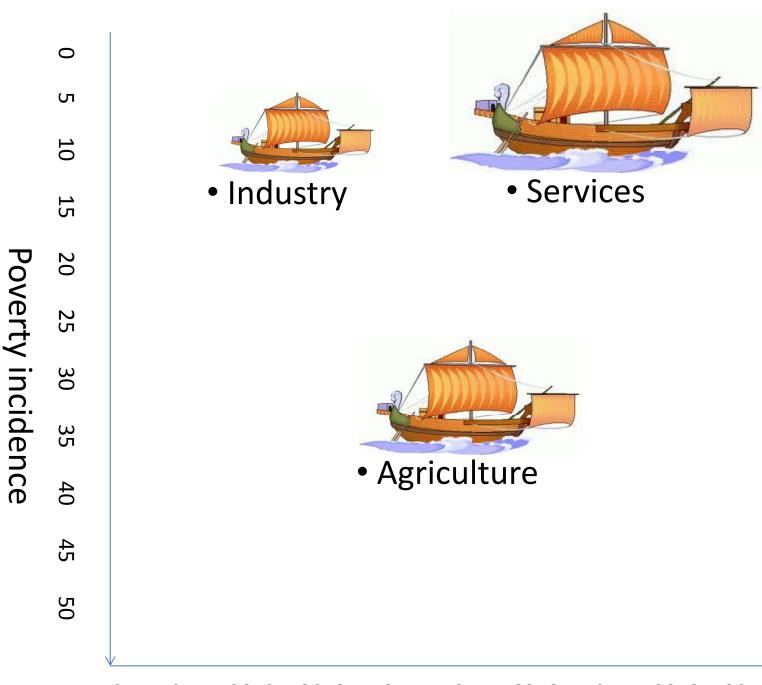
Some Considerations on the Poverty Challenge

- 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 ...



Percent of employed labor

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Rising GDP seems to raise all boats, except agriculture

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