or low-end processing trade. Positioned at the downstream end of global value chains, such countries are highly vulnerable to price fluctuations and major power policy shifts. At the same time, low welfare transformation means that growth benefits are captured by elites through patronage networks, generating inequality and accumulating social dissatisfaction. Embeddedness is fragmented and exclusionary: the state cooperates primarily with narrow interest groups while neglecting broader societal demands. Mechanistically, the absence of material buffering allows external shocks to transmit directly into the domestic economy, amplifying downturns. Simultaneously, weak political buffering enables internal grievances to resonate with external pressure, increasing the likelihood of social unrest. As a result, these states are most reactive to external coercion. In order to preserve regime legitimacy, governments may sacrifice economic autonomy and make concessions to coercive powers in exchange for short-term stability.

Table 1. A typological matrix of performance legitimacy [18-21]

		The Independence of Economic Growth from Foreign States	
		High	Low
The Embeddedness of Economic Growth in People's Livelihood Security	High	Endogenous-Imbalanced Type	Endogenous-Inclusive Type
	Low	Dependent-Welfarist Type	Dependent-Fragile Type

5. Case studies

5.1. Descriptive statistics of variables

Based on considerations of representativeness, cross-national variation, data availability, and comparability, this article selects Singapore, Malaysia, Thailand, and the Philippines as case studies. All four are founding members of ASEAN, and international databases provide relatively comprehensive coverage for these countries, facilitating horizontal comparison and aggregated analysis. According to Table 2, with respect to the sources of performance legitimacy, Singapore records the highest Production Capability Index (56.536) and the lowest market concentration (0.063), indicating that its growth relies heavily on domestically driven high-technology industries. Malaysia ranks second in production capability (54.020) and has a moderately low level of market concentration (0.086). Thailand's production capability (50.268) is intermediate, and its market concentration (0.064) is relatively low; however, its growth is more dependent on tourism and foreign investment. The Philippines has the lowest production capability (38.388) and the highest market concentration (0.102), reflecting a pronounced degree of industrial hollowing-out. In terms of performance transformation, Singapore has the lowest disposable income Gini coefficient (37.992), supported by a well-developed social welfare system. Thailand's Gini coefficient (40.208)

DOI: 10.54254/2754-1169/2026.BL32351

is moderate, while its poverty rate declined significantly from 42.3% to 5.4%, indicating a highly effective performance transformation. Malaysia's Gini coefficient (40.209) is similar to Thailand's, but its poverty rate decreased only marginally from 7.5% to 6.2%, suggesting deficiencies in transformation. The Philippines records the highest Gini coefficient (40.508); although its poverty rate fell from 33% to 15.5%, transformation remains comparatively weak. In summary, Singapore combines high production capacity, low market concentration, and low income inequality, corresponding to the endogenous-inclusive type. Malaysia exhibits high production capacity and moderate market concentration, but a relatively limited reduction in poverty, placing it in the endogenous-imbalanced category. Thailand demonstrates medium production capacity and low market concentration, yet achieves substantial poverty reduction, fitting the dependent-welfarist type. Finally, the Philippines, characterized by low production capacity, high market concentration, high inequality, and limited poverty alleviation, corresponds to the dependent-fragile type.

Table 2. The index of performance legitimacy [18-21]

Dimension	SIN	THI	MAl	PHL
Market Concentration HHI	0.063	0.064	0.086	0.102
Productive Capability	56.536	50.268	54.020	38.388
Disposable income Gini	37.992	40.208	40.209	40.508
Poverty headcount ratio at national poverty lines (% of population, from 2000 to 2023)	NA	42.3%~5.4%	7.5%~6.2%	33%~15.5%

