

Bamboo and rattan: working to reduce poverty

P. M. MATHEW *

*Institute of Small Enterprises and Development, ISED House, ISED Road, Cochin-682028,
Kerala, India*

Abstract—A truly international attention on bamboo and rattan has just a brief history. Research and policy in the 1990s have brought to light both its commodity and livelihood aspects. However, such research and policy do not adequately reflect the requirements of the ‘new economy’ which is quite young. It is high time that the specific aspects of the prevailing research and political agenda are critically examined, and alternatives are sought for.

Key words: New economy; clusters; poverty; real services; new trade regime; market access.

BAMBOO IN THE NEW ECONOMY

The heterogeneity of the bamboo production-to-consumption systems (PCS) in different countries has been well documented [1]. However, the PCS framework does not give a specific focus on global commodity chains and the relative role of individual countries, an issue which was not seriously discussed in the mid-1990s, when most of these studies came out.

The situation has undergone a major change in the new millennium. The informal sector in developing countries has been significantly influenced by the rules of the new trade regime. The setting up of the World Trade Organization (WTO) in 1995 institutionalised the rule-based multilateral trading regime and has intensified global competition. The new trade regime has not evolved the way it was expected, because, as many other times, the rules of the game are heavily loaded in favour of the developed countries. If so, the outcome of the game can never be fair; it denies market access to the weaker countries. It is against these premises that international agencies like OXFAM have initiated campaigns, in order to draw attention towards such discriminatory practices. The ‘Make-Trade-Fair’ campaign is an effort to make the multilateral trading regime fair and accountable [2]. In this context, a PCS for

*E-mail: laghu@asianetindia.com

bamboo cannot function, according to the old rules of the game. One needs to think about the new rules, where methods of enhancing market access are pivotal [3].

Despite the rich field-level activities being initiated by governments and NGOs, and encouraged by donors, such activities are not a sufficient condition for the development of meaningful development policies and improvement of living standards of the people living on bamboo. While studies, for instance, by Belcher [1], demonstrate the significant income effects of bamboo enterprises in countries like China, the more recent development experience at the macro-economic level, especially against the background of the new trade regime, demands detailed investigation and corresponding innovative policy responses.

The world economy is undergoing a fundamental structural change, driven by the globalisation of business on the one hand, and by the revolution in the information and communication technology on the other. The 'superior' economic structure expected to arise as an outcome of these two forces was coined as the 'new economy' in the business press. This ongoing transformation of the economy is termed variously as post-industrial society, information society, innovation economy, knowledge economy, network economy, digital economy, e-economy, etc. The argument is simply that, a business firm, an industry or an economy which is able to successfully utilize these global trends, would eventually outperform its rivals. Economic strategy, for objective reasons, by no means can ignore this reality. The options available for countries while shaping their domestic economic policy are, therefore, limited [4].

NEW STRATEGIES

Two types of initiatives, therefore, are crucial from the point of view of strategy. The bamboo economies of these countries need to be organised on principles of the rules for private sector development, with enough safeguards for protecting the interests of the poor. Secondly, the poor countries need to do significant homework for developing their case in international trade negotiations, especially from the point of view of enhanced market access.

Modern theories of economic growth and economic geography argue that basically the same forces, i.e. increasing returns, knowledge spillovers and skill complementarities, drive economic growth and development, increase the spatial agglomeration of production and generate income differentials between people [4]. In the new economy, characterized by its two components of globalisation of business and the revolution in information and communication technologies (ICT), the rules of the game are governed by the capitalist forces which are spreading around the world.

There have been some attempts to experiment with models for bamboo development on principles of private sector development. Although such experiments have drawn significant attention at the international level, the achievements in the area of policy integration are far from satisfactory. Moreover, the few in-depth studies

in the area have not led to replication or deeper enquiries. It is also important to note that the need for a change in the existing development strategies for bamboo and rattan has been increasingly felt. There are two objective reasons which support such interest and urge us to deepen such interests for policy action. (1) The report of the ILO entitled 'A fair globalisation: creating opportunities for all' [5], and the latest report on global employment trends [6]; (2) the emerging paradigm of business development services (BDS) at the international level, which has, of late, received significant attention from international agencies like the World Bank and donors like the DFID.

