



Globalisation and Rural Poverty: An Asian Perspective

Dr. Ravish Kumar Awsthi

Assistant Professor Sociology

DSPM PG COLLEGE MAHOLI SITAPUR U.P

ABSTRACT:

In the research paper I have tried to focus on the Rural Development in India under the influence of globalization the reasons of the Rural Poverty are sought and analyzed, it has been concluded by many scientists that Indian rural economy is at crossroads caught between globalization and meltdown crisis experimenting with Eastism to regionalism while this crisis has created massive disruption in growth employment and income it has also pointed out certain opportunities for the rural agriculture sector with globalization, no doubt have affected the basic social structure of India the process of changing Indian rural society after the coming globalization.

Globalisation propelled by information communication technology (ICT) and the knowledge-based economy (KBE) has forged the integration of cross border transactions and interdependence to a magnitude, scale, and complexity which has appeared to tip the balance for globalisation backlash. Applied unevenly to favour urban industrial rather than rural agricultural sectors, Globalisation and the resulting creative destruction of industries and jobs have accentuated income and employment insecurity especially among the vulnerable less educated, less skilled, older and minority groups and widened the digital divide. We cannot begin to debate the impact and effects of globalisation except to acknowledge that it is no longer an option which countries can insulate themselves from. The only policy recommendation appears to be for countries to be globalisation ready in terms of overcoming both levels of adjustment, with the first, achieving economic competitiveness being much easier than the second which involve painful socio-political choices as well as competition is global (Morrison, et. al., ed. 1998).



Taking globalisation as a given in terms of its ubiquitous presence and effects, this paper focuses on how it affects poverty reduction and the rural poor and note certain policy strategies to maximise the benefits while minimising the costs. No global.

phenomenon or process, no technological cycle and no change can be benign. As much as it is human to resist change, the challenge is equally to see the opportunity and strength of necessary change. We thus note the globalisation challenge and policy options in Section 2 for Asia while section 3 delves into the rural agricultural sector in particular which has also been the traditional poor sector. The paper concludes with policy options and implications for Asia's rural poor especially in the face of much diminished growth and prospects since the global downturn, first from high technology sectors especially in electronics and dotcom companies and second, since the September 11, 2001 terrorist attack on the US and resulting counterattack which are still in progress. Asia's Globalisation Challenge Asia is the largest landmass and also most diverse and heterogeneous from wealth and development to cultures and ethnicity even if the geophysical definition remains a working concept.

Table 1

GDP Growth Rates (per cent)

	1990	1995	1996	1997	1998	1999	2000
NIEs	7.3	7.4	6.3	5.8	-2.9	7.9	8.4
CARs, Afghan, Mangolia	0.1	-5.4	0.6	1.8	1.5	4.7	7.8
PRC	3.9	10.5	9.6	8.8	7.8	7.1	8.0
SEA	8.2	8.4	7.4	3.5	-9.0	3.1	5.1
S Asia	5.4	6.8	7.0	4.7	6.1	5.8	5.8
Small islands	-0.4	-0.6	5.7	-2.9	-2.0	4.1	-1.8
Average	6.2	8.3	7.6	5.9	0.2	6.3	7.1

CAR=Central Asian republics, Source:ADB, 2001b



Openness as total trade or sum of exports and imports as percentage of GDP is a proxy measure of globalisation. That ,amy Asian economies are doubly expose in terms of their reliance on high technology exports to Organisation for Economic Cooperation and Development (OECD), especially to the US as shown in Table 3 has reinforced the virulent downside of the supply chain effects.

