

## **Globalization and Poverty Eradication in Asia and Pacific\***

*Isagani R. Serrano\*\**

Around Asia and the Pacific, especially after the 1997 crisis, worries about globalization are growing. The questions are many but one that's uppermost in the mind of many NGO and social activists is whether poverty eradication efforts would be better off with more than less regulation in the flow of goods and services. The computer-aided volatile money---the so-called hot economy---seems to be the number one pet-peeve. But questions are unsparing, implicating even the real economy of raising GM-cows and eating McDonald hamburgers.

### ***A region hooked, if not doomed***

One need only to look at what people in our region eat, wear, enjoy learning and doing and what more they want to have to see how deeply our everyday living is hooked to globalization. For the rich and non-poor among us, the latest products and services global corporations have to offer. For the poor, one windowshopping sortie to the megamall is already a big treat, better if it comes with a Big Mac and a bottle of Coke.

Underneath this image is the harsh world of buying and selling. Who produced what's being bought (imports) and sold (exports) in the Asia-Pacific region? Who wins or loses in the exchange? Where stand the poor in all this?

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\*\* *Senior Vice President of the Philippine Rural Reconstruction Movement (PRRM).*

Now that global recession is knocking at the door, the answers to these questions are becoming much clearer. Said Aparisim Ghosh (Time, 8/1/01), "Export-dependent Asia is about to learn the downside of the global economy: when the U.S. slows, so does everybody else". From export earnings comes the money to buy anything, whether useful or plain junk. Asian economies are not only driven by exports, what they export are dominated by one sector---electronics---and much of this ends up sold to the U.S. All's well for as long as American consumers continue to buy. But happy days are over, it seems. If the U.S. economy goes down, it will bring down most Asian economies with it.

### ***Poverty persists in Asia***

If poverty can be eradicated in Asia it will most likely be eliminated anywhere. Then we shall see a world free of this moral aberration.

By 2000 almost a billion absolute poor are still to be found here, with South Asia accounting for more than half a billion, China some 150 million, and the rest spread across Central and Southeast Asia and the Pacific island-nations. These numbers are only from the dollar-a-day norm. Which means that poverty, assessed from its manifold dimensions, is a much more severe phenomenon in our region.

As in the global scale, the rich-poor divide between and within countries in our region tends to be widening rather than closing. There is a long list of indicators which we need not belabor here. Enough to say for now that this problem underlies most of the outstanding concerns and action proposals for reaffirmation of commitments to sustainable human development and for strengthening capacities to deliver on them.

The current picture is graphically described in President Castro' s speech during the South Summit of the Group of 77 in April 2000 in Havana: "Globalization is an objective reality, that we are all passengers on the same ship, this planet, but the passengers travel under very different conditions. A small minority is in deluxe cabins with Internet access, enjoying abundant diets and medical care. The majority travel in conditions resembling the slave trade from Africa to America in our colonial past....That is, 85% are crowded in its dirty hold suffering in hunger and despair. This ship is carrying too much injustice to remain afloat and is on such an irrational

route it cannot reach a safe port. The ship seems fated to clash with an iceberg and we may all sink with it."

### *Performance in our backyard*

Where stands poverty eradication in Asia and the Pacific since the 1995 Social Summit in Copenhagen? A fair way to put it is, it' s a mix of progress in some and stagnation or even reversal in others. In any case most assessments, especially by NGOs and social movements, incline on the negative.

Government reports speak of progress mainly in terms of putting the so-called fundamentals in place---meaning, policies and institutions. Commitments to social development have been seriously considered in national planning, legislation and institutional arrangements even as governments endlessly complain about lack of resources. More, multilateral institutions like OECD, the World Bank Group, the Asian Development Bank and others have all taken up the Copenhagen commitments in their policy formulation and operations. The IMF, believe it or not, has considered poverty in its mandate. In other words, the rhetoric is there but delivering the intended outcomes is yet to be.

Justified or not, the ESCAP governments attribute their less than satisfactory progress to two major factors----the 1997 Asian crisis and the downsides of globalization. This is a running theme in most official documents supported by copious literature.

The global picture described by Social Watch applies to our region: "Many of the world' s poorest countries have made extraordinary progress in their social development indicators in recent years, but the world is still far from the goals agreed by the international community. Progress in the middle-income countries is insufficient and the richer nations have not met their commitments to contribute to less developed countries. Further, the global economy has not been made friendlier to people living in poverty, and their efforts to overcome misery have not found an enabling environment" (Bissio, Social Watch #4 2000).

### *Still searching for a strategy*

We need not look outside our region for clues and lessons. A quick scan of the state of poverty in Asia tells us some countries in our region have caused absolute poverty to disappear. It was eradicated in Japan, a resource-poor country. It was eradicated in South Korea, Taiwan, and Singapore---countries no more naturally-endowed than Japan. Malaysia did well too, partly due to a windfall of nature' s bounty but perhaps mainly because of a very deliberate policy favoring the poor.

Indonesia---a resource-rich country---has not done as well, though convincingly it has brought down poverty to a dramatic low. What was once resource-rich Philippines is painfully struggling, though not lacking in potentials to lick the problem.

What can we make out of these varied cases? Natural capital is important but not the critical factor in the past. Otherwise poverty would have been history long ago in this country. Or Indonesia would have done much better than others.

The dominant mantra used to be, and in many ways still is, a combination of economic growth and catch-and-provision. Meaning, get the economic pie growing so that there will be enough to share and then find the fall-outs and provide them with basic services.

This 'proven' strategy also suggests a neat division of labor between economists and industrializers on one side and politicians and social workers on the other.

