THE RULE OF LAW AND SUSTAINABLE ECONOMIC DEVELOPMENT IN THE ASEAN REGION: MALAYSIA, SINGAPORE, AND THAILAND

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Abstract:
Peace, freedom, and development are the most important concern of the world nowadays. Following that, the concept of Sustainable Economic Development (SED) emerged. In upholding the SED, the Association of Southeast Asian Nations (ASEAN) establishes the effective Rule of Law (ROL) in its region. However, the indicator does not show a satisfactory ranking of the ASEAN countries except for Singapore. Meanwhile, for Thailand and Malaysia, more advancement is needed for their economic progress. This article discusses how Singapore stands as a role model for Thailand and Malaysia. It seeks to create a link between the ROL and the SED. Then, it examines the legal scenario of ASEAN countries and to what extent they are complying with the principle of ROL. Finally, the article explores how much of ROL affects the countries' SED. The ROL in these ASEAN countries is examined and compared to, aiming at proposing improvement for Malaysia.

Keywords: rule of law, ASEAN countries, sustainable development, sustainable economic development

1. Introduction

Developmental paradigms are constantly changing its nature from a socialist economy to capitalist economy or government control economy to free market economy (Scott, 2006). The current phenomenon of short-term maximizing profit and shareholder benefits are going to shift to an alternative approach to long-term sustainable economic development (SED) with the highest shareholder gains. The demand of SED for the 21st century has already acknowledged, and the concept of development is more preferred than the concept of growth (Kruja, 2013). Furthermore, Daly (1990, p 1) mentioned that "growth is the quantitative increase in physical scale, whereas development is the qualitative improvement or unfolding of potentialities". For more than thirty years now, Sustainable Development (SD) history considers from environmental perspective.

However, this concept is the source of strongly diverging interpretations in the field of economic analysis (Vivien, 2008). SD is the process of the judicious use and conservation of natural resources for the overall improvement in the quality of life of the present and future generations for a long-term basis. In fact, the SD varies in meaning for different groups of people (Hopwood, B., Mellor, M. et.al, 2005). This path of development adopted which should be taken must one which is always within such limit. Taking into consideration this matter, International organizations like the United Nations wants to uphold SED as one of the objectives by establishing the effective Rule of Law (ROL) in the ASEAN region. The ASEAN is one of the political, economic, and cultural regional organizations (Ruland, 2013). Considering the social, economic, political, and environmental context of the ASEAN, having SD means sustainability and balance among the economic, social, and ecological developments in the ASEAN region. In view of that, being an intergovernmental organization enforcing the rights of the citizens in the ASEAN region, the ROL gets the privilege for the member governments. It is widely accepted that the ROL is critical for the continuous development in the Southeast Asia region. The many facets of the ROL form the essential components of the SD (Morita, Sachiko et al, 2005).

The ROL provides the normative and institutional framework to enable the equitable realization of basic rights and fair access to benefits accruing from the resources available in a country and its society. It also helps to ensure stability, clarity, precision, predictability, and transparency in public and private law processes including the contractual, commercial, and foreign direct investment sectors. It is one of the most critical conditions for sustainable economic growth, political stability, and economic rights for citizens. In this aspect, the ASEAN Charter significantly mentions that the member states will act in accordance to the ROL. Though justice, fairness, and values are the main governing principles of the ROL, the World Justice Project (WJP) ROL indicator 2015, did not show a satisfactory ranking of the ASEAN countries except for Singapore (WJP Rule of Law Index, 2015). Identical weakness also reflected in Transparency International Corruption Perception Index (TICPI) as WJP (Corruption Perception Index, 2015). However, both WJP and TICPI show that Singapore has successfully managed to use the ROL to facilitate its trade and increase the connectivity to the ASEAN region, in contrary Thailand just is in progress and Malaysia need more advancement. Therefore, in this article Singapore stands a role model for Thailand and Malaysia. This article proceeds in three steps. Part one seeks to link between the ROL and SED. It goes on with examining the legal scenario of ASEAN countries and to what extent they are complying with the principles of the ROL and finally, it explores how much ROL affects the countries SED that will be the approach in proposing better ways for Malaysia.

2. Research objectives

This paper seeks to discuss how Singapore stands as a role model for Thailand and Malaysia in upholding the Sustainable Economic Development (SED). Besides, it seeks to create a link between the Rule of Law (ROL) and the SED. The paper examines the legal scenario of ASEAN countries and to what extent they are complying with the principle of ROL. Finally, the article explores how much of ROL affects the countries' SED.