With regard to the dependent variable—economic autonomy—this article examines the continuity of economic policies in the four countries during the period 2018–2025, following the outbreak of the China–U.S. trade war, in order to assess whether U.S. economic coercion was successful. Measurement focuses on two dimensions: firstly, whether these Southeast Asian countries signed unequal trade agreements with the United States or implemented related policy concessions under U.S. tariff threats, and secondly, whether they adjusted their economic dependence on China. As shown in Table 3, with the exception of Singapore, the other three countries concluded unequal tariff arrangements with the United States or introduced policy adjustments under the pressure of tariff threats associated with the administration of Donald Trump. However, except for the Philippines, the remaining three countries did not reduce their economic ties with China despite U.S. tariff pressure. Accordingly, this article concludes that Singapore demonstrates the highest level of economic autonomy, Thailand and Malaysia exhibit a medium level of economic autonomy, and the Philippines ranks the lowest.

Table 3. The analysis of economic autonomy in four states [22-26]

States	Unequal Trade Agreement or Policy under U.S. Tariff Pressure	Adjustment of Economic Association on China
Singapore	None	None
Thailand	Signed a Reciprocal Trade Framework, eliminating tariffs on 99% of U.S. goods, while the U.S. maintained a 19% tariff on Thai imports	None

DOI: 10.54254/2754-1169/2026.BL32351

Table 3. (continued)

Malaysia	Signed a Reciprocal Trade Agreement, granted tariff reductions on selected U.S. goods and committed to purchasing U.S. products, while the U.S. maintained a 19% tariff on Malaysian import	None
Philippines	Fully opened its market, imposed zero tariffs on U.S. goods, while the U.S. maintained a 19% tariff on Philippine imports	Withdrew from certain Belt and Road Initiative projects; cancelled several Chinese-funded infrastructure projects; shifted cooperation toward partners such as Australia and Japan

5.2. Four cases analysis

5.2.1. Endogenous-inclusive type: Singapore

With regard to the sources of performance legitimacy, Singapore's economic growth is primarily driven by domestically led, high-value-added industries such as semiconductors, biomedicine, and financial services, allowing it to occupy upstream positions in global value chains over the long term. Its Production Capacity Index (56.536) ranks first among the four countries, while its market concentration (0.063) is the lowest, reflecting highly diversified export markets and minimal external dependence. In terms of performance transformation, Singapore has institutionalized inclusive distribution mechanisms—such as public housing (HDB) policies, universal education, and healthcare—which embed growth outcomes broadly into social welfare. Its disposable income Gini coefficient (37.992) is the lowest among the four cases, and social satisfaction remains high. From the perspective of buffering mechanisms, Singapore possesses dual buffering capacity. Material buffering derives from the irreplaceability of its high-tech industries and diversified markets, making external decoupling pressures difficult to translate into direct economic shocks. Political buffering stems from effective welfare transformation, whereby public support for the regime translates into collective resilience against external pressure. In terms of economic autonomy, between 2018 and 2025, Singapore did not sign any unequal trade agreements with the United States, nor did it adjust its economic ties with China. The Prime Minister publicly criticized U.S. tariff policies and continued to adopt a hedging and mediating posture, demonstrating the strongest policy continuity among the four cases [27].

5.2.2. Dependent-welfarist type: Thailand

Regarding performance sources, Thailand's growth relies heavily on tourism and foreign direct investment. Key inputs such as energy and raw materials are largely imported. With a Production Capacity Index of 50.268, Thailand's industrial upgrading has progressed slowly, leaving it positioned in the middle-to-lower tiers of global value chains. External fluctuations are therefore easily transmitted domestically. In terms of performance transformation, Thailand has implemented inclusive welfare policies since 2001, most notably the 30-baht universal healthcare scheme. Its poverty rate declined dramatically from 42.3% to 5.4%, a reduction of 36.9 percentage points, indicating substantial improvements in living standards. Although its Gini coefficient (40.208) remains relatively high, absolute welfare gains have been significant [28]. Mechanistically, Thailand exhibits weak material buffering but strong political buffering. External market volatility directly affects fiscal revenues, yet high levels of welfare satisfaction help maintain domestic stability and reduce the need for abrupt external concessions. In practice, Thailand signed a Reciprocal Trade

DOI: 10.54254/2754-1169/2026.BL32351

Framework under U.S. pressure, eliminating tariffs on 99% of U.S. goods, but it did not adjust its economic dependence on China. Its economic autonomy can therefore be assessed as moderate. However, risks remain: if external dependence deepens and welfare transformation weakens, Thailand could slide toward the dependent-fragile type, particularly if industrial upgrading stagnates or fiscal sustainability deteriorates.

