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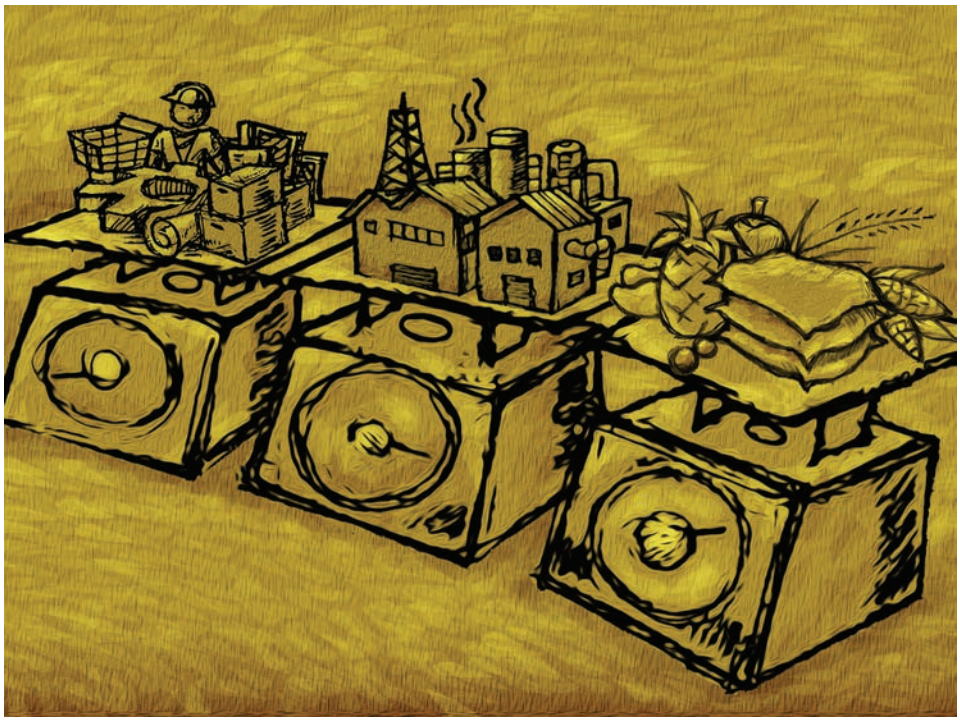

DESPITE EMPLOYING ABOUT A THIRD OF THE WORKFORCE, AGRICULTURE CONTINUES TO HAVE LOW PRODUCTIVITY

Agriculture as Key to Inclusive Growth

HIGHLIGHTS

- The gross domestic product (GDP) data for the third quarter of 2013 show a mixture of positive and negative news. Overall, it is noteworthy that the Philippine economy continues to grow faster than expected.
- Agriculture contracted by 0.3% in the third quarter, leading to a virtual standstill for the first nine months (growing by 0.4%).
- Agriculture, which has accounted for about a third of the labor force, has had a disproportionately small share in total production, which implies the low level of productivity in that sector.
- Recent economic growth has yet to translate into significant poverty reduction. Poverty remains a largely rural phenomenon.
- The Philippine Development Plan 2011-2016 presents strategies to transform the agriculture sector to be competitive, sustainable, technology-based, driven by productive and progressive farmers, supported by efficient value chains, and integrated in domestic and international markets.
- With an abundance of scholarly work and policy recommendations, there is really no need to belabor the importance of agriculture. The more critical question to ask is whether the country can muster enough determination to proceed with the actual implementation.

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"It is in the agricultural sector that the battle for long-term economic development will be won or lost."

– GUNNAR MYRDAL, Nobel Laureate in Economics (Todaro, 2000)

Economic development texts, such as Todaro (2000), typically provide a review of the evolution in scholarly thinking about how and why economic development takes place. Covered in the discussion is a well-known early theoretical model of development called the Stages of Growth Model, which was published by American economist Walt Whitman Rostow in 1960. This classic economic development story begins with a country at the early stages of development. The country is an agrarian economy where the agricultural sector dominates in both output and employment, relative to the other two major economic sectors of industry and services. As agriculture grows and productivity increases with technological change, the sector provides a growing market for the products of industry, and it releases surplus labor that further boosts industrial growth. With further scientific and technological innovation, the economy transitions to the industrialization stage, which is marked by further increases in income and employment. Wealth accumulates and the economy matures until it graduates into services sector dominance, as higher income supports growing demands for services of various kinds.

