

NOTE

Trapped by Poverty

CYH writes :

As the global economic slowdown deepens, poverty in Asia is set to be further entrenched. Today, about a billion people in Asia live in abject poverty and the numbers are increasing as a result of slagging incomes and loss of jobs amid a collapse in export-led growth, Asia's road to prosperity.

The signs are already visible. A slew of reports are making it clear that the current global financial and economic crisis will have a significant impact on the vulnerable section of the population in Asia, home to the largest number of people living in poverty in the world. This was arguably not so obvious a year ago when there was still discussion about the possibility of Asia 'decoupling' from a recession in the rich countries. But it is now clear that the region is not immune from the impact of the global crisis.

Growth for developing Asia as a whole is expected to fall by three percentage to 3.4%, the slowest growth rate since the 1997/1998 Asian financial crisis, according to the Asian Development Bank (ADB). Its recovery will depend on the depth and length of the recession in the US, Europe and Japan, the markets of about 60% of Asia's exports.

Slower growth means that more than 60 million people in developing Asia -including 14 million in China and 24 million more in 2010 - would continue to be trapped in poverty. These are the people who would otherwise have been freed from the shackles of poverty had economic growth continued at pre-crisis levels, says the ADB. The United Nations projected that in Southern Asia, both the number of poor and the poverty rate are expected to increase further in some of the more vulnerable and low-growth economies. And it has been widely accepted that the global crisis is likely to wipe out gains made over the last decade in reducing poverty.

On the ground, the global downturn has struck the poor particularly hard. Prices of food and fuel may have come down from their peaks, but not enough for people to return to 2007 living standards.

The nature and speed of the current global crisis highlight the increased interdependence of a globalized world and fuel debates over the merits of global integration and the terms for engagement. What is obvious is that a looming poverty crisis is a stark reality and as usual, most countries are unprepared for it.