2.1 Methodology of research

The research methodology chosen for this article is qualitative in nature. Those undertaking the research in law, doctrinal or library based research is most common methodology (Singhal, Ashish Kumar et al, 2012). It analyses the legal doctrines and how it applies and develops in time to time (McConville, Mike et al, 2007). For the doctrinal method, this article will rely on secondary sources. The secondary sources consist of library materials (textbooks, journal articles and newspapers), internet resources, and annual reports of Asian Development Bank, World Justice Project, Transparency International Corruption Perception, Logistic Perception Index, World Bank, International Monetary Fund, World Economic Outlook and online databases.

3. Results and discussion

3.1. The link between rules of law and sustainable economic development

Currently, the SED is the most desirable way of development around the world, and the inclusion of ROL has great implication over on it. The stable economic transaction ROL and the legal certainty are the most important things. Transparency and accountability endorse the ROL over corruption that promotes SD in society. A strong economy desires to flourish, remain stable and; profitable, and stimulates economic growth by providing equal economic opportunities for others. Such is possible only through establishing the ROL. The United Nations defines the ROL as:

A principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency. (UN report of Secretary General, 2004).

In addition to that, the Post-2015 Sustainable Development Agenda also suggested that to achieve social development, maintain equitable economic growth and sustainability, there is no other alternative other than the ROL. Agenda mentions that:

The advancement of rule of law at the national and international levels is essential for sustained and inclusive economic growth, sustainable development, the eradication of poverty and hunger and the full realization of all human rights and fundamental freedoms, including the right to development all of which in turn reinforce the rule of law.

In academic literatures, it is usually acknowledged that there exists an interrelationship between the advancement of the ROL and the achievement of SED (Beqiraj and Lawrence, 2014). In fact, the principles of legality, accountability, non-discrimination, and respect for human rights are all the insightful components for SD, including economic growth (United Nations Development Group, 2015). In reality, strengthening the ROL ensures effectiveness, transparency, and accountability for a country in order to promote economic development. Furthermore, a legal foundation for market activity makes market economy more transparent and effective (Copp, 2008). As a result it promotes economic development by providing strong property rights. Legal rules like corporate law, competition law, banking and finance, and bankruptcy can inspire alliance or fragmentation of assets. It empowers different stakeholders to set the balance between creditors and debtors, labour, and capital in a variety of ways related to economic development (Kennedy, 2013).

3.2. Compliance with the rule of law for sustainable economic development: an overview of ASEAN region

The Association of Southeast Asian Nations (ASEAN) is a multi-faceted regional organization with its ten member states: Singapore, Indonesia, Malaysia, Philippines, Thailand, Brunei, Laos, Vietnam, Cambodia, and Myanmar. It was born in 1967 and has generated positive attention within the Southeast Asia region and around the globe (Masilamani and Peterson, 2014). The prime objective was to create a greater economic, political, and cultural interaction among its member countries. It is with the belief of the five founding members of ASEAN (Thailand, Indonesia, Malaysia, Singapore, and the Philippines) that, it can expedite regional economic prosperity and security collaboration while abiding with respect for justice and the ROL. The 1997 economic crisis and changes in global situations persuaded the ASEAN member countries to think in advance to change the regional economic status as well as establish the strong ROL. In this progression, the ASEAN Charter adopted in 2007 a mandate that the member states will act in accordance with the ROL. There has been a rising consensus in the relationship between the state and its citizens and the implication of the ROL in the ASEAN region.

Indeed, the ROL plays a notable role in this regional economic development. Moreover, the ASEAN Economic Community (AEC) Blueprint states that it transforms ASEAN into a single market and highly competitive economic region while ensuring equitable economic development combined to the global economy. Creating over 600 million customers, ASEAN countries make a market, and its Gross Domestic Product (GDP) of US$3 trillion, with a vibrant and rising economy, presents a robust economic perspective for the future of ASEAN. The purpose of creating a single market and production base as spelt out by article 1(5) of the ASEAN Charter will not be operative without the integration of the ROL. Although ensuring justice, fairness and values are the main governing principle of the ROL, the WJP ROL indicator does not show a satisfactory ranking of the ASEAN countries except Singapore. Within ASEAN only Singapore has cultivated the proper ROL principles. According to the TICPI identical weakness also reflected same as WJP. For other ASEAN countries, the ROL has been negated due to politicization of judiciary, endemic court corruption, and legal incompatibility (Ruland.J, 2013). In relation to this, the following discussion tries to highlight the present ROL compliance for SED among the selected ASEAN countries that includes Malaysia, Singapore, and Thailand.