The Philippine economy, however, appears to have deviated from this classic theoretical storyline. The Philippine experience is said to be one of "leapfrogging" the industrialization process, which means that the country has jumped straight from agriculture to services sector dominance, as if it were accelerating into early maturity. Indeed, thriving nowadays are services industries, such as real estate, banking, insurance, transport, telecommunications, and mass media, whose growth benefits tend to be narrowly distributed. It is often pointed out that the persistence of poverty in the Philippines is attributable, at least in part, to this unusual structural growth pattern where the country failed to industrialize as much as its Asian neighbors did in recent decades.

The reasons behind this failure to industrialize have already been discussed thoroughly by academic researchers, particularly development economists, historians, and political scientists. For its part, this

research report will be devoted to a critical issue arising from the current abysmal state of Philippine agriculture: the lack of inclusive growth.

LATEST ECONOMIC TRENDS

The gross domestic product (GDP) data for the third quarter of 2013 show a mixture of positive and negative news. Overall, it is worth noting that the Philippine economy continues to grow faster than expected. With 7% growth posted in the third quarter, this is the fifth consecutive quarter that the economy has grown by at least 7%. GDP grew at an average rate of 7.4% in the first nine months of 2013, exceeding the 6%-7% growth target set by the government. Table 1, which shows the breakdown of GDP growth by expenditure share, reveals three notable trends, which Dr. Cielito F. Habito, former Socioeconomic Planning Secretary and National Economic and Development Authority (NEDA) Director-General, explained in his newspaper column (Habito, 2013).

First, exports have gone back to positive growth, as they have expanded by 10.6% in the third quarter. This is a significant turnaround from the declines posted in the first two quarters of the year (contracting by 7.6% in Q1 and then contracting by 6.8% in Q2). Quite remarkable is the fact that the Philippine economy managed to grow fastest in the region, notwithstanding the export decline in the first half. This suggests that the quick growth was internally driven and not dependent on demand for goods and services by foreigners, whose economies had been reeling from the Global Financial Crisis of 2008-2009. Export growth can also provide a further boost to the economy in the face of recent setbacks brought about by the Bohol earthquake and Super Typhoon Yolanda.

Second, fixed capital spending has continued to accelerate, growing at 14% in the first nine months of the year, almost doubling its growth of 7.2% in the same period last year. Driving this are investments in

TABLE 1: GDP BY EXPENDITURE SHARES AT CONSTANT 2000 PRICES (GROWTH RATES)

Type of Expenditure	2011-2012				2012-2013			Q1 to Q3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	11-12	12-13
1. Household Final Consumption Expenditure	**6.9**	**6.6**	**6.7**	**6.2**	**5.5**	**5.1**	**6.2**	**6.7**	**5.6**
2. Government Final Consumption Expenditure	**21.3**	**7.2**	**12.3**	**9.5**	**13.2**	**18.0**	**4.6**	**13.0**	**12.3**
3. Capital Formation	**(31.3)**	**3.6**	**6.2**	**9.5**	**44.5**	**18.0**	**15.6**	**(8.5)**	**24.4**
A. Fixed Capital	2.8	8.7	10.5	19.7	15.6	13.2	13.1	7.2	14.0
A.1. Construction	(1.2)	10.2	19.2	30.4	30.1	16.0	4.2	9.5	15.9
A.1.1. Public	60.9	45.0	8.5	16.2	45.6	28.5	23.9	37.0	31.8
A.1.2. Private	(9.7)	0.0	21.4	35.2	26.3	10.7	0.6	3.7	11.5
A.2. Durable Equipment	4.5	8.4	5.8	14.1	9.6	13.0	22.3	6.0	14.8
A.2.1. Machinery Specialized for Particular Industries	17.7	(5.1)	12.0	10.0	11.7	9.7	(5.1)	7.3	7.2
A.2.2. General Industrial Machinery and Equipment	(3.6)	9.8	6.9	7.1	7.6	14.7	12.4	4.8	12.0
A.2.2.1. Airconditioning and Refrigeration Equipment	(20.0)	(13.6)	8.1	47.3	11.7	16.2	3.1	(9.1)	9.5
A.2.2.2. Pumps and Compressors	19.6	19.9	15.9	4.7	6.1	18.4	17.3	18.8	11.5
A.2.2.3. Other Electrical Machinery and Apparatuses	1.4	8.5	7.1	(8.3)	(12.0)	12.9	(1.0)	7.4	6.6
A.2.2.4. Other General Industrial Machinery	(7.7)	17.5	2.4	8.4	11.7	16.0	35.0	4.0	18.7
A.2.3. Transport Equipment	9.1	45.0	8.7	41.8	7.0	21.6	38.2	15.6	22.9
A.2.3.1. Road Vehicles	7.3	28.5	23.5	40.7	7.0	12.0	12.9	17.8	10.5
A.2.3.2. Railway Transport	(20.2)	*	(6.2)	(66.4)	(32.0)	(64.5)	25.2	524.3	(62.0)
A.2.3.3. Air Transport	611.6	*	(89.3)	51.2	6.6	82.3	*	(5.5)	294.6
A.2.3.4. Water Transport	(18.7)	(10.1)	6.8	107.9	7.1	22.0	(37.7)	(3.7)	(16.6)
A.2.4. Miscellaneous Equipment	(14.8)	(16.8)	(7.4)	(21.7)	13.3	(3.4)	12.3	(12.9)	8.9
A.3. Breeding Stock and Orchard Development	1.3	2.5	0.9	1.0	0.6	(1.5)	(0.9)	1.6	(0.5)
A.4. Intellectual Property Products	31.7	10.3	1.6	31.4	10.4	16.2	13.9	13.0	13.3
4. Exports	**9.8**	**10.8**	**6.2**	**8.6**	**(7.6)**	**(6.8)**	**10.6**	**8.9**	**(1.4)**
5. Less: Imports	**(1.9)**	**8.3**	**7.0**	**8.0**	**2.0**	**(2.9)**	**14.2**	**4.5**	**4.4**
GDP	**6.5**	**6.3**	**7.3**	**7.1**	**7.7**	**7.6**	**7.0**	**6.7**	**7.4**

