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1999

Velloor, Ravi. (1999). Asia's poor in a globalised world. In Seminar on Media and Human Rights Reporting on Asia's Rural Poor : November 24-26, 1999, Bangkok. Singapore: Asian Media Information and Communication Centre.

<https://hdl.handle.net/10356/80101>

Paper No. 19

ASIA'S POOR IN A GLOBALISED WORLD

Ravi Velloor

When I was coming down from Singapore I could not help wondering where I would fit in this seminar. I was born in one of the poorest regions of the world and worked there for nearly 15 years, travelling to some of its most backward spots from my base in New Delhi. For the past six years I have lived and worked in Singapore, one of the most globalised city-states anywhere.

Nevertheless I am grateful to Mr Vijay Menon and AMIC for inviting me to this conference on media and human rights. Any conference organised around the theme of human rights assumes an intrinsic merit in the whole issue of rights. You cannot possibly complain about that, *exactly* especially when one's roots are in the pluralist democracies of South Asia even as you make your living in East Asia, where the tendency sometimes is to project human rights as unimportant to the greater economic good in an instrumental sense, and, therefore, of no good at all.

That said, I would like to steer clear of the so-called *Asian* Asian Values debate. There are many sharp sides to this debate and every time I have a fairly definite conclusion on the theme I am dragged the other way by some equally compelling evidence in the other direction. But one particularly telling point I heard recently came from Amartya Sen who noted that Botswana, which has one of the better track records of growth in Africa, has been an oasis of democracy in that continent.

And India, with all its "democratic" baggage, has in recent years been moving out of its "Hindu rate of growth" to a more hedonistic rate although there are elements in that growth that frighten me no end. One of them is the so-called automobile revolution that my old colleague Sainath spoke about yesterday, which, to me only means the clearest testimonial to a government that has abdicated its responsibility to provide efficient and safe public transportation to its people.

As I do not need to point out, fully-urban Singapore is not the most convenient base to report from on issues of rural poverty. Neither is it the place where human rights issues are always on top of the agenda.

But it has a particular relevance to the issues we are discussing this week because it is a place where you live cheek by jowl with the future and to an extent, therefore, the inevitable.

Some 3,000 multinationals, including a majority of the Fortune 500 companies, are represented in Singapore. It is also perhaps one of the most advanced nations in the world in the use of Information Technology.

-2-

It is one place where you see the potential for the miracles of science to unfold great possibilities—whether in the area of biotechnology ~~that can act as a great leveller for Asian farmers against the rest of the world~~, or in distance learning made possible through the use of IT. Above all, it is run on the philosophy of practical good sense and a psychology that you can never be too careful about anything, backed up by good planning and firm execution.

Against that background, permit me to wander beyond the theme of human rights reporting and the rural poor, and to paint a wider canvas. I do this deliberately because I would build a case that human rights reporting, especially for the rural poor, has to be informed with the changes taking place in the urban areas, in the wider world, and needs also ~~always~~ to have an outward-looking attitude.

As much as law and politics and economics, we need to keep abreast of advances in science and technology in order to be of any meaningful help to the poor. And above all, our work has to be infused with practicality rather than ~~mere~~ ^{pure} idealism.

In his book, Sainath writes that the minimum duty of a decent press is to “signal the weakness in society”. Yesterday, we also heard from him that while the Indian press has done some good work, it has been inept in covering processes. ~~I could not agree~~ ^{more. could say that for the press in many other parts of India.}

Processes are just as important as events. They need to be studied and understood with rigorous care. Perhaps there should also be attempts to anticipate them.

Let me therefore attempt to make a few observations about some of the processes at work globally and how it impacts on the issue of poverty. I speak to you with the experience of having covered the inaugural WTO summit and witnessing at first hand how much more of “give” there is than “take” as far as Asia and other backward regions of the world are concerned in some of the major issues of the day.

By listing some of these, please do not think that I ~~necessarily~~ endorse what is happening. Rather, my effort is to lay the situation bare before you so we may try to find some answers jointly.

Let me begin with GLOBALISATION. Despite all the talk of mobilisation against globalisation, the fact is that it is difficult to resist and even harder to roll back. There is an inevitability about it that cannot escape even the most walled-in nations like North Korea and Bhutan. Yes, you can argue that in the past, nations have imposed currency controls and erected trade barriers but I submit that the globalisation we are seeing now is an entirely different beast. As Prof Zaharom Nain pointed out yesterday, even Dr Mahathir, that most vocal of critics of currency traders, has slowly been easing up on the controls he had imposed in September last year. ^{with so much more}

-3-

In this globalised era, "markets" tend to expand to cover ever-widening areas of social and political life. Indeed, they have begun to dictate to the State as we have seen in Korea, Thailand and Indonesia., not to speak of other countries in the neighbourhood. In this new era, it is not capital being accountable to the State, but the State that has become accountable to capital. The powers of the State are progressively reduced against this onslaught. And that goes for even the most carefully planned societies. CITE THE SINGAPORE EXAMPLE HERE. CPF CUTS. MERCEDES LINES.