3.2.1 Malaysia

Development connotes economic progress, upsurges in per capita income, and achievement in standard of living (Department for International Development (n.d). On the other hand, ensuring the well-being of humanity by assimilating social and economic development and environmental conservation and protection includes SD (Mensah and Castro, 2004). Social development hints at the basic operation and consciousness of human rights likes access to education, health services, food, housing, employment, and the fair distribution of income (Mikkonen, and Raphael, 2010). Economic development expands the ease of use of work and the ability of individuals to secure an income to support themselves and their families. Social and economic developments emphasize and depend on one another for the full understanding of SD. Agree to for the essence of development and SD, Malaysia belongs to the upper-middle income economy with a GDP of USD 338.1billion (World Bank, 2014). In 2009, Malaysia was hit by the Global Financial Crisis (GFC), but after that it was able to recover rapidly with, placement growth rates that have been averaging at 5.7 % since 2009 – 2010 (Mahani Zainal Abidin and Rajah Rasiah, 2009).

Nevertheless, the economic growth and overall development of Malaysia got stuck in its mid progress. Factors like contracting growth, rising inflation, continued high levels of capital flight, declining consumer and investor confidence, and depreciating currency put Malaysian economy in trouble. Looking at the 2011 to 2015 GDP growth of Malaysia, it presents fluctuations from 4.5 % to 5.5 % because of weak domestic policy (World Bank, 2016). Statistical data from IMF in 2015 shows that the economic growth of 2016 is at 4.7 % including the 2.2 % external balance of GDP, and 2.4 % of inflation amount. WEO also mentions that 2016 does not forestall the previous year deficiency (Chander and Welsh, 2015). Apart from that, many literatures have emphasised that domestic political developments are the main discontent in Malaysia (Nathan, 2001). For that reason it led to the shortfall of private investments in Malaysia. It also specifies slowdown because of the rising inflation caused by the imposition of a 6 % Gross Service Tax (GST) in April, 2015; the downgrading of the ringgit (RM) has further weakened consumer confidence. In addition, several viewers opined that strategy and execution of the 1970-1990 New Economic Policy (NEP) and its succeeding manifestations led to undesirable impacts that associated reliance on government contracts in the private sector and nurtured an uncompetitive business environment with promotion of corruption. Nevertheless, small and medium-sized enterprises (SMEs) have crowded out, growing and introduced innovative processes because of the other government-linked companies (GLCs) (Charette, 2006).

Moreover, Cecchetti, Mohanty et al, (2011) pointed out that a number of structural imbalances have contributed to the Malaysian current economic ills that increased both the public sector and the debt of the household. The present debt of the Federal Government of Malaysia spiked from RM 501.6 in 2012 to RM 627 billion in 2015. Over and above these levels of debt, there is some uncertainty about off budget borrowings and the viability of some of the GLCs. Furthermore, private household consumption that contributes to the GDP growth of the country also tempered along with weak revenue, wages, and household debt, which in turn makes a problem in labour market. Real wages have not improved in this period, particularly in manufacturing and parts of the service sector. This contributes to a persistent brain drain that extends across the ethnic communities in Malaysia. The high ingress of foreign labor that government has used to maintain low-end manufacturing lowers the standard of wages down. Compared to the prospects of global economy, Malaysia is not in a considerable position (Daud, n.d). Bearing in mind the above circumstances of Malaysians, people are asking how much of the economy of Malaysia is sustainable. Overhead remarks state that inclusive situation do not indicate that the Malaysian economy is sustainable. In confronting the present crisis, short-term policy approaches do not work. Government needs to inevitably adopt an in-depth long-term review to pull through the previous robust economic growth. Though the 7th Malaysia Plan (GOM 1996) inserted the policy of Malaysia on sustainable development and also expressed the actions that should be taken for sustainable development for enhancing the ability of Malaysia to develop sustainably (Hassan and Nordin, 2002).