Note: * - more than 1,000% growth
Source: NSCB

TABLE 2: GDP BY INDUSTRIAL ORIGIN AT CONSTANT 2000 PRICES (GROWTH RATES)

Industry	2011-2012				2012-2013			Q1 to Q3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	11-12	12-13
1. Agriculture, Hunting, Forestry, and Fishing Sector	**1.1**	**0.6**	**4.4**	**4.9**	**3.1**	**(0.2)**	**0.3**	**2.0**	**1.1**
A. Agriculture and Forestry	2.2	1.3	5.5	5.2	2.5	(0.9)	0.1	2.9	0.6
B. Fishing	(3.8)	(2.5)	0.0	3.4	5.8	3.3	1.1	(2.0)	3.3
2. Industry Sector	**5.3**	**5.8**	**7.1**	**8.9**	**10.9**	**10.3**	**8.2**	**6.1**	**9.8**
A. Mining	(1.7)	6.5	(1.2)	2.8	(1.9)	(2.7)	(0.8)	2.0	(2.0)
B. Manufacturing	6.0	4.3	5.8	5.5	9.5	10.3	9.7	5.4	9.8
C. Construction	1.5	11.6	17.8	29.9	29.3	17.3	4.7	10.5	16.3
D. Electricity, Gas, and Water Supply	8.5	6.1	2.7	3.4	0.3	6.0	6.7	5.6	4.4
3. Service Sector	**8.4**	**7.7**	**8.0**	**6.5**	**6.8**	**7.5**	**7.5**	**8.0**	**7.3**
A. Transport, Storage, and Communication	9.7	9.3	9.4	4.4	2.8	6.6	6.6	9.4	5.3
B. Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	7.8	7.8	8.2	6.6	5.5	6.8	5.8	7.9	6.0
C. Financial Intermediation	8.7	7.0	8.6	8.8	18.0	10.3	12.1	8.0	13.3
D. Real Estate, Renting, and Business Activities	7.8	8.1	7.8	6.5	5.8	9.6	12.2	7.9	9.3
E. Public Administration and Defense; Compulsory Social Security	4.5	3.8	8.3	8.2	8.3	4.8	2.6	5.5	5.1
F. Other Services	10.4	8.4	6.5	5.8	5.3	6.4	5.4	8.5	5.7
GDP	**6.5**	**6.3**	**7.3**	**7.1**	**7.7**	**7.6**	**7.0**	**6.7**	**7.4**

Source: NSCB

durable equipment, which grew by 22.3%, coming from expansions in general industrial machinery and equipment (growing by 12.4%) and transport equipment (growing by 38.2%). Transport equipment was mainly driven by new purchases of railway transport equipment (growing by 25.2%) and air transport equipment (growing by more than 1,000%). The continued increase in investment spending suggests that the economy is speeding up on building more productive capacity, thereby paving the way for even greater and faster future growth.