Table 2
Openness

	1982	1990	1999
HK, China	142.2	217.7	222.5
Korea, Rep of	70.4	59.4	77.4
Spore	320.5	308.5	265.6
Taipei, china	95.1	88.5	92.7
Mongolia	53.4	47.1	89.0
PRC	14.9	29.8	36.4
Cambodia	Na	10.8	86.3
Laos,	55.4	30.5	69.2
Myanmar	19.9	5.6	
Vietnam	Na	Na	97.0
Indonesia	48.5	49.0	62.2
Malaysia	110.5	146.9	217.8
Philippines	46.5	75.8	102.9
Thailand	47.5	75.8	102.9
Bangladesh	29.5	19.7	31.9
Bhutan	59.2	60.5	75.7
India	15.3	16.7	23.8
Nepal	30.4	31.6	53.0
Sri Lanka	74.9	69.1	77.8
Fiji	42.9	129.1	108.2
Maldives	127.1	194.2	276.7
PNG	97.3	89.6	95.6
Solomon	109.1	86.1	97.3



Table 3

Share of selected Asian economies' total exports

To OECD countries

	China	HK	Indon	Skor	Msia	Phil	Spore	Thai	Taiw
Computers SITC75	6	7	2	13	19	22	54	16	28
Telecom SITC76	7	4	5	6	15	6	5	7	4
Electrical comp SITC77	8	18	2	23	24	33	17	11	17
Total	20	30	9	41	58	60	77	34	50

Source: BIS, 2001.

Asia Pacific appears to have broken from the chains derdevelopment better than the rest of the third world. Asia Pacif resents not just a distinct geographical space but also a particularistic strategy designed to achieve rapid export-led economic growth. The Asian development model may be overstated especially in politics. Taken to an excess, ethnic flavoured industrial strategy in association of Southeast Asian Nations (ASEAN) states designed distribute income, wealth and economic opportunities has created clash from political business and patronage as state-business relations got too intimate. Misguided government intervention a consequent moral hazard are "sins of commission or omission" as Asian states fall to "captured liberalisation" with poorly designed reforms and weakly regulated liberalisation inducing culpable self-serving rent-seeking and increased vulnerability (Haggard, 2000, pp. 32-8). Seduced by a "miracle" hubris, factor abundance, market potential and some basics set right initially, far too many short cuts befell Asian economies strapped by ethnicity and politics. The changing fortunes of the harbingers of the "Pacific century" blessed with family fusion, thrift and work ethics have been variously interpreted and analysed (Robinson, et al, eds, 2000, Castells, 2000, Segal, et al, eds, 2000, Dadush, et al, eds, 2000, Petri, ed, 2000, Richter, ed, 2000, Part, 2000 and Haggard, 2000). It was not a mere financial crisis be it of liquidity, structure or contagion even if it was the trigger.



Neither can global capitalism be wholly blamed and serves only as a blinder to absolve the region and incriminate others. Asia is not affiliated by globalisation and world financial system but the wrong kind of government intervention and insufficient homework all round (Larsson, 2000, McGurn, 2000 and Business Week, 6 November 2000, pp. 40- 68). That the crisis was not uniform, more grievous and damaging for the laggard and lax in institutional and regulatory safety belts, vindicated consistent performers, Singapore and Taiwan, even the Philippines fortuitously.

There appears some consensus that the Latin American financial crisis belonged to the first-generation models of balance of payments and macroeconomic fundamentals. Not completely exonerated from macroeconomic management, structural reforms and governance, Asia as a second-generation model was exacerbated by market sentiments herd behaviour and contagion effects in the ICT age (Friedman, 1999). That the US took the lead in the 1995 Mexican rescue helped though it would be no less chastised as IMF even if rose to the occasion quick enough in Asia. It was noticeable by its absence in Thailand, not participating in the 1997 International Monetary Fund package until US aid 1998. It benignly let the Suharto regime crumble but applauded it and Korea as "new democracies". As much as the Asian crisis was a product of financial globalisation especially with the switch from long term wealth generating foreign direct investment (FDI) to short term speculative portfolio, FDI since the crisis has further taken place in the form of mergers and acquisitions (M & AS). Gross product associated with international production and foreign affiliate sales worldwide as two measures of international production increased faster than global GDP and global exports, respectively (UN, 2000). Sales of foreign affiliates worldwide are now twice global exports and gross product associated.

