

The Impact of Globalisation on Rural Development with a Particular Focus on Mountain Areas

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INTRODUCTION

Globalisation has become the argument of our time, as rightly captioned by Held and Hirst (2002). It is the new international system that determines domestic politics, commerce, environment, and international relations and touches the lives of individuals across the globe. The driving ideal behind globalisation is free-market capitalism promoted through such institutions as the WTO (The World Trade Organisation), the World Bank, and the IMF (The International Monetary Fund). Through such technologies as computerisation, digitisation, miniaturisation, satellite communications, and Internet, globalisation aims to bring about socioeconomic development largely through liberalisation of trade. Its popular hype is to create a level playing field for nations and individuals to compete on the world stage. Currently, world opinions are divided among those who are all out for globalisation, those who think it needs some reform to be useful, those who seek alternatives, and those who reject it outright as a modern day form of colonisation.

Rural development in mountain areas is concerned primarily about uplifting people out of poverty through improvement in their access to basic needs. The impact of globalisation on rural societies, their economy, and environment must therefore be viewed through this perspective. Many governments of developing nations have acknowledged that globalisation cannot be avoided and that accession to the WTO is a political necessity rather than a matter of choice (Wangyel 2004). Hence, rural areas in these developing nations are not going to be spared from the onslaught of globalisation bringing along with it both positive and negative impacts. The key to balancing the two lies in the selection of choices for economic development.

Selective investment in agricultural products that do not compete with the lowlands and that command niche markets, such as off-season vegetables, spices and herbal medicines, and organic food, offers the promise of being competitive in the local and international markets. Caution must be taken to ensure that a minimum level of self-sufficiency in traditional food crops is maintained so that rural people are not placed at the mercy of market forces. Tourism is another sector that offers great potential for capitalising on the opportunities offered by globalisation. Cultural and nature tourism of various forms can be promoted, and these will not only generate income but also create employment to enable rural people to live in their native areas. However, to avoid the negative impacts of tourism on the culture and environment of rural people, adequate provisions need to be made to limit the number of tourists within sustainable levels and to empower local people to take charge of what they want to share and how far they want to share it with outsiders.

Globalisation and rural development

Globalisation became the new international system at the end of the twentieth century—replacing the Cold War System—virtually shaping everyone's domestic politics, commerce, environment, and international relations (Friedman 2000). According to Friedman, the Cold War system was characterised by one overarching feature—division—while the overarching feature of globalisation is integration. He argues that the world has become an increasingly interwoven place and, today, whether you are a company or a country, your threats and opportunities increasingly derive from who you are connected to; and he also went on to say that this globalisation system is characterised by one single word: the Web.

Rural development, on the other hand, is not so much about gaining access to global markets and about connections, as it is about uplifting rural communities from poverty and providing them with a decent living standard through increased access to food, shelter, and clothing. While the two are interlinked, access to markets is not always compatible with the goals of rural development and does not necessarily translate into tangible socioeconomic benefits for the majority of rural people. However, given proper planning and foresight, globalisation does provide opportunities for rural people in a number of ways.

This paper is, therefore, an attempt to examine what impact globalisation is having on the development of rural areas and to identify areas for

tapping the opportunities offered by globalisation as well as measures to mitigate its negative impacts. The strategy I propose is not to resist globalisation, but rather to learn to use the advantages it offers wisely through careful analysis of choices. In writing this paper, I have not only drawn inspiration from the wealth of recent literature on globalisation, but have also extensively used my own observations and experiences from my travels in the Hindu Kush-Himalayan countries. The views expressed in the paper are solely my own and do not in any way reflect the formal position of ICIMOD.

Context and Definitions

Globalisation is defined by Friedman (2000) as:

"the inexorable integration of markets, nation-states and technologies to a degree never witnessed before—in a way that enables individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is enabling the world to reach into individuals, corporations and nation-states farther, faster, deeper, cheaper than ever before."

The driving ideal behind globalisation is free-market capitalism—and means the spread of free market capitalism to virtually every country in the world through such institutions as the WTO, the World Bank, and the IMF. Its dominant culture is to a large extent homogenisation—in other words, Americanisation—from Big Macs to iMacs to Mickey Mouse.