Third, there is a significant slowdown in construction growth in the third quarter. It posted double-digit growth for five quarters, and even exceeded 30% in two of those. However, construction growth dramatically slowed down to 4.2% in the third quarter of this year, mainly dragged by private construction, which grew at just 0.6% over the same quarter last year. Whether this will be a sustained slowdown or was just a temporary respite due to bad weather remains to be seen. Meanwhile, public construction continued to grow at 23.9%, reflecting the continued efforts of the government to catch up on its infrastructure program, especially after falling dramatically in 2011.

Table 2 shows the breakdown of GDP growth by industrial origin, while Table 3 shows the breakdown of growth rates in agriculture/hunting/forestry/fishing by industry group. Together, these tables reveal two notable trends pointed out by Dr. Habito.

First, there is an apparent rebalancing of the economy towards growth that is increasingly driven by industry rather than services. From Table 2, the industry sector accelerated to 8.2% in Q3, from 7.1% in the same quarter last year. Meanwhile, the services sector decelerated to 7.5% in Q3, from 8% in the same quarter last year. With the first nine months taken together, industry growth was at 9.8%, against 6.1% in the same period last year. In particular, manufacturing further expanded by 9.8%, significantly speeding up its growth rate of 5.4% last year.

On the other hand, from Table 3, agriculture, which is the main focus of this research report, contracted by 0.3% in the third quarter, leading to a virtual standstill for the first nine months (growing by 0.4%). Although sugarcane and cassava grew by 24.1% and 12.1%, respectively, production of most other agricultural products decreased. Coffee, pa-

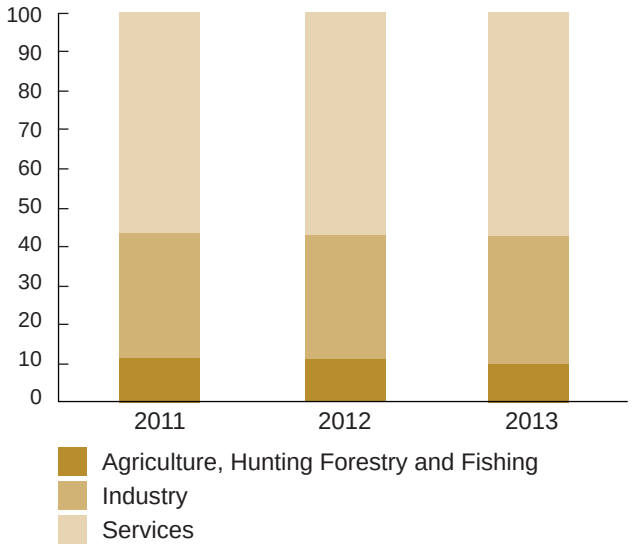
TABLE 3: GROSS VALUE ADDED IN AGRICULTURE, HUNTING, FORESTRY, AND FISHING BY INDUSTRY GROUP AT CONSTANT 2000 PRICES (GROWTH RATES)