5.2.3. Endogenous-imbalanced type: Malaysia

In terms of performance sources, Malaysia has developed relatively strong domestic production capacity through industrial transformation policies. It retains domestic control in sectors such as semiconductor packaging and automobile manufacturing. Its Production Capacity Index (54.020) is relatively high, and its market concentration (0.086) is moderately low, suggesting limited external dependence. However, performance transformation has been shaped by elite capture and long-standing ethnic preferential policies under the dominance of the United Malays National Organisation (UMNO). Growth benefits have primarily accrued to elite groups, leading to only marginal poverty reduction—from 7.5% to 6.2%—and a relatively high Gini coefficient (40.209). Benefits for lower-income groups remain limited [29]. Unlike Thailand, Malaysia exhibits relatively strong material buffering but weaker political buffering. While domestic industrial capacity provides bargaining space externally, accumulated ethnic tensions and social dissatisfaction undermine internal cohesion. Under U.S. tariff threats, Malaysia signed a Reciprocal Trade Agreement, granting tariff reductions and committing to increased purchases of U.S. goods. Nevertheless, it did not adjust its economic ties with China, maintaining a medium level of economic autonomy. The long-term risk lies in distributive imbalance: if inequality worsens, internal social pressure may compel greater external concessions, weakening long-term policy resilience.

5.2.4. Dependent-fragile type: Philippines

Since the 1980s, the Philippines has experienced significant industrial hollowing-out. Its industrial sector lacks leading industries, and the service sector relies heavily on traditional outsourcing and overseas labour remittances. The country remains highly dependent on exports to the United States and remittances from overseas workers. Its Production Capacity Index (38.388) is the lowest among the four cases, while its market concentration (0.102) is the highest, reflecting strong external dependence. In terms of performance transformation, oligarchic patronage politics have directed growth benefits primarily toward elite families. Poverty declined from 33% to 15.5%, but the baseline remains high and the reduction is limited. The Gini coefficient (40.508) is the highest among the four cases, and social welfare protection remains weak. The Philippines thus fits the dependent-fragile type, exhibiting severe deficiencies in both performance sources and transformation [30]. Mechanistically, the Philippines lacks both forms of buffering. Weak material buffering allows external shocks to transmit directly into the domestic economy. Weak political buffering means internal dissatisfaction resonates with external pressure. As a result, the government of Ferdinand Marcos Jr. has been compelled to compromise externally to secure short-term stability. In practice, the Philippines signed a comprehensive trade agreement with the United States, implemented zero tariffs on U.S. goods, withdrew from parts of the Belt and Road Initiative, cancelled multiple Chinese-funded infrastructure contracts, and shifted cooperation toward partners such as Australia and Japan. This fundamental policy shift makes it the case with the lowest level of economic autonomy among the four. The long-term risk is that sustained internal–external resonance may further compress policy space and trap the country in prolonged dependency.

