

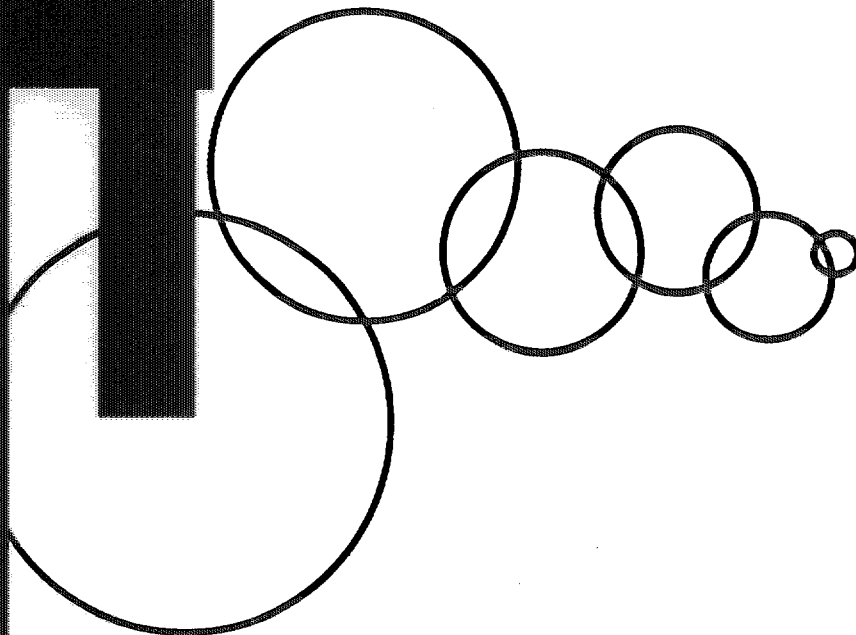


**ASEDP 46**

**GROWTH, POVERTY, AND INCOME  
INEQUALITY IN THE PHILIPPINES**

**Edited by**

**Arsenio M. Balisacan  
Shigeaki Fujisaki**



**INSTITUTE OF DEVELOPING ECONOMIES  
TOKYO 1998**

**GROWTH, POVERTY, AND INCOME  
INEQUALITY IN THE PHILIPPINES**

**Edited by**

**Arsenio M. Balisacan  
Shigeaki Fujisaki**

**INSTITUTE OF DEVELOPING ECONOMIES  
TOKYO 1998**

## AUTHORS

Arsenio M. Balisacan  
Professor and Director for Fellowships  
School of Economics  
University of the Philippines  
Diliman, Quezon City

Shigeaki Fujisaki  
Visiting Research Associate  
School of Economics  
University of the Philippines  
Diliman, Quezon City  
and  
Overseas Senior Research Fellow  
Institute of Developing Economies  
Tokyo, Japan

Ruperto P. Alonzo  
Professor and Director for Public Affairs  
School of Economics  
University of the Philippines  
Diliman, Quezon City

Dante B. Canlas  
Professor  
School of Economics  
University of the Philippines  
Diliman, Quezon City  
and  
Deputy Director-General  
National Economic and Development Authority  
Ortigas Center, Pasig City

Raul V. Fabella  
Professor and Director for Research  
School of Economics  
University of the Philippines  
Diliman, Quezon City

Solita Collas-Monsod  
Professor  
School of Economics  
University of the Philippines  
Diliman, Quezon City

Toby C. Monsod  
Ph.D Candidate  
School of Economics  
University of the Philippines  
Diliman, Quezon City

Edita A. Tan  
Professor  
School of Economics  
University of the Philippines  
Diliman, Quezon City

# CONTENTS

<b>Authors .....</b>	<b>iii</b>
<b>Preface .....</b>	<b>v</b>
<b>Chapter 1: What Do We Really Know—or Don't Know—About Economic Inequality and Poverty in the Philippines? by Arsenio M. Balisacan .....</b>	<b>1</b>
Introduction .....	1
Measurement Issues: How Should Inequality and Poverty be Measured? .....	2
International Comparison Using "High Quality" Data: Is the Philippines An Exception to the "Asian Standards" of Inequality and Poverty Reduction? .....	24
Some Policy Issues: Should "Conventional" Prescriptions be Abandoned in Favor of "New" Ones? .....	30
What Have We Learned? .....	40
Appendix .....	42
References .....	43
<b>Chapter 2: International and Intranational Comparisons of Philippine Poverty by Solita Collas-Monsod and Toby C. Monsod .....</b>	<b>47</b>
Introduction .....	47
Dimensions of Philippine Poverty .....	48
Philippine Poverty: International Comparisons .....	53
Regional and Provincial Poverty: Intranational Comparisons .....	60
Philippine Poverty: An Assessment of Prospects .....	79
References .....	84
<b>Chapter 3: Complementarity, Linkages, and Economic Development by Shigeaki Fujisaki .....</b>	<b>86</b>
Introduction .....	86
The Complementarity Effect of Investment .....	86
Division of Labor and Indivisibility .....	87
Pecuniary External Economies and the Role of Government .....	89
The Extent of Market and an Avalanche of Consumers' Goods.....	91

Bullish Entrepreneurs and the East Asian Miracle .....	92
The Export-Push Strategy and Domestic Market .....	93
Poverty Alleviation and Linkages .....	98
China's Economic Reform and Linkages .....	100
Rural Linkages in the Punjab and the Philippines .....	102
Concluding Remarks: Toward a Tiger in the 21st Century .....	105
Appendix .....	107
References .....	111

**Chapter 4: Globalization, Poverty and Inequality  
by Raul V. Fabella ..... 113**

Introduction .....	113
Globalization, Growth and Poverty .....	114
Globalization and LDC Inequality: The Direct Links .....	116
Some Evidence on Globalization and Inequality .....	124
World Inequality and Nonconvergence .....	125
A Race to the Bottom? .....	129
Summary .....	131
References .....	132

**Chapter 5: Labor's Income Share in the Philippines  
by Dante B. Canlas ..... 135**

Introduction .....	135
Output Growth and Business Fluctuations .....	137
An Aggregate Labor-Demand Model .....	141
Labor's Income Share .....	143
Real Wage and Hours of Work .....	145
Some Policy Rules .....	151
Concluding Remarks .....	152
References .....	153

**Chapter 6: Measuring Poverty in Education  
by Edita A. Tan ..... 154**

Introduction .....	154
The Educational System .....	156
Poverty in Education .....	158

Analysis of NEAT Performance Across Provinces .....	161
Enrollment Rate in Region 5 .....	164
Concluding Remarks .....	166
References .....	167

**Chapter 7: Local Governance and Poverty Alleviation  
by Ruperto P. Alonzo ..... 169**

Background .....	169
LGU Responsibilities in Infrastructure Provision .....	181
The Mix between National and Local Spending .....	183
Special-Purpose Grants and Cost-Sharing Schemes: Lessons from Country Experiences .....	187
Philippine Perspectives .....	191
References .....	194

**ISBN 4-258-55046-9 C3033**