Mounting evidence, though, says this is not working as well as intended. The economy grows but poverty and the equality gap also grow as fast, if not faster. Too many poor to catch and share the benefits of growth with, but never enough money to do provisioning effectively. We also realized soon enough that growth is not necessarily an incentive for the rich to share: the bigger they grow the bigger they want to be. They had to be compelled to share. We often find out from experience that poverty is much easier to

reproduce than to reduce. Likewise, livelihoods are harder to sustain and easier to lose. Thanks to negative globalization.

With the coming of the 'Asian miracle' the tune changed somewhat. Now it's broad-based growth. Broad as a precondition of growth---e.g. land and asset reform. And broad as outcome of growth---e.g. full employment, rising income and spending, higher education, more and better services and so on.

But this formula came about with a major trade-off---bread for freedom cum ecological disaster---or in HDR metaphor, 'voiceless and futureless growth'. This is especially so in the most successful countries. Needless to say, the model could not be justified on human rights grounds. Yet it continued to be held up as the superior model for the rest of the developing world to follow if they want poverty to go away, or reduced in a big way.

Adjustment had to be made to address the unpalatable trade-off whose accumulated downsides were building up to breaking point. So came democratization of the 1980s. This process seemed well underway, particularly in South Korea, when the 1997 crisis hit, subjecting the model to its most severe test yet.

Many thought the crisis would write finis to this modified East Asian formula. But surprising quick recovery from the crisis all the more convinced the promoters that this is the way to go.

Broad-based growth is it. You can hype or spin it any which way you want---growth with equity, equity with growth, growth through equity, as we do it in the Philippines. However you do and mean it, current official discourse suggests that if you're not US or Europe there is no superior alternative to the East Asian model. That alternative model is yet to be.

### ***Have we even tried asking the poor?***

The poor may not be the expert on poverty they sometimes are romantically pictured to be but they know better than anyone else what it means to be poor. They need no help to tell poverty from prosperity. They recognize the many faces of poverty as they meet and live these in their everyday. They are experts in coping and survival strategies.

God knows how many meetings on poverty have so far been organized and attended by the non-poor. This is not to make light of these exercises, these meetings might have resulted in some poverty reduction indirectly. The challenge to those concerned is to exert more than what they have done already to find out how the poor themselves can be helped to learn their way out through strategies they themselves design, run and evaluate.

The UNDP Poverty Report (1998) speaks of "a new way of looking at poverty eradication". It asserts that "the poor are the real experts on their impoverishment and that human poverty can be eradicated by recognizing and mobilizing the assets of the poor". The Report notes that "the poor have the strongest motivation and greatest stake in the outcome of national and international efforts to improve their situation. Hence, poverty assessments should incorporate the kind of participation that allows the poor to explain their condition, voice their needs and advocate solutions". UNDP argues for a strategy combining social empowerment and economic empowerment.

Whenever asked the poor usually speak of poverty in terms of what they have, can do and can be. An honest-to-goodness poverty strategy or program claiming to be need-driven should start from these. It must confront all the frustrations of the poor about having, doing, and being. But what if the poor demand things only the rich can have, can do and can be? Which can be as impossible, for example, as owning a mansion or joining an exclusive golf club. Whatever, the poor have a right to ask for what they feel they need.

The point of asking is not so much to test one's tolerance for the ridiculous as to know exactly what the poor think and feel and to make space for their voices. As well, it is meant to help them see for themselves what can work and what cannot---and why. In other words, it is to ask them to participate in strategizing their way out of poverty.

Broad-based growth strategies are mainly oriented to economic growth. Poverty eradication is incidental. The poor are subordinate players in political and economic decision making. And yet they are made to bear the externalized social and environmental costs of wealth creation. This is basically the story of the 'Asian miracle' which was humbled by the 1997 crisis. Thanks to the crisis we now know better.

A truly broad-based and poverty-focused strategy puts the poor at the center of economic activity. But this can only happen if the poor are first enabled to be at the center of designing poverty strategies and programs. It does not make sense to expect the poor to participate in a big way if they know not how and are not given the space and opportunity to do so.

With such a strategy the nature of economic activity will also change accordingly. Just try, for example, asking a community of poor fishers if they need a 100 million-dollar loan. Chances are, they will say they need only a much smaller amount to finance small and medium-sized livelihood projects. A community wanting to manage a watershed and do agro-forestry likewise would not need that much money. But small loans are not the business of the World Bank and the ADB. These institutions were used to pushing mega loans for mega projects. Whether and how they can adapt their lending policies and operations to the needs of poor communities will certainly be a big test to their new poverty rhetoric.

Helping the poor to help themselves get out of poverty is not easy. That they can assume greater responsibility to build a sustainable society is even harder to imagine for many who are used to relying on the rich and powerful to lead their country to progress.

### *A liberating reality*

A new world free from poverty is neither impossible nor too far out in the horizon. Commitment to that goal stands and is gaining more resonance as we review the progress made down the road from Copenhagen. Member countries of the UN continue to stand by their promise. The World Bank, the ADB, the other multilateral and bilateral aid institutions are all committed to shape up for the soonest realization of poverty eradication. Civil society organizations have been doing their share. If current mood and discourses in the World Economic Forum are any indication, one can say that an increasing number of private corporations are prepared to change from business as usual and lend a hand. Here' s a rare moment to ~~see~~ and make a big, if not final, push against world poverty.

The universal concern for eradicating poverty, for achieving full employment and for creating participatory and inclusive societies has to find its match in action. The goals are feasible and the world, but especially the

Asia-Pacific region, has the means though not the desired political will as yet to realize them.

It seems that the only thing wanting is a strategy. Not strategy as usual, but something different from what had already been tried. Would that it were a strategy where the poor themselves lead their way out of poverty. That would be a most liberating reality.###