Industry	2011-2012				2012-2013			Q1 to Q3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	11-12	12-13
1. Agriculture, Hunting, and Forestry	**2.2**	**1.3**	**5.5**	**5.2**	**2.5**	**(0.9)**	**0.1**	**2.9**	**0.6**
A. Agriculture	2.0	1.4	5.7	5.2	2.4	(1.2)	(0.3)	2.9	0.4
A.1. Palay	(1.1)	10.1	13.5	10.2	4.5	(1.8)	(6.5)	6.9	(1.1)
A.2. Corn	5.4	4.0	11.5	1.6	11.4	(25.9)	7.0	7.5	0.4
A.3. Coconut Including Copra	5.7	4.8	4.7	1.5	(1.0)	(2.3)	(2.9)	5.1	(1.9)
A.4. Sugarcane	(6.5)	(42.5)	56.9	18.4	(2.7)	(23.3)	24.1	(18.0)	(6.9)
A.5. Banana	2.0	1.3	2.3	(3.0)	(6.2)	(10.8)	(6.4)	1.9	(7.9)
A.6. Mango	(6.0)	(1.9)	(2.1)	3.4	4.4	7.3	3.2	(2.9)	6.3
A.7. Pineapple	5.9	3.2	6.7	11.2	5.8	1.2	0.3	5.3	2.6
A.8. Coffee	8.9	(7.6)	(1.3)	(3.1)	(12.3)	(3.8)	(15.8)	4.0	(11.4)
A.9. Cassava	(2.7)	4.0	2.3	(0.3)	0.9	4.0	12.1	1.6	5.6
A.10. Rubber	7.7	6.2	5.3	0.5	(0.2)	(2.5)	0.4	6.2	(1.0)
A.11. Other Crops	1.7	1.1	0.3	2.4	4.1	3.1	(0.5)	1.1	2.4
A.12. Livestock	3.1	(2.0)	1.5	1.7	0.3	3.9	1.4	0.8	1.9
A.13. Poultry	7.1	3.9	2.8	4.3	2.8	6.0	4.1	4.7	4.2
A.14. Agricultural Activities and Services	1.6	0.2	2.5	4.0	2.8	(0.9)	0.1	1.4	0.6
B. Forestry	42.6	(8.8)	(15.0)	11.4	15.8	30.7	46.0	0.9	30.7
2. Fishing	**(3.8)**	**(2.5)**	**0.0**	**3.4**	**5.8**	**3.3**	**1.1**	**(2.0)**	**3.3**
GROSS VALUE ADDED IN AGRICULTURE, HUNTING, FORESTRY, AND FISHING	**1.1**	**0.6**	**4.4**	**4.9**	**3.1**	**(0.2)**	**0.3**	**2.0**	**1.1**

Source: NSCB

lay, and banana were the key casualties, contracting by 15.8%, 6.5%, and 6.4%, respectively. Weather is seen to be the main culprit, as the country has gone through the entire alphabet of typhoon names this year (from Auring to Zoraida), taking a heavy toll on the agricultural sector. The government believes that the combined impact of natural calamities this year would chip about 0.5 percentage points off the full-year real GDP growth rate (NEDA, 2013).

CHART 1: SECTORAL SHARES TO TOTAL OUTPUT



Note: 2013 includes the first three quarters only.
Source of basic data: NSCB

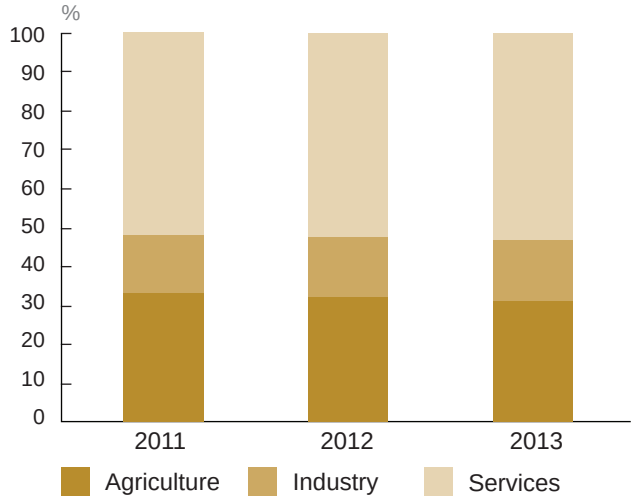
INCLUSIVE GROWTH HAS YET TO HAPPEN

Again, from Table 2, the fastest-growing sectors were in services, namely financial intermediation (which includes banks and insurance) and real estate, renting, and business activities (which include business process outsourcing), whose third quarter growth rates were 12.1% and 12.2%, respectively. At the other extreme is agriculture, which, as already mentioned, contracted by 0.3%.

Chart 1 also gives a picture of the sectoral shares to total output, while Chart 2 gives a picture of employment shares. Agriculture, which has accounted for about a third of the labor force, has had a disproportionately small share in total production, which implies the low level of productivity in that sector.

