

Why Philippine Rural Poverty Persists

Thursday 9 June 2022, by [TADEM Eduardo C.](#) (Date first published: 28 February 2022).

Philippine rural development has basically been the handiwork of colonialism and imperialism. But the dominant role of external forces in development is not simply a colonial extension. The internal structures having already been laid in place by colonialism, the former were now able to continuously reproduce themselves in harmony with the external demands of the global capitalist system into which the national economy had become integrated.

Through the impetus of the globalization process, the dependent type of agricultural development is exemplified by the imposing presence of transnational agribusiness firms in crucial rural enclaves either as direct producers, financial intermediaries, managers, sellers of processing plants, machinery, and farm inputs, or as buyers and exporters of agricultural products. The magnitude of their operations, the capital and technology at their command, and the international contacts they possess all serve to leave a central imprint on Philippine rural economy and society.

Wherever these foreign intrusions occurred, the recipient areas were transformed into adjuncts of the global capitalist economy. Food production suffered while those crops that were simultaneously earmarked for export were priced in the local market beyond the means of the average Filipino family. The substitution of export crops for food crops completed the process of dependent agricultural development.

As a logical consequence of an outward-looking production strategy and coupled with the overbearing presence of foreign interests, unequal exchange and wealth transfer took place through the following mechanisms:

1. Repatriation of profits by transnational producer-grower or processor-manufacturer or by partners of local producers and capitalists;
2. Profits gained from sales of agricultural inputs and products;
3. Interest payments on loans granted to local producers;
4. Royalty and franchise payments from local subsidiaries;
5. Low prices for Philippine agricultural primary product exports; and,
6. Management, technical assistance, and consultancy fees and salaries.

On the internal home front local structures have already acquired their own features which followed their own specific road. For instance, irrespective of fluctuations in the world market prices for major Philippine agricultural products, the distribution of the rural surplus invariably benefited only the owners of capital while direct producers (workers and peasants) suffered constantly deteriorating income levels and marginalized living conditions.

This was the result of the unequal class structure and the tendency of the capitalist and landowning class to monopolize super profits gained from the sale of agricultural goods. Moreover, as many in the rural labor force are only semi-proletarianized and non-capitalist pockets sectors still exist, agrarian workers and peasants were not totally separated from the land and could therefore

supplement their minuscule wages with additional incomes or subsistence products from access to small family-run landholdings. Landless workers, however, found themselves at the bottom rung of the rural social ladder, lower than the tenant-shareholders from whose ranks many of the former had sprung.

Generally, dependent capitalist development has been uneven in the sense that the wealth and affluence of the few are paralleled by the poverty and misery of others. These phenomena described two mutually interacting aspects of a single system. Agrarian societies functioning within this context also experienced uneven development but on a scale magnified many times over.

In the Philippines, the decades-long drive for agricultural modernization aggressively pursued by governments and spearheaded by foreign and local capital resulted in an exclusive sector with areas of high growth and productivity while those that lie outside this ambit experienced stagnation and low labor productivity brought about by the non-development of the forces of production.

Uneven development had grave disorienting effects. Following the pattern of peripheral growth, the transformation of many Filipino landless shareholders into wage workers created a new class that was tied to agrarian capital. Super profits, however, could only be gained at the expense of labor. Filipino rural workers thus suffered from a rate of exploitation many times higher than that to which their counterparts in the advanced capitalist world are subjected.

The various modes of wealth extraction in agriculture reveal the hidden causes of agrarian poverty and the reasons for the inability of the peasantry to accumulate capital. The following enumerates the various modes of wealth extraction from the Filipino peasantry and landless farmworkers:

1. Production process — exorbitant prices for agricultural inputs; high rental rates for machineries (e.g., tractors); high irrigation fees; usurious interest rates for crop loans (institutional and non-institutional; below subsistence wages of farmworkers;
2. Harvesting process — rental costs or service charges of harvesting and threshing machines; service charges for drying, storage, etc.; below subsistence wages of farmworkers;
3. Processing — service charges by rice mills; transport costs;
4. Marketing — low and unstable farm gate prices (unfavorable mainly to direct producer); role of middlemen merchants;
5. Sharing system — land rents paid to landowner in cash or in kind;
6. Consumption — high prices for wage goods due to inflation; and,
7. State interventions - government laws and policies that further impoverish the rural poor, e.g., the 1995 WTO membership and the 2019 Rice Tariffication Law; amortization payments by agrarian beneficiaries; and proportionately higher direct and indirect taxation.

Given the above, is it any wonder why the Filipino peasantry and rural worker remain trapped in a vicious and never ending cycle of poverty and underdevelopment?

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