with international production is about one-tenth of global GDP compared with one-twentieth in 1982. The ratio of FDI inflows at \$865 billion in 1999 to global gross domestic capital formation (GDCF) is 14 per cent compared to 2 per cent two decades ago. Driven by wave of M & As, global FDI outflows reached \$800 billion in 1999, an increase of 16 per cent over the previous year. FDI flows to East and Southeast Asia increased 11 per cent to \$93 billion in 1999. China remained the largest recipient followed by Hong Kong with "re-domiciling" of funds owned by



HK investors and foreign investors based in HK and also large reinvested earnings. FDI flows into all the ANIES grew, FDI to Indonesia, Thailand and Philippines declined due to AFC. Crossborder M & As affected Korea, Malaysia, Indonesia, Thailand and Philippines. Asian economies are at a crossroads, caught between globalisation and the meltdown crisis, experimenting with regionalism to match multilateralism and China's accession into World Trade Organisation (WTO) and undergoing succession regime change with emerging class of electorates and demands. There are a few crucial obstacles at the crossroads which bear repeating. One is despite the seismic crisis and changes in government and regimes, Indonesia, Thailand and Korea remain ineffective in cleaning cronyism.

While economic growth and apparent recovery can mask problems and put reform pressure off, the seeds of the next crisis are incipient, more so in southeast Asia with its ethnic politics than more homogenous Northeast Asia. The 1997 Asian crisis showed weaknesses but recovery in 2000 showed resilience with large influence from Asian newly-industrialising economies (ANIES), China and ASEAN and even South Asia performed better after decades of slow growth (ADB, 2001a). Lower population growth rates averaged 1.5 per cent between 1995- 2000 though below average for ANIES compared to above average in South and Southeast Asia are juxtaposed by ageing population and challenges for healthcare, social security and protection. Between 1990- 98, population below \$1 a day fell from 29 per cent to 24 per cent with improvements sharpest in ANIES and China though the rate of poverty reduction was interrupted and poverty increased in the AFC countries, especially Indonesia. An important lesson from trade liberalisation, openness and globalisation remains that macroeconomic policies and market-friendly measures are crucial to growth and poverty reduction and improve and expand the role of the private sector. The state cannot do it alone. High.

domestic saving, ability to absorb technology and ratchet upward with the growth of a middle income class promising not just consumer societies to fuel market expansion and demand but also greater socio-political stability with democratisation all round. But as rural poverty is likely to decline, urban poverty may increase unless growing urbanisation is better managed driven by changes in economic structures. While the Asian crisis has created massive disruptions in



growth, employment and income, it has also pointed out certain opportunities for the rural agricultural sector in Asia, even if somewhat belatedly. One is that more favourable commodity production and prices created a much needed buffer to reabsorb the unemployed and retrenched as urban, industrial workers return to their villages and families. While the loss of such remittances from domestic and overseas employment was affected, the returned workers can still live among family and community networks. A more important policy implication is that not only did the rural agricultural sectors offer a buffer effect, it remains vital to fuel and feed the urban industrial sector as well. The remiss is not extending and applying the globalisation benefits more across to the rural agricultural sector to achieve a more balanced dualistic structure.

References

Asian Development Bank, (2000), "An the Century Turns: The Social Challenge in Asia", in Astan Development Outlook. Manila:ADB, pp, 177-220. Asian Development Bank, (2001a), Key Indicators 2001 of Developing and Pacific Countries. Vol. XXXII. New York: Oxford University for ADB. Bank for International Settlements, (2001), 71" Annual Report: 1 April 2000-31 March 2001, Basle: BIS, June. Castells, M. (1996), The Information Age: Economy, Society and Culture, Volume 1: The Rise of the Networked society. Oxford Blackwell. Castells, M., (1997), The Information Age: Economy, Society and Culture, Volume 2: The Power of Identity. Oxford: Blackwell, Castells, M. (2000), The Information Age: Economy, Society and Culture, Volume 3: End of Millennium. 2 ed. Oxford; Blackwell. Dadush, Uri, Dangupta, Dipak and Uzan, Marc, eds, (2000), Private Capital Flows in the Age of Globalisation: The Aftermath of the Assian Crisis. Cheltenham: Edward Elgar.