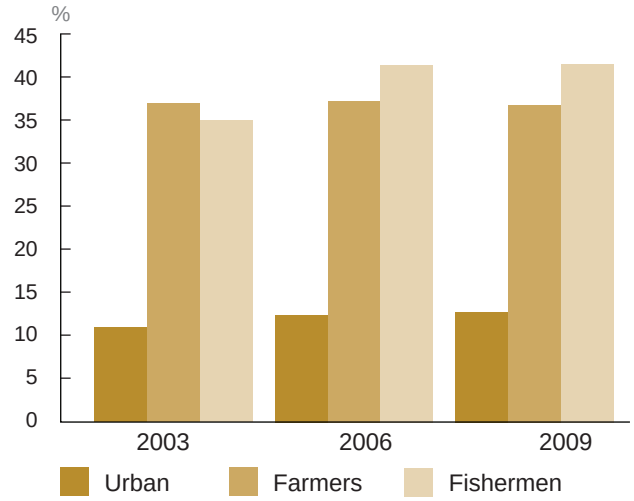
More importantly, recent economic growth has yet to translate into significant poverty reduction. Although the number of families in the country between 2006 and 2012 has risen, the estimated number of extreme-

CHART 2: SECTORAL SHARES TO TOTAL EMPLOYMENT



Note: 2011 and 2012 data are averages of January, April, July, and October. 2013 data are averages of January, April, and July. July 2013 figures are preliminary.
Source of basic data: Bureau of Labor and Employment Statistics

CHART 3: POVERTY INCIDENCE BY BASIC SECTORS



Source: NSCB

ly poor families has remained steady at around 1.6 million; and if government were to provide a mere cash transfer to all poor households in terms of what they would require to cross the poverty line, a total of P124 billion in 2012 would be required to eradicate poverty, exclusive of targeting costs (NSCB, 2013).

TABLE 4: POVERTY INCIDENCE AMONG FAMILIES (%)

Major Island Group	2006	2009	2012	Increase/Decrease	
				2006-2009	2009-2012
PHILIPPINES	**21.0**	**20.5**	**19.7**	**(0.5)**	**(0.8)**
Luzon	13.5	12.9	11.7	(0.6)	(1.2)
Visayas	28.2	27.0	27.1	(1.2)	0.1
Mindanao	33.8	34.3	33.8	0.5	(0.5)

Source: NSCB

Table 4 shows poverty incidence among families, referring to the proportion of families with per capita income less than the per capita poverty threshold to the total number of families.

Chart 3, which shows poverty incidence by basic sectors, suggests that poverty has been a largely rural phenomenon. This broad observation is supported by Reyes, Tabuga, Asis, and Datu (2012), whose work provides a more in-depth analysis of poverty and agriculture. Their paper attempts to show the salient features of the poverty situation and it focuses on agriculture because this sector plays a central role in the poverty condition that persists despite recent episodes of high economic progress.

AGRICULTURE IS A KEY TO INCLUSIVE GROWTH

The Philippine economy faces two major challenges: 1) accelerating and sustaining higher rates of growth; and 2) ensuring that such growth involves and benefits a broader spectrum of the economy, both sectorally and geographically. Thus far, the Philippine economy has managed to address the first challenge; however, more work needs to be done to address the second challenge.

As explained in Habito (2010), for a sector to be an effective driver of inclusive growth, it must satisfy at least two attributes. One, it should be strongly job-creating. In other words, it uses more labor per unit of output. Two, it should have extensive linkages with other domestic industries, either as buyer of their products as inputs to production (backward linkages), or as seller to those industries that use its product as input to their production (forward linkages). Based on these criteria, agriculture stands as one of the industries holding the greatest potential for inducing more inclusive economic growth.

As it is, there are certain impediments to investments in agriculture and agribusiness, which include: 1) lack of access to public lands; 2) lack of access to private lands; 3) inadequate infrastructure; 4) local

TABLE 5: GOALS AND STRATEGIES TO BUILD A COMPETITIVE AND SUSTAINABLE AGRICULTURAL SECTOR

Goals	Strategies
Improve food security and increase income.	• Raise productivity and income of agriculture and fishery-based households and enterprises. • Increase investments and employment across an efficient value chain. • Transform agrarian reform beneficiaries into viable entrepreneurs.
Increase sector resilience to climate change risks.	• Reduce climate-change-related risks and the vulnerability of natural ecosys tems and biodiversity through ecosystem-based management approaches, conservation efforts, and sustainable environment and natural-resources-based economic endeavours such as agri-ecotourism. • Increase the resilience of agriculture communities through the development of climate-change-sensitive technologies, establishment of climate-resilient agricultural infrastructure and climate-responsive food production systems, and provision of support services to the most vulnerable communities. • Strengthen the agriculture and fisheries insurance system as an important risk-sharing mechanism. • Incorporate natural hazards and climate risk in the agricultural land use plan or the Comprehensive Land Use Plan. • Strengthen the capacity of communities to respond effectively to climate risks and natural hazards. • Continue vulnerability and adaptation assessments, especially in food production areas.
Enhance policy environment and governance.	• Reaffirm the mechanisms and objectives of the National Convergence Initiative. • Adopt “Managing for Development Results” as a common approach among rural development agencies. • Implement budgetary reforms. • Pursue public-private partnerships, especially for infrastructure and value chain development. • Review critical legislation (e.g., Agriculture and Fisheries Modernization Act, Fisheries Code) and policy issuances (e.g., sugar trade).