Importantly, the condition of good governance and public accountability are factors that the government of Malaysia should not overlook. In relation to this, civil society has made calls for reforms in terms of greater transparency. This can be illustrated by the issue of 1 Malaysia Development Berhad (1MDB) wherein corruption has becomes the concern of the public with the public demanding for a fair implementation of the law. Greater transparency is highly demanded by public because it may influence the economy in relation to one's poise and affordability in a long run growth (Sanders, 2016). However WJP ROL indicators do not show the satisfactory score for Malaysia. After analyzing the table below, it pointed out those factors such as: constant government power, absence of corruption, order and security, fundamental rights, open government, regulatory enforcement, civil justice and criminal justice, the score of Malaysia is from 0.43 to 0.63 only. Order and security factor fared at 0.86.

On the other hand, regional ranking considers the eight factors out of 15; the score of Malaysia is 7 to 13. In global ranking, out of 102, the score of Malaysia is 18 to 88. It is worthy to note that, the score of 0-1 indicates a strong adherence to the ROL. The score of Malaysia seems reasonable. According to WJP index, the overall score of Malaysia is 0.57; regional rank is 7/15; income rank is 6/31, and global rank is 39/102.

Table 1

The world justice project (WJP-2015) score and ranking for Malaysia

Factors	Factor Score	Regional Ranking	Global Ranking
Constraints government powers	0.52	10/15	58/102
Absence of corruption	0.63	7/15	30/102
Order and Security	0.86	7/15	18/102
Fundamental rights	0.48	12/15	78/102
Open government	0.43	13/15	88/102
Regulatory enforcement	0.47	11/15	63/102
Civil justice	0.57	7/15	37/102
Criminal justice	0.58	7/15	30/102

In addition, another TICPI index ranks countries/territories based on how corrupt their public sector is perceived to be. A score of a country or territory indicates the perceived level of public sector corruption on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt, and 10 means it is perceived as very clean in the year of 2010-2015 with 177 countries and territories included. According to this index, the score of Malaysia is 4 .4 to 5.2 indicating that the country has difficulty combating the corruption. If the score shows the high rank, it indicates that the corruption control in Malaysia is agreeable. Adjacent to these two indicators, World Bank provides another Logistics Performance Index (LPI) to help the countries identify the challenges and opportunities they face in their performance on trade logistics and what initiatives they can take to improve their performance. In this respect, the World Bank has six indicators i.e. efficiency of customs and border management clearance, quality of trade and transport infrastructure, ease of arranging competitively priced shipments, competence and quality of logistics services: trucking, forwarding, and customs brokerage, ability to track and trace consignments, frequency with which shipments reach consignees within scheduled or expected delivery times. In fact, (2007 to 2014) seven years performance has been considered in this index. According to LPI the score of Malaysia is 3.59 out of 5. Many literatures point out that there is a strong relationship between the corruption and logistic performance because countries that have high score in TICPI have equal satisfactory score in LPI. This means that countries that have low corruption rate have a high rank in logistic performance. In this issue, the score of Malaysia and ranking in TICPI and LPI do not show the pleasing outcome to combat corruption.

Table 2
Transparency International Corruption Perception Index (TICPI) Malaysia

3.2.2 Framework of Singapore

Having With 582 square kilometers small land area, Singapore gained its independence in 1965 (Ramcharan, 2002). During that time, because of the economic over-reliance on entreport trade, government revenues were low. Literacy rate was 53 %, 13.5 % people were an unemployed, and most importantly, GDP per capita was US$ 511 per annum. There was also a lack of natural resources, limited agriculture, and insufficient water supply. However, after fifty years, Singapore today has GDP per capita of US$ 52,051 per annum, literacy rate of 96 %, an unemployment rate of 2 % and through land reclamations, a land area of 723 square kilometers (Ewing-Chow, M., Losari et.al 2014). The success behind this story was the adoption of three strategies. Firstly, while attendant services, such as logistics, transportation and tourism, were also developed, the facilities of entreport trade were enhanced. Included in this is the expansion of the marine sector and the building of large oil refineries. Secondly, the use of technology and procedures were established to review and reduce regulation and taxes. Finally, bureaucrats were trained to be strategically pro-enterprise and efficient. Education was also developed and labour policies were reviewed in consultation with industry. Lastly, the rule of law was strengthened (Ewing-Chow, M., Losari et. al 2014). Indeed, the ROL grew into a foundation of the Singaporean success story (Shanmugam, 2012). For the development of Singapore, ROL played an important role. As addressed by the spokesperson (Seiff, 2015) for the Law Society of Singapore, an IBA member organization that,

It provides a framework that is transparent and promotes certainty in the law, which gives foreign investors' confidence. It enables a predictable and reliable legal system to be established and in turn, the legal system has been a key enabler for the country's tremendous growth over the past few decades. It provides good governance which is extremely intolerant of corruption, and a fair and efficient justice system. The application of the rule of law, despite occasional criticisms of its “thinness”, has been the foundation of Singapore’s success.