Friedman (2000) further elaborates that globalisation has its own defining technologies: computerisation, miniaturisation, digitisation, satellite communications, fibre optics, and the Internet, which reinforce its defining perspective of integration. He also describes the defining measurement of the globalisation system as speed—speed of commerce, travel, communication and innovation and the defining anxiety in globalisation as:

"fear of rapid change from an enemy you can't see, touch or feel—a sense that your job, community or workplace can be changed at any moment by anonymous economic and technological forces that are anything but stable".

Glasius (2002) describes four major positions on global capitalism among global civil societies: reformist, rejectionist, supportive, and alternative. She argues that the reformists believe that unbridled global capitalism has gotten out of hand and needs to be civilised, tamed,

humanised, democratised. These include those who want to make specific and incremental changes as well as radicals who aim at bigger and more transformative change. The rejectionists, on the other hand, reject globalisation outright as another form of imperialism and colonisation by economic powers. These groups see self-reliance and self-sufficiency as the only way forward. The supporters of globalisation include generally those who are close to governments and business, and who believe that those who object just fail to understand the benefits. The alternatives are a minority who are concerned with reclaiming things from the encroaching market and creating space for alternative lifestyles. For rural areas, I believe that reforms through specific and incremental changes would be most beneficial.

Rural development is implied as bringing about improved living conditions for rural people through the development of roads, communications, health and education facilities, as well as through creating opportunities for generating income and enhancing the capability of rural people to purchase goods beyond their immediate needs. This requires investments and interventions from outside, whether from within nation-states or from bilateral or international sources. There is thus a high degree of compatibility between the goals of globalisation and rural development. However, often the interests, either long-term or short-term, of the beneficiary communities are sacrificed at the altar of perceived benefits by the benefactors—albeit with good intention. This leads to homogenisation and may lead to increased vulnerability of rural communities by bringing about such events as either mass emigration or immigration and loss of unique identities and opportunities for retaining sustainable lifestyles.

Whether we like it or not, it is now widely acknowledged that globalisation cannot be avoided and is there to stay. Rural areas are no exception and economic dictates will prevail whether or not we drink Coca Cola or Chang or eat Big Mac or 'Tsampa'. The question is more about how far, how fast, and how deep we would allow ourselves to be affected by globalisation; about how competitive we could be with the other competitors to survive and to prosper; about what safety measures we can put in place to reduce the risk of unwanted changes from invisible market forces; and about how far we want to let go of traditional lifestyles and cultural values. The question is also about what goes on behind the making of Coca Cola versus Chang and Big Mac versus 'Tsampa'. We need to think of who are employed in their making, what resources (local or foreign) are used, and what they stand for as symbols of cultural identity and communal belonging.

Impact of globalisation

On rural society and culture

Rural societies are traditional societies and globalisation will have far-reaching social and cultural impacts on them. Therefore, transition from traditional to market-oriented societies will have to be managed carefully to avoid marginalisation of vulnerable sections of society as well as emergence of corruption, nepotism, and monopolisation by stronger sections. Under the WTO, for example, countries must abide by the market principles and any attempt to diverge is illegal and subject to challenge by other members. Thus the latitude of governments to pursue certain social goals, through subsidies and quotas, for example, is limited as it may prove to be a barrier to trade (Wangyel 2004). Economic liberalisation will marginalise the vulnerable sections of society, especially the poor and women, if adequate social safety nets are not in place.

The impacts of globalisation on local traditions and culture are magnified in the case of traditional rural societies, particularly in countries like Bhutan with no history of colonisation. The exposure to the outside world through travel, literature, visits by tourists, television, and Internet will have a profound impact on traditional societies. Globalisation will challenge traditional values like the joint family system, hospitality habits, kinship support systems, respect for the elderly and superiors, and social behaviour and attitudes. These networks and norms, also referred to as social capital, serve as potent mechanisms for social safety nets, cohesion, harmony, and collective action. Globalisation calls for every individual to be an economic unit and the young and the old receive little attention in the bargain.

The access to education, information, and the market will naturally favour the richer sections of society and the divide between the 'haves' and 'have-nots' will widen. The emergence of the new rich will invariably affect the lives of the poor, as the rich will dominate local polities and control the job markets and access to social facilities. The root cause of ongoing conflicts in Nepal and many parts of the HKH region may be traced to this widening gap between the urban rich and the rural poor and the associated corruption and nepotism. On the other hand, if institutions and mechanisms are put in place, this new rich class can play a productive role through investments in local enterprises and creation of jobs. Thus it is important to ensure good governance with proper institutions and procedures, so that public sector employees are not susceptible to malpractices.