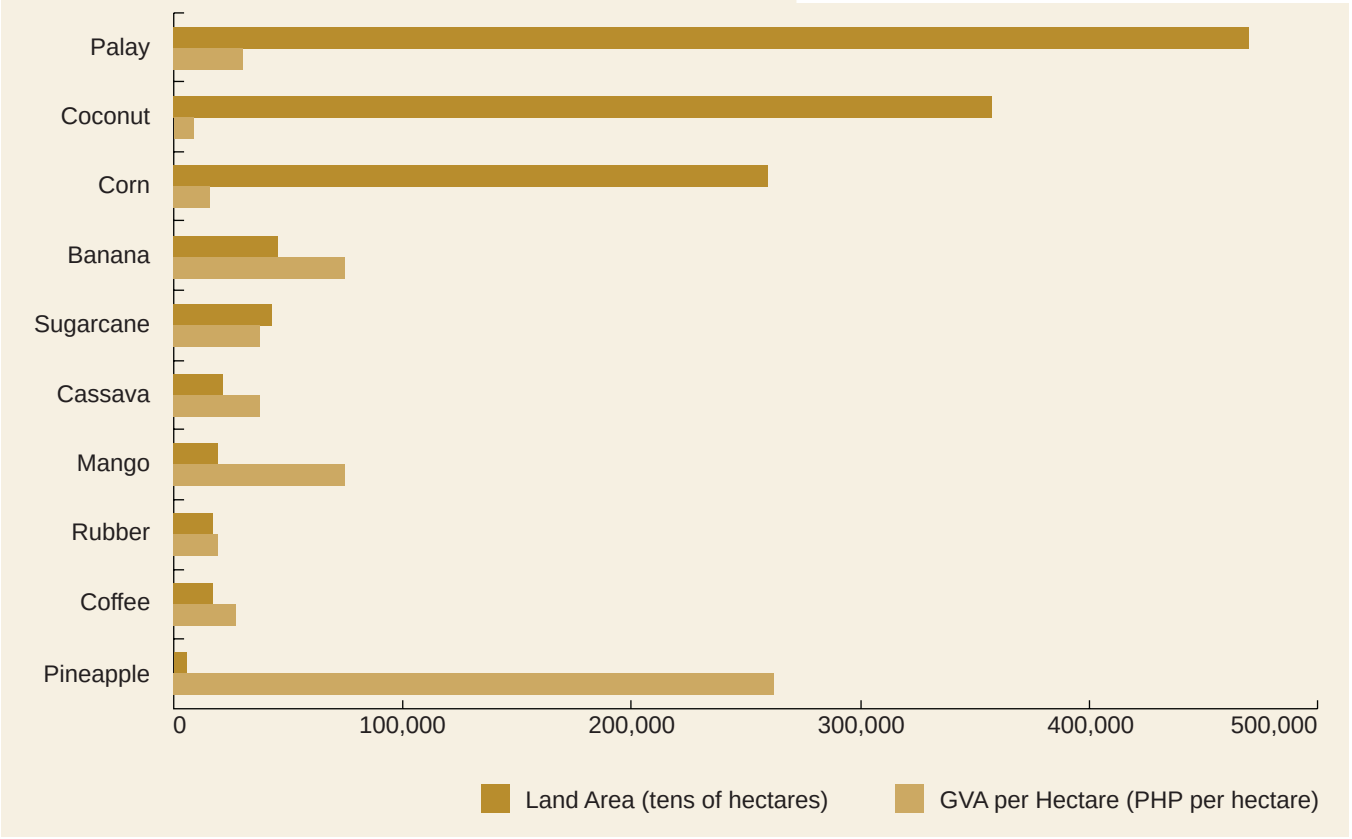
Source: PDP, 2011

governance weaknesses; 5) limited access to long-term financing; 6) limited access to technology; 7) limited access to raw materials; 8) lack of global market access; 9) unstable peace (law) and order; 10) widespread corruption; and 11) weak enforcement of contracts and laws (Habito, 2010).

