

## World Market Economic Conditions, Diversification of Income, Indigenous Economy and Philippine Economic Conditions with Regards to Sustainable Development

*Jonica D. Otarra, Researcher, Center for Integrated Development and Social Marketing, Inc.\**

### **World Market Economic Conditions, Diversification of Income, and Indigenous Economy**

At the international level, financial markets affect global investments of the different countries. Meanwhile, global investments impact the imports, exports, global employment, labour and demand for products and services worldwide. According to the International Monetary Fund Report (2011), the global market has been vulnerable to the risks caused by certain financial, economic and political conditions. 'Markets may lose patience and become disorderly if political developments derail momentum on fiscal consolidation and financial repair and reform' (IMF, 2011).

On the other hand, the focus now of the individuals in the global society has been on how to have a higher financial capital. Income diversification is one of the strategies that can help to achieve this end (Kasem,2007). In particular, this would be through diversifying on-farm and off-farm activities especially in the rural areas. In addition, according to the study of DeMurger (2010), the factors that affected the income diversification of households in northern China included education, migration, household position asset position and working resources, labor force and availability of local credit institutions. Moreover, income diversification also depends on one's location, practices and the demand for labor. However, the farmers and

indigenous peoples who are living in rural areas of the different countries have been continually struggling to diversify their sources of income without losing their lands. These same situations were evident in the findings of Lopez and Sierra (2011) about the indigenous Jivaroan cultivation systems of Western Amazonia and in the study of Himley (2009) about conservation, interventions and struggles of rural Andean communities to assert territorial authority and to consolidate their livelihoods' where social capital also plays an important role (Himley, 2009).

Banerjee (2003) explained that the economy of indigenous people is a hybrid economy. Altman describes a hybrid economy consisting of three market components: the market economy (currently limited in remote communities to mainly mining and pastoral industries), state economy (federal and state agencies) and customary economy (so-called Indigenous subsistence') activities occurring outside the market such as hunting, gathering and fishing and as well as other productive cultural activities (Banerjee, 2003). In addition, the hybrid economy of the indigenous people has been viewed in terms of its societal Interrelationships where It is regulated by the different governments and non-government institutions that aim to help them. Despite the hybrid economy, the indigenous peoples at present still remain as one of the marginalized sectors in society. (Ailenei,& Cosmin-Mosora ,2011) .

\*The views expressed in this brief are the author's and not those of the United Nations. Online publication or dissemination does not imply endorsement by the United Nations.

In the case of Australia, it seems that the government's strategy towards the employment of indigenous peoples is too structured where it plans to incorporate the indigenous peoples into its mainstream society. The government has formed an Indigenous Employment Strategy from 2011 to 2015 in which one of the objectives has been to employ indigenous peoples to work for the institution. In particular, they will help in the formulation of interventions and programs that will aid other indigenous peoples living in the remote rural areas of Australia to also work for the government. Under the program, an Indigenous Agency Champion and an Indigenous Employment coordinator will be hired to supervise the indigenous programs. It aims to "attract and retain indigenous employees' within the agency through 'Advertising Recruitment Opportunities' (AUSAID, 2011) with the help of the indigenous media. Although this kind of employment strategy would work on the indigenous peoples who are already living and working in urban areas, the motive of the strategy is clearly highly questionable. What about those for the rural areas? Do they really need this kind of employment? Is the government trying to remove the indigenous Australians from the rural areas where they live? What will happen to their lands?

### **Philippine Economic Conditions with Regards to Sustainable Development**

In the Philippines, according to International Fund for Agricultural Development (IFAD), 88 million people or 80% of the people who live in rural areas rely on subsistence farming and fishing as sources of income. Added to this is Address the increasing rate of poverty among the

poorest of the poor which include the indigenous peoples, and small-scale farmers. There are substantial differences in the level of poverty among the provinces. Also, the poverty gap between urban and rural areas is widening (IFAD, 2011).

In response to these aggravating problems, IFAD has supported the Millennium Term Development plan from 2004-2010 under the project of the National Economic Development Authority (NEDA) that mainly aims to uplift the lives of Filipino people especially those who are living in rural areas. Advancement of innovations, particularly in the agricultural production with environmental considerations, especially for the marginalized sectors of society-the rural poor and the indigenous peoples - should be given priority by the public and private sectors of society so that when they increase their financial capital, it will not make them more marginalized.

### **Conclusion**

Furthermore, the economic situations that were previously explained in the previous paragraphs of the previous sections imply that there are still a lot of interrelated problems in society particularly with the regard on how to increase one's financial capital wherein it should be continually addressed. There should be a constant evaluation of the programs and policies that are being implemented especially those in rural areas to be able to determine whether or not it has improved the lives of its beneficiaries-particularly the farmers and the indigenous peoples.

## References:

- Ailene D. & Cosmin-Mosora, L (2011) Economics of sustainable development, competitiveness and economic growth. *Theoretical Applied Economics*, XV III, 5-12. Retrieved from ebsco website: <http://web.ebscohost.com>
- AUSAID. (2011). Indigenous Employment Strategy 2011-15. Retrieved from AUSAID website: <http://www.usaid.gov/pressroom/pdfs/ies-2011.pdf>.
- Banerjee, S.B. (2003). Who sustains whose development? Sustainable development and the reinvention of nature. *Organization Studies*, 143-180. doi: 10.1177 / 0 1 0840603023001341.
- Demurger, S., Fournier, M. Yang, W. (2010). Rural household's decisions towards income diversification: Evidence from a township in northern China. *China Economic Review*, 21, 32-44. doi: 10.1016/j.chieco.2010.05.007.
- Fernando, J. L. (2003). NGOs and production of indigenous knowledge under the condition of post modernity. *The ANNALS of the American Academy of Political and Social Science*. doi: 10.1177/0002716203258374.
- Himley, Matthew. (2009). Nature, conservation, rural livelihoods and territorial control in Andean Ecuador. *Geoforum*, 40, 832-842. doi:10.1016/j.geoforum. 2009.06 .001.
- International Monetary Fund (IMF). (2011). Global Financial Stability Report. Retrieved from IMF website : <http://www.imf.org/External/Pubs/FT/fmu/eng/2011/02/pdf/0611.p>
- International Fund for Agricultural Development (IFAD). (2011). Rural Poverty Report .Retrieved from IFAD Website:<http://www.ifad.org/rpr2011/report/index.htm>.
- Lopez, S., Sierra, R. (2011). A resource demand model of indigenous production: The Jivaroan cultivation systems of Western Amazonia. *Agricultural Systems*, 104, 246-257. doi: 10.1016/j.agsy.2010.10.003.
- Millennium Ecosystem Assessment. (2005). Ecosystems and human well-being: General synthesis. Retrieved from: Millennium Ecosystem Assessment website:<http://www.maweb.org/en/Condition.aspx>.