Others may remember how South Korea's Kim Dae Jung ; in one of his first acts after being elected President, had to sign on to the dotted line indicated by the IMF although this is a man who carries a badge of being a lifelong democrat and champion of peoples' rights. Indeed, it can be argued that globalisation has rather limited interest in promoting human rights or greater democracy, even as it demands greater "transparency" from the countries participating in the process. When it does show some emphasis on a recognition of some group interest, such as labour rights, it is mostly to use it as a TOOL of globalisation and exploitation, which in some ways is what the attempts to bring core labour standards under WTO is all about. And this despite it being agreed at the inaugural WTO summit that labour standards is an issue for the ILO to handle. So, while globalisation can help promote human rights it is equally capable of working to diminish them.

The growth of the market economy was fuelled in part by leaps in technology. ~~Since~~ ^{Since then} it has ~~particular~~ ^{particular} relevance to the countryside, let me illustrate it with an example. NEBRASKA, NIELSEN FARM, ONE MAN OPERATION, COMBINE, WEED CONTROL. NEIGHBOUR USES GPS SATELLITE FOR VARIABLE RATE SEEDING AND FERTILISING. STOCKS ON INTERNET.

N2v This was all fine as long as Asia's farm markets were protected and in many cases, subsidised. Now that is poised to change rapidly. In the Seattle meeting of the WTO later this month one of the key thrusts of a whole host of nations including the all-powerful US is to free up trade in agricultural products. My experience tells me that what the US wants, it usually manages to get in these meetings. What are Asian farmers who cultivate one, two or ten acres of land going to do against the imported grains produced with the efficiencies of scale I listed above ?

Alongside, ^{is} ~~is~~ the ^{com} ~~com~~moditisation of labour and land that is changing the very fundamentals of societies. That leads to even greater dependence on the market. (Sainath yesterday spoke of farmers in Andhra Pradesh's most fertile agriculture best turning to salt water prawn farming. You can see the same in East Asia as well, particularly with its staple cereal, rice, ^{Asian} ~~Asian~~ countries, at least until the Crisis, had been finding it difficult to sustain the producers' interest in rice farming. In South Korea, for instance, farmers had been giving up their rice fields in the face of soaring costs and threat of cheap imports.

-4-

Worse, countries like Philippines and Indonesia that had reached self-sufficiency in rice have on occasion slipped back to being net importers. This brings its own *Additional* problems. To paraphrase Sai, everybody loves a bit of shortage. In Indonesia, for instance, according to one audit estimate out last month, "wastages" incurred by the monopoly grain importer, Bulog, was estimated at US\$4 billion between 1993 and 1997.

What happens to industry
Because ~~it will~~ ultimately ~~have~~ some effect on the rural areas of Asia, let me point to some other trends affecting industry in Asia, particularly Southeast Asia.

As you know, quite a bit of credit for the Asian miracle goes to Japanese investments, particularly in countries like Thailand, Indonesia and Malaysia and to an extent, even Singapore. Some have called it the Japanese flying geese model of spreading prosperity outwards into the region. If there existed an element of altruism in that model, don't count on it existing any more. Let me explain why.

I can think of at least two good reasons— one, the business wisdom that you have to be close to your markets, and two, Wall Street !

Being close to your markets is the mantra of the later half of the 90s. What this means is that many companies that used Asia, particularly SE Asia, as a platform for exports to the US or Europe are either winding up their factories here or, in the best case scenario, not making any fresh investments. Instead, to be closer to the US, they would rather move to a place like Mexico. ~~One of the things the crumbling Communist regimes of Europe left behind was a solid backbone in the quality of human resources. Several MNCs are now beginning to see merit in exploiting this quality of labour and investing there.~~ Now, you can say the reverse is true and Asia's expanding markets are equally an incentive. Absolutely. But then you can supply huge markets like China and India from Malaysia or Singapore, which are close enough and yet offer higher efficiencies. So, even as the most backward countries open their markets to foreign goods, they do not necessarily have to benefit in terms of employment, or even technical expertise.

Next, Wall Street. One of the side-effects of the prolonged and profound Japanese economic slump is that the country has finally been forced to open up. Foreigners are getting a foothold in the Japanese economy. United Technologies has succeeded finally in wrestling a deal with Toshiba for its Carrier aircons, to cite one example. Witness Renault taking a huge chunk of Nissan.

What this means is that companies willy nilly have to go now under the discipline of Wall Street's powerful analysts. There is pressure to produce ever-better quarterly results, the mantras of the day are ROEs and EVA. That eliminates the faintest chance of the mildest altruism in the decisions companies make on where they want to go.