Perhaps the most dramatic consequences of globalisation on rural areas would be the 'shrinking', 'dislodging' 'feminisation', and 'greying' of rural populations. A shrinking of rural populations is taking place as more and more people leave for towns and cities within the country and abroad. In many areas, government schemes like construction of highways, rail tracks, hydropower plants, dams, factories, and towns are 'dislodging' people from their land and cultural heritage. They are required to sell or relinquish their family and communal properties, often on terms dictated to them, and, whereas compensation in the form of resettlement or cash are provided in most cases, they are far from adequate to ensure a sustainable source of livelihood to those affected. More and more the urban rich are also buying up land from small rural farmers who are tempted by the lure of money with which they can buy a car or television. In Bhutan, many of the urban poor are migrants from villages where they have disposed of their land in one way or other. Most of those who migrate out in search of opportunities are male and young, and those left behind are the women and aged, hence the 'feminisation' and 'greying' of rural populations. This is the phenomenon taking place throughout the developing world, the HKH region being no exception. The diversion of labour from agriculture to other jobs, resulting from increased opportunities in the urban areas and from increased education, contributes to this trend. Added to these major trends are the more controversial dimensions like human trafficking, drug abuse, HIV-AIDS' infection, and rising crimes occurring from and among rural populations.

Migration has, of course, some positive impacts on rural livelihoods (Jodha et al. 2002). The temporary migrant sends remittances home and brings information and technological knowledge. Migration also reduces pressure on natural resources and the fragmentation of household landholdings. Despite these positive impacts, unless steps are taken to ensure improvement in living standards in rural areas through development of basic amenities, such as education and health services, electricity, and water supplies, as well as investment in local industries for employment generation to mitigate mass out-migration, many developing nations will have the dual problem of empty and underdeveloped rural areas and overpopulated and overstretched urban centres with many associated problems.

The ability of nation-states to address the social needs of the rural poor is increasingly questionable. Despite all the hype, in reality developing countries have not witnessed the expected growth in the social service sector essential for the physical and intellectual empowerment of the

poor to survive and compete successfully in a globalised world (Thinley 2002). The illiterate and the sick have continued to see their governments spending more on debt servicing than on their education and health. Contrary to the pledges made in several world fora to increase overseas' development assistance (ODA), in actual fact it has declined in the '90s to an average of 0.2% of the gross domestic product (GDP) from the Organisation for Economic Cooperation and Development (OECD) countries, against their pledge of 0.7%. According to Thinley (2002):

"as globalisation continues to accelerate on the wings of profit, social responsibility seems to have flown from our collective conscience".

It is not in the normal nature of the market forces, dictated to a great extent by multinational corporations, to show concern for the needy, for equity, and for 'globalising' profit. Under the circumstances the governments of poor countries need to intervene to supplement the actions of the market forces, at the very least to establish, promote, and protect distribution arrangements for basic services, fair wages, food security, and so forth. For example, should India, under the Trade-related Aspects of Intellectual Property Rights' (TRIPS) agreement, follow both product and process patent, and raise the price of essential drugs which are in the range of a 182-225% increase; can countries like Bhutan afford the standard of health services it provides to its people without government intervention? By the same token, no Indian institutes of higher learning will be affordable for Bhutanese students.

On the rural economy

For developing countries, like Bhutan for example, the government has come to recognise that globalisation is inevitable and irreversible, and the benefits of economic integration will eventually outweigh the costs (Wangyel 2004). Global integration is increasingly viewed rather as an economic and political necessity than a matter of choice. However, these countries are faced with enormous challenges to meet the costs of conforming to the requirements of a globalised economy under the WTO, while the benefits of membership through market access, dispute settlement, and so on are long term and diffused.

The WTO aims to promote multilateral trade in goods and services on the premise that free trade fosters economic growth, generates employment, enhances consumer choices, enables efficient allocation of resources, and helps to maintain international peace.