Presently, Singapore is the least corrupt country. The lawmakers are allowed to work for the board of private companies. In case of agreements, it is more secure and offers a good position on intellectual property regimes. Furthermore, the personal income tax rate of Singapore was at 20 % in 2015 and 22 % in the early income period of 2016. Meanwhile, the corporate tax rate is 17 % since 2010. Besides, in terms of regulatory efficiency, Singapore is said to be more efficient than other ASEAN countries. As a matter of policy, the wages for workers in Singapore are adjudged by the National Wages Council (NWC); hence, no minimum wages are prescribed for local and foreign workers. In Singapore 0 % is the overall tariff rate. Some service industries face barrier. Government-owned asserts have an important share with government-linked corporations. At this time 95 % bank that are operating in foreign-owned (Index of Economic Freedom, 2016).

Nevertheless, Singapore obtains a sound score in the ROL in terms of observance of order and security, enforcement of civil and criminal justice as well as corruption. Being an open governmental system, there is always room for improvement in matters such as the implementation of fundamental rights and the use of governmental power. For a long-term investment, the investors are assured by the Singapore government protection of legal rights through the ROL compliance and the system of checks and balances. In order to facilitate the trade and maintain a good relation with other countries, Singapore has become more vigilant in upgrading the ROL, which has led to a robust economic growth. It is within the aspiration of the country to continuously become a well hub for production and trade in the ASEAN regions. The score and ranking of the WJP and TICPI indexes for Singapore are shown in the following table.

Table 3

The world justice project (WJP-2015) score and ranking for Singapore

Factors	Factor Score	Regional Ranking	Global Ranking
Constraints government powers	0.76	5/15	22/102
Absence of corruption	0.93	1/15	3/102
Order and Security	0.91	2/15	4/102
Fundamental rights	0.72	5/15	28/102
Open government	0.63	6/15	25/102
Regulatory enforcement	0.86	1/15	1/102
Civil justice	0.84	1/15	3/102
Criminal justice	0.82	1/15	3/102

The table shows the score and ranking of Singapore by the WJP 2015 after having taken into consideration the eight given factors. Those factors include constraints government powers, absence of corruption, order and security, fundamental rights, open government, regulatory enforcement, and civil and criminal justice. The WJP index 2015 shows how people experience the rule of law in everyday life. This index functions as a tool to identify the strengths and weaknesses of a country in order to assist policy debates in countries which observe the ROL domestically or internationally. According to the WJP, the factor score of Singapore is consistent at 0.76 to 0.93. Out of the 15 factors, the regional ranking of Singapore is from 1 to 6, whereas for global ranking, it is at 1 to 28 out of 102. Notably, the score ranges from 0 to 1, where a score of one indicates the strongest adherence to the ROL.

For this, the score of Singapore is consistently high in terms of ROL compliance.

Table 4

Transparency International Corruption Perception Index (TICPI) Singapore

The above TICPI shows that corruption in Singapore is relatively low and clean as evidenced by the score and ranking obtained. Out of ten, Singapore is consistent in having a score from 8.4 to 9.3. Together with it, the LPI expresses that out of 5, Singapore achieves a high score of 4.9. This indicates that Singapore has performed better to combat corruption and logistic performance matter.

3.2.3 Position of Thailand

The United Nations Millennium Development Goals (MDGs) was established in 2000 with many targeted achievements until 2015 (Kittayarak, 2013). Though MDGs overlooked the significance of the relationship between ROL and SED; Thailand took it as a lead role to encourage the inclusion of the ROL in the post-2015 Development Agenda. At that time, many were doubtful about capability of Thailand to face the challenges in implementing the ROL and SED. Nevertheless, Thailand managed to overcome all the fears and doubts by positioning itself at a certain level of country, which progressively implemented and developed the ROL and SED.