Fortunately, the country has crafted a vision of where it wants its agricultural sector to be. According to the Philippine Development Plan (PDP) 2011-2016, the vision is to have a competitive, sustainable, and technology-based agricultural sector that is driven by productive and progressive farmers, supported by efficient value chains, and deeply integrated in the domestic and international markets. This vibrant agricultural sector will contribute to inclusive growth and poverty reduction in the country (PDP, 2011). As a matter of fact, the PDP has an outline of goals and strategies to achieve this vision, which are summarized in Table 5.

The strategic outline found in the PDP already provides a stable foundation for a more comprehensive agricultural road map, which is badly needed at this point. In addition, experts have been weighing in on what must be done to help boost the agricultural sector and eventually unleash its potential for inclusive growth. Among such experts is the Philippine Institute for Development Studies (PIDS), which has done extensive work in agricultural policy research in support of the goal of the government to make economic growth more inclusive. For instance, a recent paper by Dr. Roehlano M. Briones, PIDS Senior Research Fellow, argues that the agricultural and rural economy should be at the forefront, rather than the periphery, of the strategy for quality employment generation (Briones, 2013). This can be achieved by enabling a structural transformation in agriculture, which essentially means shifting to high-value crops, which are more profitable than traditional crops such as rice and corn.

CHART 4: 2012 LAND USE AND PRODUCTIVITY DATA FOR MAJOR CROPS



Note: GVA = gross value added at constant 2000 prices; PHP = Philippine peso
Source of basic data: NSCB and Bureau of Agricultural Statistics

Agricultural diversification can increase agricultural productivity, raise farm incomes, and enable farm households to invest in health and education. However, this transformation requires rapid technological change and improved rural infrastructure, which clearly call for increased investments in infrastructure, as well as in agricultural research and development, which is an area where the Philippines has lagged behind its neighbors. PIDS argues that it is not enough to just hike state expenditures in agriculture, which have grown in recent years. Faulty design and execution of programs are partly to blame for the disappointing performance of the agricultural sector. The recommendation is to veer away from input subsidies and similar production support (audit reports of which have shown leakages and other anomalies) and focus on public goods with evidence of impact, such as roads, airports, electrification, regulatory services, and R&D for technological change and agricultural modernization (PIDS, 2013).

Chart 4, which shows land use and productivity data for major crops, supports this view of PIDS. The data suggest that land use is highly skewed in favor of staple crops (palay, coconut, and corn). In contrast, high-value export crops, such as banana, sugarcane, cassava, mango, rubber, coffee, and pineapple, have a conspicuously smaller allocation of land area despite having larger output per hectare. This supports the PIDS recommendation to reallocate productive resources (e.g., land, labor, capital) to high-value crops in order to raise productivity, farm incomes, and employment.

Among many other notable works are the ones cited in the bibliography of this research report. That there is a litany of scholarly work and policy recommendations simply underscores the fact that the country knows exactly where its agricultural sector is, where it needs to take this sector, and what must be done to get there. There is really no need to belabor the importance of agriculture here. The more critical question to ask is whether the country can muster enough determination to proceed with actual implementation.

CONCLUSION

The role of agriculture in economic development has traditionally been viewed as passive and supportive. Today, however, people have come to realize that far from playing a passive, supporting role in the process of economic development, the agricultural sector must play an indispensable part in any overall strategy of economic progress.

An agriculture-based strategy of economic development would require at least three basic complementary elements: 1) accelerated output growth through technological, institutional, and price incentive changes designed to raise the productivity of small farmers; 2) rising domestic demand for agricultural output derived from an employment-oriented development strategy; and 3) diversified, labor-intensive rural development activities that directly and indirectly support, and are supported by, farming communities. Without such integrated rural development, growth would be dampened. If, however, there was growth without integrated rural development, this would create severe internal imbalances in the economy that the problems of widespread poverty, inequality, and unemployment would become even more pronounced. Definitely, evidence of such imbalances can be seen in the Philippine case.

Nevertheless, the Philippine economic development storyline can still be changed. Since it has been repeated, ad nauseam, that the agricultural sector is where the battle for long-term economic development will ultimately be won or lost, perhaps the Philippines should finally begin to take heed and play hard to succeed in this aspect.

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