One can only see from the experience of Mongolia how joining WTO in 1998 has impacted the economy of this landlocked country. Instead of creating more jobs, boosting exports, and enhancing living standards, and improving the economy of the country, the results to date could be rated as almost disastrous. Without the necessary infrastructure, legal frameworks, and capacity to deal with a free market economy, the country's rural economy base has suffered and taken a turn for the worse since then (Noeberger and Gyamtsho 2003). All the negative consequences of globalisation are amply evident: the mass movement of people from rural to urban areas, the change in lifestyles from self-employing nomadism to underpaid employees or unemployed poor, the closing of manufacturing units, the substitution of local products with cheaper imported alternatives, the loss of confidence in their own system, and the increase in dependence on the outside for even basic necessities (Centre for Policy Research 2002). Yes, more choices are there, but for whom and who can afford them are questions that need serious analysis. This dichotomy between theory and reality of the benefits of WTO membership, in particular for small developing countries like Bhutan, is discussed thoroughly by Wangyel (2004). The assumption and the hype about free trade promoting economic growth and enhancing welfare are increasingly questioned, at least in the short-term.

The WTO agreements aim to create a 'level playing field' in international trade by progressively reducing tariff levels and removing barriers to trade arising from national laws, regulations, and administrative procedures. The General Agreement on Trade and Tariffs (GATT) deals with progressive liberalisation of trade in goods, while the General Agreement on Trade in Services (GATS) aims to reduce the barriers limiting flow of services among member countries. However, the playing field is anything but level as yet. Unlike developed countries that framed the WTO rules, the developing countries lack the institutions, established procedures, and the economic resources to adequately participate in the WTO. One need not look beyond the procedures for exporting agricultural produce to developed countries or obtaining a visa to the West to assess the 'levelness' of the playing field. According to Bhutan's foreign minister, Lyonpo Jigme Thinley, (2002), *"the oft repeated cliché 'level playing field' conjures the image of little David having to face, without his sling, the wrathful might of Goliath."*

In larger and more competitive countries like India and China, the benefits from WTO are more evident as they have the competitive edges needed. However, these benefits are felt largely in the capital cities and the urban areas and have not touched the lives of the millions of rural people. Telling

evidence of this phenomenon is the recent loss of elections by the ruling Bharat Janata Party (BJP) in India with the slogan of 'India Shining' based on the premises of the overall economic growth of the country. Therefore, even within countries and within rural areas in a country, attention must be given to differentiate between the consequences of globalisation, for example, between rural coastal areas and rural mountain areas.

On rural environment

At the global level, the Kyoto Protocol is yet to be signed by the global superpower, and yet clean development mechanisms are expected to be adopted by those who need development and not by those who have become developed on unclear mechanisms. Carbon trading, a scheme much flouted as a way out for many environmentally healthy but economically sick countries, remains at best an illusive dream. This substantiates the argument that the developed countries shrug off the responsibility for reducing greenhouse gases and improving the state of the environment as a concern of the developing countries. The developed countries expect the developing countries to forego economic gains through industrialisation and exploitation of their natural resources, while they themselves are not prepared to give up their consumerist lifestyles built with the very technologies and resources that they are advising against. At the national level, the same can be said of the expectations of the urban rich from the rural poor. The former often 'romantise' about rural areas and want them to preserve nature and rural lifestyles, while they themselves pursue economic gains without heeding environmental concerns.

Rural areas generally have a pristine environment as yet largely undisturbed by the forces of environmental destruction. This is not to deny that inroads by these forces are already evident in many areas – even in the remotest corners like Mustang in Nepal, Lunang in Linzhi prefecture, the TAR, and Laya in Bhutan. One can see piles of metal cans, plastic bottles and bags, broken glasses, paper packets, used batteries, and all kinds of 'foreign' matter. Globalisation promotes commercialisation and commercialisation promotes consumerism. Traditional respect for nature and natural beings has been sacrificed on the altar of the individual quest for wealth and for increased consumption of goods and services foreign to the locality. In the process, nature, which belongs to everyone and no one in particular, becomes a victim of abuse. Pollutants of all sorts are eating away into the hitherto pristine environment of rural areas. Carbon emission into the air from numerous sources—from vehicles to farm machineries to factories—is rapidly increasing and aquifers and water bodies are slowly being poisoned by toxic effluents from commercial

crop and livestock farms to solid waste, which normally end up in water bodies. Large areas of forest are fast disappearing from many rural areas and along with them the dependent flora and faunal wealth and the environmental services they provide as carbon sinks and in regulation of water regimes. The quest for western style commercial farming on the open rangelands, embracing such technologies as barbed wire fencing and reseeding with exotic grasses, poses serious threats to the conservation of wildlife and floral diversity. Fencing restricts the movement of wildlife species which require movement over large areas for their nutritional, reproductive, and self-preservation needs. Similarly, reseeding creates monocultures of commercial varieties at the expense of native species, many of which have other social functions such as the source of medicines and incenses. The introduction of commercial varieties of crops is not only replacing and pushing native races towards extinction, but also the need to use large quantities of chemical fertilizers and insecticides is placing further strain on the environment. As already discussed, tourism, which holds tremendous promise for socioeconomic development, could also be a major vehicle for environmental degradation through littering at campsites, consumption of fuelwood, purchase of products from endangered species, and disturbance of habitats.