According to Ref. [6], despite a second-half economic recovery in 2003, global unemployment continued its relentless climb, hitting a new record of 185.9 million for men and women, rising especially sharply for young people. Meanwhile, the number of 'working poor' remained at an all-time high of 550 million. The study also shows that, although the so-called 'informal economy' continued to increase in countries with low GDP growth rates, the number of 'working poor', i.e. persons living on the equivalent of US \$1 per day or less, held steady in 2003, at an estimated 550 million. It is this 'working poor' that constitutes the bulk of the participants of the bamboo economy. Hence, policies need to increasingly address to this section of society.

The Millennium Development Goals (MDGs) of the United Nations (UN) seek to bring down the number of the world's poor (those with an income of less than US\$ 1 per day) by at least 50% by the year 2015. For that, the UN has announced a package of measures which is obviously comprehensive. Out of the eight goals, at least three (i.e. eradication of extreme poverty and hunger; promotion of gender equality and empowerment of women; and environmental sustainability), need to be integrated with any concrete bamboo development policy.

While under the new challenges of globalisation and compulsions of the trade regime, many countries have attempted a mix of two types of strategies for employment generation: (1) special thrust in economic growth (In India, for instance, out of the 50 million additional jobs targeted under the Tenth Five Year Plan (2002–2007), 30 million are anticipated to be generated through growth buoyancy); and (2) special programmes of poverty reduction.

Most countries in the world today are moving towards development policy with the lead role of the private sector. It is the logic of private sector development that underlies such programmes, with enterprise clusters as the focal point. In most developing countries, programmes for small enterprise development and employment, generation of late, have been reorganized on the cluster mode. In India, for instance, until the mid-1990s, the focus of bamboo development programmes was largely individual-oriented, targeting the skills of the individual artisan. However, in recent times, all these programmes have been reorganised in the cluster mode. This indicates the need for better integration of bamboo policies with the overall development policy.

CLUSTERS AND POVERTY

The goal of development of space-bound clusters is to increase the competitiveness of small and medium enterprises (SMEs) through organised agglomeration initiatives. This would imply that inputs and support services become increasingly space-bound and more closely targeted, such that enterprises in such an agglomeration are able to tap both internal and external economies. However, the efficiency of the cluster mode is not expressed in terms of the competitiveness of individual producers, but largely in terms of the overall market advantages of the cluster, essentially because of lower production costs. The clusters, however, are largely dependent on the decisions of the lead firm(s), as is their position in the value chain (which obviously is beyond its control).

Despite the significant popularity of the cluster mode over the last half decade, an area which has been badly neglected is the poverty implications. The cluster seeks 'collective efficiency' in enhancing production and gaining cost advantages. An individual producer, normally, cannot achieve this because of some diseconomies. However, in a bamboo cluster it has the likelihood of being at the expense of the bamboo artisans themselves. While this aspect has remained totally neglected so far, some of the latest studies have highlighted the poverty implications of small-firm clusters. These studies highlight the need for developing poverty and social impact assessment methodologies that measure impacts on poor groups within the clusters, thereby strengthening the pro-poor aspect of cluster development policy.