Indeed, this initiative was started after the economic crisis in 1997. Thailand tried to formulate a more balanced development strategy of Philosophy of Sufficiency Economy (PhilSE), which was then recognized worldwide and had added considerable conceptual and application strength to conventional economic theory and economic development (Bunnag, 2013). In other words, the efforts taken by

Thailand were to ensure the SD by focusing on human development at micro and macro levels. As a result, the satisfaction and happiness can be achieved by individuals, community and country. Furthermore, PhilSE contains three different elements. This includes moderation, reasonableness, and self-immunity system that lead to the ability to sustain internal and external change (Isarangkun and Pootrakool (n.d); Bunnag, A., 2013).

With this continuation, Thailand conducts their business in moderation by focusing on long-term improvement instead of short-term maximizing benefits. Thailand is reasonable in its business practice by being accountable for all the stakeholders. They have self-immunity to sudden change by valuing human resources and thus, being able to maintain the specific knowledge inside an organization which is essential for their competitiveness. Currently, the GDP of Thailand is USD 404.8 billion with upper middle-income (World Bank 014), together with a good economy, advancement of capital flow, private sector balance sheets as well as estate values that remain healthy.

Moreover, the Bank of Thailand keeps an eye on the objective of sustainable well-being. Examining the overall situation, there are some key factors observed by the government of Thailand to ensure a long term economic progress. This includes sustainable economic growth, infrastructure expansion by aid or loan from aboard, foreign and local investors, encouragement to increase exports on agricultural commodities, political stability, private sector, and inclusiveness (Prasarn Trairatvorakul, 2014). Regardless of all positive initiatives, the rule of law perception indicator of Thailand is not satisfactory. The ROL provides accountability to safeguard against the arbitrary use of power and encourages responsible policy making. However, in case of Thailand, the WJP and TICPI index do not show agreeable compliance with the ROL principles.

Table 5

The world justice project (WJP-2015) score and ranking for Thailand

Factors	Factor Score	Regional Ranking	Global Ranking
Constraints government powers	0.46	11/15	76/102
Absence of corruption	0.52	8/15	39/102
Order and Security	0.75	13/15	51/102
Fundamental rights	0.5	11/15	72/102
Open government	0.49	9/15	68/102
Regulatory enforcement	0.51	8/15	47/102
Civil justice	0.46	10/15	74/102
Criminal justice	0.43	10/15	53/102

The above mentioned WJP index shows that the factor score of Thailand is 0.5 for the lowest and 0.75 for the highest. The score for regional ranking is at 8 to 11 out of 15, and for global ranking it is at 39 to 74 out of 102, indicating a weak adherence to the ROL.

Table 6

Transparency International Corruption Perception Index (TICPI) Thailand

Furthermore, the TICPI index for the years 2010-2015 includes 177 countries. The score of Thailand is 3.4 to 3.8. This has classified Thailand under the corrupt category. With no progressive score, the LPI (2010) shows the ranking that Thailand is at 3.31 out of 5. According to the World Bank report 2012, the economic inequality in Thailand has remained high. The distribution of the resources of the government with Bangkok as the center for over 20 years, the allocation for the Northeast region was only 6 % of the total public expenditure for 34 % of the population of the country. Contrary to this, Bangkok receives 74 % of public money from 17 % of the population (Kittayarak, 2013). The weak rule of law, affects the quality of democracy in maintaining the relationship between the citizens and the government. It also triggers crisis as a result of lack of trust, frustration with legal institutions and injustices. Realizing that, the government of Thailand has been moving towards improving the value of its democracy by strengthening good governance and developing the ROL institutions. A strong legal system may encourage the domestic and foreign investors for moral and profitable values as well as being able to address the prevailing socio-economic disparities to attain good justice. Fedotov (2013) addressed that

Weak rule of law and lack of good governance pose a major threat to social and economic development the world over, and they have hindered progress. Effective and humane justice systems and institutions are fundamental to building societies that facilitate growth and development.

The ROL makes all persons, institutions and entities, including the state itself, accountable to laws for equally enforced and independent adjudication. The illegal economy puts legitimate businesses at a great disadvantage. Money from the illegal economy can infiltrate state institutions and lead to severe corruption. This impedes sustainable development and diverts resources from poverty reduction and delivery of public services. (Bajrakittiyabha, 2013).