Unless attention is given to safeguarding environmental health and setting minimum standards of conduct, the benefits from tourism and increased agricultural production could be short-term and of a temporary nature. I am not arguing for a total ban on any thing new and foreign, but only pointing out the need for a balanced conscious effort to take environmental concerns seriously in planning rural development. It is time for us to reflect on what is going wrong, especially when the black-necked cranes do not come to their winter roosting areas any more in parts of Bhutan, and when yaks in Tibet have to resort to feeding on plastic bags and garbage.

Key avenues of impact

Through agricultural transformation

Agriculture continues to be the major occupation and source of livelihood for most developing nations and rural provinces. The proportion of rural people dependent on agriculture is 73% in Tibet (Tashi et al. 2002); 79% in Bhutan (Planning Commission 2000), and 85% in Nepal (ICIMOD 2004). The transformation of agriculture is a major challenge for rural areas, particularly in mountainous regions, because of poor access, high cost of mobility and transportation, shortage of investment, low level of technological inputs, persistence of traditional production systems,

and low level of support services (Jodha et al. 2002). The benefits of agricultural transformation in rural China through introduction of more efficient technologies, diversification, and market-led production were well articulated by Wang (2002).

For most rural communities, overcoming poverty and meeting basic needs for food, clothing, and shelter are more overarching concerns than trade and commerce. The subsistence agriculture, whether in crop or livestock production or a combination of both, that dominates the livelihood system has considerable resilience for coping with natural and man-made disasters through diversification and risk spreading. Globalisation, as already mentioned earlier, promotes commercialisation and a narrowing of the production base to the produce and products in demand by the markets. This poses a dilemma for rural people. If they are to benefit from globalisation and market access, they have to overcome supply side constraints, of which lack of economy of scale is a major one. This would require them to use their limited land or other resources to produce the particular product demanded by the market and forego the growing of traditional food crops. In the event of market failures or production failures from inclement weather conditions or infestation by pests, rural people would become highly vulnerable to food shortages due to externalities beyond their control. They would neither have the income from the cash crops to purchase the 'cheap imports' nor their own food production to fall back on. Most rural households have very small landholdings, and even these are generally marginal lands with limitations in terms of mechanisation or irrigation. Hence, unless steps are taken to ensure that niche cash crops are grown that do not directly compete with food crop production, the risk of creating a situation of food insecurity and further impoverishing the rural people is high. National governments must therefore ensure that a policy of maintaining a minimum level of self-sufficiency in food from local production is considered for rural areas.

For rural households, more attention needs to be given to local and national markets before even thinking of international markets. In many areas, production of off-season vegetables and potatoes for consumers in urban centres and downstream markets has proved to be a winning gamble. In Bhutan, the sale of off-season potatoes and vegetables to downstream Indian and Bangladeshi markets fetches an annual export earning of up to Nu. 169 million (US \$ 3.7 million) (PPD-MoA 2003). Most of these vegetables are grown during early spring and do not compete with the main staple crops of rice, maize, and wheat. The income from this source enables farmers to supplement their own food production with imports like Indian rice, fish, and other household commodities. The

Government of Bhutan's policy is to maintain a minimum level of 70% self-sufficiency in food grains.

The production of fruit is another avenue for enhancing income without compromising food security. Most fruit trees allow intercropping with either ground crops and fodder or even climbers like beans so that the fruits can be sold as cash crops and other crops used for household consumption. Raising fruit also lends itself to raising backyard livestock like dairy cattle, pigs, poultry, honeybees, and others. Organic farming using biological methods of fertilization and pest and disease control is another avenue that has not been fully exploited and for which rural areas have definite advantages. With the increasing numbers of health conscious consumers in urban areas, the market for organic produce is likely to increase several fold.