A social impact assessment measures the differential impacts, positive and negative, intended and unintended, which result from policy interventions. Methods such as 'value chain mapping' can help to identify the key stakeholders and actors within a cluster. Thus, a more pro-poor strategy of bamboo development on the cluster mode needs to be based on seven major principles. First, it is necessary to identify poverty groups and pay greater attention to their specific needs in cluster development. This could imply addressing the specific constraints (such as credit and training) of poorer entrepreneurs and workers. Secondly, it is important to identify key agglomeration benefits for the poor and fostering cooperative strategies. Identifying inter-cluster differences, in such a way that winners and losers are identified and ensuring that marginal groups of workers and producers are not weakened, is vital. Promoting social protection, using formal and informal interventions to strengthen social provisioning around poverty concerns, relating to health, occupational hazards, vulnerability and risks, is another crucial area. Fifthly, some exercise in cluster mapping to identify key public and private stakeholders for pro-poor policy interventions can make the impact more intelligible to the policy maker. Emphasising labour standards and improved work practices as a pro-poor endeavour within corporate social responsibility, is vital. Lastly, by using a sustainable learning approach in impact assessment to develop and improve pro-poor cluster programmes, the whole process can be made more transparent.

REAL SERVICES

Both under the conventional development paradigm and under the cluster mode, an area which has been badly neglected, is the role of real services. Scholars like Holmstrom have examined the role of such services in the context of rural enterprises [7]. The conventional programmes of bamboo development are heavily focused on technology and finance; if one considers research in the area over the last decade, the bulk of it has been on technology development. Neither the bamboo promotional agencies nor the donors have targeted their attention to the grey area called 'organisation'. Models like SHGs and micro-finance were uncritically accepted as instruments for addressing to the problem of credit. Using such a simplistic approach, many of the functional aspects of 'business development services' were simply overlooked.

The need for business development services (BDS) was perceived simply in terms of operational services such as preparation of project report, assistance in available credit and teaching accounting methods, etc. Strategic services which are vital for the day-to-day functioning of small enterprises were almost totally neglected. In the present context of the challenges of globalisation, strategic BDS are vital for even the very survival of such enterprises. BDS are provided to assist in increasing the effectiveness and competitiveness of SMEs, thus increasing employment and contributing to poverty reduction. A generalised provision of traditional BDS does not suit the present day requirements and challenges. It is these missing links that have become all the more crucial under the present context of globalisation and liberalized economic policy being pursued by the developing countries. However, the bamboo economy has not yet been examined from this angle.

CONCLUSIONS

The enhanced interest in bamboo and rattan since late 1990s has been, to a significant extent, attributed to the initiatives of INBAR. Unlike many other international commodity bodies, INBAR has attempted to apply a relatively integrated approach to development of this commodity, focusing on peoples' livelihoods [8]. Now it is time to think of a real 'INBAR-effect' in bamboo policies, which need to be essentially global in nature (this is particularly important as the Mission of the INBAR is '. . . to define and implement a global agenda for sustainable development through Bamboos'). The research on production-to-consumption systems (PCS) initiated by INBAR in the 1990s has improved our understanding of some of the key issues. However, it is important that the PCS methodology itself is looked upon afresh from the point of view of impact on poor groups.

REFERENCES

1. B. M. Belcher, *An Assessment of Opportunities for Research and Investment in the Bamboo and Rattan Sectors in Asia*. INBAR, New Delhi (1997).

2. OXFAM, *Stop the Dumping: How EU Agricultural Subsidies are Damaging Livelihoods in the Developing World*. OXFAM, New Delhi (2003).
3. P. M. Mathew, Informal sector: a niche area with great potential, *The Hindu*, November 24 (2003).
4. M. Pohjola, The new economy: facts, impacts and policies, *Information Economics and Policy* **14** (2), 133–144 (2002).
5. ILO, *A Fair Globalisation: Creating Opportunities for All*. ILO, Geneva (2004).
6. ILO, *Global Employment Trends*. ILO, Geneva (2004).
7. M. Holmstrom, Liberalisation and employment in smaller Indian firms, in: *Beyond Old Equations: Small Enterprise Experience and Perspectives in India*, P. M. Mathew (Ed.). New Delhi (2003).
8. I. Hunter, Comments to 'Bamboo: Need for a New Research Agenda', *Journal of Bamboo and Rattan* **1** (4), 281–288 (2002).

Copyright of Journal of Bamboo & Rattan is the property of VSP International Science Publishers and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.