3.3 Findings and recommendation for Malaysia

The above discussion pointed out that in order to achieve the goal of creating a single market and free movement of goods, services, capital and skilled labors as well as establishing an effective ROL, the ASEAN has considered various improvements that need to be done. Even though ASEAN has received criticism for certain actions it taken, by believing the doctrine of non-interference with members' sovereignties and internal matters, ASEAN is able to develop, maintain and implement the ROL among the member countries in a harmonious way (Ewing-Chow and Hsien-Li, 2013). The ASEAN has been particularly challenged in dispute settlement mechanisms. In the absence of a judicial enforcement of member states to remove trade barriers, lack of participation, transparency and accountability in enforcing the ROL among its state members, make some effort taken and decision made ineffective. Essentially, this must be first settled among the state members by creating a specific thought to simplify the development of the ROL and facilitate the SED. Malaysia is considered as, an upper middle-income country, which had faced situations wherein its economy got stuck in the middle of its progress. The government of Malaysia has managed to overcome the problem and boost up its economic growth to push the country from a lower income to an upper middle - income status. However, after 2010, the economic progress of Malaysia went down sharply as compared to its development the previous year. As a result, the WJP, TICPI, and LPI indicators have no reasonable score for Malaysia. However, it is important to highlight that with a very determined goal and continuous effort, it is possible for Malaysia to become a high income country with SED in the next future.

On the other hand, it is found that Singapore, a high income country with strong economic growth, received a good score and ranking for SED, WJP, TICPI and LPI compared to its ASEAN neighbors. Meanwhile, Thailand is continuously working on its SED. Having underwhelming indicators for its WJP, TICPI and LPI, Thailand is struggling to improve the indicators.Inspiring to be at par with its ASEAN counterparts, Malaysia is working towards adjustments to improve the current circumstances and maintain the SED. In relation to this, reformation and improvement need to be made to labour market, GLCs, education, government processes and programs as well as to institutional sides (Yusof, Zainal Aznam et al, 2008). The issue of labour market is closely related to the declined standard of skills especially in science and technology. The skill deficiency can also be traced in communication for lack of English language proficiency (Nambiar, n.d). The situation worsened when many graduates cannot beat the labour market difficulties in terms of having the language experts, problem solving and technically sound workers. Therefore, special attention needs to be given in reforming the wage levels, controlling entries of migrant labour, and increasing vocational training to boost up labour movement and efficiency (Mohamad Juita, 2010). At the same time government should take into account the situation of the public accountability and transparency to keep in balance the law and order of the country (Nur Barizah Abu Bakar, Zakiah Saleh et al, 2011). Law enforcement agencies should demonstrate their concern in protecting the independence of judiciary (QC, Geoffery Robertson, 2014). Concern should also be given to the veracity of Bank Negara, reinforcement of independent execution of the anti-corruption bodies; escalation the checks and balances in the administration of GLCs, and; decrease the scope of the public sector and control of the executive. It is observed that the 1970s NEP has caused the economy of Malaysia to be less competitive as the income inequalities among people became wider. Consequently, the economy of Malaysia expanded relatively slow.

Therefore, it is timely to have effective measures to expand the budget, inject the funds into stock market, shore up the ringgit, uphold worthy ROL, combat against corruption, etc. to turn around the negative fortunes of Malaysia though it has full potential to improve the circumstances (Chander and Welsh, 2015). Apart from that Doran (2015) remarks that successful implementation of ROL in point of social, economic; and political includes the defeat of corruption while strong corporate governance principle can play an important role to overcome the middle-income trap also.

4. Conclusion

As a conclusion, Singapore shows a sound progress in every aspect of development based on the WJP and TICPI ranking as compared to Malaysia and Thailand. Malaysia and Thailand, being both the upper middle–income economy do not shows satisfactory ranking. However, it has not been easy for Singapore to achieve the goals and objectives of the ASEAN in establishing effective ROL with SED in this region. The developing of all the areas from the contemporary economic crisis in Malaysia will claim staunch procedures which inevitably will not be pain free. The overall prospects for the economy of Malaysia are thus rather dim. Elsewhere the instant task; the state desires to immediately address the set of organizational weaknesses that prevents the attainment of SD in excess of the moderate tenure. To avoid the countries irrevocable long-term damage it should not postponed the implementation of the program of reforms. Despite the facts given, benefits are likely to be reaped. The overall interests of the country demand the adoption and implementation of sustainable transformations.

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