Whatever opportunities are available, caution must be taken to mitigate the negative consequences of market-led production. In the case of cultivated crops, resorting to single crops as a result of market forces and external sources of investment should be avoided so as to avoid 'putting all the eggs in one basket'. There are ample examples around to illustrate the fatality of falling for such a trap. The story of ginger in the West Kashi hills of Meghalaya, India, is a case in point (C.N. Anil¹, Personal communications). Traditionally, only a few families could afford to invest in ginger cultivation and the price was lucrative with the production being very limited in contrast to the demand in the market. In 2000 with the support of the North Eastern Community Resource Management Project (NECRMP) supported by IFAD, the communities invested in large-scale plantation of ginger. They purchased ginger seeds at the rate of Rs. 30 to 40 per kg (US\$ 0.65 to 0.87) and invested about Rs.1 million (US\$ 22,000) in ginger cultivation. The result was over-production of ginger leading to a collapse in the market price because of the ensuing glut in the ginger market. The farmers had to eventually sell off their produce at less than Rs. 2 per kg (US\$ 0.04).

This pitfall applies equally to livestock farming. The secret for rural areas in mountain countries of Asia is not to compete with New Zealand, Australia, Canada, and the United States to produce Angus beef but to exploit the niche for producing yak steaks and aggressively market them in these countries as exotic and healthy alternatives. It is not in the interest of the nomadic herders to raise western-style beef farms with Angus breeds nor dairy farms with Holstein Friesians in fenced pastures and

bred on concentrates. As long as a balance is maintained between the herds and the natural capacity of the rangelands is maintained, herders can still enjoy a decent living and even capitalise on niche products like yak steak, yak cheese, and Pashmina products. However, care must be taken to have appropriate measures to mitigate overexploitation of grazing resources. Following the collapse of the command economy in Mongolia since the early '90s, Mongolians turned to herding as a way out of unemployment resulting from the breakdown of state-run enterprises and services. The number of herds in Mongolia had increased by 30% by 1999 to some 34 million herds, resulting in tremendous pressure being exerted on the grasslands (IFAD 2002). When successive drought and 'dzuds' (severe winter) hit the country in 2000 and 2001, some seven million head of livestock were lost along with the livelihoods of thousands of herder families.

Globalisation has also opened new markets for herbs, mushrooms, and other non-domesticated food items from the wild. Sustainable collection and selective marketing of these products can bring very high returns for relatively low investment. The collection and export of Matsutake (*Tricholoma matsutake*) mushrooms by rural villages in Bhutan and parts of China to Japan are an example of such opportunities. In Bhutan, poor households in rural villages, with little agricultural land and no other sources of income, suddenly earned up to Nu. 50,000 (US\$ 1086) a season from the collection and sale of this mushroom to exporters (Namgyel 2000). The Chinese caterpillar (*Cordyceps sinensis*) is another niche produce which has changed the lives of many rural people in China, Bhutan, and Nepal because of a very lucrative market in China.

The challenges, of equitable distribution of income and sustainable harvesting of these communal resources are many. Commercialisation leads to two consequences: monopolisation by business houses and influential local leaders and over collection by both local people and encroachers. It is usually those who have access to markets outside and the means to export goods that reap the benefits and not the local people who end up being paid enough to keep them excited. Often it is the governments, who impose irrational conditions and levies on the rights to collection, for example the total ban on collection in Bhutan (until recently) and the exorbitant royalty rates in Nepal. Over collection and poaching become serious problems and often threaten the survival of the species as the collectors are not concerned with future regeneration in an uncertain policy and market environment.

¹ C.N. Anil was the Community Development Officer of NECRMP, India, from 2000 to 2003 and is presently working at ICIMOD.

Through tourism

The impacts of globalisation on rural areas through tourism are both positive and negative. Tourism offers one avenue where constraints to development-remoteness, difficulty of access, the natural and biological diversity, wilderness, insular cultures, and a subsistence-focused way of life-can be transformed into opportunities (Jodha et al. 2002). It allows 'markets to be brought to the products' and services can be charged on site, thus creating income and employment-generating opportunities for local people. Under GATS, tourism has been included as one of the key sectors for liberalisation, and, associated with it, many other sectors are likely to benefit such as communication and transport, hotel and hospitality businesses, and financial services. To date, however, the benefits are seen to be largely concentrated in the hands of the state and a few tour and travel operators in remote rural areas of Bhutan, Tibet, and most parts of Nepal. There are, however, very good cases of success from the Mount Everest region of Nepal where the local Sherpa communities have derived significant economic benefits from tourism through provision of guiding, transporting, and food and lodging services. Many Sherpas who had started off as porters and guides have now established themselves in the higher rungs of the tourism business as travel agents, hoteliers, and mountaineers (Sharma 2002).