DOI: 10.54254/2754-1169/2026.BL32351

6. Conclusion

Based on the analytical framework developed above, this article reaches several conclusions. First, the impact of performance legitimacy on economic autonomy is not unidirectional. Rather, it is jointly determined by two dimensions: the source of performance (the degree of external dependence of economic growth) and the transformation of performance (the extent to which growth is embedded in social welfare). Second, according to the fourfold typology derived from these dimensions, the endogenous-inclusive type (Singapore) corresponds to the highest level of economic autonomy; the endogenous-imbalanced type (Malaysia) and the dependent-welfarist type (Thailand) correspond to medium levels of autonomy; and the dependent-fragile type (Philippines) corresponds to the lowest level. Third, the theoretical contribution of this article lies in demonstrating the conditional nature of the relationship between performance legitimacy and economic autonomy. Only when performance sources are endogenous and performance transformation is inclusive can the dual mechanisms of material and political buffering effectively reinforce economic autonomy. If performance legitimacy depends heavily on external sources and transformation mechanisms are imbalanced, economic autonomy may instead be weakened. In terms of scholarly contributions, this article introduces the concepts of structural transformation and embeddedness from inclusive developmental state theory into the study of performance legitimacy, constructing a two-dimensional framework of performance sources–performance transformation. This approach moves beyond the black-box treatment of performance legitimacy in existing research and provides a systematic theoretical tool for analysing its heterogeneous effects. Furthermore, it addresses the limitations of prior studies that either generalize ASEAN as a whole or focus narrowly on single-country cases. In practical terms, the study highlights the conditional impact of performance legitimacy on economic autonomy. Only when endogenous growth and inclusive transformation operate simultaneously can effective material and political buffering be achieved. This framework offers a new explanatory pathway for assessing Southeast Asian states' strategic behaviour under conditions of China–U.S. competition. Looking ahead, this analytical framework can be extended to other emerging economies, such as Central Asian or Latin American states, to explain the dynamics of regime stability and economic sovereignty under globalization pressures. Future research may also incorporate additional ASEAN countries and employ longitudinal time-series analysis to capture dynamic change. Through such efforts, we can better understand the role of performance legitimacy in an increasingly multipolar world.

References

[1] Storey, I., & Cook, M. (2020). The Trump Administration and Southeast Asia: Half-time or game over? ISEAS-Yusof Ishak Institute. https: //www.iseas.edu.sg/wp-content/uploads/2020/09/ISEAS_Perspective_2020_112.pdf
[2] Croissant, A., & Haynes, J. (2021). Democratic regression in Asia: Introduction. Democratization, 28(1), 1–21. https: //doi.org/10.1080/13510347.2020.1851203
[3] Kuik, C. C. (2021). Getting hedging right: A small-state perspective. China International Strategy Review, 3(2), 300–315. https: //doi.org/10.1007/s42533-021-00089-5
[4] Jones, L., & Zeng, J. (2019). Understanding China's "Belt and Road Initiative": Beyond "grand strategy" to a state transformation analysis. Third World Quarterly, 40(8), 1415–1439. https: //doi.org/10.1080/01436597.2018.1559046
[5] Murphy, A. M. (2017). Great power rivalries, domestic politics and Southeast Asian foreign policy: Exploring the linkages. Asian Security, 13(3), 165–182. https: //doi.org/10.1080/14799855.2017.1354565
[6] Holbig, H., & Gilley, B. (2010). Reclaiming legitimacy in China. Politics & Policy, 38(3), 395–422. https: //doi.org/10.1111/j.1747-1346.2010.00241.x

