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## **AGRICULTURAL GROWTH AGAINST A LAND RESOURCE CONSTRAINT: THE PHILIPPINE EXPERIENCE: REPLY**

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We have no disagreement with James that there still exists a large number of land-opening projects that can be highly profitable. In our paper, we have dealt with broad historical trends. In terms of the broad trends, there seems to be little doubt that the profitable land-opening projects have gradually been exhausted and that the remaining possibilities have become increasingly scarce and more costly, *on the average*, relative to those of irrigation projects.

Certainly, a few sites remain today for settlement projects with the rates of return equivalent to or higher than some irrigation projects. There are, of course, always exceptions. Even before the land constraint became more keenly felt in the late 1950s, there had existed a number of irrigation projects that had been more profitable than some land-opening projects. (Otherwise, why had the Friar irrigation system and some of the communal irrigation systems been developed after the Spanish period?)

The analysis in our paper does not imply that the efforts for land settlement should be abandoned. It simply implies that the major route of agricultural growth in the Philippines will be towards the direction of intensifying land utilisation rather than pushing forward the extensive margin of cultivation. We do not deny at all that land settlement will continue to have an important role to play. However, we do believe that its role will be subsidiary relative to the intensification projects.

The analysis in our paper represents a schema based on broad historical trends. As such, important but minor variations were abstracted from. To that extent the analysis can be misleading. We are grateful to James for reminding the readers of the possible danger of accepting our schema without due reservation, by providing us with a number of interesting counter-examples.