If properly planned, rural areas offer many comparative advantages in the tourism sector. As traditional societies with little influence from the modern sector until recently, they still retain unique cultures and traditions worth preserving. Not only can these unique cultures and traditions benefit the local people from tourism, but they can also help their preservation as otherwise they would be replaced by popular cultures from outside. People recognise their commercial values in addition to their traditional values associated with ethnic and communal identities and beliefs. Many rural areas in the HKH have their own cultural and religious festivals, as well as centuries old farming practices, that could attract both domestic and international tourists. The tangible benefits from tourism to rural populations are well documented by Li and He (2002) for Tibet and by Sharma (2002) for Nepal. The case studies from Gongzhong village in Linzhi Prefecture and Samu village near Lhasa, presented by Li and He (2002), illustrate how participation in rural tourism business had enhanced the income and transformed traditional farming societies into a modern service sector based on tourism.

Tourism can induce development, expansion, and reorientation of settlements along trails and tourist destinations. In Nepal, the number of lodges in the tourist areas of Annapurna and Khumbu increased

dramatically from 45 and 17 in 1980 to 518 and 225 respectively in 1997/98 (Sharma 2002). The number of tourists during the same period increased from 14,300 and 5,836 to 54,100 and 18,200 respectively for these two areas. The people in these areas have become some of the richest in the highlands of Nepal. Sharma (2002) acknowledged that not all developments have been positive and mentioned that the supply of lodges in many areas outstripped demand. This has become particularly acute in recent years, following the rise in insurgency and drop in tourist arrivals. In the rush for tourist dollars, the needs of the section of the local population which does not depend on tourism were largely ignored and inflation made life difficult for them. Moreover Sharma lamented that vernacular architecture was fast disappearing. He concluded that pro-poor tourism has to be deliberately planned and nurtured and should not be left to chance and the popular belief of 'trickle down' effects. We are by now getting used to seeing signboards with 'Tourists Only' on lodges, taxis, restaurants, and entertainment facilities, and this is precisely what we need to avoid as it undermines the very foundation of globalisation, i.e., integration.

Rural areas also have the distinct advantage of having pristine environments and a diversity of flora and fauna. Nature treks, botanical tours, wildlife safaris, bird-watching, fly fishing, and hot spring baths are just some products that could come into an eco-tourism package. This would, however, require substantial investment in institutional and capacity development if the rural people themselves are to derive any direct benefit. Government policies must be conducive to attracting tourists and to ensuring that the benefits accrue to local people. The provisions of GATS must be carefully analysed to ensure that liberalisation does not end up in monopolising business nor in exceeding the carrying capacity of local resources and the capacity for absorption of local populations. This calls for a careful balance between economic gains and cultural and environmental conservation. Presently Bhutan, for example, follows a 'high value low volume' tourism policy whereby the government administers the tariffs in the tourism sector, ranging from US\$ 165 in the low season to US\$ 200 in the high season per person per day. This may not be the best option for attracting tourists, but it has thus far succeeded in avoiding the negative impacts of tourism on the country's culture and environment.

Conclusion

The challenge in the era of globalisation—for countries and individuals—is to find a healthy balance between preserving a sense of identity, home, and community and doing what it takes to survive within the globalisation

system. A country without a strong sense of identity and security will never feel secure enough to open up fully to the world and reach out into it. But a country that is closed and does not participate will never grow and will become stagnant. Keeping the two in balance is going to be a constant challenge.

For rural areas, necessary safeguards must be put in place to ensure that market forces do not affect their sense of belonging and identity, their social safety nets, their cultural values, their food security, and their natural environment. Careful thought needs to be given when planning development programmes in rural areas. In agriculture, the switch to market-led products and production systems should not be at the cost of maintaining a minimum level of self-sufficiency in food crops and to the detriment of the environment. Similarly, the development of tourism should include measures to protect the interests of local people and ensure that they not only benefit from it but also have a major say in how far and how much they want to expose their way of life to tourists. Finally, it should be borne in mind that any development programme that does not take into account the environmental impact will bring only temporary benefits and will hurt the long-term interests of rural communities.

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