[7] Gerschewski, J. (2020). Erosion or decay? Conceptualizing causes and mechanisms of democratic regression. Democratization, 28(1), 43–62. https: //doi.org/10.1080/13510347.2020.1826935
[8] Dung, P. X., & Ho, B. T. E. (2025). How regime legitimation influences Vietnam's strategy toward US-China strategic rivalry. International Politics, 62(1), 1–20. https: //doi.org/10.1017/S1479591422000286
[9] Oh, Y. (2021). Southeast Asian public perceptions of China: Clusters and gaps. The Korean Journal of International Studies, 19(3), 377–403. https: //doi.org/10.14731/kjis.2021.12.19.3.377
[10] Beetham, D. (2013). The legitimation of power (2nd ed.). Palgrave Macmillan. https: //doi.org/10.1007/978-1-137-36117-2
[11] Zhu, Y. (2011). "Performance legitimacy" and China's political adaptation strategy. Journal of Chinese Political Science, 16(2), 123–140. https: //doi.org/10.1007/s11366-011-9140-8
[12] Sarooshi, D. (2004). Sovereignty, economic autonomy, the United States, and the international trading system: Representations of a relationship. European Journal of International Law, 15(4), 651–676. https: //doi.org/10.1093/ejil/15.4.651
[13] Evans, P. B. (1995). Embedded autonomy: States and industrial transformation. Princeton University Press. https: //doi.org/10.1515/9781400821723
[14] Regeni, G., & Vidican Auktor, G. (2017). The developmental state in the 21st century: Calling for a new social contract (Discussion Paper 5/2017). Deutsches Institut für Entwicklungspolitik (DIE). https: //www.econstor.eu/bitstream/10419/199495/1/die-dp-2017-05.pdf
[15] Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. International Security, 44(1), 42–79. https: //doi.org/10.1162/isec_a_00351
[16] Kitschelt, H., & Wilkinson, S. I. (2007). Patrons, clients and policies: Patterns of democratic accountability and political competition. Cambridge University Press. https: //doi.org/10.1017/CBO9780511585869
[17] Khan, M. (2010). Political settlements and the governance of growth-enhancing institutions (ECO Research Paper). SOAS. https: //soas-repository.worktribe.com/output/389203/political-settlements-and-the-governance-of-growth-enhancing-institutions
[18] World Integrated Trade Solution (WITS). World Bank. https: //wits.worldbank.org/country-indicator.aspx?lang=en
[19] UN Conference on Trade and Development (UNCTAD) Stat. https: //unctadstat.unctad.org/datacentre/ [dataset].
[20] Harvard Dataverse. https: //dataverse.harvard.edu/file.xhtml?fileId=11667866& version=15.0
[21] World Bank. World Development Indicators. https: //databank.worldbank.org/source/world-development-indicators#
[22] United States Trade Representative. (2025, October). Fact sheet: The United States and Thailand reach a framework for an agreement on reciprocal trade. U.S. Government. https: //ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-thailand-reach-framework-agreement-reciprocal-trade
[23] Fonbuena, C. (2025, November 5). Malaysia defends Trump trade deal after critics warn it will compromise country's sovereignty. The Guardian. https: //www.theguardian.com/world/2025/nov/05/malaysia-defends-trump-us-trade-deal
[24] Shalal, A. (2025, July 23). US-Philippines trade talks yield modest tariff shift after Trump-Marcos meeting. Reuters. https: //www.reuters.com/world/china/us-philippines-trade-talks-yield-modest-tariff-shift-after-trump-marcos-meeting-2025-07-22/
[25] Agencies. (2025, July 8). Countries abandon China's BRI over debt, security concerns. Monitor. https: //www.monitor.co.ug/uganda/news/countries-abandon-china-s-bri-over-debt-security-concerns-5109922
[26] Dioniso, G. A., & Katigak, J. J. P. (2025). The successes and setbacks of BRI in Southeast Asia: A focus on the Philippines. ANU Philippines Institute. https: //philippinesinstitute.anu.edu.au/research/successes-and-setbacks-bri-southeast-asia-focus-philippines
[27] Reporting by B. H. L. & X. Kok. (2025, April 16). Singapore PM says US-China trade war pain will be felt everywhere. Reuters. https: //www.reuters.com/world/asia-pacific/singapore-pm-says-us-china-trade-war-pain-will-be-felt-everywhere-2025-04-16/
[28] NaRanong, V., & NaRanong, A. (2006). Universal health care coverage: Impacts of the 30-Baht health-care scheme on the poor in Thailand. Thailand Development Research Institute. https: //tdri.or.th/wp-content/uploads/2012/09/t5s2006.pdf
[29] Aspinall, E., & Berenschot, W. (2022). Varieties of clientelism: Comparing patronage democracies. Routledge. https: //doi.org/10.4324/9781003352259
[30] Teehankee, J. C. (2012). Party politics in Southeast Asia. Routledge. https: //doi.org/10.4324/9780203080689