

Some Considerations on the Poverty Challenge

1. Assumption: Food security is an important goal, but no country has become truly prosperous by staying agricultural.
2. Urbanization, where unemployed and underemployed workers from the agricultural sector are absorbed in the services and industrial/manufacturing sectors (driven by foreign and domestic investments), is a major way out of poverty. There should be deliberate urban planning, with infrastructure developments focused on areas outside the already crowded cities.
3. Do we urbanize at the expense of food security? Thailand has significantly developed despite the fact that 41.5% of its labor force is employed in agriculture. The figure is much lower at 33.36% in the Philippines.
4. Regardless of what the right agriculture-urban balance is, perhaps the bottom-line is raising productivity in agriculture through a multi-pronged approach: focus on cash crops, access to credit and technology, maximizing benefit to farmers/fishermen by eliminating middlemen and reducing transport costs, a more aggressive promotion of less costly but more sustainable and profitable organic farming.
5. Inherent weakness of agriculture: less elastic demand for output (i.e., increase in people's income does not necessarily mean increase in demand; e.g., people don't buy more rice because they have more money). One option is to focus on international competitiveness as market is liberalized in the ASEAN.
6. Budget for agriculture is 3.38% of total budget. That's miserably low considering that agriculture is 12% of GDP and employs 33.36% of the labor force. Maybe that's our key problem ...

Rising GDP seems to raise all boats, except agriculture