-5-

There is one more major trend that I would like to call your attention to and that is, we are now not only into an era of jobless growth, but that there is beginning to be compelling evidence that technology is beginning to eat up jobs. The old wisdom was that for every job cancelled by automation or computerisation one or more jobs were created in some other field of manufacturing or service. No longer. While this will take some more time to become clear, we at least have clear evidence of jobless growth. South African leaders are today for instance puzzling over this: the country is pulling out of the emerging markets crisis but employment growth is stagnant. Singapore has been cracking growth rates of 6.7 per cent these past quarters, but unemployment stays frozen at 4 per cent although it was closer to 2 per cent before the Crisis. Even massive investment inflows may not be enough. A DuPont plant to manufacture lycra may cost US\$300 million but depending on where it decides to site the plant, may offer no more than between 90 and 140 jobs. Of these, up to a quarter could be non-locals !

Let me wind up with a few observations.

said this was said before this morning,
First, in this evolving scenario Governments and civil societies have to work out a compact to act in their best interests. This compact may vary from situation to situation and it is futile to attempt to impose models or value judgments, as long as they serve to act in the best interests of the people. If necessary, we may even have to re-examine our forms of governance because survival itself is increasingly at stake.

Two, as journalists, we have to keep a close eye on technological advances around the world and seek to apply it to our situations. Let me give you one example from banking. As most of you know, there is little money in banking for the poor. Indeed, it drags down your profit ratios. Banks operate on the 80:20 principle—that 80 per cent of the profits come from 20 per cent of the top customers. Banks are under pressure to cut staff, automate, reduce branches. A recent report in India, called the Verma Report, listed out these as some of the measures Indian banks had to take to stay healthy. You can imagine the impact on the rural poor if banking services are pulled from them. Even in the US, you would be surprised to know, some 30 per cent of the people just don't have a bank account. But today, technology exists to bridge that gap and is being tried out in South Africa and the US. Customers need only to go into a bank branch once. The rest of their lives they can get by with machines that biometrically read their face or study their thumb prints and then “talk” them through most of their essential banking functions. That way, the banks reduce cost, yet get to fulfil at least a part of their social mandate. The fact is, in an environment in which the profit motive is the sole guiding light, we have to look for practical ways to assuage that unforgiving master while looking for practical ways to serve society's needs.

-6-

Third, the concept of social safety nets had been sliding out of fashion in the dazzle over sustained economic growth. Asia has now learnt its hard lessons. Lifetime employment is no longer a given, even in Japan and South Korea. (Sadly, one hears of heads of families pretending to go to work every morning to avoid the shame of joblessness). Insecurity is the defining characteristic of the age. It affects Lew Platt and Al Dunlap (explain who they are) with the difference that they have golden parachutes, the poor in Asia do not even have cotton parachutes. In the old days, there was always a fall back in the countryside if fortunes swung too widely for industrial workers. Perhaps no longer. Of course, I am not talking of welfarism to the extent practised in the UK for example where even alcoholics are pampered. But surely, we owe it to ourselves to design or dream up more efficient and practical ways of providing a safety cushion to our people, particularly in the rural areas.

Next, it behoves Asian governments to take all possible steps to retain our own capital within our borders. That means developing efficient capital markets, however much one may resent the rampages of these markets. How many people in this room would connect the lack of an efficient debt capital market to, say, lower class Asian housing. *or rural* But let me point to one example: Some of us may have heard of the US company Fannie Mae, the largest source of finances for middle and lower middle class housing in the States. In the last two years, this company issued over US\$100 billion of debt paper. Of this, fully US\$14 billion was subscribed by Asian investors. Imagine the irony of Asia underwriting cheap US housing! *And this is no small money, only \$2 billion less than the IMF package for Thailand.*

aid Finally, I would plead that we journalists ourselves should not be held down ideologically. When occasion demands, we should be able to think out of the box. And we should not be *afraid to* ~~able to~~ seen to have changed our opinions. Lets take the issue of land reforms for instance which has helped large parts of East Asia as well as parts of the sub-Continent particularly Bengal and Kerala in India. With the issues of scale that I talked about earlier, do we need to relook our land laws to be able to take on the massive scales of production seen in the US or in Australia? How does one address this in a practical way. I don't think we have the answers yet, but its about time we did try.

Having delivered this most cold-blooded view of the situation, permit me a little rhetorical turn.

Last week, the world celebrated Brazilian football legend Pele's 30th anniversary of the 1000th goal he scored in soccer. When that moment happened three decades ago, Pele could have said anything in his moment of glory. But his words were: "We are going to protect the poor, we must think about what we need, we will help everybody. For the love of God the people of Brazil do not forget the poor people."

-7-

In these times when journalism has lost its idealism, when the wall between Church and State—editorial and advertising—is vanishing, when the only readers who matter are the ones likely to buy the products advertised in your pages, those of us who still have concerns about these issues will need all the footwork, the guile and the dexterity of that great sportsman to score a few goals on behalf of those unfashionable people who live on the margins of our lives.

Thank you very much indeed for your patience in listening to me this afternoon.

**Seminar on Media and Human Rights
November 24-26, 1999
Bangkok, Thailand**

DAY THREE

November 26, 1999