

PANEL 5

Impact of Global Economy in Rural and Urban Southeast Asia

1. Immiserizing growth and the middle-income trap in rural Southeast Asia: Comparing exclusion and coping mechanisms among farming and fishing communities

Edo Andriesse, Professor, Department of Geography, Seoul National University

Southeast Asia is generally considered to be a relatively successful part of the Global South, yet wealth distribution remains socially and spatially skewed. This calls for a better understanding of how middle-income countries can improve the quality of economic growth. This paper investigates rural inequality through the concepts of the multi-scalar middle-income trap and immiserizing growth. In addition to rural-urban differences there are stark disparities within villages. I compare processes of inequality and exclusion within fishing and farming communities in Indonesia, Thailand, and Vietnam. The empirical inquiry focuses on livelihood challenges and coping mechanisms based on 438 interviews in four coastal and four inland research sites covering 26 villages. To my knowledge, this is the first in-depth comparative inquiry between farming and fishing communities in Southeast Asia written in English. With the exception of the farming areas in Vietnam, the personalized and spatial dimensions of the middle-income trap keep fishers and farmers in vulnerable settings and rural inequality is widening; particularly among farmers in Indonesia and fishers in Thailand and Vietnam. A chain of events can be identified from exclusion to immiserizing growth to in-situ coping (Southern Thailand and Malang) and circular migration (Sukabumi and migrants from Central Vietnam). The comparative investigation also reveals a substantial degree of resignation: neither do villagers expect transformational change nor do they consider permanent outmigration. The presence of spatial poverty traps and personalized livelihood traps also requires us to different policies could be more effectively layered better integrated. I advocate to link 1. the national middle-income trap to sectoral policies (e.g. upgrading of specific seafood agricultural products), 2. spatial traps to territorial policies (spatial targeting at provincial or district level), and 3 personalized traps to welfare policies. By doing so, it is not only possible to address the macro-economic, but also the spatial, and social dimensions of the middle-income trap. For instance, while Thailand is at the national level trying to catch up to the living standards as enjoyed in higher-income countries, the increase in poverty in Southern Thailand suggests that spatial disparities are likely to become more pronounced. In addition to an improved layering of policies it is worthwhile to foster serious debates on the merits of rural-urban and circular migration. The empirical findings reveal that outmigration is not an easy, one-way ticket to the middle class. On the other hand, where spatial poverty traps remain severe, there is no guarantee that spending public funds can reduce localized pockets of poverty; particularly in areas that are plagued by political-geographical tensions and a lack of incentives to invest in agriculture and fisheries.

Edo Andriesse is a professor of development geography at Seoul National University. He teaches a wide range of human geography courses at undergraduate and graduate level. His research interest is coastal, rural development in Southeast Asia focusing on topics such as upstream seaweed value chains, coastal governance, rural inequality, and the relationships

between social capital and local political economy.

2. Local resilience in agricultural globalization: a study of the Oolong Tea industry in Vietnam

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As transnational agricultural investments take on increasingly diverse forms and contents, host countries and their agricultural participants face a complex and dynamic environment. With large-scale agricultural investments having adverse effects on the host societies universally, this study turns focus toward the creative survival strategies of the involved host societies involved in small- and medium-scale transnational agricultural activities. Using case studies from the foreign-introduced and originally foreign-dominated oolong tea industry in Vietnam, this study explores the creativities of local groups in rural entrepreneurship in the global agro-food sector. The finding highlights the various innovative strategies of local participation groups during entrepreneurship to overcome limitations such as narrow access to capital, information, and markets. They create exclusive resources or linkages to break free from being dominated by foreign demand links or foreign oolong tea peer entrepreneurs hosting in their country and transform or restructure the oolong tea industry to serve their demands. The paper offers a positive example of host societies and their participants confronting the tide of globalization.

Keywords: transnational agricultural investments, entrepreneurship, local innovation, global agro-food sector, agricultural anti-globalization strategies

I am **Yunxi Wu**, a research fellow at CSEAS. My research interests lie in examining the effects of agricultural globalization on rural dynamics in the mountainous regions of Vietnam. Specifically, my study area encompasses the Central Highlands of Vietnam, focusing on small- and medium-scale foreign direct investment activities in the agro-food sector and their subsequent impacts on local society. My research scope extends to market interactions, transnational entrepreneurship, industry dynamics, demographics, livelihood structures, gender, ethnicity, and environmental sustainability. Furthermore, I am interested in sustainable and mutually beneficial patterns in transnational agribusiness.

3. Political Contracts in Contemporary Jakarta: An Analysis of Kampung Akuarium Resettlement to Public Apartment

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Keywords: *Indonesia, political contract, activism, housing, kampung, eviction, urban poor, apartment*

This article examines the role of political contracts in addressing the housing needs of the evicted urban poor in the demolished Kampung Akuarium. The urban poor forged and mobilised a broader network with various stakeholders and concluded a political contract in which a gubernatorial candidate promised to give them the right to live. After the candidate

won the election, the urban poor successfully obtained the right to build, live and manage the public apartment. This paper analyses this process, revealing a nuanced relationship between clientelism and activism between the urban poor and the governor. Different from a common practice of vote buying, the political contract produced a Governor Decree in 2018, which deployed a task force unit consisting of local government apparatus for their settlement construction. This illustrates how the political contract provides the poor with an otherwise inaccessible pool of networks. However, it also means that the poor must independently further their demands against conflicting rules and interests of various local and national government bodies within a limited timeframe of the governor's tenure. Through its implementation, the political contract also provided the poor with the agency to be autonomous in the construction process. It enabled them to have their own interpretations of the state's public apartment with their own historical and cultural perspectives as traditional *kampung* residents. This paper aims to illustrate and explore the significance and limits of political contracts by providing evidence of their role in facilitating the integration of the informal activism agenda into the formal urban planning sphere in contemporary Jakarta.

Ruriana Nafilah Anggraini is a PhD candidate at Kyoto University. Her previous research has focused on street vending relocations and formalization programs in Indonesian heritage areas. Her current interests include studying class and spatial justice in urban areas, ranging from the struggles of evicted urban poor dwellers to the urban activism of the growing middle class in apartment ownership and management.

Discussant and Moderator

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Tomohiro Machikita is an Associate Professor of the Center for Southeast Asian Studies (CSEAS) at Kyoto University, Japan. His research interests include labor economics, industrial development, economic geography, and the integrated approach to Southeast Asia as a region. His publications include topics on the economy of labor focusing on a range of interrelated and transdisciplinary issues around the geography of economic activity and the factors that contribute to workplace hazards. He is teaching development economics, comparative institutional analysis, and economic approach to Southeast Asia at Graduate School of Asian and African Area Studies (ASAFAS), Kyoto University. He obtained his Ph.D. in Economics from Kyoto University in 2007. He previously held academic positions at the Institute of Economic Research, Hitotsubashi University, Tokyo and the Institute of Developing Economies (IDE-JETRO), Chiba.